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DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR 1970

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

NINETY-FIRST CONGRESS

FIRST SESSION

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

DANIEL J. FLOOD, Pennsylvania, *Chairman*

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

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

PART 1

DEPARTMENT OF LABOR
RELATED AGENCIES

Printed for the use of the Committee on Appropriations

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27-797 O WASHINGTON : 1969

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DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR FISCAL YEAR 1970

MONDAY, MARCH 3, 1969.

OPENING REMARKS OF THE CHAIRMAN

Mr. FLOOD. The subcommittee will come to order for its first meeting of the 91st Congress.

We are pleased, indeed, to know that the ranking minority member will now be, thank goodness, Mr. Michel. He has amazed us down through the years with his depth of questioning. We wonder when he gets time to do his homework. We are impressed. The committee and the departments are very fortunate, indeed, that he is in this position.

I might add, he has a big pair of shoes to fill. The Secretary of Defense, Mr. Laird, has been with us since the Department of Health, Education, and Welfare was born. Nobody knows this bill better than Mr. Laird. Nobody worked harder.

There is an analogy, Mr. Natcher. Mr. Laird and I served upon the Defense Appropriation Subcommittee for many, many years. He was put to an election, as was Mr. Michel, between two subcommittees. With his seniority, he could have had the position of ranking minority member on either the Defense Subcommittee or this one. Mr. Laird picked this one. Mr. Michel had precisely the same difficult problem—to choose between the Subcommittee on Agriculture and this subcommittee. He had to pick one. We knew he would pick this one, and he did. We are very grateful.

Then we are lucky twice, doubly so. This is a committee that deals with labor, health, education, and welfare—people, not things. The Republican leadership showed amazingly good judgment in selecting to fill the vacancy a fine lady from a great State. Who, better than a lady, would know about people? We welcome you, Mrs. Reid.

Mrs. REID. Thank you.

Mr. MICHEL. If I might simply respond by saying, first of all, I am rather embarrassed by your personal reference to me. I do appreciate what has been said. It is significant, I guess, that you should have made the reference to people, because this morning, when I witnessed the new Secretary of Defense, who served on this subcommittee, swearing in one of his subordinates, he made the special point that his new Assistant Secretary for Manpower and Reserves would be concerned with people, and there probably wasn't anything more important in that vast Department of Defense than what would take place with respect to just people, what they do and what they do not do, and the kind of job they perform. So I am happy to be here in this particular spot. I do have some very big shoes to fill.

I want to pay appropriate respect to you, Mr. Chairman, for the outstanding job you've done during the last Congress in filling the shoes of a very distinguished predecessor, the late John Fogarty. We, on our side, are particularly appreciative of your unparalleled fairness in presiding over this committee. We love working with you, and all of us are most fond of you as a friend and colleague.

I want to express my own personal appreciation, too, that the leadership on our side saw fit to add to our subcommittee the gentlelady from my home State of Illinois, who, I am sure, will acquit herself exceptionally well. She has a great deal of ability and members of the subcommittee should know that she does her homework. She will be a most valuable addition to our committee.

Mr. NATCHER. Mr. Chairman, I certainly want to concur with the excellent statement you made in regard to our friend, Bob Michel, and Mrs. Reid. This is one of the best subcommittees of the Committee on Appropriations, and we are delighted to have Mrs. Reid as a new member of our committee.

Mrs. Reid, let me say to you we have an outstanding chairman on this committee. You will find that he is always fair with all of the members. Since being named chairman of the committee, he has done an outstanding job.

Mr. Chairman, again I want you to know that it is a pleasure for me to start out the year 1969 again as a member of your subcommittee.

Mr. SHRIVER. I appreciate, Mr. Chairman, your giving me the opportunity to express myself with regard to the addition to the committee of Mrs. REID. She is on the Subcommittee on Foreign Operations with me. I know she is very hard working and interested in matters of health and education. Under the leadership of Bob Michel, it is a pleasure to be with you, Mr. Chairman.

I have just returned from a 3-week trip around the world looking at some of our spending in the foreign aid field. The thing that impressed me——

Mr. FLOOD. Where did you go?

Mr. SHRIVER. We started in Brussels. We went to Geneva, Istanbul, New Delhi, Bangkok, Vietnam, Korea.

Mr. FLOOD. You were in Vietnam?

Mr. SHRIVER. Yes. Things have improved there considerably. I had an hour with General Abrams.

Mr. FLOOD. I knew him when he was a buck colonel.

Mr. SHRIVER. He has his problems. The war is well in hand. He emphasized it is one war. Pacification of the villages and the provinces is as much a part of the war they are fighting as the military part. There are a million men in the South Vietnamese Army, many of them not equipped, many not ready to fight.

Mr. FLOOD. Why not?

Mr. SHRIVER. They are just now coming into the army. One million out of 18 million population, though, is a pretty good size of armed services for a country of that population.

I could go on.

Mr. FLOOD. Are they all draftees?

Mr. SHRIVER. Yes, they have conscription.

The thing I started to say, after being in a number of these countries, I think the difference between our country and many of these old, but underdeveloped countries, is the fact that we have emphasized people in this country. We have emphasized health, education, labor, and welfare.

Mr. FLOOD. You are the ranking member, are you not?

Mr. SHRIVER. Of that subcommittee.

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

Mr. SHRIVER. Four years. This is the fifth year. So, the kind of work we deal with here in this subcommittee is extremely important, I think, as you look at the experience of other countries, particularly the less developed portions of the world. It is a pleasure for me to serve with you on this committee.

Mr. SMITH. Mr. Chairman, I, of course, join with the others in expressing a very hearty and warm welcome to our new member of the committee. I think she will find this is a very important subcommittee, and she will be glad that she succeeded in securing membership on the subcommittee. This subcommittee, I have found in the time I have served here, actually affects every family in the United States, regardless of their status, age, or any other basis of categorization. The programs we deal with are very important. I think it is a very important subcommittee, and I am sure Mrs. Reid will make an important contribution.

Mr. HULL. Mr. Chairman, I am delighted to be here, and I am highly honored to be able to serve on this committee. I think it is one of the best subcommittees on the Appropriations Committee. We have an outstanding chairman on the majority side and on the minority side. It is certainly a pleasure to see the lady with us, and I imagine she will keep us all straight if we get out of order. Thank you very much.

Mr. MICHEL. There has been some need of that in the past, by the way.

Mrs. REID. Thank you very much, Mr. Chairman, for your very kind remarks, and I thank all of my colleagues for their added remarks. I am truly delighted to be on this committee and to serve with you. I know it will be a great challenge and a very interesting one. I am looking forward to the job with enthusiasm.

(Clerk's note: The subcommittee then proceeded to hear several requests for supplemental appropriations for fiscal year 1969. These hearings appear as part of the hearings on the Second Supplemental Appropriation Bill for 1969.)

DEPARTMENT OF LABOR

TUESDAY, MARCH 4, 1969.

WITNESSES

HON. GEORGE P. SHULTZ, SECRETARY OF LABOR
JAMES D. HODGSON, UNDER SECRETARY
ARNOLD R. WEBER, ASSISTANT SECRETARY FOR MANPOWER
W. J. USERY, ASSISTANT SECRETARY FOR LABOR-MANAGEMENT RELATIONS
GEOFFREY H. MOORE, COMMISSIONER OF LABOR STATISTICS—DESIGNEE
ROBERT D. MORAN, ADMINISTRATOR-DESIGNEE, WAGE AND HOUR AND PUBLIC CONTRACTS DIVISIONS
ELIZABETH KOONTZ, DIRECTOR, WOMEN'S BUREAU
JOSEPH A. LOFTUS, SPECIAL ASSISTANT FOR COMMUNICATIONS
LEO R. WERTS, ASSISTANT SECRETARY FOR ADMINISTRATION
CONRAD M. JONES, DIRECTOR, OFFICE OF BUDGET POLICY AND REVIEW

Mr. FLOOD. The committee will come to order.

Mr. Secretary, this is rather an event. You are succeeding a very exciting, very dramatic, highly controversial Secretary of Labor, Mr Wirtz. We think he did a very great job and we are sure you will. Our spies tell us that you will play this show differently, that you are a low key type. That will appeal to this committee; so are we. This is appropriations—no news media, no television, nothing but the members, staff and witnesses. We are the silent servants. You are a professional. That is very fortunate for us.

Mr. Secretary, I read your statement last night. What do you wish to do?

Secretary SHULTZ. Well, may I file this statement for the record and then talk? If it is agreeable with you, I might leaf through my statement, not reading it but bringing out highlights as I see them, and then proceed to answer your questions.

Mr. FLOOD. We will do what you want.

Secretary SHULTZ. I know you did shake hands with the members of the Department staff who are here, but I wonder if I could take a moment to tell you about each of them.

Mr. FLOOD. You have a biographical sketch filed for the record, or will you get one?

Secretary SHULTZ. I will. Would you like a biographical sketch for each one in our group?

Mr. FLOOD. Yes.

Mr. JONES. They have been filed with the committee.

Secretary SHULTZ. This is by way of saying that Mr. Werts and Mr. Jones have proven themselves invaluable in the short time I have been in office, and they seem to be way ahead of me in filing these.

Mr. FLOOD. That is not unknown here.

Secretary SHULTZ. They are very efficient.

BIOGRAPHICAL SKETCHES OF THE SECRETARY OF LABOR, GEORGE P. SCHULTZ, AND MEMBERS OF HIS STAFF

(The following biographical sketches were submitted for the record:)

GEORGE P. SHULTZ, SECRETARY OF LABOR

George P. Shultz, Secretary of Labor in President Nixon's Cabinet, was sworn into office by the Chief Justice of the United States at the White House on January 22, 1969.

The Nation's 11th Secretary of Labor, Mr. Shultz brings to the job a diverse background in industrial relations, economics, and manpower matters.

His credentials include experience as a professor of industrial relations, labor arbitrator, public servant, and author in subjects related to the activities of the Department of Labor.

Mr. Shultz was born December 13, 1920, in New York City, the son of Birl E. and Margaret Lennox Pratt Shultz. He attended elementary school in Englewood, N.J., and was graduated from Loomis Institute, Windsor, Conn. in 1938.

In 1942 he received a B.A. degree (cum laude) in economics from Princeton University, where he played halfback on the football team.

Mr. Shultz served with the U.S. Marine Corps in the Pacific during World War II. He entered the corps as a private first class in 1942 and was separated from active duty as a major in 1945.

After World War II, he began his teaching career in economics at the Massachusetts Institute of Technology, where he received his Ph. D. in industrial economics in 1949.

A faculty member at MIT from 1948 to 1957, he interrupted his teaching in 1955–56 to take leave of absence to serve as senior staff economist for the President's Council of Economic Advisers.

In 1957, he became professor of industrial relations at the University of Chicago's Graduate School of Business. He was dean of the school from 1962 until his appointment as Secretary of Labor.

The Secretary has served on arbitration panels for labor-management disputes in such diverse industries as electrical equipment, farm implements, textiles, chemicals, food products, and metal fabricating.

Since the mid-1950's, he has served three Presidents and three Secretaries of Labor in a variety of capacities.

He has been a consultant to the President's Advisory Committee on Labor-Management Policy; consultant to the Secretary of Labor; Chairman, Task Force on the U.S. Employment Service; member, National Manpower Policy Task Force, Labor Department; member, Steering Committee, Study of Collective Bargaining in the Basic Steel Industry issued by the Labor Department, and member, Illinois Governor's Committee on Unemployment.

From 1962 until his appointment to the Cabinet, he served as cochairman of the Automation Fund Committee for Armour & Co., United Packinghouse, Food & Allied Workers and the Amalgamated Meat Cutters & Butcher Workmen.

In 1968, he was president of the Industrial Relations Research Association and a fellow at the Center for Advanced Study in the Behavorial Sciences at Stanford University.

Mr. Shultz has also served as member, executive board, Industrial Relations Research Association; board of directors, Borg-Warner Corp.; board of directors, J. I. Case; Research Advisory Board, Committee on Economic Development; board of directors, Stein, Roe & Farnham, stock and balanced funds; visiting committee, Department of Economics, M.I.T.; Board of Visitors, U.S. Naval Academy; board of directors, General American Transportation Co.; board of directors, Chicago Association of Commerce and Industry.

He was also a selectman in Stow, Mass.

The Secretary has authored or edited several books, including "Pressures on Wage Decisions" (1951); "The Dynamics of a Labor Market" (1951); "Causes of Industrial Peace Under Collective Bargaining" (1952); "Management Organization and the Computer" (1960); "Strategies for the Displaced Worker" (1966); and "Guidelines, Informal Controls and the Market Place" (1966). He has also written numerous articles, reports and book chapters.

As Secretary of Labor, Mr. Shultz is chairman of the following interagency committees:

Automotive Agreement Adjustment Assistance Board; Interdepartmental Committee on the Status of Women; President's Advisory Committee on Labor-Management Policy (rotating chairman with Secretary of Commerce); President's Committee on Corporate Pension Funds and Other Private Retirement and Welfare Programs; President's Committee on Manpower; and President's Review Committee on Federal Employee-Management Relations.

He is also a member of these interagency committees:

Adjustment Assistance Advisory Board; Administrative Conference of the United States; Advisory Council of the President's Committee on Employment of the Handicapped; Associate Member of President's Committee on the Employment of the Handicapped; Board of Trustees of the Federal Hospital Insurance Trust Fund; Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund; Board of Trustees of the Federal Supplementary Medical Insurance Trust Fund.

Also, Cabinet Committee on Economic Policy; Cabinet Committee on Price Stability; Committee on the Economic Impact of Defense and Disarmament; Coordinating Committee on Economic Planning for the End of Vietnam Hostilities; Council on Urban Affairs; Distinguished Civilian Service Awards Board; Economic Opportunity Council; Federal Advisory Council on Regional Economic Development; Federal Radiation Council; Interagency Advisory Committee on Compensation for Motor Vehicles Accident Losses; Interagency Committee on Mexican-American Affairs.

Also, Interdepartmental Highway Safety Board; Interdepartmental Savings Bond Committee; National Council on Indian Opportunity; President's Cabinet Textile Advisory Committee; President's Committee on Consumer Interests; President's Committee on Mental Retardation; President's Council on Aging; President's Council on Physical Fitness and Sports; President's Council on Youth Opportunity; Temporary Commission on Pennsylvania Avenue; and Trade Expansion Act Advisory Committee.

Secretary Shultz married Helene M. O.Brien of Nashua, N.H., on February 16, 1946. They have five children, Margaret Ann, Kathleen Pratt, Peter Milton, Barbara Lennox, and Alexander George.

JAMES D. HODGSON, UNDER SECRETARY OF LABOR

James D. Hodgson, 52, was a corporate vice president of the Lockheed Aircraft Corp. He has gained a reputation for his progressive and innovative contributions in labor-management relations and in hiring and training the disadvantaged.

He started with Lockheed in 1941 as a clerk and shifted to labor relations work in 1946 after serving as an air combat intelligence officer on carriers with the U.S. Navy during World War II.

For the next 22 years, he held a series of industrial relations positions, including that of corporate director for industrial relations (1962–68) before rising to the firm's vice-presidency in 1968.

A native of Dawson, Minn., he is a graduate of the University of Minnesota, majoring in sociology and economics, and has done graduate work there and at the University of California in Los Angeles.

He has taught industrial relations at UCLA and has published articles on automation, collective bargaining and employing members of minority groups in such publications as the Harvard Business Review and the University of Michigan Quarterly.

He has been a consultant to the California State Commission on Manpower, Automation and Technology and a community adviser to the University of California Institute of Industrial Relations.

He is a member of the Los Angeles Labor Management Executive Committee and the Town Hall Industrial Relations Planning Committee in Los Angeles.

Mr. Hodgson and his wife, the former Maria Denend, live in Northridge, Calif. They have a married daughter, Mrs. R. J. Nachman of Ann Arbor, Mich., and a son, Frederic, a college student.

Arnold R. Weber

Arnold R. Weber, Assistant Secretary of Labor for Manpower, U.S. Department of Labor.

Mr. Weber was born in New York City, September 20, 1929. He holds a bachelor of arts degree and a master of arts degree from the University of Illinois, and a doctorate in economics from the Massachusetts Institute of Technology.

From 1955 until his appointment as Assistant Secretary for Manpower, Mr. Weber served on the faculties of the Massachusetts Institute of Technology, the University of Chicago, and Stanford University.

He has served as an arbitrator on the labor panel of the American Arbitration Association. In addition, he has been a consultant to numerous committees and organizations concerned with various issues in the labor-management field. Included among these were the Armour Automation Fund Committee, the President's Advisory Committee on Labor-Management Policy, and the Organization for Economic Cooperation and Development. He was vice chairman of the Federal Task Force on Improving the Employment Service during 1965–66, and was chairman of the Research Advisory Committee of the U.S. Employment Service during 1966–67.

Mr. Weber is also director of the Brookings Institution study of unions, collective bargaining, and public employment.

Mr. Weber, in addition to his broad range of academic and professional experience, is a former apprentice electrician.

From 1952 to 1954, during the Korean conflict, Mr. Weber served in the U.S. Coast Guard.

He is married and the father of three children.

W. J. Usery, Jr., Assistant Secretary for Labor-Management Services

W. J. Usery, Jr., was nominated by President Nixon as Assistant Secretary of Labor for Labor-Management Services in January 1969 and took office on February 7, 1969, after Senate confirmation.

In this capacity, he directs the branch of the Department which deals with the broad field of labor-management relations.

He is responsible for administering the Labor-Management Reporting and Disclosure Act, the Welfare-Pension Plan Disclosure Act and laws concerning veterans' reemployment rights; overseeing administration of the Wage-Hour and Public Contracts Divisions, and implementing the Executive order dealing with labor-management relations in the Federal service.

Prior to his sub-Cabinet appointment, Mr. Usery was grand lodge representative of the International Association of Machinists & Aerospace Workers (IAM), AFL–CIO. He took that post in 1956.

As grand lodge representative, he participated in most of the national labor-management negotiations in the aerospace industry, frequently serving as chairman of the union's negotiating committee.

A member of the IAM since 1949, Mr. Usery held a number of local union posts before becoming grand lodge representative. He organized and was elected first president of the union's lodge 918, and also served that lodge as chief steward and chairman of the negotiating committee.

From 1949 to 1955, Mr. Usery was employed by Armstrong Cork Co. as a maintenance machinist. He was employed by the State of Georgia as a welder-steamfitter from 1946 to 1949.

Mr. Usery was assigned in 1956 as IAM's special representative at the Cape Canaveral Air Force test facilities. He coordinated all of the IAM activities related to missiles and rockets.

From 1961 to 1967 he was the industrial union representative on the President's Missile Sites Labor Committee at the Kennedy Space Center and at the Marshall Space Flight Center in Huntsville, Ala. He also served as coordinator for union activities at the Manned Spacecraft Center, Houston, Tex.

Mr. Usery participated in and helped form the Cape Kennedy Labor-Management Relations Council when it was created in 1967. He became the council's chairman in 1968.

Born in Hardwick, Ga., on December 21, 1923, Mr. Usery attended Georgia Military College from 1938 to 1941, and Mercer University in 1948–49.

He served in the U.S. Navy from 1943 to 1946, and was discharged with the rating of shipfitter, second class.

Mr. Usery has been a member of the board of advisers, Brevard Junior College; board of directors, Brevard County United Fund; and board of directors, Brevard County Alcoholism Committee.

He is married to the former Gussie Mae Smith of Milledgeville, Ga. The couple has a son, Melvin Julian, 22.

DR. GEOFFREY H. MOORE, COMMISSIONER OF LABOR STATISTICS—NOMINEE

Dr. Geoffrey H. Moore was formerly vice president-research of the National Bureau of Economic Research, a private nonprofit organization, in New York City. The national bureau publishes reports on a wide range of economic and statistical subjects.

A Phi Beta Kappa graduate of Rutgers University with a Ph. D. in economics from Harvard University, Mr. Moore began his career as an instructor in agricultural economics at Rutgers University in 1936. He joined the National Bureau of Economic Research as a staff researcher in 1939. He became associate director of research in 1948, director of research in 1965, and vice president-research in 1967. Mr. Moore has also lectured on economics at both New York University and Columbia University.

Mr. Moore is the immediate past president of the American Statistical Association, and is a member of the American Economic Association, the Academy of Political Science, and the American Association for the Advancement of Science. He is a member of the advisory board for research and graduate education of Rutgers University, and member of the board of directors of the Social Science Research Council. He was formerly a member of the Consultants Group to the U.S. Treasury, and of the Advisory Committee on Statistical Policy, Bureau of the Budget.

Mr. Moore has published a number of papers and books on the use of statistics in interpreting and forecasting short term economic trends.

ROBERT D. MORAN, WAGE AND HOUR AND PUBLIC CONTRACTS DIVISIONS

On February 26, 1969, Secretary of Labor George P. Shultz announced on behalf of the President the nomination of Robert D. Moran of Massachusetts to be Administrator of the Department's Wage and Hour and Public Contracts Divisions. In this position, Mr. Moran will direct the Divisions responsibilities under the Fair Labor Standards Act, the Age Discrimination in Employment Act, the Walsh-Healey Public Contracts Act, and the Service Contracts Act.

Mr. Moran, 39, is an attorney and labor arbitrator. Since 1966 he has served in the related Commonwealth of Massuchusetts posts of chairman of the Minimum Wage Commission, chairman of the State Board of Conciliation and Arbitration, and Associate Commissioner of the Department of Labor and Industries. Between 1961 and 1966, he served a 5-year term as a Public Administrator of Hampden County, Mass. He was a lawyer on the staff of the Assistant Secretary of Defense (Manpower and Personnel) and the Assistant Secretary of Defense (Legislative and Public Affairs) from 1954 to 1956.

Entering the Army as a private in 1953, Mr. Moran was released from active service 2½ years later as a first lieutenant. He is presently an Army reserve major in the Judge Advocate General's Corps. Except for his periods of military and government service, he has been in private law practice in Springfield, Mass. since 1952.

Mr. Moran has served as a member of the Board of Special Advisors to the American Arbitration Association's New England Plan for settlement of labor disputes in the public service; Industrial Relations Research Association; Association of Labor Mediation Agencies; Boston Bar Association; Massachusetts Bar Association, and the Labor Arbitration Panels maintained by the Federal Mediation and Conciliation Service; American Arbitration Association; National Mediation Board; New York City Office of Collective Bargaining; and the New York State Public Employment Relations Board.

Born October 25, 1929, Mr. Moran received a B.A. from the University of Maine in 1950 and an LL.B. from Boston School of Law in 1952. He has also done graduate work at Georgetown Law School, The Judge Advocate General's School, American International College, Industrial College of the Armed Forces, and Cornell University.

He and his wife, the former Joan Ellen Leonard, have five children: Kevin, 11; Brian, 10; Mark, 9; Sean, 6; and Kathleen, 4.

ELIZABETH DUNCAN KOONTZ

Mrs. Elizabeth Duncan Koontz, the new Director of the Women's Bureau in the Department of Labor, comes to her new post from the National Education Association which she has served as president since July 1968. She is the first Negro to head the Women's Bureau and was the first of her race to serve as president of NEA. On January 30, 1969, she was appointed U.S. Delegate to the U.N. Commission on the Status of Women.

From 1945 until she became president of NEA she was a special education teacher at Price High School, Salisbury, N.C., from which she, herself, had been graduated in 1935.

She received a bachelor of arts degree in English and Elementary Education from Livingstone College and a master's degree in elementary education from Atlanta University, Atlanta, Ga. She did graduate work at Columbia University and Indiana University.

Mrs. Koontz has been active in numerous educational organizations. A life member of NEA, she served as president of its largest department, the Association of Classroom Teachers in 1965. She is a member of the NEA's Council for Exceptional Children and the North Carolina Council and the National Association for Retarded Children. In 1965–1968 she was a member of the President's Advisory Council on Education of Disadvantaged Children. She served on the North Carolina Governor's Commission on the Status of Women in 1962.

Mrs. Koontz has been the recipient of several awards and honorary degrees including an honorary doctor of humane letters degree and the Distinguished Alumni Medallion for Achievement from her alma mater. Livingstone College, and the Civitan Distinguished Teacher Award from the Civitan Club of Salisbury.

JOSEPH A. LOFTUS, SPECIAL ASSISTANT TO THE SECRETARY OF LABOR FOR COMMUNICATIONS

Joseph A. Loftus was appointed by Secretary of Labor George P. Shultz as his Special Assistant for Communications on February 8, 1969.

In this capacity, Mr. Loftus advises the Department on external and internal communications, participates in policy formulation and works with the White House on communications matters.

He maintains close liaison with representatives of the news media and the organizations with which the agency deals to insure effective communications between the Department and the public.

In this effort, he works with the Department's Director of Information, who supervises the operational phase of all public information activities.

A full-time newspaperman for 42 years, except for two year-long interruptions for graduate studies, Mr. Loftus covered labor, politics, and economics for the New York Times from 1944 until his Government appointment.

Born in Scranton, Pa., on June 1, 1907, he began his reporting career with the Scranton Tribune in 1926 while he was in college and worked with the paper until 1931.

He received an A.B. degree from Scranton University in 1928.

His experience includes 3 years with the old International News Service and 11 years with the Associated Press. In 1936, he came to Washington, D.C. with the AP and joined the Times in 1944.

He took leave from his newspaper work in 1931 to earn a master's degree at Columbia University and in 1960–61 to study at Harvard University on a Stark fellowship.

Mr. Loftus and his wife, Mary, live in Washington. He has two married daughters, Mrs. Thomas O. Young, Jackson, Miss., and Mrs. John B. Cumming, New York City.

Mr. FLOOD. Where were you born, Mr. Secretary?

Secretary SHULTZ. New York City.

Mr. FLOOD. How old are you?

Secretary SHULTZ. I am 48.

Mr. FLOOD. Where did you go to school?

Secretary SHULTZ. Well, I went to school in Englewood, N.J., and finished high school at Loomis Institute in Windsor, Conn., and then went to Princeton University.

Mr. FLOOD. What degree do you have?

Secretary SHULTZ. Bachelor of arts in economics from Princeton University and the Woodrow Wilson School of Public and International Affairs for people interested in government and public policy, which I have been interested in all along.

Mr. FLOOD. You are an arbitrator?

Secretary SHULTZ. I have done some arbitration and am a member of the National Academy of Arbitration, and I served until coming into this job as cochairman of the automation fund committee for Armour & Co., a committee to help with problems of displacement and change.

Mr. FLOOD. Have you been in the Federal Government before?

Secretary SHULTZ. Yes, sir. I spent a year as a senior staff economist on the Council of Economic Advisers. This was in 1955–56.

INTRODUCTION OF STAFF

Mr. FLOOD. Did you want to introduce those with you?

Secretary SHULTZ. Yes. First, Jim Hodgson, who is Under Secretary of Labor. He has come here from being corporate vice president for industrial relations for the Lockheed Aircraft Corp.

Mr. FLOOD. How old are you?

Mr. HODGSON. Fifty-two.

Mr. FLOOD. Where are you from?

Mr. HODGSON. Originally from a farm in western Minnesota but in California the last 23 years.

Mr. FLOOD. Are you an engineer?

Mr. HODGSON. No. I got a liberal arts degree from Minnesota University back in the days when they never lost a game, and did graduate work at the university and later at UCLA.

Mr. FLOOD. Have you ever been in government before?

Mr. HODGSON. No, sir.

Mr. FLOOD. Aren't you lucky.

Mr. HODGSON. I will find out very shortly.

Mr. FLOOD. Yes; I can assure you that you will.

Secretary SHULTZ. Mr. Conrad Jones is the budget officer of the Department. I assume you have had him before.

Mr. FLOOD. Yes. Where were you born?

Mr. JONES. In Arkansas, and, as I told you yesterday, I moved to Missouri.

Mr. FLOOD. Yes; I know you did.

Secretary SHULTZ. You also know Mr. Leo Werts.

Mr. FLOOD. Yes.

Mr. WERTS. I come from Pennsylvania and also the University of Chicago.

Secretary SHULTZ. This is Mrs. Elizabeth Koontz.

Mr. FLOOD. Where are you from?

Mrs. KOONTZ. North Carolina.

Mr. FLOOD. Were you born there?

Mrs. KOONTZ. Yes.

Mr. NATCHER. Mr. Chairman, Mrs. Koontz is the sister of John Duncan, who was a Commissioner of the District of Columbia for a number of years and a right able man.

Mr. FLOOD. Mr. Natcher is chairman of the District of Columbia Appropriations Subcommittee.

Secretary SHULTZ. Geoffrey Moore comes to us from the National Bureau of Economic Research in New York.

Mr. FLOOD. You are new in town?

Mr. MOORE. Yes.

Mr. FLOOD. Anybody else?

Secretary SHULTZ. Yes. We have a big crowd here and one more to come. This is Mr. Loftus.

Mr. LOFTUS. I am from the hard coal country.

Mr. FLOOD. Where?

Mr. LOFTUS. Scranton.

Mr. FLOOD. What is your job?

Mr. LOFTUS. Special assistant for communications.

Mr. FLOOD. What in the world does that mean?

Mr. LOFTUS. Somebody asked if I fixed the telephones down there but it isn't quite that.

Mr. FLOOD. News media?

Mr. LOFTUS. Yes.

Secretary SHULTZ. He is here, he says, to learn about the Department rather than testify about the budget.

Mr. FLOOD. We know the Department.

Secretary SHULTZ. This is Mr. Robert Moran. He is from Massachusetts. He will be Director of our wage and hour work.

And on the end is Mr. Arnold Weber.

Mr. FLOOD. Yes, we know him.

Secretary SHULTZ. He is the Assistant Secretary for Manpower.

And Bill Usery is our Assistant Secretary for Labor-Management Relations.

Mr. FLOOD. Well, you have quite a crowd.

Secretary SHULTZ. I think it is a talented group and I am pleased to have them here to work for the Department.

Mr. FLOOD. Your prepared statement will be made a part of the record at this point and you may proceed.

(The statement follows:)

STATEMENT BY GEORGE P. SHULTZ, SECRETARY OF LABOR BEFORE THE LABOR-HEW APPROPRIATIONS SUBCOMMITTEE MARCH 4, 1969

This is my first appearance before your committee.

In view of the extensive knowledge of the members of the committee about labor and manpower programs, I especially appreciate the opportunity to exchange views about the Department's program and budget. But for the same reason, I ask your patience as I explore with you my own present estimate of the role and goals of the Department of Labor and your advice and counsel on its programs and the relative emphasis among them.

President Nixon has not as yet determined his overall budget for 1970 or his budget for the Department of Labor. The Department is in the process of submitting and discussing with the Bureau of the Budget modifications in the budget submited by President Johnson.

I, therefore, can provide you only with my thinking in general terms about the future direction of programs.

There is before the committee the budget submitted by President Johnson which requests—

$990,563,000 of Treasury funds for Department of Labor programs.

$651,727,000 of trust funds for the administration of the employment security programs, or a total of $1,642,290,000 appropriated directly to the Department of Labor. About $171 million is required for mandatory benefit payments under Unemployment Compensation for Federal Employees and Ex-Servicemen and Federal Employees' Compensation Act which allow no discretion.

In the OEO budget, also before this committee, there is a request for $740,300,000 for manpower programs (JOBS, New Careers, Special Impact, NYC in-school, out of school, and summer) administered by the Department.

In the HEW budget, also before the committee, there is a request for $101,500,000 for the work incentive program administered by the Department.

The Department is, therefore, administering programs presently budgeted at about $2.5 billion annually.

This huge flow of funds is the financial counterpart of a wide variety of governmental efforts to improve the life of all working Americans. These efforts include—

A vast array of manpower programs.

Services to improve the quality and tone of labor-management relations.

Establishment of standards for the work place.

Concern with implications for our labor market of international affairs.

Research about the wide range of questions related to these efforts, including central questions about the operation of the economy.

While each program, service, standard, or research project stands on its own feet and is to be judged in its own terms, they also are strongly related to each other and to many aspects of the work of other Departments. These relationships give a unity to our efforts and suggest the importance of a strategy for the Department as a whole as well as for each of its component parts.

Let us consider first, therefore, a few matters of strategy and then turn to the more particular programatic efforts.

SOME POINTS OF STRATEGY AND ADMINISTRATION

Our principal arenas of concern are the work place, the bargaining table, and the labor market. A listing of these arenas suggests the breadth of our efforts and the relationships among them but it also suggests appropriate limits and points of interaction with the efforts of others inside and out of the Federal Government. As a practical matter and as a philosophy of government, we know that we could not if we wished nor would not if we could play the leading role in these arenas. That role must be played by the composite of individuals, enterprises, unions, State and local governments, and other leading institutions of our society. As we design and administer our programs, we aspire to be a helpful partner, taking responsibility where appropriate, but with respect for the good judgment of private citizens and institutions in the conduct of their own affairs, leaving fundamental responsibility with them.

The implementation of this strategy involves a blend of program content and administrative style. Essential elements of this style include:

1. Establishing current and future goals in concrete terms related directly to the needs of American workers.

2. Assuring that a healthy balance prevails between short- and long-range programs with an active emphasis upon contemporary and practical issues.

3. Ordering the priorities of our major programs and allocating our human and financial resources to best accomplish these priority programs.

4. Linking the major goals of the organization to the people in the Department and stimulating an involved and participative working environment with a professional spirit which will translate ideas into action and results.

5. Instituting an objective method of evaluation which will feed back meaningful measurement of quantitative and qualitative results. The system should emphasize current and critical data of a dispassionate, disciplined nature and these evaluations should tell us where we have hit or missed the mark and how to change the targets, the weapons, or the marksmen.

6. Emphasizing critical thinking among our executive group, as we accentuate the positive human needs of the American work force. We seek to improve the utilization of scarce resources and redirect them toward the new issues, the evolving programs, and the pressing requirements of the Nation.

One specific action to achieve improved administration is the designation of an Assistant Secretary to be responsible for Policy Development and Research,

and to provide a sense of direction and relationship in our major programs and objectives. This will help integrate the Department's programs with those of other departments and agencies and establish a relationship to future plans which is definitive and attainable. This Office will be able to reach across all of the Department's groups and programs to achieve better integration, reduce overlap and eliminate gaps. It can serve to assure more effective interdepartmental coordination of programs which increasingly concern two or more Federal departments.

Further, major effort is in process to tie the many units conducting parts of the manpower program into a unified administration that can design and carry out a comprehensive and integrated manpower program.

As the President said in his message to the Congress on February 19, "One of the priority aims of the new administration is the development by the Department of Labor of a comprehensive manpower program, designed to make centrally available to the unemployed and the underemployed a full range of Federal job training and placement services. Toward this end, it is essential that the many Federal manpower programs be integrated and coordinated."

The current organization of the Manpower Administration in the Department of Labor is not satisfactory. There are too many lines to the field, too little coordination of the planning and operating aspects of the programs, and too much duplication of effort. The States, cities and towns deserve a more efficient, understandable, and responsive Federal partner. Major organizational improvements must be made. In order to remedy these deficiencies, alternative organizational structures have been under consideration and an explicit plan was circulated to interested parties, including members of this committee, last week.

Finally, and most important, the President has taken two steps with broad and basic implications for the work of the Department of Labor as well as, of course, for the Government's efforts as a whole: establishing and getting to work (and I assume we are hard at work) the Urban Affairs Council and the Cabinet Committee on Economic Policy. These two groups within the Cabinet are main vehicles for the integration of policy and program development and the design of effective administrative arrangements. From the standpoint of the Department of Labor, they constitute a welcome opportunity to place our efforts into a broader perspective and to enhance their contribution to the general goals of economic and social policy.

MANPOWER PROGRAMS

The main thrust of the Nation's manpower programs has been to solve particular human problems related to finding and holding good jobs. While it has been recognized that there are economic benefits derived from a fully employed and self-supporting citizenry, the prime concern and focus has, nevertheless, been on resolving the human problems. Accordingly, the programs have been concerned with persons disadvantaged by inadequate and discriminatory education, those whose skills have been made obsolete by technological change or who have been caught in the changing tides of economic affairs—cyclical downturn or industrial dislocation—and persons who confront a variety of other barriers to self-supporting employment.

Principles underlying manpower programs

The manpower programs have had as their touchstone certain principles developed over the relatively short time these programs have been in existence. We should—

Target programs on specific disadvantaged groups whose employment problems are the most serious.

Involve private industry to the maximum possible extent.

Evolve efficient integrated systems for the delivery of manpower services.

Pay attention to areas of skill shortage, as part of the effort to relate manpower programs to economic policy.

First, it is of prime importance that our manpower programs be targeted to reach specific groups which are sizeable and whose employment problems are serious.

Minority youth comprise one such group. Negro youth unemployment has been the worst unemployment category in our Nation for more than a decade. In 1968, the nonwhite youth unemployment rates were 20.4 percent for 16- to 21-year-olds and even higher—25 percent for 16- to 19-year-olds taken separately. Almost one-third of a million 16- to 21-year-old Negro youths are out of school and unemployed over the course of a year.

Virtually every one of our manpower programs is focused to some degree on this target group. Almost 200,000 out of school Negro youth are being reached by the JOBS, NYC, MDTA, and CEP programs. It is a matter of concern that, even with an effort of this magnitude focused on this target group, the high unemployment rate has persisted, and we are now considering the types of program redirection that will be more effective. For example, there is the possibility of a shift in program emphasis for the older out-of-school teenager from enrollment in the Neighborhood Youth Corps to enterprise employment, with better career and income possibilities.

Another target group—albeit one which overlaps other categories—is those people on the welfare roles who should be employed, and who can be if some formidable barriers to their employment are removed.

Among our minority group citizen with major employment problems are a sizable proportion of the Indian population and many Mexican-Americans.

These and others to whom we apply the generalized term "disadvantaged" frequently reside in urban slums and rural poverty areas. Accordingly, geographic concentration of remedial programs is part and parcel of the principle of targeting programs on specific groups.

Second, it is essential that employers—private and public—be deeply involved in and committed to the solution of these human employment problems.

Expansion of the JOBS type program to classes of enterprises not now involved would open opportunities for new, regular competitive jobs in the very sectors of the economy that are expanding the most or where personnel problems and skill shortages are severe—the nonprofit hospitals, the publicly-owned utilities, the public transit companies, a variety of service fields and State and local civil service activities. In other words, there are many types of activity, and some growing kinds, that we have not yet adequately brought within the purview of our training and job programs and which offer good employment opportunities for the disadvantaged.

Similarly, the expansion of the JOBS program beyond the present 50 cities, into other cities and areas of economic growth in the Nation, would open many new development situations. We are presently considering such moves.

Third, it is of critical importance that administration of manpower programs be rationalized.

Complaints have been legion about the separate, uncoordinated confusing array of "human resources development" programs. Local "delivery systems" are being developed through which the many diverse but necessary manpower and supporting services can be synthesized in a coherent program.

The concentrated employment program was the ground-breaking effort in this crucial enterprise. Comprehensive work and training programs with single prime sponsors in selected community program areas, as provided by the last amendment to the Economic Opportunity Act, are also being established. CEP and CWTP are thoroughly compatible concepts and will be integrated as the occasions demand while the programs move forward.

We are also developing further the Government-wide manpower program planning system, CAMPS—the cooperative area manpower planning system—and seeking to strengthen the roles of State and local elected heads of government in the formation of manpower program objectives.

Amendments to the MDTA enacted in the last Congress provide within Federal guidelines for State discretion over 20 percent of apportioned manpower training funds and authorize a new activity "supplementary State programs" (title V). With these tools, State government can structure an overall cohesive manpower program, using their authority to round out and fill gaps left by the Federal categorical programs for the disadvantaged.

The new MDTA amendments provide an opportunity to vest real decisionmaking responsibility in CAMPS for shaping the plans for that 20 percent of MDTA funds subject to State project approval and the new title V gap-filling activity. While President Johnson's budget does not include funding for title V, in the interest of better Federal-State relationships as well as better manpower program administration, we are giving serious thought to requesting reprograming to finance this State initiative activity.

Manpower programs and economic goals

I note that achieving significant progress toward the solution of the human problems of our less fortunate citizens, and achieving the economic goals we seek, are in no way contradictory. Indeed, they are interdependent. The foremost contributor to our efforts to reduce poverty is a healthy, full-employment

economy. It is my conviction that the manpower program both facilitates the attainment of maximum employment levels with relative price stability and is essentially dependent upon a strong job market. While helping to overcome human problems, manpower programs have an important economic impact, as well.

First, by targeting programs on specific groups with high unemployment rates, we can reduce those high rates and thus contribute to maintaining a low aggregate unemployment rate—without generating the inflationary pressures associated with other full-employment strategies—for example, easy money or expansionary fiscal policies. Putting the jobless or welfare recipient back to productive, self-supporting work not only aids them, it adds to the Nation's product.

Second, by building skills that will increase the productive capacity of the economy and improve its ability to meet the heavy demand for goods and services which prosperity induces—a demand which can lead, unless offset by output, to price rises.

Medical service prices and construction prices have been responsible for a major share of the rise in living costs. Expansion of output to meet growing demand in both cases comes up against important shortages of trained manpower. Every projection of future manpower needs, at apprentice, technical, and semi-professional levels, puts demand for manpower far beyond present and planned training activities.

In the medical field, needs far outrun projected manpower supply, and consideration must be given to programs which expand the supply of labor and improve manpower utilization practices, thus increasing the productivity, especially, of highly skilled medical manpower. Here also, the expansion of a JOBS-type program into the nonprofit field should aid in meeting the heavy manpower demands.

Programs for "upgrading" the work force would open new opportunities for those who come in at the bottom, as well as relieve the tensions increasingly associated in our society with routine, low-paying work. Our manpower programs thus far have hardly scratched the surface of the "upgrading" question.

We are concerned also about high off-season unemployment rates in construction. Such unemployment wastes skilled manpower, raises unemployment compensation costs, impedes our national housing efforts, and contributes strongly to the environment that boosts construction wages and costs. We plan to work aggressively with Government procurement agencies and with the construction industry to develop positive counterseasonal programs.

Third, by improving the efficiency of the labor market itself. Whatever the economic environment within which the labor market operates, workers will reap better results from the variety of job-and-people matching arrangements if these arrangements operate at peak efficiency.

We have been experimenting with the development of a sophisticated, computerized job-matching system. Much developmental work is still ahead of us, but this is a most promising field and we are beginning to see the first outlines of a nationwide computerized system. While I wish to emphasize the positive on this subject, I should also add a note of caution. Arrangements on the part of an individual to take a job and of an employer to put someone to work involve personal and human considerations that are not subject to computerization and, indeed, that must be carefully preserved in a free and open labor market. We must never allow ourselves to forget that the employment process involves fundamentally a human relationship.

At any rate, these developments should speed up the reemployment of employable workers who now spend unnecessary weeks looking for new work opportunity. Cutting down unemployment time for the so-called frictional group, who are in fact going to be reemployed in fairly short order, will reduce the total amount of downtime in the economy.

Most of our unemployed, particularly those who come into the labor market for the first time, know little about the opportunities that exist, even in their own community. And it is within their own labor market that most opportunities are to be found, and that computerization would have its greatest effect.

Special types of assistance are sometimes useful where jobs are more available in locations other than the city or town of immediate residence, such as in the case of the young worker displaced from a technologically advancing rural area. Some experimentation has been done with aids to mobility, not to force or direct people, but to open new opportunities on a purely voluntary basis. Efforts of this kind, on a more regular scale—perhaps tying into the growing body of

information at the Department of Commerce on the growth areas of the Nation—would cut into the Nation's unemployment downtime.

A comprehensive system of job vacancy information would speed up the process by which workers and jobs come together, and enable us to focus more sharply on the targets for which training is needed.

It is, of course, of great importance to take the variety of actions necessary to end arbitrary discrimination, and to end hiring standards irrelevant to job performance, as more and more employers are doing, either on their own or with the aid or prodding of the Government.

Fourth, by cushioning the human and economic losses that arise when workers lose their jobs through no fault of their own. One of the quickest and surest measures we have in our group of stabilizers is the unemployment insurance system. It begins to operate automatically, provides an important income cushion for laid-off workers, and counteracts the effects of sudden or too abrupt employment adjustments.

This system needs improvement if it is to play a fully effective role in combating economic and human adversity. Also involved here is the program of adjustment assistance for groups of workers, or firms, who may be adversely affected by import competition. These provisions for this in the Trade Expansion Act of 1962 have not proved workable and a rethinking of this subject is needed.

Each of these four areas of emphasis involves many specific actions. Each action by itself is likely to have a small—often not easily measurable—economic effect on the overall unemployment rate. But together they can have a sizable impact, and can play an important part in efforts to combine high employment and a stable price level, while augmenting our drive to put an end to poverty.

As we work toward these objectives, we do so with the knowledge that our manpower programs are coming of age. They have grown to a size and scope that gives them strategic significance in our economic as well as social policies.

Labor-management services and labor standards

The issues of the work place and the bargaining table are fundamentally matters to be determined by the parties themselves. As stated earlier, we aspire to be a helpful partner, taking responsibility where appropriate but, with respect for the good judgment of private citizens and institutions in the conduct of their own affairs, leaving fundamental responsibility with them.

Certain areas of Federal responsibility have been delineated by statute and placed for administration within the Department of Labor. These include such matters as wage and hour legislation, pension and welfare plan reporting, regulations dealing with some matters of union government, and special questions related to the status of women and veterans and to the problems of discriminatory employment practices. We, of course, intend to exercise our responsibilities in these areas with a fair but firm hand, while developing a strategy for enforcement designed to maximize the effectiveness of the resources available to us for this effort.

Beyond these matters, certain questions bear special emphasis at this time.

We hope, in cooperation with the Federal Mediation and Conciliation Service and the National Mediation Board, to make constructive contributions to the conduct of collective bargaining. This will involve us in a variety of efforts at preventive mediation, with an eye toward a long-term improvement in the tone and quality of labor-management relations. We believe that quiet efforts along these lines can be more productive than perpetual involvement of Department officials at moments of crisis in major bargaining.

In addition, we will give priority attention to the problems of union representation and bargaining among public employees. The Department is taking part in a review of the now inadequate Executive Order 10988, which governs labor-management relations in the Federal service. Among other things attention must be given to methods for resolving an impasse in negotiations, for handling grievances under an existing agreement, for delineating the scope of bargaining, and for determining matters incident to establishing employee wishes with respect to union representation.

Much of the same ground needs review insofar as employees of State and local government are concerned. Within the framework of what is appropriate for the Federal Government, we wish to be helpful in this area of great public concern. Among other things, we can make available to State and local governments the same kinds of services which the Federal Government now provides to the private sector. These would include wage and employment data, studies of collective bargaining agreements and the various Federal advisory services.

In addition, there is the question of procedures for handling national emergency disputes. Here we must study the problems of—

Determining the meaning of an emergency.

Examining the alternative procedures that might be available to the President in such cases.

Examining the problem of emergencies that are not national in scope but may have an adverse impact in a State or region, questioning whether railroads and airlines should continue to be covered by a separate law.

In the area of standards for the work place, high priority must be given to the safety and health of the work environment. Work injuries have been on the increase over the past decade following a long period of gradual decline. At the same time, occupational disease is apparently a problem of growing significance. The cost of accidents is tremendous, amounting to about $6.8 billion in 1966, with 250 million man-days lost. It may be noted by contrast that man-days lost through strikes have recently ranged from about 22 to 47 million per year.

New approaches must be sought to this problem, with an eye to a system of Federal, State, and private efforts. Meanwhile, constructive use must be made of statutory powers now available and the enforcement process strengthened.

Labor statistics and research

The Department will further develop its labor statistics program to provide the information needed by employers, labor unions, Federal, State, and local governments, and the public generally.

Our knowledge of problems, and, to a large extent, our ability to cope with them, is dependent on the information and data available to us. The Department, through the Bureau of Labor Statistics, is now providing essential data and undertaking related research on—

Employment and job opportunities.

Unemployment: The characteristics of the unemployed and their reasons for seeking jobs with special emphasis on employment problems of persons in slum areas.

Wages paid, fringe benefits, and hours worked.

Occupational changes and outlook.

Prices, both at the retail and wholesale level.

Productivity and technological changes.

Foreign and domestic working conditions.

Labor-Management Relations.

The budget submitted by President Johnson provides funds for the first year of a 5-year program to update the Consumer Price Index. It also provides funds for the development of new measures of persons with employment problems.

The Commissioner of Labor Statistics is exploring the possibilities of filling gaps in statistical programs in such areas as—

Job opportunities.

Wages and industrial relations.

Price competition of U.S. products in world markets.

Inflation and employment indicators.

Concluding comments

I intend to be prudently frugal in the use of resources for departmental staff and management support activities.

The budget submitted by President Johnson provides—

A small reduction in the funds for the Office of the Solicitor.

A small reduction in the funds for international labor programs.

About the same program level for Federal contract compliance.

No program increases for the Office of the Secretary, but a small increase for mandatory costs.

However, our analysis of the fraudulent misuse of funds in manpower projects administered by contractors and grantees indicates the need to step up the audits of financial practices of contractors and the internal audits of the Department's administration of manpower programs.

These audits are in support of the manpower programs and are presented in the budget of the Office of the Secretary only because the audit function is centralized.

We are considering ways of increasing the allocation of resources to permit the employment of more auditors.

As stated at the outset the request before the committee is for approximately $1,642,290,000, of which about $171 million is for mandatory programs. I have given you my present thinking about the goals we will pursue through the programs that are financed by these funds. My colleagues who are in charge of each

of the programs will be prepared to provide in greater detail an explanation of the appropriation requested for each program.

I, of course, will be glad to deal with any questions you may wish to direct to me.

Secretary SHULTZ. I would start with a note of humility since I know that you ladies and gentlemen have been through this budget many times and know the Department's work in great detail. I am relatively new to it and I want to go through and give you my thoughts now about the Department and how I see it shaping up, but I do ask for your patience and your counsel and your advice as I proceed to do this.

President Nixon has not determined his overall budget for 1970 as yet or his budget for the Department of Labor. We do have the budget submitted by President Johnson, and I have no doubt there will be some modifications in it. We are working with the Budget Bureau on it now but since there has not been any determination by the President as yet, I can talk to you about my own thinking somewhat in general terms as of the moment.

OVERVIEW OF THE BUDGET

President Johnson's budget requests $990,563,000 of Treasury funds for Department of Labor programs and $651,727,000 of trust funds for the administration of the employment security programs, coming to a total a little startling to a university professor, $1,642,290,000. I know about $171 million of that goes to programs over which there is not any discretion, that is, you simply pay benefits.

Mr. FLOOD. Did you ever hear of a billion dollars before?

Secretary SHULTZ. I have heard of it but I can't comprehend the sum.

In addition, in the OEO budget, also before this committee, there is a request for $740,300,000 for manpower programs of various sorts.

And in the HEW budget, also before the committee, there is a request for $101,500,000 for the work incentive program.

This brings us to a total roughly of $2.5 billion annually being administered by the Department.

This huge flow of funds is the financial counterpart of a wide variety of governmental efforts to improve the life of all working Americans, and as I categorize these efforts I find they fall in these groups:

A vast array of manpower programs accounts for in the order of 80 percent.

Services to improve the quality and tone of labor-management relations.

Efforts in the establishment of standards for the workplace.

A concern with implications for our labor market of international affairs.

And research about the wide range of questions related to these efforts, including central questions about the operation of the economy.

I would think of the Department as handling these things.

Each program, service, standard, or research project stands on its own feet and is to be judged in its own terms. At the same time, they are strongly related to each other and to many aspects of the work of other departments, and I think these relationships give a unity to our efforts and call for us to develop a strategy for the Department as a whole as well as for each of its component parts.

STRATEGY AND ADMINISTRATION

Let me now turn to some matters of strategy and administration.

Mr. FLOOD. To what?

Secretary SHULTZ. Strategy and administration. Strategy for the Department of Labor as a whole and some comments about our administration of it.

I would identify our principal arenas of concern as the workplace, the bargaining table, and the labor market. The work that goes on in these arenas suggests the breadth of our efforts and the relationships among them, but it also suggests appropriate limits and points of interaction with the efforts of others inside and out of the Federal Government.

As a practical matter we know that we could not if we wished, and as a matter of philosophy of government we would not wish if we could, play the leading role in these arenas, since that role must be played by the composite of individuals, enterprises, unions, State and local governments, and other leading institutions of our society. And I would say as a matter of my own philosophy that as we design and administer our programs, we aspire to be a helpful partner and to take responsibility for things that come properly in our way, but with great respect for the good judgment of private citizens and institutions in the conduct of their own affairs, leaving fundamental responsibility with them. That is a group of general statements and I think some comments about administrative style to go with those general statements are appropriate.

Mr. FLOOD. Administrative style?

Secretary SHULTZ. Yes.

Mr. FLOOD. What is that?

Secretary SHULTZ. Well, it involves a variety of things that I hope will tell something about the way we work at the programs that come within our Department. For example, I hope that we can do a good job of studying the implications for the future of the programs that we administer. To some extent these things are current and going on today, but where are they taking us over the long period? We should be looking at that and at the same time be looking at developments in the future goals and work to see if there are programs we should have. So I think in the sense of the future a desire to set up ourselves organizationally would be one mark of our style.

A second would be to have in our programs a blend of things that on the one hand are dealing with short-term matters and on the other hand do point to longer range goals. I hope we can get a sense of priority in our major programs and an ability to shift as we see priorities shifting.

Within the Department I hope we can develop an involved participating group of people in the Department and view with a professional spirit their work.

I feel very strongly that we need to give a lot of attention to the problem of the evaluation of our programs and to the operation of various statutes that are relevant to our work, trying to figure out how effectively these programs and statutes are accomplishing the things they set out to accomplish. I recognize this is easier said than done but I think we should give a great deal of attention to this problem of evaluation.

I almost wouldn't have to say, after having worked with this executive group here, but I think we do want to emphasize a critical capacity on everyone's part, a willingness to argue and criticize, and I have found in a month or so we do not have any problem there. We have spirited discussions.

By way of implementation and, more specifically, in arranging the responsibilities of the Assistant Secretaries, we have designated one person who will be here before long as an Assistant Secretary in the policy development and research area. That was one of the first points I made, trying to be careful where our programs are taking us and where the problems in the field are taking us and putting in the top structure of the Department a person and a group of people who will be working with that and would not be weighted down with the day-to-day problems of the programs. So we think this administrative unit will help.

REORGANIZATION OF MANPOWER ADMINISTRATION

A second step we hope to take has to do with the reorganization of the Manpower Administration, which does handle, as I said, the largest flow of funds in the Department. This is in part by way of implementing what the President said in his message to Congress on February 19, which I might read because I think it is a significant thing for us:

> One of the priority aims of the new administration is the development by the Department of Labor of a comprehensive manpower program, designed to make centrally available to the unemployed and the underemployed a full range of Federal job training and placement services. Toward this end, it is essential that the many Federal manpower programs be integrated and coordinated.

We have begun work on that and we have been studying the structure of administration in the manpower field. We have found it to be exceedingly complicated and difficult to understand and work with. A chart was made out to show the different boxes and the lines between the boxes as best we could figure it out, and my colleague, Mr. Weber, compares it to a wiring diagram for a complicated machine. It is a very difficult thing to administer. We have discussed what should be done in this area in the administration and with Members of Congress, with the Interstate Conference, with the Governors, and we haven't all the returns in yet, but we think on the whole we are getting a favorable response to our views. I believe all of you have had a letter from me and a copy of the plan and we hope we could put that in effect soon, and we believe it will give us better administration in the manpower area.

URBAN AFFAIRS COUNCIL AND COMMITTEE ON ECONOMIC POLICY

Finally, and I think most important, on the concrete administrative steps, the President has taken two actions that should have great meaning for the Department: The establishment of the Urban Affairs Council and a Committee on Economic Policy, both Cabinet groups. I believe our participation in this will enable us to broaden our perspective as to what we are doing and at the same time give us an opportunity to make the programs of the Department more effective overall and enhance their contribution to the general goals of economic and social policy of the administration.

This is a general summary of strategy, administration, and philosophy. Let me turn now to more specific things, starting with manpower programs.

MANPOWER PROGRAMS

I think it is correct to say that as the manpower programs we have have grown up they have adapted themselves to particular human problems one was worried about, and particularly people who are disadvantaged for one reason or another—those displaced by technological change or who for some reason are disadvantaged in the labor market. Of course that is important, but at the same time the scope of these programs, when we think of programs that involve a flow of $2 billion a year, have brought economic implications as well, so I think these two things are quite complementary in nature. But my point here is that one needs to consider the manpower programs in terms of the particular human needs that they are pointed to and also the overall scope of the programs.

I might emphasize first the principles, as I see them, that underlie the manpower programs. These are that the programs should be targeted on specific disadvantaged groups whose employment problems are the most serious. But we should try to involve private industry as much as possible and should try to get as much mileage as possible out of the Federal dollar. There need to be evolved efficient integrated systems for the delivery of manpower services, and we need to give close attention to the whole problem of areas of skill shortages as part of the effort to relate manpower programs to economic policy.

TARGETING OF EFFORTS

When we take this question of targeting, I believe the most serious problem that we have is the problem of teenaged Negro youth where the unemployment rate is, to me, startling, on the order of 25 percent or so. And it is quite striking that it has been in that vicinity for the last 8 to 10 years. So we have had this surge of prosperity, we have had this surge of manpower programs, and yet this unemployment exists. I think if it had not been for these things it would have been higher because there has been a great influx of people of that age in that category. Nevertheless, it is baffling to see the range that high, and I think one of the things we should direct our efforts to is what to do to bring the problem into more manageable terms.

There are other things that are overlapping. Some people on the welfare rolls should be at work, and other groups than Negroes are disadvantaged in the labor market, such as Mexican-Americans and the American Indians.

INVOLVING THE PRIVATE SECTOR

There has been quite an effort to involve the private sector in the problems of getting the disadvantaged into constructive work. I believe the Jobs program, operated in cooperation with the National Alliance of Businessmen, has been on a whole a good program that includes incentives to get private industry interested. It seems to me the program could be expanded to more cities and the concept of the Jobs program could include types of business that have not been in-

cluded before, and also State and local governments. On the administrative side, although there have been complaints about the structure of our organization, the concentrated employment program has been, I think, a worthwhile effort in this regard.

The Cooperative Area Manpower Planning System, designed to help States plan their manpower programs, seems to me to be a promising and good device, and in that regard the new MDTA amendments do gives the States discretion over 20 percent of apportioned manpower funds, and the title V idea of having matching funds to help States fill the gap in their programs, both represent devices to give a little flexibility to what happens in any given State and an ability to adopt the programs to the special circumstances and needs of the States. As we know, each State is unique and different and needs special adaptation, and I hope we can give attention to these things.

It will be noted in looking at President Johnson's budget that it does not include funding for title V. I hope we can swing this around so that we can put some money in that State initiative type of program.

ECONOMIC EFFECTS

Turning to the economic side of this, the targeting of manpower efforts on a specific group is a way of dealing with the unemployment problem that does not create inflation. We can say here we have this large unemployment rate with the Negro youth and you should get to it by pumping up the demand further. We know that would result in even more inflation than we have, so perhaps here we can take the approach of working specifically on that group through manpower policy and thus deal with a part of the economic problem.

We also want to use our manpower funds to help build skills where there are shortages. There are two areas that have great clarity in those needs—in the construction industry and in the medical field. We hope to give some push in those directions.

Also, I think particularly as things like the jobs program move along, we need to put more emphasis on upgrading in the work force. It becomes more apparent it is something we need to give emphasis to. I think we can do some worthwhile things in this economic policy area in improving the efficiency of the labor market itself.

There is a fair amount of experimentation going on now with the use of computers as a device for bringing in and disseminating information about jobseekers and open jobs, and we want to push these efforts both in the job bank sense as in the Baltimore installation and in the job-matching sense—more sophisticated, difficult—as has been developed in Utah, and see where we can go with this.

I do think it is well to note while this is a positive thing and deserves a positive emphasis, we should not kid ourselves into thinking that somehow the computer is going to solve all the labor market problems because when you do get to the point where an employer is going to offer somebody a job or a person is considering taking one, you then get into a much more personal transaction. I think that is just the nature of the case. And you not only cannot do anything about it, but probably do not want to.

Nevertheless, I think the computer work can be helpful.

Just as a kind of technical note, if one can reduce, let's say, by a week the average length of time it takes a person who is surely going

to find a job—that category of person—if you can reduce the time it takes by a week you can reduce the unemployment work and, of cource, looking at this manpower effort in terms of connection between inflation and the unemployment problem, you can see that that has a definite bearing.

UNEMPLOYMENT COMPENSATION SYSTEM

I might say I think we need to give attention to the standard and tried device for cushioning shocks in the labor market, and that is the system of unemployment compensation. It is a very important part of the manpower effort, and I think a very important part of economic policy since it operates automatically, and it serves human needs directly.

I am really just getting into my own study of the unemployment insurance system, but I feel clear in my own mind that it does need improvement. So I think this is something we should be working on. It is very important; a very important area.

LABOR MANAGEMENT SERVICES AND LABOR STANDARDS

We turn now to the areas of labor management services and labor standards. Here I think I would like to emphasize again this matter of strategy and philosophy that I mentioned at the start, that we want to be a helpful partner and be willing to step up to responsibilities that appropriately are exercised by the Federal Government. But we do want to fundamentally go on with our respect for the judgment about their own affairs by private citizens and institutions.

Within that framework there are certain areas of Federal responsibility. They have been delineated by statute and placed in the Department—wage and hour legislation, pension and welfare plan reporting regulations dealing with matters of union government, special questions related to the status of women, veterans, and the problems of discriminatory employment practices.

I want to say that we intend to exercise our responsibilities in these areas with a fair but firm hand. My own experience in many of these fields, particularly in the problem of discriminatory practices, is that you often make a lot more progress quietly than you could ever make with a lot of fanfare. But, nevertheless, I think we want to work at these things very hard to develop a strategy or enforcement designed to maximize the effectiveness of the resources that we have.

I might say here again, while it is hard to come to a judgment without having the experience of working with these programs with a given amount of resources, I am somewhat troubled by the scarcity of resources available to do an effective job of handling responsibilities under some of these pieces of legislation. This is something that I think about, and we need to think about it very carefully.

We want to work cooperatively with the Federal Mediation Service and the National Mediation Board in order to make constructive contributions in the collective bargaining area, to try to lessen tension, lower strike levels, and do this insofar as we can by working for long-term improvements in the tone and quality of labor-management relations and lessen our effort, although I recognize that we will be getting in inevitably at times. But not put so much emphasis on the depart-

mental and White House intervention in crisis points in bargaining and see if we cannot get some of these things ironed out beforehand.

BARGAINING BY PUBLIC EMPLOYEES

In the bargaining area, of course the field of public employees has been one that has been very much in the public eye recently. Executive Order 10988 is certainly in need of review, and we are taking part in a review of that. The same thing is very much the case with regard to employees of the State and local governments, and I think in addition there is the question of what is appropriate for the Federal Government to do in these areas. But this also is a question we need to examine, and I believe there are some things that we certainly ought to make available to State and local governments—pretty much the same kind of thing we now make available to private industry—including wage and employment data—information that is helpful—studies of collective bargaining agreements and various kinds of advisory services.

NATIONAL EMERGENCY DISPUTES

The question of national emergency disputes serves as a perennial topic of discussion and we do want to try to think that through and to bring forward some suggestions for improvement in the procedures for handling them.

In my own mind, this topic breaks itself down into four. One has to do with the question of how you recognize an emergency when you see one, what sort of standards are appropriate for determining an emergency.

Second, and the one that gets all the attention, and I think it is very closely related to the first point, has to do with the procedures you feel are appropriate to put in the hands of a President in the event an emergency is determined. And I would say that there must be some interaction between these two points because, if you are very strict about what you think is an emergency, then I suppose you would be more willing to see strong powers put in the President's hands to deal with them.

On the other hand, if you are going to be rather loose about it and a lot of things are going to somehow qualify, you would be more reluctant I would imagine—I would, I will say—in the extent and firmness of the procedures involved.

Third, I think we want to examine the problem of emergencies that are not national in scope but may have quite an adverse impact in a particular locality.

Finally, I think there is a question, and I do not state this with any answer especially in mind, but whether the railroads and airlines are special cases and should continue to be covered by a separate law or whether they should be brought into a general law here.

HEALTH AND SAFETY

I would like to comment just for a moment about the field of safety and health in the work environment which I regard as a very important problem that we need to pay a great deal of attention to and quickly.

It seems to be a rising problem. With work injuries having had a long period of decline in the past 10 years, they have been rising and I think that is alarming.

As I looked into it, I was really quite stunned to see the cost of accidents. It is really tremendous, amounting to almost $7 billion a year in costs. And it is interesting, with all the attention that strikes get, that accidents on the job account for about 250 million man-days each year, or did in 1966; the man-days lost through strikes have been running from 22 to 47 million a year. So you can see that the strikes get all the attention but in terms of loss of production and so on, safety and health are more significant.

So I think we need to work hard on that. We want to work toward some sort of integrated system involving the private employers, State governments, and Federal Government. I think we do want to strive for some sort of uniformity of approach within the Federal Government and not have different standards in different places and tend to confuse people. But at any rate, we do intend to and are in the process of working on this field.

LABOR STATISTICS AND RESEARCH

In the area of labor statistics and research, this has long been an important area of activity for the Department of Labor. I was interested in going to a dinner in honor of Secretary Wirtz early last January or late December I guess it was, and he referred to the Bureau of Labor Statistics of which the Department of Labor is a branch. I guess that gave his estimate of the Bureau of Labor Statistics.

I, as you might expect, having a professional background, in part, would put a lot of emphasis on the work of the BLS, to know the important things that it does. The budget submitted by President Johnson provides funds for the first year of a 5-year program to update the Consumer Price Index and I think that is a very important thing to do. The Commissioner of Labor Statistics is now exploring the possibilities of filling gaps in statistical programs in such areas as the job opportunity field, wages and industrial relations, the problem of measuring price competition for U.S. products in world markets, and the problem of developing further our whole set of employment and inflation indicators.

STAFFING OF THE OFFICE OF THE SECRETARY

I would like to conclude on a note of trying to be frugal in the Secretary's Office. The Johnson budget does call for a small reduction in the funds for the Office of Solicitor, a small reduction in funds in the international labor program, almost the same level as the past year for the Office of Federal Contract Compliance. No program increases in the Office of the Secretary. A small increasse in mandatory costs there.

As we have reviewed the problems of the Department, I think we have been quite bothered by the apparent cases of fraudulent misuse of funds, particularly in Manpower projects, and we feel that it is important to step up our auditing procedures and financial practices and try to improve the effectiveness and the scope of the audit function.

Since this falls in the Office of the Secretary as related to these programs, it may be we will be seeking a modest increase in funds for that function.

I think that completes my statement, sir, and I appreciate your attention and look forward to your counsel and advice.

REVIEW OF THE BUDGET BY THE NEW ADMINISTRATION

Mr. FLOOD. You do not say very much specifically about the budget review that was ordered by President Nixon. You mentioned you are giving very serious consideration to reprograming in order to provide funds under title V, MDTA.

Do you believe more funds than the Johnson budget provided should be made available for auditing? You just wound up talking about auditing.

Secretary SHULTZ. Yes.

Mr. FLOOD. Is there any other specific part of the budget you are likely to change because of this review?

Secretary SHULTZ. It is hard for me to say because the process now underway has not been completed, and I am learning about the process every day and learning that I should be quite cautious in guessing what the outcome is going to be. But I do think that we hope to see some rearrangements within the structure of funds in the manpower area.

We would like to see the job-oriented program focused—take the Negro youth program, for example—the job-oriented program focused more on the 18-, 19-, 20-year-old and the Neighborhood Youth Corps funds focused a little bit more on the 16- and 17-year-old. Some things of that kind by way of rearrangement.

I did mention title V, which is an empty box at this time which we think should have some money in it.

Mr. MICHEL. As a matter of fact, in the Johnson budget there is not a dime for title V.

Secretary SHULTZ. No, there is no money in it. We are under instructions, as you know, in striving to make whatever rearrangements we think are appropriate within the limits of the overall Johnson budget, to try to stay within that.

Mr. FLOOD. The information we have indicates conclusively that there is an underestimate for unemployment compensation for Federal employees and ex-servicemen.

Do you want to correct this?

Secretary SHULTZ. We would like to try to do that, yes. I think we have been involved in this process of seeking supplemental funds.

Mr. FLOOD. We think it is vastly underestimated, as a matter of fact we think so conclusively. Are you aware of this?

Secretary SHULTZ. Yes, I am. It is interesting to note that the first bill signed by President Nixon was a bill providing supplemental funds for this program, and the funds provided had run out by 7 months of the year, I believe.

REORGANIZATION OF MANPOWER PROGRAMS

Mr. FLOOD. Now you comment on the reorganization of the manpower program within your Department.

Secretary SHULTZ. Yes.

Mr. FLOOD. That is an old phrase here, you know. As a matter of fact, sometimes we think there should be a committee against reorganization, we have so many.

Could you give us some detail on that? What is wrong with the old organization, and how you propose to change it?

Secretary SHULTZ. I think that, to some extent, most recently anyway, there was an attempt to reorganize the Department of Labor which did not take effect, and that involved two things: one, a recognition that the present system was not satisfactory, and I think that has been widely thought.

DECENTRALIZATION TO REGIONAL OFFICES

Mr. FLOOD. Do you want to decentralize into regional offices?

Secretary SHULTZ. Yes, to some degree.

Mr. FLOOD. Some degree?

Secretary SHULTZ. Yes, I think that much of the work that is done in Washington could be done in the regional offices to greater advantage.

Mr. FLOOD. That is rather controversial here, you know. Or do you know?

Secretary SHULTZ. I have been learning that not only here but in the States.

Mr. FLOOD. That is an understatement too.

Go ahead.

Secretary SHULTZ. Perhaps it would be appropriate for Assistant Secretary Weber to make some comments on this since he has been working closely on it, if you would like him to.

Mr. FLOOD. Some people think the regional office is just a kink in the pipe, and others are enthusiastic about decentralizing to the regional offices as much as possible.

Secretary SHULTZ. Let me ask Under Secretary Hodgson to give you a bit of his experience from the standpoint of an employer like Lockheed in dealing with the manpower area and the sense in which the work of the regional office can be improved and be helpful in the overall administrative thrust here, not insulating people from Washington on important matters, but in making the whole thing more effective.

Mr. FLOOD. Of course, do not forget that this is the Appropriations Committee, and we are concerned primarily with how do you save dollars. How many dollars and people will you save?

Mr. HODGSON. One of the ways to save dollars is presumably by eliminating duplication and shortening lines of communication and coalescing command where command is most effective.

And the thing that frightens the users of this money, the people out on the periphery, the employers, is that so very frequently they understand say, for instance, that initially when you have a new program that you wish to get approved for your organization, a training program, this would have to come to headquarters, get worked out and get its budget.

Mr. FLOOD. What did you say?

Mr. HODGSON. When you start up something that is new, some new conceptual aspect with new principles in it, you would need to get headquarters' review of that kind of thing. But after having done that, then you are putting a program into application and you find it is necessary to make some modest revisions for schedule reasons and other

things of that kind, those kinds of things should not then in turn have to come back to headquarters.

Mr. FLOOD. What did you do at Lockheed?

Mr. HODGSON. I was the head of what you might call their people activity. Everything in industrial relations. Labor management relations, hiring, training, records, services, having to do with people problems that industry has. That came under my purview and of course not only at Lockheed, but with my experience in our aerospace industry activities, I say these things affect not only my company but others.

The idea is being able to make adjustments in programs that are merely operational in nature, are not of a policy nature involving broad principles. If you could decentralize those kinds of decisions.

Mr. FLOOD. Involving what, broad principles?

Mr. HODGSON. Not involving broad principles, those kinds of things seem appropriate for placing out next to the people who are affected by them rather than having them all centralized in headquarters.

Mr. FLOOD. Mr. Secretary, how does this reorganization of yours differ from the one proposed recently by Secretary Wirtz?

Secretary SHULTZ. There are a number of ways in which our organizational proposal differs.

We, first of all, have strengthened the executive end of it by having two people instead of one in charge; that is, we have an Assistant Secretary, Mr. Weber, whose job it is to deal with the policy aspects of this program, and then we have a Manpower Administrator, Nicholas Pete, who came from Oregon. He was the Oregon employment security administrator, who had operating charge of the day-to-day activity.

We think splitting this function that way will make for more effective administration. That is one step.

Mr. FLOOD. Did you select these people?

Secretary SHULTZ. I helped to pick them. They were all Presidential appointees.

ESTABLISHMENT OF ASSISTANT SECRETARY FOR POLICY DEVELOPMENT AND RESEARCH

Mr. FLOOD. What else do you have in mind besides in your shop, any other reorganization?

Secretary SHULTZ. I think if we can get the Manpower Administration reorganized effectively that will be a dramatic step and we hope it will produce, over time, some dramatic results.

Another aspect of organization that I mentioned——

Mr. FLOOD. That you have in mind besides this?

Secretary SHULTZ. Yes. The assignment of an Assistant Secretary to the function of long-term research and development and giving him responsibility——

Mr. FLOOD. R. & D. in the Department of Labor. What would that be?

Secretary SHULTZ. I do not think I phrased it quite right.

Mr. FLOOD. I am an old defense man basically, you know. R. & D. in Labor. That is interesting.

Secretary SHULTZ. Assistant Secretary for Policy Development and Research. We turned the two words around so we will not have the military connotation to what we are doing in the Department of Labor.

Mr. FLOOD. Is this your idea?

Secretary SHULTZ. I think this is not simply my idea, but an idea you find imbedded in many organizations, the need to take somebody

of real stature in the organization and give him the assignment of reflecting and thinking through and studying the implications of the work that is going on and insulating him somewhat from the day-to-day operating activity so that all of his time is not taken up with the sort of thing that goes with that.

CONSOLIDATION OF MANPOWER PROGRAMS

Mr. FLOOD. What are your plans and the plans of the administration—your plans would be the administration plans, I would hope—with regard to the consolidation of the manpower training programs now administered by Labor, HEW, and OEO? According to the press reports, you have been given special responsibilities in this area.

Secretary SHULTZ. We have a number of steps here. I do not like to keep coming back to this, but it does seem to me to be very important. But we have said the first thing we should do is put our own house in order.

Mr. FLOOD. What does that mean?

Secretary SHULTZ. That means before looking at other people and trying to figure out what they should be doing we should look at our own activities and try to get them into shape where we understand what we are doing and can administer them effectively. I think that is the reason for the high priority and graphic effort we have made to work on the manpower reorganization.

If we are able to accomplish that, this gives us an organization into which programs can be put or taken away as the case may be, but at any rate whatever is in there can be operated with some effectiveness and assurance.

Mr. FLOOD. Do you think you could run the show?

Secretary SHULTZ. I do not know whether I could or not, but I think that Assistant Secretary Weber can. He is very good.

Mr. FLOOD. Yes? How do you know?

Secretary SHULTZ. I have worked with him a long time and I have seen him in action.

Mr. FLOOD. Where?

Secretary SHULTZ. At the University of Chicago and out in the field working on manpower problems in many areas. As a matter of fact, we have worked together over the entire period of development of the manpower program, looking at the evolution of what has happened from the standpoint of private citizens and representatives of unions and management in trying to see how these programs can be made effective for individual people who have needs. And that has been our position always.

Now of course we are able to look——

Mr. FLOOD. This is your man?

Secretary SHULTZ. Well, he is the President's man, he is his own man and I am glad to have him.

Mr. FLOOD. For the record, do this or have him do it: We would like a list of all the Federal work training programs such as the vocational education program, work incentive program, Job Corps, New Careers, and so on. And a brief description—no more than a paragraph—and the amount of Federal funds involved in 1968, 1969, and 1970.

Secretary SHULTZ. We will do that.

(The information follows:)

MANPOWER PROGRAMS FUNDED BY THE FEDERAL GOVERNMENT FISCAL YEARS 1968 THROUGH 1970

[Dollar amounts in thousands]

Program	Budget authority: 1968 obligations	Budget authority: 1969 estimate	Budget authority: 1970 estimate	Goals of the program	Client groups of the programs	Source of funds	Administering agency
Job opportunities in the business sector (JOBS).	$80,458	$196,950	$420,000	A joint Federal-private enterprise effort to employ and train the hard-core unemployed in the 50 largest cities.	Hard-core unemployed	EOA appropriation; MDTA appropriation.	Department of Labor.
Concentrated employment program (CEP).	93,608	114,800	238,000	The concentrated employment program is a coordinating mechanism designed to combine individual manpower programs into a comprehensive system of services and to concentrate the impact of these programs on specific urban slum neighborhoods or impoverished rural areas.	Disadvantaged persons	do	Do.
Work incentive program (WIN)	10,000	117,019	164,640	A program designed to encourage and promote the employment, work experience, and training of public assistance recipients, primarily those receiving support from the aid families with dependent children program.	Adults and youth over 16 on AFDC welfare.	Work incentives appropriation.	Department of Health, Education, and Welfare and Department of Labor.
Vocational rehabilitation	309,214	371,597	564,123	Vocational rehabilitation seeks to assist the States in rehabilitating handicapped individuals so that they may prepare for and engage in recuperative employment to the extent of their capabilities.	Handicapped persons	Grants for rehabilitation services and facilities.	Department of Health, Education, and Welfare.
MDTA institutional and part-time and other training.	222,077	211,328	199,884	Institutional training programs provide the underemployed with the opportunity to upgrade their skills and to equip the unemployed with new skills while receiving maintenance allowance in order to continue training.	Unemployed and underemployed persons.	MDTA appropriation	Department of Labor.
MDTA–OJT training	70,750	54,608	54,608	OJT programs reimburse employers for the cost incurred in hiring and training unskilled workers.	do	do	Do.
Job Corps	282,300	280,500	280,500	The Job Corps provides work and training in residential areas for young people aged 14 through 21 who are out of school and out of work.	Youth, 14 to 21, who are dropouts and jobless.	Economic opportunity program.	Office of Economic Opportunity.
Neighborhood Youth Corps, in school Neighborhood Youth Corps, summer	58,908 113,796	50,900 121,500	62,500 125,000	The Neighborhood Youth Corps in-school and summer programs offer part-time work during the school year and full-time work during the summer to needy high school-age students. These programs focus on keeping youth in school to obtain a high school education.	Needy high school-age students.	do	Department of Labor.

Neighborhood Youth Corps, out of school.	96,300	129,000	134,000	Offers work experience and related services primarily to poor unemployed youths.	Disadvantaged youth	do	Do.
Operation Mainstream	22,319	41,000	42,000	Provides employment for older workers primarily in rural areas where employment opportunities are scarce.	Older rural unemployed persons.	do	Do.
U.S. Employment Service (ES)	312,000	341,000	378,000	Provides placement services for the general work force, with special efforts being made to place the disadvantaged.	All persons seeking employment.	Bureau of Employment Security-unemployment trust fund.	Do.
Indian relocation and adult vocational training.	21,454	24,376	44,026	Indians are aided in securing employment or enrolling in training which will qualify then for employment either locally or in industrial areas away from reservations.	Indians	Bureau of Indian Affairs, education and welfare services.	Bureau of Indian Affairs, Department of the Interior.
Community action program/opportunities industrialization centers.	6,000	5,300	5,300	The opportunities industrialization centers is a two phase program to train unemployed men and women. The first phase is basic education to enable them to qualify for a job and the second to provide skill training.	Residents in the area of a community action agency.	EOA appropriation	Office of Economic Opportunity.
Community action program—counseling outreach.	16,233	16,500	17,000	Community action agencies tailor programs to the real needs of the poor. They interweave the functions of outreach, intake, testing, training, counseling, placement and followup.	do	do	Do.
Equal Employment Opportunity Commission.	6,552	9,032	16,000	The Commission attempts to reduce barriers to employment for minority groups and others by investigating and conciliating complaints.	Minority groups	Equal Employment Opportunity Commission, S.&E.	Equal Employment Opportunity Commission.
Project Transition	8,000	16,000	18,000	Project Transition provides counseling, testing, limited skill training and job placement assistance to servicemen prior to discharge.	Servicemen	Department of Defense appropriation.	Department of Defense.
Project 100,000	15,000	23,000	27,000	Project 100,000 will reduce military entrance standards for about 92,000 disadvantaged youth. After enlistment, these youth will receive necessary remedial health, education, and training services to bring them up to military standards.	Disadvantaged youth	do	Do.
New careers	7,557	18,600	21,400	New careers program provides unemployed or low-income persons age 22 and over with jobs leading to career opportunities, particularly in the field of community and human services.	Unemployed or low-income persons over 22 years old.	EOA appropriation	Office of Economic Opportunity.
Veterans readjustment benefits	5,000	33,000	40,000	Provides for training assistance to veterans.	Veterans	Veterans' Administration, readjustment benefits and various other accounts.	Veterans' Administration.
Veterans assistance centers	1,000	1,000	1,000	Veterans assistance centers provide various information services in larger metropolitan areas to veterans.	do	Veterans' Administration.	Do.
Veterans vocational rehabilitation	23,000	31,000	38,000	Seek to restore to a productive life veterans who become disabled.	do	Veterans' Administration, various accounts.	Do.

MANPOWER PROGRAMS FUNDED BY THE FEDERAL GOVERNMENT FISCAL YEARS 1968 THROUGH 1970—Continued

Program	Budget authority			Goals of the program	Client groups of the programs	Source of funds	Administering agency
	1968 obligations	1969 estimate	1970 estimate				
Stay in school campaign	24,000	22,000	24,000	Provides part-time work to needy high-school students in an effort to keep them in school until they have attained a high school education.	Youth	Government-wide contributions.	Civil Service Commission (various agencies are involved).
Foster grandparents	9,578	9,000	10,000	Older men and women can earn wages through this program by visiting, teaching and otherwise helping deprived children.	Older men and women	Social and Rehabilitation Service, salaries and expenses.	Department of Health, Education, and Welfare.
Special impact	11,500	10,000	20,000	Special impact provides monetary incentives for the location of plants in ghettos and reimburses employers who hire and train the disadvantaged for employment in such plants.	Ghetto residents	EOA appropriation	Department of Labor.
Youth opportunity campaign	42,000	42,000	42,000	To assure that necessary services and opportunities are made available to the youth of America, and direct the development and coordination of summer programs of special education, employment, recreation and health services.	Youth	Government-wide contributions.	Civil Service Commission (various agencies are involved).
Civilian skill training	570,000	595,000	630,000	Postschool training providing skills applicable to civilian work for such occupations as repairmen, mechanics, and technicians.	Men and women in the armed services.	Department of Defense appropriation.	Department of Defense.
Program direction and support	103,845	131,110	159,843	Provides for overall administration, research and demonstration, technical assistance, labor market information, and effective delivery of services at local level.		MDTA appropriation; EOA appropriation; Office of Manpower, salaries and expenses.	Department of Labor; Office of Economic Opportunity, Department of Health, Education, and Welfare.
Other	5,000	5,000	14,600	Miscellaneous training or training related programs concerned with providing services to selected groups. Includes provision of training facilities in rural areas, training of prisoners and training services concerned with community development problems.	Residents of rural areas, prisoners, and persons employed in field of community development.	Department of Agriculture; Department of Housing and Urban Development; Department of Justice.	Department of Agriculture. Department of Housing and Urban Development; Department of Justice.
Total	2,547,449	3,022,120	[1] 3,791,424				

[1] Supports fiscal year 1970 budget authority column reflected on p. 147 of the fiscal year 1970 special analyses (special analysis K–11).

MOTIVATING THE "HARD CORE" UNEMPLOYED

Mr. FLOOD. Do you think we can be successful in motivating and getting permanent jobs for these so-called hard core kids you were talking about under our present program? Then, too, if you do not think so, do you have a new angle?

Secretary SHULTZ. I think you put the question well in emphasizing the question of motivation because it seems to me that is the problem, if you can get the people you are talking about to want to undertake some training and to want to get into constructive work, then you have a chance to work with them effectively. So I think this whole question of establishing motivation is at the heart of the matter. It is difficult.

Mr. FLOOD. The question was in two parts.

Can we deal with motivation under our present setup, or do you have a new approach?

Secretary SHULTZ. I think we can do some important things with our present system, but whether we can really make effective inroads into the high Negro youth unemployment rate with it, I would not be so rash as to make any kind of flat statement.

Mr. FLOOD. Good. Any ideas in the back of your head?

What would you like to do tomorrow?

Secretary SHULTZ. I have lots of thoughts on the subject, whether I would like to do them tomorrow or not. It is the sort of thing that bears a lot of thought.

Mr. FLOOD. You have some ideas though?

Secretary SHULTZ. Oh, yes.

Mr. FLOOD. Then sooner or later we will hear something from you?

Secretary SHULTZ. I expect so.

PROVISION FOR TRANSFER FROM VOCATIONAL EDUCATION FUNDS

Mr. FLOOD. What do you plan to do with the $2 million included in the vocational education budget for manpower studies? It is earmarked for transfer to the Labor Department.

Secretary SHULTZ. I am not familiar——

Mr. FLOOD. You have a transfer item here. What do you plan to do with it? Mr. Jones, what about that, that $2 million?

Mr. JONES. I am not sure what $2 million you are talking about.

Mr. FLOOD. $2 million in the vocational education budget that is earmarked for a transfer to you for manpower studies.

Mr. JONES. I am not sure about that, sir, but I will insert it in the record.

Mr. FLOOD. Take a look at page 175 of the justifications for vocational education.

A $2 million transfer. You do not know of that?

Mr. JONES. No, sir; I am not familiar with it, but I will look into it.

Mr. FLOOD. I am sure you will.

(The information requested follows:)

VOCATIONAL EDUCATION AMENDMENTS OF 1968

"SEC. 103(a)(1) From the sums appropriated pursuant to section 102(a) the Commissioner shall first reserve an amount, *not to exceed $5,000,000* in any fiscal year, for transfer to the Secretary of Labor to finance (upon terms and conditions mutually satisfactory to the Commissioner and the Secretary of Labor) national, regional, State, and local studies and projections of manpower needs for the use and guidance of Federal, State, and local officials, and of advisory councils charged with responsibilities under this title."

In relation to the above provision, $2,000,000 will be transferred to the Department of Labor for manpower projections and studies which will help State and local school officials in planning useful and up-to-date training programs.

IMPACT OF REVENUE AND EXPENDITURE CONTROL ACT

Mr. FLOOD. In general, what has been the impact on the Department of the Revenue and Expenditure Control Act? I should direct that question to your budget officer.

Do you want to talk about that?

Mr. JONES. Yes, sir. I am familiar with it.

The Revenue and Expenditure Control Act had two provisions, one limiting expenditures for 1969 and the other one imposing the personnel restrictions which are continuous until repealed.

So far as the expenditure limitations are concerned, they did cause us some problem with increase in mandatory costs. We had to cover these from the program funds for manpower development training activities. However, because of the way that the contracts are phased out in MDTA, we feel we will have no problem living within the limits that were imposed by the act and by the Director of the Bureau of the Budget under his delegation of authority in the act.

Mr. FLOOD. Where is your actual cutback?

Mr. JONES. We cut back under the Revenue and Expenditure Control Act for 1969, Mr. Chairman, $4 million departmentwide. This was done on the basis of applying savings from personnel resulting from the fact we could not hire these people for the various programs within the Department. And this was $4 million in direct cutback in 1969, and then in 1970 we reflected savings of $6 million.

Mr. FLOOD. Would you explain how you control expenditures. Are you choking to death in paperwork to carry out this requirement? Give us some idea.

Mr. JONES. Basically, Mr. Chairman, except for the Manpower Development and Training Act programs most of the Department of Labor accounts are salaries and expense accounts. And the only way you can control expenditures in these is through the control of personnel. The rate of obligation that is authorized by this committee and in the Appropriation Act as it is finally enacted sets levels. We cannot really save there except by reduction of personnel below the levels that are authorized by the Congress.

Mr. FLOOD. What about the paperwork? That is what I asked you about. Are you going to choke to death?

Mr. JONES. No, sir; the paperwork is no more than it is for any other control activity. We have to watch our expenditures. We look at them.

We have submitted plans of expenditure to the Director of the Bureau of the Budget, but I will say there is no untoward amount of paperwork involved in this.

EFFECT OF EMPLOYMENT RESTRICTIONS

Mr. WERTS. Mr. Chairman, might I add to what Mr. Jones has said? He is talking largely about financial structure.

On the effort to distribute the filling of vacancies—that is, "the three out of four"—the estimate is it has taken at least 10 additional people in the administrations—that is, the Manpower Administration, Labor

Management Services Administration, Wage and Hour Division, etc.—to keep track of the vacancies and to get approval for filling vacancies.

Mr. FLOOD. New bodies?

Mr. WERTS. We had to transfer people from other activities because we could not have new ones.

Mr. MICHEL. This is the provision that said for every four you lose you hire back three.

Mr. WERTS. Right. To keep control of this, Secretary Wirtz set up a central committee made up of myself and his executive assistant, and the executive assistant to the Under Secretary, and he insisted we process each request to fill vacancies and thereby limit filling vacancies in certain activities. We cut out a great many opportunities to fill vacancies and transferred vacancies to the manpower program because that was the high-priority activity. This is a very costly, awkward way of doing business because the turnover is in the clerical staff.

Mr. FLOOD. I know.

Mr. WERTS. And, therefore, I think we are short of clerical people because the turnover in the professional area is not great enough to keep a proper balance.

Mr. FLOOD. It is very expensive?

Mr. WERTS. Yes; it is.

Mr. FLOOD. Do you not wish you had stayed home, Mr. Secretary?

Secretary SHULTZ. I am just glad that one of my first moves was to get Mr. Leo Werts to stay on.

Mr. FLOOD. The Revenue and Expenditure Control Act called for a cutback in personnel. That is the point Mr. Michel is making. Has this bothered you in the Department?

Mr. WERTS. You are asking me?

Mr. FLOOD. I am asking you; yes.

Mr. WERTS. I would put it this way: It seems to me we are doing some things very badly because we do not have the right people in the right place.

Mr. FLOOD. Are you hurting?

Mr. WERTS. I would say that the Department is not hurting because we are there to serve the people, but I think the people are hurting.

Mr. FLOOD. What people?

Mr. WERTS. The people who may be looking to the Department to assure that the minimum wage is enforced or that there are safe working conditions.

I think the Secretary has pointed out—he did not mention this specifically, but one of the problems related to the need for reorganization is that there is a need to do this in order to utilize our people better, because we do not have enough people on the firing line in the field to supervise the contractors to make sure that they are delivering the service that they are contracted to deliver.

Mr. FLOOD. I believe that.

Mr. WERTS. The people of the United States are hurting.

SAVINGS ARISING FROM EMPLOYMENT RESTRICTIONS

Mr. FLOOD. Have you any estimate of the total savings in dollars in fiscal year 1969 from the cutback in personnel by the end of 1969 as a result of this law?

Mr. JONES. Yes, sir. We saved slightly over $4 million in 1969 in terms of dollars. In terms of personnel, of course, we try to predict where we will be on June 30, but since we are filling vacancies on a 3-out-of-4 or 7-out-of-10 basis, we cannot project this accurately. However, I do have some figures——

Mr. FLOOD. What about employees?

Mr. JONES. The law says the Government should get down to the June 30, 1966, level. For the Department of Labor, that was 9,208 people. Since that time, as of December 31 we had increased 240 people, and we got an exception from the Bureau of the Budget for 101 additional. So, we are now 139 people over our June 30, 1966, level, despite all of the new programs and new activities that have been added to the Department.

Mr. WERTS. It also could be stated in terms of how many less we have than when the act went into effect last July.

Mr. FLOOD. I tell you what you do. Prepare for the record a table—I am a great guy for tables—showing the employment at the beginning of fiscal 1969, the employment as of December 31, the anticipated employment June 30, and the average employment budgeted for 1970.

(The table follows:)

EMPLOYMENT IN FULL-TIME PERMANENT POSITIONS

	Beginning of fiscal year 1969	Dec. 31, 1969	Estimated, June 30, 1969	Average employment, fiscal year 1970 [1]
Office of Manpower Administrator	640	630	714	955
Bureau of Apprenticeship and Training	555	487	487	475
Bureau of Employment Security	1,795	1,627	1,630	1,652
Labor-Management Services Administration	619	598	590	625
Wage and Labor Standards Administration	943	902	875	1,010
Wage and Hour Division	1,767	1,711	1,675	1,769
Bureau of Labor Statistics	1,225	1,161	1,165	1,278
Bureau of International Labor Affairs	176	169	160	169
Office of the Solicitor	448	421	425	436
Office of the Secretary	326	327	327	341
Office of Federal Contract Compliance	76	72	72	85
Subtotal, Department of Labor funds	8,570	8,105	8,120	8,795
Other:				
Office of Economic Opportunity	649	687	690	769
Health, Education, and Welfare	47	156	156	210
Working capital fund	505	500	500	568
Subtotal, other	1,201	1,343	1,346	1,547
Total all sources	9,771	9,448	9,466	10,342

[1] As reflected in budget estimates. Assumes sec. 201 of the Revenue and Expenditure Control Act will not apply in 1970.

LEGISLATIVE PROGRAM

Mr. FLOOD. I know it is pretty early to have any firm details, but can you tell us what new legislative proposals you have in mind?

Secretary SHULTZ. I am sure we will have some, but we do not have anything to put forward right at the moment.

DEPARTMENT'S ROLE IN COLLECTIVE BARGAINING

Mr. FLOOD. What do you see as your Department's role in collective bargaining?

Secretary SHULTZ. I think we should be able, as I said in my state-

ment, to do some things by bringing people together and working on their problems before the crisis of immediate bargaining is upon them, to improve the tone of the relationship and to lessen the tension.

I think one of the things we should strive to do in the Department, cooperatively with the associated mediation group, is to try to develop this sort of thing.

Mr. FLOOD. Do you think there should be any change in the relationship between the Department and the Federal Mediation and Conciliation Service and the National Mediation Board?

Secretary SHULTZ. They are both independent of the Department. It is my impression that the two groups have not worked as effectively together as they might. We will strive to coordinate the effort better and to make for a more effective relationship among the Department, the National Mediation Board, and the Federal Mediation Service.

Mr. FLOOD. In your opinion, can we reduce the amount of time lost from work?

Secretary SHULTZ. Through strikes?

Mr. FLOOD. Yes. It has been a bad year.

Secretary SHULTZ. Yes, it has.

Mr. FLOOD. I haven't seen so many wildcats in years.

Secretary SHULTZ. I hope we can bring that down. I think the initial point is that although higher this year than it has been in some past years, it is still a tiny fraction of the total man-days worked. I think the problem of strikes ought to be kept in that perspective.

To put it another way, by and large the collective bargaining system has worked quite well. On the whole, people have managed to settle their problems without a strike, and the vast majority go that way. Strikes have a drama to them. In addition, they do cause problems for third parties, especially. So, people tend to pay a great deal of attention to them.

I think, on the whole, the level of strike activity in this country is moderate, and this is a very important thing to realize.

Mr. FLOOD. Moderate?

Secretary SHULTZ. Yes. There are certain industries which have seemed to have very special and extremely difficult problems.

Mr. FLOOD. But across the board, you say it is moderate?

Secretary SHULTZ. On the whole, across the board, it is. There are industries which are seldom struck. In the longshore case which we have had in process since January 20——

Mr. FLOOD. You think it is moderate, Mr. Secretary?

Secretary SHULTZ. Yes, Mr. Chairman.

Mr. FLOOD. We respect your opinion. That is why I ask you. We respect it very much, you know.

FUNDS FOR MODEL CITIES

I was one of the sponsors of the model cities program. How much money in your budget is going into model cities?

Mr. JONES. I will have to check that for you.

Mr. FLOOD. Have you any idea?

Mr. JONES. Mr. Weber, can you reply to that?

Mr. WEBER. No. You can derive some estimate from the CEP funds, which in many instances are dovetailed with that.

(The information requested follows:)

ESTIMATED AMOUNT OF DEPARTMENT OF LABOR FUNDS IN MODEL CITIES

[In millions of dollars]

Program	1969	1970
JOBS	154.0	320.0
CEP	77.8	160.0
NYC	98.4	98.4
Operation Mainstream	1.7	1.7
New Careers	2.5	2.5
Total	334.4	582.6

EMPLOYMENT OF WOMEN IN HIGHER GRADES

Mr. FLOOD. Again, I have been seeing in the papers about the lack of women appointees to high positions in the administration. Of course, you are not the President.

How many women in grades 15 and up has the new administration brought to this Department? Do you know, offhand?

Secretary SHULTZ. Since January 20——

Mr. FLOOD. Since you took over the shop. I do not mean you personally, but the administration.

Secretary SHULTZ. In the Presidential appointee group, as you have observed, the answer is one.

Mr. FLOOD. I am speaking of the Department of Labor, your shop. How many?

Secretary SHULTZ. I do not know the answer to that from the GS–15 up.

Mr. MICHEL. I would be interested in the number of men also.

Mr. FLOOD. Will you provide the answer for Mr. Michel?

Mr. JONES. Yes, we will provide the answer.

(The information follows:)

Accessions GS–15 and above, Jan. 20, 1969, through Feb. 28, 1969:

Men	11
Women	1
Total	12

Secretary SHULTZ. In general, our approach has been to bring in the people to the various Presidential appointee jobs, and after they are here, to have them develop their recommendations for additional people to be brought in.

Mr. FLOOD. How many in GS–15 and up have left the Department since the last election?

Mr. JONES. This we will have to provide.

(The information follows:)

Separations, GS–15 and above, January 20, 1969, through February 28, 1969; 18.

PROGRAMS LACKING LEGISLATIVE AUTHORIZATION

Mr. FLOOD. Again for the record, I want the record to show any activities for which you are asking funds, Mr. Secretary, that are not currently authorized by law, and the amount budgeted for each.

Mr. JONES. I do not know of any.

Mr. FLOOD. I think that is right, but just out of an abundance of caution, check it and provide that information for the record.

(The information follows:)

The Department is requesting no funds for activities that are not currently authorized by law.

REDUCTION IN INFLATION

Mr. FLOOD. This has nothing much to do with the budget before us, but it certainly could have a sharp punch on future budgets. How do you think inflation can be substantially reduced without reduction in employment?

Secretary SHULTZ. I think, first of all, a substantial reduction in inflation can only come gradually if it is to be done without a rise in unemployment. When we seek a substantial reduction in the higher rate of inflation——

Mr. FLOOD. What do you mean by gradual?

Secretary SHULTZ. It means your first objective is to top out the rate of increase and get the rate of increase turned in a downward direction. If you can accomplish that and give some feeling of confidence that it will continue to go in that direction, then I think that will have been a major achievement for, let us say, the year 1969.

Mr. FLOOD. The year 1969?

Secretary SHULTZ. Yes. That is, the rate of increase in inflation has gradually accelerated, and it has reached the point of not quite 5 percent. Suppose we can top that off and get it going down toward 4 percent or 3 percent by the end of the year, and it continues in that direction, I think that is as low as our objective should be. Otherwise, we have too great a risk of extremely undesirable consequences in our labor market.

Mr. FLOOD. Mr. Michel.

Mr. MICHEL. First, Mr. Chairman, may I take this opportunity to commend the Secretary for his very comprehensive statement before the committee. We recognize that as a new member of the Cabinet in your first appearance before this subcommittee and, obviously, just getting your feet wet, we can't expect you to be all-knowing with all your ducks in order, and in a position to give us the kind of performance here today that we will expect from you, say, a year from now. I think it is understandable by all members of the committee that a year from now you will be much more positive in what you personally see in your Department and what your administration would like to have developed in the Department.

It just occurred to me, having come to the Cabinet from the University of Chicago and the city of Chicago, your two immediate distinguished predecessors also came to the Cabinet from Chicago. All three of you pretty much are characterized as academicians, learned men and scholars.

I think you have acquited yourself very well here thus far this morning. I have a number of areas that I would like to explore with you.

Mr. FLOOD. Suppose we adjourn and continue at 2 o'clock.

Without objection, we will adjourn, and Mr. Michel will take the witness at 2 o'clock.

AFTERNOON SESSION

Mr. FLOOD. Mr. Michel.

POSSIBLE CHANGES IN THE 1970 BUDGET

Mr. MICHEL. Thank you, Mr. Chairman.

Mr. Secretary, we have developed over the course of your testimony thus far that in title V there is no money in the 1970 budget, but that you would like to see some in that particular area. You made a point that because of disclosures in the job training programs around the country of abuses and mishandling of programs, and money I guess, that there probably would be a need for an increase so far as internal auditors are concerned, and that we know this unemployment compensation item is underfunded. There are three items alone where you say more money will be required. You say overall, however, that you will try to live with this particular budget. How can you do that without cutting out in other areas to make the increases that will be required, particularly in these three areas? What would you say about that?

Secretary SHULTZ. Only that we will have to struggle and cut back on some other items.

Mr. MICHEL. On that point, will you make an effort to do that yourself, or will you live by what Mr. Mayo and the Bureau of the Budget say you have to do by way of meeting the overall package requirements, whatever they may be?

Secretary SHULTZ. We will make a proposal to the Bureau of the Budget that will keep us within these limits. What the Bureau of the Budget will do with it and how we will come out in our discussions with them and the President remains to be seen. But, to be directly responsive, we will try to indicate in a positive fashion where we think there should be additions and where there might be subtractions.

Mr. MICHEL. You made some point during the course of your testimony about the need for time to gather all our myriad of training programs together, and I would have to say "amen" to that. I was going to ask that a statement be placed in the record to show at one point all of these training programs, funded by a variety of different sources and operated by several different Federal agencies, where we can see them all in one place. However, the chairman has made a request that, as I understood it, amounts to the same thing. I think it is very important that we take a good hard look at these programs with a view to some consolidation. I am sure we could save some money and train more people if we had a little more sensible organization of all these programs.

SAVINGS RESULTING FROM REORGANIZATION

Have you got any idea, any prognostication, as to how much money can be saved or how many fewer positions we will need in your shop with this new organization? I think the chairman set the stage when he said we hear all this talk about reorganizing and revamping, but how many bucks does it save? Is this going to result in a more efficient organization or is it just shuffling people around? That is how we must make our judgment as to whether it is a good reorganization or is not.

Secretary SHULTZ. We can estimate with not too great a margin of

error the number of positions that would be saved. In my judgment, this is a relatively small aspect of the savings to be gained by a plan like this, because it seems to me the real savings are in the form of transmitting the funds more effectively into the uses for which they are intended. I think that is where the real mileage from the reorganization lies. But I know Mr. Weber has considered this question, and with your permission he may want to comment on it.

Mr. MICHEL. Go ahead. Do you have some comment?

Mr. WEBER. I would want to parallel the Secretary's comments on that and add that we have made some preliminary estimates of savings, but there is many a slip between the cup and the lip in as large a number of people as we contemplated. The purported advantage of the reorganization is that it would permit us to do a better job with the funds that are appropriated by Congress.

A case in point is the situation in New York where it is said $2.7 million has been mismanaged or has slipped out of use. I would hope, out of developing a better system through the reorganization, something like that would not happen again or would minimize the chance of its happening.

Mr. FLOOD. Did it happen?

Mr. WEBER. We don't know for sure. Their accounting records at this point do not permit an exact estimate of the funds which have been misused or are missing.

Secretary SHULTZ. On some of the projects that were funded there has not been a completed statement.

Mr. FLOOD. I just asked did it happen. Do you know? How do you know?

Secretary SHULTZ. We know in a general way but we do not know precisely. I presume you wouldn't know until a jury decides in a case of this kind if somebody is prosecuted for a crime.

Mr. FLOOD. That is a good answer.

Mr. MICHEL. Except there has been a sufficient amount of smoke detected and generated that it seems to be cause to look into the matter very carefully, and the chances are there is some real fire.

Secretary SHULTZ. Yes.

PROMOTING EFFICIENCY IN MANPOWER PROGRAMS

Mr. MICHEL. I hold in my hand a press release dated October 21, 1968, from the office of your distinguished predecessor, Mr. Willard Wirtz, which says:

> Administrative action is being taken today to serve the twin purposes of economy and efficiency in the manpower administration of the Department of Labor.

Mr. FLOOD. What is the date of that?

Mr. MICHEL. October 21 last. (Continuing reading:)

> The most immediate of those purposes is economy. By combining functions and eliminating overlapping responsibilities a saving of about 350 positions and of approximately $4 million will be achieved. This is essential to meet the requirements of the Revenue and Expenditure Control Act of 1968.

Then he goes on to say another equally basic purpose is efficiency, and he says the manpower program has been developed piece by piece over the past 6 years and each program has required improvisation of one kind or another and so forth. Actually I think your predecessor was

saying it is necessary to do some streamlining because of what Congress required by the Revenue and Expenditure Control Act. Under that kind of prodding by the Congress, what do you propose to do on your own without prodding from Congress and this committee to get more efficiency and economy in this manpower training area, particularly?

Secretary SHULTZ. I think in our own efforts the efficiency with regard to direct savings mentioned there was certainly one thing in our minds. At the same time, and I would say more importantly, we are looking for a system of administration and organization that would make us feel more confident that we were able to get the results that we wanted. We, in effect, were reacting to a system of organization and management that we felt was very difficult to manage so that we would not be able to say, let's do this, and have some confidence that it would come out at the end in the manner that we wanted. I think that desire to have a system that could be managed effectively was a primary motivation with us.

STRENGTHENING REGIONAL ORGANIZATION

Mr. MICHEL. Would it be fair to say that your overall feeling is that you can in most cases get more effective administration and delivery of programs to the grassroots by means of a strong regional system of organization as distinguished from an extrastrong centralized office here in Washington, for example?

Secretary SHULTZ. Yes. It seems to us there are things that are better done in the region than in Washington, just as there are also things better done in Washington than in the field. The present balance of activities is too weighted in the Washington direction. As I think we mentioned this morning, this desire to have a greater ability in the regions to deal with problems that come up is not in any sense a desire on our part not to deal with people on important matters that deserve to have Washington attention. We just want to change the balance.

Mr. MICHEL. But once a broad policy question has been determined here, the word goes down the line and the shortened lines of communication should see that the everyday activities get quicker and more responsive answers. This would tend to be my view and, hopefully, this could be translated into action in your shop. There is nothing more frustrating to us, when matters come to our attention, whether they have to do with Labor or Agriculture or you name it, than to go to the regional office in Chicago and instead of getting a quick answer back get the response, "We have to go to Washington." I then ask myself, maybe it would be easier to forget about the regional office and go directly to the horse's mouth or to the top in Washington and get the answer today.

I see the gentleman nodding his head down there, whether it is in an affirmative or negative sort of way I am not sure without something being said audibly.

Mr. WEBER. I hope it was in an affirmative manner. The concept of regionalization as contemplated by the reorganization is not new. There is more than one agency involved in that reorganization so that there is a difference of authority between the agencies.

Mr. MICHEL. What are they?

Mr. WEBER. The Bureau of Work Training programs; the Bureau of Employment Security; and the Regional Manpower Administrator.

Mr. MICHEL. And I take it from your singling them out that it is a primary area in changing lines of authority?

Mr. WEBER. Yes. Similarly, at the national level we have the same duplication and each bureau has its own staff. If you add these people up in aggregate there is a substantial number, but if they are parceled out among the bureaus, each has a thinness of staff. So if you look at the little boxes, there are seven little boxes charged with the function of something called field liaison with 73 people in them. We feel if we put them together we would be able to realize efficiencies and pare that number down and put them on concrete matters.

SALARIES OF INSTRUCTORS IN TRAINING PROGRAMS

Mr. MICHEL. This might be an appropriate spot to read into the record a letter I have just received from a gentleman out home. With your permission, Mr. Chairman, let me read it into the record and then I will give it to you, Mr. Secretary, or one of your subordinates to get a response. It reads:

FEBRUARY 26, 1969.

Hon. ROBERT H. MICHEL,
Rayburn Building, Washington, D.C.

DEAR MR. MICHEL: What does a Federal employee in the manpower training program do when he has salary raises approved by both the Federal and State Governments but never gets those raises?

The local administering body which implements the training programs is withholding these funds. The moneys do not come from local budgets; these are Federal and State funds allocated and approved for salary increases. Why should these raises be withheld?

I have been a counselor-instructor for 2 years and 4 months. I began at a salary of $150 a week; I still get $150 a week. After 6 months on the job, I was written into the new programs at $160 a week which I never received, although, I was promised a raise for good work.

In the latest projects I have been written into the programs at $200 a week, by my supervisor, in the hope of recouping some of the lost pay. This amount was approved 2 months ago and I still have not received any pay increase on my check.

I know of one instructor who receives $150 a week and has not had a pay raise in 4 years; yet the Government is billed for more pay for this man.

I hope you realize that most instructors make less money than they could earn in business or industry; they really are devoted to the cause of helping the poor. These men also have no job tenure. When a program ends there is always a lapse of from 3 weeks to several months—and these men are out of work. They cannot even collect unemployment pay. Instructors get no vacations with pay because no programs run for 52 weeks; to get a paid vacation the program must exceed a year in length.

A survey of instructors would be a simple and effective way for your HEW committee to learn the truth about where some of your money goes. But the survey should be addressed to the instructor at his home address and answered by the instructor. May I suggest that you will need to know the following to expedite the survey?

Name and home address of the instructor.

Project number under which he operates.

Name of administering agency.
Amount of his present salary.
Length of time he has received this salary.

I am 61 years of age and when the present Federal training programs end I will not be able to secure another position, so I'd like to have what is allocated to me salarywise now. Your consideration and help will be most appreciated by all instructors in the HEW programs.

Cordially yours,

_____ _____.

P.S. I have worked under the following projects:

Title	DCT	Project
Autobody repairman	087.381.010	ILL (R) 9061
Arc welder	810.884.018	ILL (R) 9055.
Do	810.884.018	ILL (R) 8064.
Metal tending	699.885	ILL (R) 7036
Autobody repairman	807.381	ILL (R) 7059.
Arc welder	807.381.010	ILL (M) 8049-017.
	810.884	ILL (S) 7083.

Mr. MICHEL (continuing). Obviously the key of this particular letter here is we are getting billed, aparently in an indirect sort of way, for a salary increase for some of these training spots down the line that do not actually get implemented. What happened? Obviously there has been some hanky-panky someplace. How do we take care of this poor man's problem? Do you have somebody in your shop who can run it down without costing this man his scalp?

Secretary SHULTZ. I do not know the answer to that particular question but I should think that would be a useful specific thing for us to trace down to see what it will help us learn as to what is going on.

Mr. MICHEL. It seems every once in a while something like this might come up in the committee and you are burdened in handling this sort of request. This will be a way to find out what kind of machinery you have in your shop to handle these things. As a friendly aside, you know with what compassion our good chairman has handled his questioning today. He is a fine gentleman and we on this side appreciate the way he treats us on this subcommittee; all of us on this committee have these troublesome little problems from time to time that need special attention. I hope you will give these requests expeditious treatment.

When there are glaring wrongs being perpetrated without our knowing it, when they are called to our attention we want to correct them.

EFFECT OF REVENUE AND EXPENDITURE CONTROL ACT

Let me go back again to this Revenue and Expenditure Control Act. I didn't vote for it although I would have been in favor of cutting more deeply on the expenditure side. What, in total, does it look like we will save in dollars and cents in the Department of Labor because of the Revenue and Expenditure Control Act? I know the chairman has asked specific questions about what the personnel level was on July 1 and on December 31 and what it is estimated it will show when we close this fiscal year. I would like to know now, have some kind of idea at least, because I hope to pursue this line of questioning

with the other departments that come not only before this subcommittee but the others on which we serve.

Mr. JONES. The specific amount we reserved in 1969—you know we were required to put the savings in reserve—the anticipated saving was $4,010,000. That was what we anticipated would result from a slowing up in hiring as a result of the Revenue and Expenditure Control Act. We do have here the figures for employment. These are the figures as of June 30, 1968, and as of December 31, 1968.

Mr. MICHEL. What are they?

Mr. JONES. As of June 30, 1968, the Department's employment, including all sources of funds, was 10,594.

Mr. MICHEL. That is what?

Mr. JONES. The Department's employment as of June 30, 1968.

Mr. MICHEL. And the figure?

Mr. JONES. 10,594.

The December 31, 1968, employment figure was 10,131. That is a decrease of 463 between June 30 and December 31, 1968.

Mr. MICHEL. How many?

Mr. JONES. A decrease of 463 jobs in total.

Mr. MICHEL. Do you have any predictions on what that will be June 30, 1969?

Mr. JONES. As Mr. Werts mentioned this morning, the Department has established a Vacancy Control Committee——

Mr. FLOOD. What?

Mr. JONES. A Vacancy Control Committee. This was a committee appointed by Secretary Wirtz to review all employment under the Revenue and Expenditure Control Act. The committee established ceilings which they expect the bureaus to get down to. Of course the speed with which they get down to the ceilings depends on the turnover rate. The anticipated figure for June 30, 1969, I cannot give you at this time. I can tell you the ceilings the Vacancy Control Committee has established.

Mr. MICHEL. You know under the Revenue and Expenditure Control Act what the target had to be at the end of the year?

Mr. JONES. Not at the end of the year. Under the act there was no timing when we were to get it down. It depended on the rate of turnover.

EXPENDITURE REDUCTIONS

Mr. MICHEL. When we are talking about this saving of $4 million, I trust that is in personnel?

Mr. JONES. Yes.

Mr. MICHEL. There was another part of that revenue and control proposition that talked about money, was there not?

Mr. JONES. Yes.

Mr. MICHEL. Surely there had to be a saving of more than $4 million or we were really spinning our wheels, because I understand they wanted to save $6 billion by this legislation.

Mr. JONES. We did have some additional savings below what was in the President's budget in the Manpower activities. I do not have that figure at this time.

Mr. MICHEL. Do you have a ball park figure of what that might be?

Mr. WERTZ. Close to $30 or $40 million; in that area.

Mr. MICHEL. Will you put a hard-and-fast figure to the best of your ability in the record at this point?

Mr. JONES. Yes. This was negotiated with the Bureau of the Budget under the guidelines set by them.

(The information follows:)

The gross savings in expenditures for 1969 will be $39.4 million, of which $35.4 million is in MDTA program funds and the remainder of $4 million is directly related to personnel reductions. However, offsetting these reductions are increases in mandatory benefit payments which are beyond administrative control totaling $54.8 million, resulting in a net increase of $19.4 million over the amount originally estimated in the President's budget for 1969.

JOB TRAINING FOR OLDER PERSONS

Mr. MICHEL. Mr. Secretary, I have a number of questions I want to ask and do not suppose you will be in a position to answer them personally in this short time, but if someone here can answer them see that the answers are placed in the record.

Last year the Department placed in the hearing record an extensive review of job training for persons over 45 years of age. It was recognized at that time there were some obstacles to expansion of the program and they were trying to work them out. I would like to know if you have any indication as to whether or not your predecessors, before you took over, were in a position to work out some of these problems or whether they just dropped them in your lap.

Mr. WEBER. I was not aware of the specific problem.

Mr. MICHEL. This is for people over 45.

Mr. WEBER. Yes. I am aware there are certain programs which are focused exclusively on older workers—the green thumb program, operation mainstream, and various other senior citizen programs. That involves some money that was set aside, and I understand the Department, following an expression of intent from the Senate, said that was to be for older citizens. I don't know if this is responsive to your question.

Mr. MICHEL. Will someone see that in the record I get a résumé as to what progress was made from last year to this year. While I don't hold you responsible, I can't let 2 years go by the board because I have a hunch there is money here that may be a carryover from last year, and if we can save something here let us do that. If I can compare any record of accomplishment with what the situation was in the comparable period of the hearings of last year, my question has been satisfied.

(The information follows:)

SENIOR SERVICE PROGRAM OBLIGATIONS UNDER TITLE IB, EOA—OPERATION MAINSTREAM

[Obligations in millions]

	Fiscal year 1968 obligations	Fiscal year 1969 (estimate) obligations
Green thumbs programs	$3.4	[1] $4.6
Other community senior service programs	1.7	[2] 4.3
Operation Mainstream	[3] 4.2	[4] 10.7
Total	9.3	19.6

[1] Provides for extension of programs from 9 to 12 months.
[2] Of this amount $1,800,000 has been committed to the National Council of Senior Citizens. The balance will be funded with similar groups.
[3] Based on cumulative enrollment data as of August 1968.
[4] Estimate based on expanded program size and revised guidelines requiring that 40 percent of enrollments in Operation Mainstream be designated for persons 55 years of age or older. Attaining this goal will be dependent on recruiting and placing persons from this age group.

ADVANCE FUNDING AUTHORITY FOR UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

Mr. MICHEL. We just passed another supplemental for unemployment compensation for Federal employees and ex-servicemen as was required just prior to our leaving on our Lincoln Day recess or we would have run out of money. Have you asked for language that will permit advance funding should we run out again before the end of the fiscal year?

Mr. JONES. We have in our language continuing authority after March 31 to draw down against the following year's funds. That is a permanent part of the appropriation language.

Mr. MICHEL. And there is no need for us, in our 1970 legislation, to renew that?

Mr. JONES. No, sir.

Mr. MICHEL. But if we were to take action positively it would be one of rescinding?

Mr. JONES. Yes, sir.

Mr. MICHEL. I think maybe we ought to make reference to page 16 of the bill in which it does really require language for that advance funding. So actually it is not permanent. It is only permanent in the sense that we continue enacting it from year to year.

ADDITIONAL SUPPLEMENTAL REQUIRED FOR 1969

Mr. JONES. On that point, the $36 million which was enacted before the Lincoln Day recess will not be enough. We will either have to use the language in this year's appropriation or come back for an additional $20 million in 1969. We anticipate coming back with a supplemental for $20 million in 1969 so that we don't have to borrow it and build the thing into 1970.

Mr. MICHEL. And, for the sake of the record, this additional $20 million you will need and require is simply to meet obligations over which, frankly, neither this committee nor you have any control?

Mr. JONES. That is correct.

Mr. MICHEL. Because of prior legislative enactments. And, Mr. Secretary, in your exchange with the chairman I believe you barely touched on this subject: What is responsible for these increases? Is it solely the increases in payments that the States themselves have authorized in the main, or do we have that many more servicemen returning? I think in our supplemental hearing the point was made that because of the very nature of the Revenue and Expenditure Control Act, Federal employees who left one job were foreclosed from being hired in another because of the limitation and would qualify for a benefit here. Then I have to ask myself, have I been taken around the mulberry bush again?

Secretary SHULTZ. It depends on the viewpoint.

Mr. SHRIVER. Why, if you just recently added $36 million, are you going to have to ask for another $20 million? Why a miscalculation?

Mr. JONES. At the time that $36 million estimate was submitted, sir, we did not have enough experience in terms of the present rate of payout. As a matter of fact, we even anticipated it might be more at the time, but that was the best we could get then, and subsequently, based

on our more recent experience, we estimate it is going to be $20 million more.

Mr. FLOOD. The Budget Bureau cut you. You asked for more and they cut you.

Mr. JONES. That is what I said. We knew we were going to need more when it was submitted. The Bureau of the Budget would not permit us to submit more.

Mr. SHRIVER. That is a better answer.

Mr. FLOOD. I am sure you got clipped, because it was so obvious when the request came to us that it was an underestimate.

Mr. JONES. You are right, we did.

JOBS PROGRAM

Mr. MICHEL. You have made mention, Mr. Secretary, of the jobs program, and I assume from what I have heard you say before, either publicly or privately, that you think it is generally a pretty good job-training kind of program. Am I right?

Secretary SHULTZ. Yes, sir.

Mr. MICHEL. And that your inclination would be a broadening or extension or expanding of that kind of program?

Secretary SHULTZ. I think the basic idea of using an incentive to draw groups in the economy into this effort to help the disadvantaged is a very important basic principle and the job program embodies it. I think it could be expanded first as to the number of cities in which the National Alliance of Businessmen operates, and second, the idea can be extended——

Mr. MICHEL. Currently that is limited to the 50 largest cities in the country?

Secretary SHULTZ. That is right.

Mr. MICHEL. What do you envision on beyond that, because my hometown of Peoria is not one of the 50 largest cities in the country, although we have a very good ongoing program with the Caterpillar Tractor Co. where I have been privileged to spend a day or two to see how it works firsthand.

I may say I indeed learned a great deal from my observations. I was inclined, frankly, to say that our real problem more truthfully is one of illiteracy, basic illiteracy. When I went to the classroom in the afternoon and found out the kind of things that had to be taught these people, mom, m-o-m, and not being able to tell you that mom means mother and the problem of reading a bus sign to know what bus to get to work. I heard several fellows were late for work because they walked across the Illinois River Bridge, to get to work because they were afraid they would get on the wrong bus, being unable to read.

I must say I had my eyes opened. We are dealing with the hardest hard-core unemployed who really need that basic education together with a job. But I will say this, too, that working with employees side by side who know what good work habits are, who know the importance of punching in at 7 o'clock promptly and not prepunching out before 3:30 or when the shift changes, or that you cannot go on a bender on a weekend and check in on Tuesday and expect to be held in good graces when you come back to work. The development of good work habits in concert with employees who do adhere to those good habits to me seems of so much benefit, far superior than institutionalized

training far removed from reality. When one gets back to reality he is in a whole new ball game again.

VARIATION IN TRAINING COSTS

I have been impressed with this program. I note, however, that in some of the proposals that come into your shop there is a pretty wide variance as to costs per trainee, and here again is where we come in. We see comparative costs of Job Corps trainees and how much cheaper, or for less cost, we are doing it in private industry. That's good but by the same token, if we concentrate on the private sector doing this we have to be very conscious of the difference in the costs that different industries are being subsidized for that very same training.

I guess it could eventually be a competitive factor. Regardless of the industries involved, whether it be competing firms making tractors, autos, or airplanes, they are all in business and in competition with one another. Since many are participating in the program, and if one gets three times as much for training its employees under similar and like circumstances, obviously one of the parties on the lower rung is being discriminated against, to use an expression.

There is really a competitive factor involved. I would hope on that score when those proposals come in that you would have the kind of people carefully scrutinizing them to make sure there is not too wide a disparity between figures, particularly in like industries.

Secretary SHULTZ. Yes, we certainly will be conscious of that.

My own feeling as to these programs is that it is important to have a variety of type of things available to individuals because individuals differ a great deal in what they need. Some, as you say, are illiterate, and that really is at the root of the problem.

Others need to learn new manual skills. Others really only need some improvement in their work habits and the knowledge that somewhere down the road there is a job, which has a big impact on their motivation. And of course the nature of the program they go through will vary quite a lot in its costs.

You can have legitimate variations here. Again I think one of the good things that has happened in the jobs program is that many companies, and I am not sure but what Caterpillar is one of them, I do not know for sure on this—but the whole telephone company system, for example, have decided they want to do this on their own. So they do not have any Government contracts and they work at this. There is no cost directly and that is just their choice.

I think that is fine and partly it has developed as a result of the attention that has been called to this problem by the program, and some companies chose to take the contract route and others chose simply to go ahead on their own hook and not to be involved in whatever intake there is in the program.

So that, of course, provides a big variation in costs, but it seems to me that is a very good kind of thing to see emerging.

Mr. MICHEL. I am glad to hear you, as one whom I certainly have to regard as an academician, recognizing I think for all practical purposes it is not everybody's lot to eventually get a college degree or advanced degree to make a go today, that there are intermediate grades of levels of education that are still sufficient to have some of these people make their way in life, and probably more properly so, because

they are more attuned to working with their hands or only going to a certain extent in the academic side and that is sufficient to make them productive people.

We heard an interesting comment the other morning at breakfast by the Governor of Hawaii, who really has gotten to be quite a bug on this thing apparently, and he was giving the academicians all kinds of unshirted stuff on the issues of vocational training and job training and not worrying so much about the sophisticated academic education but just sitting down to learning the fundamentals to get a job and be a productive person in society. Very good.

I have probably gone on too long here. I want to yield to my colleagues and save my more specific questions on programs for those of your subordinates who are living with this thing every day and who obviously have to testify in detail on specifics.

Thank you for the responses you have given me, Mr. Secretary. As I said, a year from now we will expect you to really bear down.

Mr. FLOOD. It will be a different ball game next year, believe me.

Secretary SHULTZ. I have all of these people who can answer those questions.

Mr. FLOOD. Mr. Natcher?

TRANSFER OF PROGRAMS FROM OEO

Mr. NATCHER. Mr. Secretary, I want to thank you for your appearance before our committee at this time and for an excellent statement. I hope you enjoy your new assignment and that you have a successful administration.

I agree with you, Mr. Secretary, that the question of manpower training is an important matter in your Department and certainly I could not agree with you more in the statement you have made to our committee concerning duplication of efforts as far as the manpower training program is concerned. I think this applies especially in my home State and I guess it does throughout the United States.

Can you tell us briefly, Mr. Secretary, what proposals have been made up to this time concerning transfer of programs from OEO into the Department of Labor?

Have you reached any definite conclusion concerning the Job Corps or any other programs under OEO?

Mr. FLOOD. That is a good question.

Mr. NATCHER. What about that, Mr. Secretary?

Secretary SHULTZ. As you know, the President's message of mid-February suggested the delegation of responsibility for administration of the Job Corps to the Department of Labor, and we have since then been involved in trying to think through how this should be done, what parts of it fit well with things that we are already doing, ways in which our structure can be more helpful in the operation of the Job Corps, ways in which what they do can help with our program. And I think also with respect to the Job Corps there are very important questions, as there are in many of these manpower programs, of the relationship of what is done there with, particularly, education—vocational education in HEW.

So we have been trying to begin to work on that. We do not have answers to all of these questions worked out and we do not have our

full evaluation of the Job Corps and just what directions we think it ought to move worked out, but we are certainly putting a lot of effort into that right now as you can well appreciate.

Mr. NATCHER. Mr. Secretary, other than the Job Corps, will there be a transfer recommendation made pertaining to any of the other programs in poverty over into the Department of Labor?

Secretary SHULTZ. I believe there have been quite a number of them, amounting to, in the proposed budget of President Johnson, $740.3 million of various manpower programs in OEO that have been delegated to the Department of Labor and I assume that that delegation will continue.

Mr. NATCHER. Are there others that you know about?

Secretary SHULTZ. No, sir; I do not know of others.

Mr. NATCHER. Mr. Secretary, assuming now that the Congress approves the transfer of a number of these programs, would that entail more personnel in your Department?

Secretary SHULTZ. To have them transferred as distinct from delegated?

Mr. NATCHER. No. Assuming now that the Job Corps setup as we know it under OEO comes over in its entirety to Labor, would that mean more personnel?

Mr. FLOOD. Will the gentleman yield?

Mr. NATCHER. Yes.

Mr. FLOOD. What do you mean by delegated as distinguished from transferred? You made a distinction.

Secretary SHULTZ. That the OEO budget has this sum of money in it and then the Labor Department is delegated the responsibility by OEO for administering these funds.

Mr. FLOOD. I ask you because we handle both funds.

Secretary SHULTZ. As distinct from a situation in which the funds go directly to the Department of Labor and it operates as it does other funds that are directly appropriated.

Mr. NATCHER. So, Mr. Secretary, it would mean more personnel that would be employed out of the funds that are transferred over. Would it require more personnel in your Department to administer this program than OEO has had up to this time, do you think?

Secretary SHULTZ. I do not see that there would be a net addition in the numbers of personnel as a result of the transfer. In fact, I think one of the justifications one can give for the transfer is that you would expect here are two organizations and some of the things they are doing are similar and it may be by putting them in one place you can eventually work through some economies. But I see no reason why there should be net additions.

Mr. NATCHER. Mr. Secretary, again I want to thank you for your appearance and say to you quite frankly you have a fine Department. The Department of Labor down through the years has operated as effectively as any department in our Government and you are blessed, as you well know, by having in your Department a lot of right able people. You have some of them in this room that have been there for a number of years, able people.

Mr. NATCHER. That is all, Mr. Chairman.

Mr. FLOOD. Mr. Shriver?

TRAINING PROGRAMS FOR TEENAGERS

Mr. SHRIVER. Mr. Secretary, I too want to compliment you for your fine statement. In this connection I would note for the record your statement on page 8 that:

> Almost 200,000 out-of-school Negro youth are being reached by the JOBS, NYC, MDTA, and CEP programs.

I am interested in your expanding on your suggestion of a shift in emphasis of program for the teenagers from Neighborhood Youth Corps to enterprise employment and why do you believe this would be a more effective approach than now being used?

Secretary SHULTZ. I think a program like the JOBS program, which puts people to work in a going business enterprise, or if it were expanded some other sort of an enterprise, but a regular organization where people are accomplishing and doing something, has a better chance of working them into the regular work force than most any other kind of activity you could get them into.

At the same time, if you tried to get the business sector too heavily involved with the younger people, they tend to back off from that and find those people are a little too young for them to handle effectively. So my thought was that we should try to have a little bit more division of labor, and I think the Neighborhood Youth Corps type of activity may be more appropriate for say the 16- and 17-year-old and the job-oriented activity for people who are a little older than that, and rather than to have both of them hit or miss across both groups we should try to direct it a little bit more toward the areas where these respective programs have comparative advantages. That is the idea we had there.

EXPANSION OF JOBS PROGRAM

Mr. SHRIVER. I would also compliment you on your proposal to expand the job opportunities in the business sector program where the economy is expanding or where labor shortages are severe. Will expansion of this program beyond the present 50 cities serve to replace the ongoing manpower program?

Secretary SHULTZ. No, I think it tends to work with them. In many ways it makes the regular manpower programs work better in the sense that there is a greater ability in the community to generate job opportunities for people who may be in the regular manpower program.

Mr. FLOOD. What is so sacred about 50 cities?

Secretary SHULTZ. Nothing. We feel it should be expanded and we should not just have those 50.

Mr. SHRIVER. Can you estimate the cost of anticipated expansion?

Secretary SHULTZ. I believe in the budget of President Johnson there is an anticipation of expansion in this program very much along the lines we have in mind, and I believe there has been roughly a doubling of the number up to around $420 million, I believe, from roughly half that number in 1969. So this is one area in the Johnson budget where there was a big expansion and on the whole we tend to agree with that thrust.

WORKERS ADVERSELY AFFECTED BY IMPORT COMPETITION

Mr. SHRIVER. On page 16 of your statement you say that provisions in the Trade Expansion Act of 1962 have not proved workable and rethinking of this subject is needed for workers adversely affected by import competition.

Would you be more specific on what change you believe should be made?

Secretary SHULTZ. I cannot be really responsive to that because we have not thought that through, but I think the fact of the matter is that the procedures have been such that there have not been certifications, it has not been possible to work these things through and establish and identify and put any meaningful program into operation. So that one can only conclude, since imports are a fact of life, that somehow the way it is being done is not working right. It may be that one should conceive of people displaced by imports as no different from people displaced by anything else, technological change or what have you, and you should think of this in terms of all the types of programs we have for helping in adjustment processes.

Although it may be that it is still worthwhile to single that particular problem out for special attention. I think that the maintenance in general of a position of free trade for our country is an important one, and you can take that position with much better conscience and much greater chance for having it survive if you combine it with close attention to the needs of people who happen to be hurt by it. It is helpful for the economy in general, but it may adversely affect certain individuals and we should sort of share the general good with the people who are adversely affected.

Mr. FLOOD. What did you say? I do not follow that.

Secretary SHULTZ. By promoting trade, exports and imports, you serve the general good and the productivity of the economy is stimulated by that.

At the same time, if there are imports in a certain area which compete and take business from some established enterprise in the United States, there are certain people who are adversely affected by this measure that helps us all.

Mr. FLOOD. Of course. What is so new about that?

Secretary SHULTZ. Nothing is new about it at all. I was just commenting on the importance of the idea in this Act. I am saying the idea the Act would implement does not seem as a matter of evaluation to have really meant very much, and so we need to be careful to preserve that idea and figure out better ways to make it work. That was the thrust of my argument.

Mr. MICHEL. Will the gentleman yield?

Mr. SHRIVER. Yes.

Mr. MICHEL. I want to make the point—here I am in the real switches. On the one hand I have steel companies who are crying about imports and on the other hand I have probably the second biggest exporter dollarwise in the whole country in my district.

Mr. FLOOD. Who is that?

Mr. MICHEL. Caterpillar Tractor. They bring into this government a favorable return of balance of trade of $600 million a year, and one-third of the employees really are for all practical purposes producing and working for export, and I have to be basically a free trader.

Mr. FLOOD. That is like walking across Niagara Falls on a rope; it is a good trick if you do it.

Mr. MICHEL. Right.

I am glad to see in your statement, you make reference to it because I think at times we have got to have the hands of our negotiators in these trade negotiations strengthened by having up-to-date information of the adverse effect in our country. We need to make this point tellingly to our competition that we do have problems here and it will not be so easy to acquiesce and give a concession without a quid pro quo. I'm not sure that we have altogether had our negotiators supplied with as good information in this labor area as they ought to have to take as strong position as our adversary does in trade negotiations.

Thank you, Mr. Shriver.

Mr. SHRIVER. I have concluded.

Mr. FLOOD. Mr. Smith?

CHANGES IN UNEMPLOYMENT COMPENSATION SYSTEM

Mr. SMITH. Mr. Secretary, I, like the others, appreciate having this opportunity to get a better insight on your philosophy, and I understand your methods of carrying it out really have not jelled.

You said you thought the unemployment compensation system should be changed or remodeled or something to that effect? What did you mean by that?

Secretary SHULTZ. Well, first I suppose I mean it seems to me there are certain things about the system that I am critical of. I will give an example that has bothered me a great deal.

There are many States in which a worker who is unemployed and drawing unemployment compensation, and who decides to engage in some training activity to better equip himself for a job is thereby disqualified from drawing unemployment compensation. So the fellow who sits and waits for a job to come along can draw, and the fellow who tries to improve his ability to hold a job in the labor market is penalized.

That seems to me to be an odd arrangement.

Mr. FLOOD. Do you think there ought to be more uniformity between States in the administration of their unemployment compensation laws?

Secretary SHULTZ. I think that this particular matter is something that ought to be remedied in all of the States. It has been remedied in, I think, roughly half of them.

Mr. SMITH. What about a higher uniform minimum of weeks so that their supplemental funds are not used at the same time in the States?

Mr. FLOOD. That is quite a question we have been kicking around.

Secretary SHULTZ. Yes; it has been kicked around a long time. I think as we have had recessions in the past and we hope we will not have recessions in the future, but I think it is well to be prepared. As in those that have taken place in the past there has been a great deal of pressure and action for extended durations of benefits and it has tended to sort of take place at the moment when the need is great. I should think after having had that experience one would want to put into the system on a more permanent basis, with some forethought, a way to handle this problem.

Mr. FLOOD. You should do it when you do not have a recession so you can get the fund built up to pay the bill.

Secretary SHULTZ. Exactly. So that is another point that seems to me to be in need of study.

I suppose a very basic thing is the benefit levels themselves, and one needs to question whether the benefit levels are adequate, and that is a question of what you think a reasonable standard for benefit levels is, and then an examination of State experience under it.

Mr. FLOOD. Some people, I will not say some—there are a great many—who talk rather loudly whenever there is a proposal that would appear to be aimed at federalizing the workmen's compensation laws. And they may call what you are talking about, federalizing the State unemployment compensation laws. If you make those proposals you are talking about, that is what we will be hearing. I am not saying I am against them. I am glad to hear you say what you are thinking about, and I assume you will be formulating some legislative proposals in the near future.

Secretary SHULTZ. I think it is one thing to point to a problem and where the solution is to adopt Federal standards, that is something that one needs to come to. That is another question.

TRAINING FOR HARD CORE UNEMPLOYED

Mr. SMITH. We have gotten now to where on-the-job training I think is something over half of the manpower training funds. But I have been told that both with regard to on-the-job training and this JOBS program there are substantial numbers of hard core unemployed that just are not able to go into the program.

In other words, there has to be a preliminary few weeks or maybe a couple of months of working with these people before they are able to go into these programs and benefit from them. Is that correct?

Secretary SHULTZ. I think a couple of months is on the long side if I am not mistaken, but certainly it is true that a tremendous effort is needed at the process of getting people prepared to be present in the worksite, let alone be at work or being trained in many cases.

Mr. SMITH. So there is a limitation to what you can do with the JOBS program and on-the-job training in that you have got to work these other considerations into it? Hard core I am talking about now.

Secretary SHULTZ. That is correct. Although, I think the basic idea in the JOBS program—and it is the same idea fundamentally in on-the-job training—is that the basic thing you need in these cases is motivation, and the thing that gives motivation is the prospect of a job. So that the quicker you can make the existence of a job, potentially of a job, visible, the better you are going to do on these other preparatory moves and the best way to make that visible is to put somebody in the work environment where there are people working.

Mr. SMITH. I am afraid there are a lot of people that you cannot reach that way, because I went through some of these places and I saw people who could not do any work until they had dental attention and got a rotten tooth pulled and perhaps got them some eyeglasses. Also, no one would work next to them until they had a bath, and it would take weeks before anyone could get them around to where they could be enrolled into the kind of program you are talking about.

Secretary SHULTZ. I am sure that is right.

Mr. SMITH. We might be able to shift some job programs but we cannot expect success if we get away from some of these OEO type approaches, can we?

Secretary SHULTZ. No.

Mr. SMITH. With the hard core.

Secretary SHULTZ. I agree with you.

Mr. SMITH. Like Mr. Michel, I just was surprised when I saw some of these people. It required for a period of a week or two, one person to just stand there with them and encourage them to undertake simple motions.

Secretary SHULTZ. That is right. I think the so-called jobs now program in Chicago several years ago was sort of a pioneer in the idea which they worked out and which proved to be effective—having a kind of buddy system on the job where you assign somebody to be right with this person and keep him going.

Mr. SMITH. Some of them had no confidence at all they could ever do anything so it was required to give them the most simple type of job and have them go through it one step at a time and give them encouragement to show them they, really, can do something.

Secretary SHULTZ. That is right.

CAREER COUNSELING IN SCHOOLS

Mr. SMITH. Another thing, I found to my amazement, 3 or 4 years ago, that counseling in a number of high schools completely ignores, you might as well say, all, other than the boys and girls who go to college.

These counselors do not know what your programs are and your people are not helping them find out, either. It is a kind of two-way street. I first ran into it with some boys that were not able to go to college and I asked them if they had been counseled on alternatives, and they said, "No." They said the counselors said to us when they called us in, are you going to college? And we said, our parents do not have enough money, and they said that is the end of the interview. That is all they were ever talked to.

Mr. MICHEL. Even over and above that, if you are going to college, they do not know what their job is in counseling in the area of going to college. The whole area of counseling is a subject—we are over in education again—that has been woefully lacking.

Mr. SMITH. So, with a little encouragement, and most of the work being done by some educators in Iowa, they have gotten a relatively few counselors to go with people in your Department to look at some of these projects and to become educated on what is available to a boy who needs that kind of training or help.

I hope that personnel in your Department will make some kind of a major effort to cooperate with and work with these counselors and try to help educate them as well as to get some education from them.

Secretary SHULTZ. That is a very good point, I think.

COOPERATION BETWEEN VOCATIONAL EDUCATION AND MANPOWER TRAINING PROGRAMS

Mr. SMITH. Another thing I found I would like your comment on is that there is very little, if any, cooperation and interchange of ideas

between the vocational education people and the manpower training people. There is a big overlap there too.

Perhaps someone comes in who the vocational education people recruited. I think they do in some cases. Perhaps they could have been trained under manpower training and could have been better able to do what they needed, but apparently there is no coordination here either.

And this regional setup, as I understand, does not really get to that; does it?

Mr. WEBER. It does in the sense that there will be one line of communication in the field.

As you know, under the MDTA institutional program there has developed over several years a pretty good working relationship with the vocational educators who have the primary responsibility for setting a curriculum and are carrying out the training.

In other areas, particularly associated with some of these new programs such as CEP and WIN, that coordination is slow in building and in many instances nonexistent.

So I would say that the major payout for progress is to be made in developing effective coordination in vocational education and in the new programs that are designed to reach the hard core, which means in some large measure changing the nature of existing vocational education procedures and curriculums.

Mr. SMITH. Here then again we get into the regional setup and the Education Department is setting up regional offices which I have been told, like the chairman says, is another kink in the pipe.

Most of these people look at it just as an obstacle course rather than something that helps.

Then you would need to communicate with your regional people before you could get your State level people to work with the State people. But you are in different departments now, are you not?

Mr. WEBER. That is right; we are in different departments and in most instances they are in different departments at the State level.

But I would conceive of the role of the regional man to develop procedures whereby the people at the State level could move ahead on this on a joint basis, because he cannot do it himself. It has to be done at the local level, which means you have to use State apparatus.

Mr. SMITH. It is going to take more than State apparatus, it is going to take a real effort on the part of these people.

Mr. WEBER. I would say reorganization is not the seventh day but the first day. That is right.

Mr. FLOOD. Mrs. Reid?

EVALUATION OF EFFECTIVENESS OF MANPOWER PROGRAMS

Mrs. REID. Thank you, Mr. Chairman.

I, too, want to join with the chairman and my colleagues in welcoming you before the committee, Mr. Secretary, and certainly wish you much success in your new position.

On page 7 of your statement, and you have discussed this to some extent, you outline the principles underlying manpower programs and how you propose to accomplish your goals.

I find in my contacts with people in my district and people elsewhere that many are becoming very disillusioned with some manpower and job training programs because positive results are not al-

ways visible, easily assessable. Yet it is the responsibility of a Member of Congress and you, too, as the Secretary of Labor, to constantly evaluate and assess these programs to see if the appropriations are justified.

As a new member of this subcommittee, I am interested in knowing the basic guidelines you will use to evaluate the effectiveness of manpower programs, just how you weigh the human and economic factors in making your judgment.

Secretary SHULTZ. There are some things of a factual nature that we can find out about, that we can ask, connected with the training program. Here I think to really probe into it one needs to ask not simply whether a job is found at the end of the training role, but to look a year later and see if the person is still on that job or some related job, so you can get some judgment as to the long-term impact on the employability of the person involved. So, I would say, looking at the question of employment and then trying to look down the road a little bit to see if it is something more than just a momentary piece of employment that perhaps is produced by a lot of effort to get people into jobs, we would not have accomplished anything if that is all it was. Looking over a longer period of time is one kind of measure that I should think would be desirable.

I should think we would want to compare programs not only in terms of the outcome of the program, but also in terms of the inputs to the program, how much they cost, so we can get an idea of what relationship there may be.

I think this is very tricky business, because if you just look at it as a matter of statistics and economics, you can always make your record look good by getting into your program people who are better equipped to begin with. That makes it easier to work through and get them on to a job. You get to the point where you have a perfectly fine record in any case.

On the other hand, if you dig into the really hard core that were referred to around the table, you know you have to work harder with them. The numbers of things you have to engage in will be greater. The end of the road may be more difficult.

Somehow, I think we have to maintain our perspective and be careful in designing the program so we do not wind up giving the people who are administering the program an incentive to stay away from the hard core whom we are really trying to help.

I guess what I am saying is that I think there are things that can be done that are concrete in the evaluative process, but the whole thing has to be put together with care so you do not wind up disturbing the nature of the program itself trying to make a good showing.

Mrs. REID. You mentioned looking down the road. Would this be part of the responsibility of the person you mentioned who would be engaged in research?

Secretary SHULTZ. Yes. I think we should have the capacity for evaluation. I suppose to an extent there are various levels of this. There are the people who immediately operate the program, and they need to be watching what is happening and trying to adjust themselves to it. We also know with all of us—I also speak of myself—you get involved in something and you want to see it work, and you put

a lot of effort into it, and it is very difficult for you to conclude that it did not work because there is so much of you in it.

I think the lesson from that is that we should have some evaluation built in but outside the immediate operating group. We need to have in the Manpower Administration capacity outside the immediate operating group for evaluation; and at the same time, probably as a longer term matter, we should have a capacity for evaluation outside the Manpower Administration as such, perhaps using people outside the Government to help in doing that who do not have any particular involvement or any stake in saying that the program is good, bad or indifferent, and who are really in a position to call the shots exactly as they see them.

JOB TRAINING FOR WOMEN

Mrs. REID. You mentioned the target group, those who are on welfare rolls who should be employed. It is my understanding that one of the largest groups in this category are women who for various reasons must assume the role of heads of households and yet, because of family commitments, they cannot participate in programs such as the Women's Job Corps, for instance. Are you planning programs directed toward this group?

Secretary SHULTZ. I think that would be a very important group that the work incentive program would be aiming toward. It seems to me this is an example of a type of program that has one built-in cost that is likely to be fairly substantial, namely, you have to make some arrangement to take care of the children if the woman is to work, some kind of nursery arrangement.

Mr. FLOOD. What has that to do with the Women's Job Corps? It is the work incentive program, I suppose.

Secretary SHULTZ. Right. She was asking about people who were not suitable for the Job Corps because they were heads of households.

Mr. FLOOD. I have a wonderful Women's Job Corps in my district.

Mrs. REID. Would you say that this is a problem the fact that these women cannot participate in the Job Corps because they are heads of households?

Secretary SHULTZ. Yes, indeed.

When you compare programs, one having this element in it and the other not having it, you see this program is more costly, and this is the reason for it. It is bound to be.

MISUSE OF MANPOWER FUNDS

Mrs. REID. I read several recent articles in the Chicago Tribune about the misuse of manpower program funds. In one of these articles they alleged that the Labor Department made only one inspection during the 9 months of operation of some of these programs. How do you plan to change this situation so money will not be misused?

Secretary SHULTZ. I think two of the things we have talked about here today are pertinent in that regard. The improved capacity of our staff as a result of the reorganization to give technical assistance in the field is one aspect of the problem. The other is the thought we have of increasing the capacity of the department to conduct an effective audit function. These are two steps that we definitely have in mind to meet that problem.

Mrs. Reid. You hope you can correct that?

Secretary Shultz. We hope so.

Mr. Michel. It has to be.

Secretary Shultz. I think it is right that you do have to correct it. It seems if these programs cannot be administered without a tremendous amount of fraud, people will lose confidence in them completely.

Mr. Smith. Will your problem become more difficult, though, as you shift toward State administration, as you mentioned this afternoon, because there you are auditing after the fact instead of during the program? Most of the increase in fraud has come as we have shifted to State administration. Their audit is usually after the fact and after the fraud is already committed.

Secretary Shultz. That is correct. That suggests, I think, that we need to give close attention to procedures for handling these funds.

Mr. Smith. Most of the States just do not have the auditing capacity and inspectors general that you have.

Secretary Shultz. Beyond that, I think, is the question of the procedures used to administer the funds in the first place.

PREVENTIVE MEDIATION OF LABOR DISPUTES

Mrs. Reid. Just one more question, Mr. Secretary. On page 17 you mentioned new emphasis on preventive mediation. What do you include in your definition of preventive?

Secretary Shultz. If you see a situation in which it looks as though the parties are spoiling for a fight or you can see analytically the way they are going about bargaining is likely to produce tension and strike and has produced it if you look at the record, one could say, "Let us see before bargaining starts if we cannot do some work with the parties or get them themselves to rearrange the structure or in some manner to create an environment for the actual bargaining that will be more helpful. So when the actual bargaining starts you do not have quite the same likelihood of strike as you would otherwise have." I think that is what we call preventive mediation.

Mr. Flood. What do you think about injunctions as a weapon?

Secretary Shultz. I think it would have to be put in terms of against what and under what circumstances.

Mr. Michel. On national emergency strikes, are we not pretty much in the kind of situation today, under the current Taft-Hartley Act, 60-day cooling-off period, et cetera, that there really is not enough flexibility in what recourse is open to them today? Is that not part of our problem so far as national emergency strikes are concerned?

Secretary Shultz. I think it is, yes.

Mr. Flood. Would you have supported the Taft-Hartley bill?

Secretary Shultz. Back in 1947?

Mr. Flood. Yes.

Secretary Shultz. If I were in my present mind and state of knowledge transported back to then——

Mr. Flood. I mean now.

Secretary Shultz. I would say yes, I would have supported it. That does not mean that I think it is a perfect bill and could not be changed in some fashion.

The Taft-Hartley Act was very heavily criticized at the time it was passed. I remember a famous professor from Harvard whom I always thought of as a very wise man, Sumner Schlichter——

Mr. FLOOD. What school?

Secretary SHULTZ. In the Littauer School. In 1950 he wrote an article about the Taft-Hartley law. The article started with the sentence: "The Taft-Hartley Act will soon be replaced by a new law." Then he proceeded to give his idea of what it should be. I often thought as a prognosticator, that sent him down in my estimation. He flatly assumed that it would not stick around, but it has.

Mr. FLOOD. He did not have the advantage of Albert Bushnell, who taught me history. He had a beard. We used to say his beard knew more history than anybody in the world. You couldn't hear him across a desk, you see.

Mr. Casey?

Mr. CASEY. I will make it unanimous, Mr. Secretary. It is a real pleasure to have you here and to have the opportunity to hear you.

Mr. FLOOD. You are making quite a hit, Mister.

Mr. CASEY. I think all these compliments are without reservation.

SETTLEMENT OF STRIKES

If you could answer affirmatively this first question, we could go home. Have you settled the strike in the Port of Houston today?

Secretary SHULTZ. We could make a phone call down there and find out. I know they have been bargaining and we have been pushing the parties hard to stay in session and to keep working at it and see if they cannot work it out.

Mr. CASEY. With reference to national emergency type strikes, do you think we should ultimately think of compulsory arbitration?

Secretary SHULTZ. I would come to that with the greatest of reluctance. I would tend to shy away from that solution as a general proposition. It may be in particular cases that might finally wind up for the Congress to deal with, you would want to enact a compulsory arbitration law for that case, but to put it on the books as a general weapon available, I think would be very questionable.

Mr. CASEY. You think it should be a particular situation or a special act just to deal with that one situation, and await the arising of any future situation before any machinery were set up again; is that right?

Secretary SHULTZ. I would put my emphasis on avoiding compulsory arbitration as a part of any general law that is supposed to apply across the board in any industry.

RELATIONS WITH HEW

Mr. CASEY. Mr. Secretary, you have talked about the Job Corps and the possibility of a changing concept. Are you going to endeavor to take over some of the vocational education programs, to, in the Department of Labor, or is there any inclination that that may be done, taking it completely out of the hands of the Department of Education?

Secretary SHULTZ. No; but there is a recognition of the point which has been made several times here, that the working relationship between these groups needs to be developed and improved, particularly in the two categories that Mr. Weber mentioned.

Mr. CASEY. With reference to improving, let us say, the working relationship with HEW, you used the example a while ago of a man drawing unemployment compensation which would be cut off if he tried to better himself by attending a training course. Evidently there are some women who have children who draw types of relief which in most instances are administered by the State, but Federal money is in it. If they are caught taking any part-time job while these youngsters are in school, they are cut off.

One of my neighbors told my wife about a very excellent woman who wanted to work while her children were in school, "but don't tell anybody."

Mr. FLOOD. Do you have any idea how many children Mr. Casey has?

Secretary SHULTZ. I heard he had 10.

Mr. FLOOD. He is no beginner.

Secretary SHULTZ. I have five. I am not anywhere near up to his standard.

Mr. MICHEL. You are halfway there.

Mr. CASEY. He is just a pink-cheeked boy; he may catch up yet.

Along that line, I would hope that you would explore and exchange ideas in that region with HEW because, after all, we have been told here that one of the hardest things is to develop an incentive in people to work and to build up their desire to work, rather than be content just to have a bare existence on what they may get in some form of welfare or relief or aid. I admire this woman, whoever she is, who wants to work part time to the extent she can, still not neglecting her children. She wants to have a better life for herself and her youngsters, rather than just get by.

PART-TIME EMPLOYMENT OF YOUTH

Following that up—I mentioned this to you briefly when you were kind enough to visit with me in my office a few days ago—I think we should do everything we can to encourage youngsters to take part-time jobs. They are discouraged by regulations, city ordinances, State laws.

I took this up with Secretary Wirtz about some relaxation of the regulations that he could have done at the time, and which you will look at, I hope, to give youngsters job opportunities.

Mr. FLOOD. Can you do anything about that?

Secretary SHULTZ. I am not certain of my ground there, although I do——

Mr. FLOOD. Would you like to?

Secretary SHULTZ. Well, I would like to look into it. I think it is a sort of thing which should be done carefully, because there are problems of the protection of youngsters, too, that need to be borne in mind.

Mr. FLOOD. Don't you think you could do it under the Wage-Hour Act?

Secretary SHULTZ. The Wage-Hour Act?

Mr. FLOOD. Surely.

Mr. SMITH. Wage and Hour can make an exception for a boy who is not worth the full minimum wage, but there is so much redtape in getting one of those exceptions.

Mr. FLOOD. What about that?

Mr. WEBER. It is the learner's rate.

Mr. SMITH. I think really what Mr. Casey is after is making it easier for an employer to do it.

Secretary SHULTZ. I think the problem of the transition from school to work is one of our great problems as reflected in the high unemployment rates. No doubt there is a complex of things responsible for it and which we should be working on, some related perhaps to Wage-Hour.

Mr. FLOOD. Mr. Casey has been on this for about 4 years, and he is concerned about it. Your boy can deliver papers or cut grass.

Mr. CASEY. Sure, he can do that, but he could not get a job at a filling station.

Secretary Wirtz, after a discussion we had—I guess he thought being from Texas I was interested in the ranch part of it, but I have only a third of a county out there—made some changes in the agriculture regulations, so boys would be free to work on farms. That is fine, but I have very few boys in my district who can get out to a farm if they knew how to work on a farm after they got there.

I think all these youngsters definitely want to work. I think they take pride in earning some money of their own. If they cannot find work, then you find them snatching purses and things of that nature. There have been so many of them at it that the percentage of those who are caught and corrected is very low, and it gets to be a habit with them rather than working and making a few dollars that they could take pride in. That is an area that I hope you will look at, to see if there are any possible ways that you could use your good offices to encourage youngsters or give them the opportunity to work and a desire and incentive to work and pride in their work.

Mr. FLOOD. Will you talk to Mr. Casey?

Secretary SHULTZ. Certainly. I will be glad to give you my ideas, and also collect yours and your reaction.

GEOGRAPHICAL RESTRICTIONS IN CONCENTRATED EMPLOYMENT PROGRAM

Mr. CASEY. One other thing. The concentrated employment program, known as CEP, of course is limited to a geographical area. You make a survey and anyone who lives on the wrong side of the street is cut out.

Mr. SMITH. Or he has to move into the bad area.

Mr. CASEY. Yes; he has to move into the bad area if he wants to take part in the program.

I think the individual who really wants the training and is seeking the training—of course, you have to go out and find them and encourage them to come in—in his own mind is a target area as much as anybody else. I have had them write me and say, "You have this program going over here, but I live three blocks out of the area." When I get a letter like that and call it to the attention of the Texas Employment Service, they say, "Send the man down." That is bad, because then he is usually of the caliber who thinks, "I have the Congressman going for me." He does not want just any training program, he wants something special.

By the same token, they think I am mad, and I am a little put out about it.

As a result, we get some fellow who ties up three or four people down there trying to find some program to put him in to make him happy and to make me happy.

I would hope that these rules could be relaxed so if anyone presented himself at the door and they had room for him, they would take him into the concentrated employment program, whether he lived in that area or not. As I understood, the concept of this was to pick out a target area and then go after these people, but if someone presents himself voluntarily, I do not think he should be told, "I am sorry, you live 30 feet or 30 blocks outside of this area, so you can't take advantage of it. You are just going to have to find your training someplace else."

Mr. FLOOD. Don't just shake your head, Mr. Secretary. Say something.

Secretary SHULTZ. I think all these programs, in whatever field, which have highly specific and small geographic concentration to them, run into this problem. You justify the program on the grounds that here is this problem area and you are going to pour a lot of resources and attention into it to try to do something about it. The very fact of doing that and having a relatively small geographic boundary around it creates the problem of the fellow living——

Mr. FLOOD. Is it all circumscribed by blocks or squares?

Mr. CASEY. They use census tracts.

Mr. FLOOD. What does that mean?

Mr. CASEY. When they took the census the last time, they numbered various areas. In Houston you have, say, 250 census tracts which are numbered just like election precincts. They pick out the census tracts that have the lowest income and the highest unemployment, and then draw a line around those and say this is where we will have our concentrated employment program. If you do not live in that area, they cannot help you.

Mr. FLOOD. Did you know that, Mr. Secretary?

Secretary SHULTZ. Yes. I think one does have to try to get the best of both worlds, getting the concentration of resources where you have problems, but at the same time not creating the difficulties of a person living across the street that you point out. I believe we can work to accomplish this.

Mr. CASEY. Since reorganizations are proposed in some fields, I just wanted to throw that out for your consideration.

Secretary SHULTZ. I think that is a good point.

Mr. CASEY. One last thought that I hope you will give a little consideration to is that you do everything you can in the way of public relations, or whatever it takes to get a lot of these people to be less particular about the kind of job they will take. I do not know why, but it has gotten now to where someone who has no ability but wants a job says, "I am not going to run an elevator or push a broom. I want a job with more dignity."

Frankly, there is nothing undignified about it, in my opinion. It is honest work. A man should take pride in his work. I have told some who come to me for a job, "Take it, because you have your foot in the door. If you will take it, I will see if I can find you a better one, but you have to start somewhere."

Secretary SHULTZ. Yes, I agree with that.

Mr. CASEY. Domestic help is the same way.

Secretary SHULTZ. Particularly with your emphasis that if you take this initial job, we can see some avenue for your getting a better job if you qualify for it and exhibit good work in the one that you have. For this reason, I think in many of our programs we need to swing more emphasis than now exists on the upgrading aspect of the whole picture, so people can see that if you do come in at the bottom, you will not stay there forever, but there is a chance to progress.

Mr. CASEY. It is a little ridiculous, taking the Washington area, as you will find if your wife needs any help—you will find all the agencies want to ship someone in for you from overseas. They will tell you they cannot find you any domestic help locally.

Mr. FLOOD. Have you lived here before?

Secretary SHULTZ. Back in 1955 and 1956, I did, yes. It seems to be more difficult now to get someone to come in and help around the house than it was then. So my wife tells me.

Mr. CASEY. I will not guarantee you this is the last idea I have, Mr. Secretary, but I do appreciate your consideration of those that I am giving to you. You impress me as one who wants to make some improvements, and I, for one, want to help you, and I am sure you can count on the whole committee for their assistance.

Mr. FLOOD. That is a high compliment. He is pretty tough, you know.

Secretary SHULTZ. I appreciate both his suggestions and his comments.

Mr. FLOOD. Mr. Michel.

Mr. MICHEL. Mr. Secretary, I neglected earlier to get into an area which certainly ought to be touched upon, and that is the area of job discrimination, if you want to call it that. You have a particular division in the Office of the Secretary that has to do with Federal contract compliance and the civil rights program.

Secretary SHULTZ. That is correct.

RACIAL DISCRIMINATION IN EMPLOYMENT AND UNION MEMBERSHIP

Mr. MICHEL. Let me kick off this exchange, if I might, by a problem with which we are confronted out in Illinois, particularly. I come from a community which is highly unionized. The crafts, the trades, particularly the skilled ones, are as tight as can be. I could not break into the bricklayers' union at home or the stonemasons' or the plumbers' or the carpenters' or any number of them. I do not think I could, because I am not a member of the family. But as a result of this, a number of our contracting friends around the State, working on construction where Federal money is involved, have to live with a procedure whereby the contractor, in an areawide negotiating agreement, agrees in concert with all the other contractors, to abide by certain practices, which in most cases include going to the union hall to get his people.

The contractor says, "We need so many." Then, apparently, he runs into trouble here because he has only one place to go for his men, but because the unions are not integrated, the contractor is penalized with a denial of a contract because of a situation over which he has no control.

Here you have management and business, in a sense, over a barrel, because they are trying their darndest to comply, to do what they can, but they are foreclosed by the rigid practices of the unions with whom

they have to deal in the particular community. It really gets to be a knotty problem.

What thoughts have you given to this? How do we cope with this problem without ruffling too many feathers? I guess, obviously, it is impossible to do it without ruffling some, but we are at the point where it seems to me maybe something has to be done. I wonder how is the best way of approaching this problem?

I must confess at times I have gone to talk to some of these people, to reason with them and tell them, "For heaven's sake, can't you see you are cutting your own throat?" We are going to lose the business in our particular area to another part of the State, simply because you are so rigid and you won't bend, you won't give. The times demand that you do give a little."

Are there any ideas in your shop or in your bank as to how we can cope with this problem?

Secretary SHULTZ. It is a difficult problem. I think people like you talking in the way you just did is one part of the answer. Another part is using the Federal contract compliance powers on particular contracts, and trying to get some pattern in terms of action on those contracts and on those jobs.

I think there is a trap in that in the sense that a union may have some Negro members and see that those people work on a job where you have a Federal contract. They do not then go on to other jobs. Then you have not done anything but reallocate the place where the Negroes work, and you have not really accomplished very much thereby. If you are to be successful in this effort, you have somehow to work with the craft unions.

I think that means a combination of some pressures, also using the training and manpower program that we have, in conjunction with contract compliance, to see if somehow we cannot bring results forward there. It may be some of the provisions of the model cities bill requiring indigenous labor will be helpful here. I think there is a variety of ways.

I get the feeling that at the top end of the labor unions, at any rate, there is a recognition of the necessity to work and give, as you say, and that the leaders are convinced they need to work at this.

That does not mean they can get their way with the local unions. That is a different problem.

I think a continued effort to apply ourselves in a variety of ways such as those that I have mentioned will pay off over a long period of time. I hope it is not too long.

Mr. MICHEL. In the meantime, here is my dear friend, a general contractor, and negotiations are now coming up in May in our general area. This obviously must be one of the things they will talk about. If it is not resolved this spring for us, I can just see these poor fellows at their wit's end with no place to turn. They have tried to do their best, but they cannot because they are bound by the unions, and they come to you for relief down here and are told, "You either comply or else." Meantime, some gentleman who has considerable sums of his life and fortune in contracting loses business, not because he takes that position, but because of the policies of the unions with whom he is bound to deal.

Mr. FLOOD. Can you force people to pay salary or wages that are due somebody? He has not been paid. Are you a bill collector?

Secretary SHULTZ. In a contract compliance case?

Mr. FLOOD. Yes. An employee has not been paid for x months. Are you a bill collector?

Secretary SHULTZ. I think I will have to pass that question on.

Mr. HODGSON. I do not think so.

Mr. USERY. No, sir.

Mr. FLOOD. Then of course you cannot help the contractor out.

Mr. MICHEL. He can help the contractors by not raising an objection to their getting a particular contract.

Secretary SHULTZ. Our problem here is in working in a variety of ways, using our ability to have some leverage on the contractor in the hope that it will lead him to put some pressures on the union. It is unfortunate for him that he is the middleman in that process, but that is the way the economic life is structured. There he is.

I myself feel that among the problems we have in this country, the problem of a long period of discriminatory practices in the fields of housing, employment, and schooling is right up at the top of the list, and that we just must do everything we can to right the situation.

Mr. MICHEL. We may have an opportunity to develop this a little more specifically with the people in your shop who eventually have the responsibility for administering this particular law.

Secretary SHULTZ. It is a hard area to work in, and an important one. I do not mean by my comment to say I think the way to do it is to go in swinging away with the contract compliance weapon. I feel you never really solve these problems unless you fundamentally do it by persuasion and by getting acceptance. These tools of a compulsive nature need to be used with great care.

Mr. MICHEL. At times, it is like playing a numbers game. To do this just for the sake of numbers and percentages and this kind of thing, to me makes no sense; but when one qualifies by ability to perform the job the same as anyone else, disregarding the factors of color, ethnic origin or one thing and another, then it seems to me you have met the test of one who is qualified to do a particular job.

I hope we can make some progress in this particular area, because it is one which is causing concern, not only in my area, but around the country.

Secretary SHULTZ. I am sure we need all the help we can get in this area.

Mr. FLOOD. This has been a most unusual hearing. You have obviously impressed the committee. This is no place for boys.

Are there further questions?

(No response.)

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

Secretary SHULTZ. Thank you very much, Mr. Chairman. You have been very kind.

WEDNESDAY, MARCH 5, 1969.

MANPOWER ADMINISTRATION

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

WITNESSES

DEPARTMENT OF LABOR

ARNOLD R. WEBER, ASSISTANT SECRETARY FOR MANPOWER
J. N. PEET, MANPOWER ADMINISTRATOR
ROBERT C. GOODWIN, ADMINISTRATOR, BUREAU OF EMPLOYMENT SECURITY
JOHN M. EKEBERG, ACTING ADMINISTRATOR, BUREAU OF WORK TRAINING PROGRAMS
ROBERT J. BROWN, ASSISTANT MANPOWER ADMINISTRATOR
WILLIAM H. KOLBERG, ASSOCIATE MANPOWER ADMINISTRATOR
RICHARD E. MILLER, ASSISTANT MANPOWER ADMINISTRATOR FOR ADMINISTRATION
HERBERT A. MEYER, CHIEF, DIVISION OF BUDGET, OFFICE OF FINANCIAL AND MANAGEMENT SERVICES
CONRAD M. JONES, DIRECTOR, OFFICE OF BUDGET POLICY AND REVIEW

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

DR. HOWARD MATTHEWS, DIRECTOR, MANPOWER DEVELOPMENT AND TRAINING, OFFICE OF EDUCATION
DR. GRANT VENN, ASSOCIATE COMMISSIONER, BUREAU OF ADULT, VOCATIONAL, AND LIBRARY PROGRAMS
JAMES ROBERTS, EXECUTIVE OFFICER, BUREAU OF ADULT, VOCATIONAL, AND LIBRARY PROGRAMS

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
MANPOWER ADMINISTRATION			
Personnel compensation:			
Permanent positions	191	375	621
Other personnel compensation	8	3	3
Total personnel compensation	199	378	624
Personnel benefits: Civilian employees	14	29	47
Travel and transportation of persons	2	32	68
Transportation of things		15	15
Rent, communications, and utilities	5	23	40
Printing and reproduction		17	32
Other services		35	75
Supplies and materials	1	5	9
Equipment	3	22	4
Grants, subsidies, and contributions	257,938	288,328	555,845
Total obligations, Manpower Administration	258,162	288,884	556,759

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
ALLOCATION TO HEALTH, EDUCATION, AND WELFARE			
Personnel compensation:			
Permanent positions	1,355	1,575	1,486
Positions other than permanent	21	25	22
Other personnel compensation	2	3	3
Total personnel compensation	1,378	1,603	1,511
Personnel benefits: Civilian employees	102	117	111
Travel and transportation of persons	106	218	213
Transportation of things	1	4	4
Rent, communications, and utilities	62	91	91
Printing and reproduction	18	48	46
Other services	759	440	438
Supplies and materials	11	19	17
Equipment	15	20	18
Grants, subsidies, and contributions	120,175	126,588	129,188
Total obligations, Health, Education, and Welfare	122,627	129,148	131,637
Total obligations	380,789	418,032	688,396

PERSONNEL SUMMARY

MANPOWER ADMINISTRATION			
Total number of permanent positions	25	55	65
Average number of all employees	24	39	61
Average GS grade	8.4	9.5	9.3
Average GS salary	$8,332	$10,436	$10,298
ALLOCATION TO HEALTH, EDUCATION, AND WELFARE			
Total number of permanent positions	168	168	159
Full-time equivalent of other positions	3	3	3
Average number of all employees	142	149	140
Average GS grade	8.9	9.0	9.0
Average GS salary	$10,052	$10,829	$10,838

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Training and allowance payments:			
(a) Job opportunities in the business sector	44,600	48,000	240,000
(b) Concentrated employment program	22,100	31,800	105,000
(c) Other	260,775	270,926	254,492
2. Program services:			
(a) Employment security service	33,495	33,521	42,976
(b) State institutional training services	7,995	8,000	8,000
(c) On-the-job training services	3,998	1,500	1,500
(d) Comprehensive manpower program planning		8,725	33,979
3. Federal institutional training services	2,452	2,560	2,449
4. Disadvantaged youth programs		13,000	
Total program costs, funded	375,415	418,032	688,396
Change in selected resources [1]	5,374		
Total obligations	380,789	418,032	688,396
Financing:			
Unobligated balance available, start of year	−710	−18,040	
Unobligated balance available, end of year	18,040		
Unobligated balance lapsing	378		
Budget authority	398,497	400,000	688,396
Budget authority:			
Appropriation	398,497	400,000	688,396
Proposed transfer to other accounts for pay increases		−8	
Relation of obligations to outlays:			
Obligations incurred, net	380,789	418,032	688,396
Obligated balance, start of year	423,898	432,037	418,320
Obligated balance, end of year	−432,037	−418,320	−596,448
Adjustments in expired accounts	−15,714		
Outlays	356,936	431,749	510,268

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1967, $423,755,000; 1968, $429,129,000 1969, $429,129,000; 1970, $429,129,000.

Mr. FLOOD. We now have the manpower development and training activities and the principal witness before us is Mr. Arnold R. Weber, the Assistant Secretary for Manpower.

INTRODUCTION OF SUPPORTING STAFF

Do you have anybody you want us to meet?

Mr. WEBER. Yes, sir. I would like to present to you Mr. Richard Miller, who is Director of Financial and Management Services.

Mr. FLOOD. Where are you from?

Mr. MILLER. Indiana originally.

Mr. FLOOD. How long have you been around?

Mr. MILLER. I have been in this area since 1939.

Mr. FLOOD. With the Government?

Mr. MILLER. Directly and indirectly. My father came to the Government in those days.

Mr. FLOOD. How long have you been on this job?

Mr. MILLER. Since last May. I've been with the Labor Department for about 7 years.

Mr. WEBER. Mr. Miller comes out of Mr. Werts' shop.

Down at that end of the table is Mr. Nick Peet, who has been newly appointed as our Manpower Administrator, responsible for the administration of various manpower programs on a day-to-day basis.

Mr. FLOOD. Quite an assignment. How long have you been around?

Mr. PEET. In Washington, 2 weeks. Before that Oregon, raised in Iowa.

Mr. FLOOD. Why would you want to be Manpower Administrator?

Mr. PEET. It is a good question. Preceding this appointment I was the commissioner in Oregon.

Mr. FLOOD. Commissioner of what?

Mr. PEET. The department of employment. For 3 years before that I was the administrator of institutions in Oregon. There are tremendous opportunities in the Manpower Administration to affect the direction of manpower programs and institute changes at the State level. This position offered an opportunity to do that.

Mr. WEBER. This is Mr. William Kolberg, who is Director of our Office of Policy, Planning, Evaluation, and Research.

Mr. FLOOD. Associate Manpower Administrator?

Mr. WEBER. Yes, sir.

Mr. FLOOD. Where are you from?

Mr. KOLBERG. South Dakota by way of Colorado. I got to Washington in 1951.

Mr. FLOOD. You are no beginner?

Mr. KOLBERG. No, sir.

Mr. FLOOD. You have been with the Government a while?

Mr. KOLBERG. Since 1951.

Mr. FLOOD. In this area?

Mr. KOLBERG. With the Budget Bureau for 15 years and with the Department of Labor for the last 2 years.

Mr. FLOOD. You have lived that down by now.

Mr. KOLBERG. I know I should not have said that, Mr. Chairman.

Mr. WEBER. Would you like me to introduce some of the backer-uppers here?

Mr. FLOOD. Yes.

Mr. WEBER. Mr. Robert Goodwin, Administrator of the Bureau of Employment Security.

And this is Mr. Herbert Meyer, who works for Dick Miller as his budget officer. And on his right is Mr. Bob Brown, who is Director of the Office of Special Projects in the Manpower Administration.

Mr. FLOOD. What would a special project be?

Mr. BROWN. The main responsibility is JOBS, job opportunities in the business sector with the National Alliance of Businessmen, and the MDTA program.

Mr. FLOOD. We were very much impressed last year with the effort by business, especially the man from Ford, Leo Beebe. They have done pretty well, have they not?

Mr. BROWN. A wonderful job.

Mr. FLOOD. So I understand.

Mr. BROWN. We are looking forward to better days ahead, too.

Mr. FLOOD. I hope so. There are no horizons for that.

Mr. WEBER. To his right is Mr. John Ekeberg, who is Acting Administrator of the Bureau of Work Training Programs in the Manpower Administration.

Mr. FLOOD. You, I see, have a statement here. How do you wish to proceed with this?

Mr. WEBER. You have the statement, sir, and I assume it can be entered into the record. I would prefer to make a few oral comments.

Mr. FLOOD. We will do it that way. We will also place your biographical sketch in the record.

(Statement and biographical sketch follow:)

GENERAL STATEMENT ON MANPOWER PROGRAMS BY ASSISTANT SECRETARY ARNOLD R. WEBER

Mr. Chairman and members of the committee, I am pleased to appear before you this morning to discuss, at least in a preliminary manner, our fiscal year 1970 manpower program and budget estimates. This is my first appearance before this committee, and I look forward to a constructive relationship.

As you are well aware, the budget now before you was prepared and submitted by the Johnson administration. At the direction of President Nixon, a review of this budget and the program it supports is now underway, but the administration has not yet made any firm decisions in regard to possible modifications. Accordingly, I will discuss our views of the Johnson budget in only a general way.

The pending budget request for fiscal year 1970 totals slightly more than $2,380 million for that portion of the manpower programs administered by the Department of Labor. These funds are distributed among several major appropriation accounts as reflected in overall material submitted in support of this budget.

Approximately $17.4 million of the Office of the Manpower Administrator account will provide for the overall executive direction and control, policy planning, and administration of the manpower program. In addition to the parts of the programs directly administered by the Department, this item supports leadership and direction for other components of the manpower program. The balance of about $21 million in this account is for research and development. A commitment to effective research and experimental and demonstration programs is essential to the development of better programs for effectively utilizing our human resources and improving the methods for administering these efforts.

In the account for manpower development and training activities, a substantial increase of $270 million over the 1969 appropriation level was proposed by the preceding administration. This increase is primarily related to three items: The job opportunities in the business sector program, the concentrated employment program, and those sections of the 1968 amended Manpower Development and Training Act dealing with set-aside funds for a job opportunities information program, training, and technical assistance.

Increases in the level of funds to be committed for the job opportunities in the business sector program and the concentrated employment program have also been requested in the Office of Economic Opportunity appropriation.

The job opportunities in the business sector program would be increased to a total of $420 million—$240 million in the account for manpower development and training activities and $180 million in that portion of the Office of Economic Opportunity appropriation that is delegated to the Department of Labor. Our initial appraisal of this program indicated that it is an effective approach to manpower development. (In a short time it has achieved significant success in harnessing private business initiative with Federal financing to put the hard-core unemployed to work.) The $420 million to be invested in this program in 1970 is admittedly a large sum of money, but it is necessary to maintain the momentum of these efforts and to expand the geographical scope of its activities.

The concentrated employment program has been budgeted at a total of $238 million—$105 million in the manpower development and training activities account and $133 million from Office of Economic Opportunity delegated funds. The concept inherent in this program is an exciting one. Its goal is to consolidate manpower program authorities and resources under a single, local sponsor, who is to devise, fund, and manage a system for the integrated delivery of manpower services to the disadvantaged within limited geographical jurisdictions. Components can be operated directly by the single sponsor as well as by subcontractors. Among the major objectives of the present approach are to: demonstrate the feasibility of coordinating public and private manpower resources within geographically limited areas in order to provide substantial job opportunities for unemployed and underemployed people, and to give intensive service over time to a relatively limited but identifiable target group with which contact can be maintained until success is achieved. The concept of the concentrated employment program has considerable promise, although there have been the usual difficulties in establishing this new administrative apparatus. Nevertheless, I believe we should continue to invest resources in the integrated service delivery system. Our review of this present budget request will focus on identifying the amount of resources which is necessary to maintain or fully implement existing projects. The performance of these programs will be continually reviewed to enable us to determine whether the program should be expanded at a future date.

The funds requested in fiscal year 1970 under the Office of Economic Opportunity appropriation for delegation to the Department of Labor presently encompasses a total of $740.3 million. This represents an increase of $116.6 million over 1969, of which the greatest part ($78 million) is for the job opportunities in the business sector program and the concentrated employment program. Among the other activities in this account, the Neighborhood Youth Corps in-school and summer program have proven their ability to reach poor high school-aged youths. They have been instrumental in helping many continue their education and have provided useful work outlets for youthful energies during the long summers. In the process, ghetto youngsters have been provided new perspectives of work and the labor market. The question is how much of our scarce resources should be allocated to these worthwhile purposes as against competing uses.

The Neighborhood Youth Corps out-of-school program, Operation Mainstream, and New Careers, also, have helped fill real and urgent needs. However, we are examining the possibilities of redesigning some of these activities and fitting them into comprehensive work and training programs. Our ultimate judgment on suitable funding levels will depend upon the outcome of this examination.

The comparatively small increase proposed for the work incentive programs will not substantially reduce the huge welfare caseload. This program is just getting started. It would be prudent to proceed at the $100 million level in the short run before trying to increase its financial support to a level appropriate to the size of the population the program is designed to serve.

Other specific parts of the budget estimates for the overall manpower program will be discussed and testified on in greater detail by other members of my executive staff. Mr. Hugh Murphy will discuss the funding requests for the Bureau of Apprenticeship and Training. Resources required to operate the Federal-State Employment Service, including grants to the States and amounts needed to administer the unemployment compensation system and to pay the unemployment insurance claims of Federal employees and jobless discharged servicemen will be covered by Mr. Robert Goodwin. Some of the other budgets I have discussed this morning will be subject to your review in the context of the Department of Labor appropriation hearings and as part of your examination of the

budgets of the Office of Economic Opportunity and the Department of Health, Education, and Welfare. A major purpose of my statement was to indicate in a general way how all these disparate pieces fit together to form an overall manpower program.

Mr. Chairman, this concludes my statement. I thank you for this opportunity to meet with your committee. I shall be happy to try to answer any questions you or the members of the committee may have.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

ARNOLD R. WEBER

Arnold R. Weber, Assistant Secretary of Labor for Manpower, U.S. Department of Labor.

Mr. Weber was born in New York City, September 20, 1929. He holds a bachelor of arts degree and a master of arts degree from the University of Illinois, and a doctorate in economics from the Massachusetts Institute of Technology.

From 1955 until his appointment as Assistant Secretary for Manpower, Mr. Weber served on the faculties of the Massachusetts Institute of Technology, the University of Chicago, and Stanford University.

He has served as an arbitrator on the labor panel of the American Arbitration Association. In addition, he has been a consultant to numerous committees and organizations concerned with various issues in the labor-management field. Included among these were the Armour Automation Fund Committee, the President's Advisory Committee on Labor-Management Policy, and the Organization for Economic Cooperation and Development. He was vice chairman of the Federal Task Force on Improving the Employment Service during 1965–66, and was chairman of the Research Advisory Committee of the U.S. Employment Service during 1966–67.

Mr. Weber is also director of the Brookings Institution Study of Unions, Collective Bargaining, and Public Employment.

Mr. Weber, in addition to his broad range of academic and professional experience, is a former apprentice electrician.

From 1952 to 1954, during the Korean conflict, Mr. Weber served in the U.S. Coast Guard.

He is married and the father of three children.

Mr. FLOOD. Then, we will also place in the record your prepared statement on the appropriation "Manpower Development and Training Activities."

(The statement follows:)

STATEMENT BY ARNOLD R. WEBER, MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

Mr. Chairman and members of the committee, I am pleased to appear before you today on the 1970 appropriation estimate for manpower development and training activities. The 1970 estimate is for $688,396,000 which is estimated to provide training and job opportunities for 340,600 individuals. The 1970 program levels reflect a continuing redirection of the program to increase the effectiveness of the manpower development and training program to serve the hard-core disadvantaged. In addition, some program resources will be directed toward upgrading to meet skill shortages existing in the economy.

The manpower development and employment needs of the hard-core disadvantaged in 1970 will be largely met through the job opportunites in the business sector program under the sponsorship of the National Alliance of Businessmen and the concentrated employment program.

The 1970 job opportunities in the business sector program, with the continued commitment of private industry, will provide 140,000 job training slots at a total cost of $420 million. The manpower development and training program's share in the 1970 program will be 80,000 job training slots at a cost of $240 million, an increase of 66,300 slots and $192,050,000 over the 1969 level.

The 1970 concentrated employment program will operate in 82 urban and rural areas, providing concentrated and comprehensive manpower services to 170,000 individuals at a total cost of $238 million. The manpower development

and training program's share in the 1970 program will be an estimated 48,820 training slots at a cost of $105 million, an increase of 33,860 slots and $73,200,000 over the 1969 level.

The basic MDTA program for 1970 is for $254,492,000 which is estimated to provide training for 211,780 individuals. Of this number 98,800 are estimated to be in institutional training projects, 83,240 in on-the-job training projects, and 29,740 in part-time and other training projects.

The institutional training projects are designed to provide classroom training in occupational skills plus a program of basic education to those trainees who lack such training. In on-the-job training the individual learns the skills of a specific job as he actually works at it. These on-the-job projects are sometimes coupled with related institutional training and basic education when the trainee is also in need of this type of instruction. The institutional and on-the-job training projects will continue at the same level in 1970 as in 1969.

Part-time and other training projects are designed to increase the skills of underemployed workers to qualify them for jobs in the skill shortage areas, and to provide assistance to persons who have skills but need such employment services as work orientation, language skills, and so forth, to make them employable. This segment of the program has not grown as fast as originally planned. The type of persons for whom this training is designed are already employed and are therefore difficult to identify and recruit. The part-time and other training program for 1970 consequently reflects a reduction of 24,500 training opportunities and $11,444,000 below the 1969 level.

The growing concentration of the MDTA program in areas of high unemployment, notably in urban centers where the hard-core unemployed are most numerous and in selected rural areas has resulted in significant additional workload on State employment security agencies. The State employment services will play a major role in the concentrated employment effort in 1970 as the supplier of a major portion of supportive manpower services involved in this effort. In 1970, the State employment services will also be the prime source for referring the hard-core unemployed to private companies contracted by the National Alliance of Businessmen under the job opportunities in the business sector program. Therefore, for 1970, we are requesting an increase of $9,455,000 for State employment security service which will permit the State agencies to provide increased recruiting, counseling, referral, testing and training development to support the job opportunities in the business sector program and the concentrated employment program.

Under the provisions of section 106 of the 1968 amendments to the Manpower Development and Training Act, the Secretary of Labor is directed to develop and establish a job matching program and to develop a comprehensive system of labor market information. The $11,377,000 for labor market information activities requested is required to implement a computer and communication system needed to compile and permit the utilization of data that will be responsive to the needs of primary users and to the objectives of national manpower programs. Such information will include current data on employment by occupation, short and long range manpower projections, identification of manpower shortages in relation to unused or underutilized resources.

The one other area of increase in our 1970 request is to provide for the training of personnel and technical assistance in connection with programs established under or related to the purpose of the Manpower Development and Training Act as authorized by section 309 of the 1968 amendments to the act. The $13,877,000 being requested for this purpose in 1970 will permit the establishment of a system to directly provide manpower programs and operational personnel with the technical assistance and training services that are needed to overcome a growing gap between the operational demands imposed by these programs and the resources of the project staffs. Specific objectives of these efforts will include:

Identify training and technical assistance needs. Develop training courses and curriculum materials. Conduct training sessions and provide specialized assistance to regional, State, and local agencies and organizations that sponsor and operate manpower projects.

Study results of training in terms of staff performance.

Evaluate operations of agencies and organizations prior to and after specialized assistance efforts.

Provide feedback to program and project administrator on problems and possible alternative solutions.

Design new and improved methods for serving the needs of the manpower programs universe.

The only other change in the 1970 estimate is a decrease of $111,000 and nine positions resulting from increased productivity in operations related to the Federal staff of the Department of Health, Education, and Welfare, financed under this appropriation.

To summarize, the 1969 Manpower Development and Training Act appropriation is $399,992,000, which excludes $8,000 proposed for transfer to other accounts for pay increases, and the 1970 estimate is $688,396,000, a net increase of $288,404,000. Of this total, $192,050,000 is an increase for the job opportunities in the business sector program; $73,200,000 is an increase to provide financing of the concentrated employment program in the 82 selected target areas; $9,455,000 is an increase for State employment security services to support the job opportunities in the business sector program and the concentrated employment program; $11,377,000 and $13,877,000 respective are increases to provide for a job matching program, and training and technical assistance as authorized by the 1968 amendments to the Manpower Development and Training Act; $11,4 4,000 is a reduction in part-time and other training because of difficulties in recruiting individuals for this type of training; $111,000 is a decrease resulting from increased productivity in Federal institutional training services.

Mr. Chairman, this very briefly summarizes the Manpower Development and Training Activities budget estimate for 1970. I shall be very happy to answer any questions you may have on this subject.

General Statement

Mr. Weber. This is my first appearance before this committee and I welcome the opportunity. The Secretary, of course, appeared here yesterday and made a general statement of the principles that he hoped would govern the activities of the Manpower Administration in the months and years ahead and you will recall he specified the importance of targeting programs with respect to particular groups.

Mr. Flood. I thought we had quite a good hearing yesterday, didn't you?

Mr. Weber. Yes, I thought it was very constructive.

Mr. Flood. Yes.

Mr. Weber. The Secretary specified the importance of involving private industry in an effort to develop constructive public-private partnerships.

He also specified the importance of developing integrated manpower delivery systems.

And further, the relevance of giving some attention to the whole skills shortage question as it relates to the broad impact of manpower programs. Obviously I adhere to those policies and support them fully.

Speaking personally and in my capacity as Assistant Secretary, I would merely add the following points as I come to my new position in government:

First, I think it is important to recognize that manpower policies and programs do not constitute a panacea by themselves for all of our social ills. Manpower policies by themselves will not cure drug addiction or juvenile delinquency or preserve the stability of the family structure. Like most policies, they have limited purposes and an acceptance of these limited purposes, it seems to me, can help in achieving them.

Their real purpose is to promote the employability of people and promote the efficient use and allocation of labor in the economy. So the payoff in terms of manpower policies is jobs, and although there certainly might be many incidental and desirable effects from getting a person a meaningful job, I just want to reaffirm I would think this would be our central mission and goal.

TARGETING OF EFFORTS ON SPECIFIC GROUPS

The Secretary indicated that it is important to target our programs with respect to specific groups. Obviously I concur in that judgment, and as the programs have been developed we have turned our attention to different groups over time.

If you will recall, in 1962, when the Manpower Development and Training Act was first established——

Mr. FLOOD. What would be a group?

Mr. WEBER. In 1962, as I recall the evolution of the law, it was really focused on the victim of structural unemployment, the displaced automobile worker, the displaced meatpacking worker. That is, a person who had had a previous history of labor force attachment and experience and had some skills, and now along came a technological change which rendered these skills obsolete.

Mr. FLOOD. What is structural unemployment?

Mr. WEBER. It is a term often used by economists, who have a penchant for developing terms, which says that unemployment develops when you have an imbalance or incongruity between the supply of labor and the demand for labor. At the same time you might have a declining demand for people working in meatpacking plants and increased demand for people in the health services, for people in the professional area. Unemployment then results from our inability to take the persons who have been displaced and move them to available jobs in other occupations. These are so-called structural considerations, sir.

What I was saying is that it is important to keep your eye on serving the needs of particular groups and developing programs, and it is clear that presently we are interested in bringing services to the so-called hard core or disadvantaged. But it is equally important, it seems to me, for manpower policies to promote effectively the market practices and institutions which cut across all groups and improve our capability to serve the economy in general.

And what I mean by that is nondiscriminatory practices in employment and hiring. For example, Congressman Michel yesterday talked a little about the problems of getting people into craft unions. That is a practice that we have to work on in a sensible way in an effort to change it. Similarly economists like to talk about things like labor market information, and that is the availability of information concerning job opportunities.

Mr. FLOOD. It is hard for people to get a card from a local union. Did you ever try?

Mr. WEBER. Yes, sir. I was in a craft union at one stage in my career. I think in the Department, and particularly in the Bureau of Apprenticeship Training, pre-apprenticeship training programs have helped change that institution somewhat so that people in the labor movement have a new sensitivity to the problem and willingness to deal with it in a constructive way.

Having defined the problem, this does not mean it is easy to solve but certainly it is something that we should be mindful of as we go about our duties in the Manpower Administration.

Another case in point, sir, is this whole area of labor market information. We know that people cannot get a job effectively unless they

know about the availability of jobs and have some precise idea concerning the conditions of employment and the requirements involved. We know from research that this is a very casual thing and tends to go by word of mouth.

If we, through devices such as the job bank and the Utah job matching system, can promote more effective information flows in the market, I think we will contribute not only to specific client groups that we have in mind, but to the entire labor force and labor market in general.

So, Mr. Chairman, I would just supplement the Secretary's comments with respect to the guiding principles of the Department and the Manpower Administration by these few additions before we get into the specifics.

Let me now turn to the budget proposal which, as you know, was prepared and submitted by President Johnson for the consideration of Congress. In the manpower area in general, and with respect to MDTA in particular, it seems to me there are a few salient points to be made which will help define the thrust and main objective of this budget for fiscal year 1970 as contrasted to the budget for fiscal year 1969.

POSSIBLE CHANGES IN THE 1970 BUDGET

Mr. SMITH. Mr. Chairman, do we have their amendments? You are proposing changes in it?

Mr. WEBER. No, sir; I am just indicating for purposes of exposition how I view the proposed budget for fiscal year 1970.

Mr. SMITH. Do you have the figures or do you want any changes?

Mr. WEBER. This is now subject to consideration within the Department and the executive branch, and we are not in a position to discuss it at this time.

Mr. SMITH. I do not know how we can have a meaningful hearing if we do not know what your proposal is.

Mr. WEBER. The proposal is the one that was submitted by the Johnson administration.

Mr. SMITH. But that is not your proposal?

Mr. WEBER. We do not know at this point.

Mr. FLOOD. Is there a target date for any new proposals—60 days, 90 days? Have you heard?

Mr. WEBER. That piece of information has not reached my level yet.

Mr. SMITH. I think we are wasting our time holding hearings with these people as witnesses when we cannot question them on their proposals because they do not know what their proposed budget is.

Mr. JONES. Mr. Chairman, we have no specific proposals in terms of dollar amounts as to what revisions are going to be made.

As Mr. Weber has indicated to you, and the Secretary indicated to you yesterday, we have certain directions that we are planning to take. These are still under consideration. Of course this is the President's budget, so we can talk in terms of Mr. Weber's philosophy and his thinking on where we should be going. But in terms of specific figures, these have not been resolved.

Mr. WEBER. No, sir.

Mr. FLOOD. Yes; we know that.

Go ahead.

JOBS PROGRAM

Mr. WEBER. First, the proposed budget gives additional support to the expansion of two existing programs which have showed considerable promise. The first is the JOBS program, which as you know represents an effort to involve the Federal Government and private industry in an effort to provide jobs for members of the so-called hard core as defined by various income and employment criteria. The program as it is presently conceived and administered involves 50 cities, and in fiscal 1969 will involve $48 million of commitments under MDTA.

Mr. FLOOD. Is that a lot?

Mr. WEBER. By my standards, sir, yes. But in terms of the needs and the possible clientele, I suppose you can say it is not a lot. What this budget proposes to do is to add $192 million to the MDTA appropriation used in support of the JOBS program. This combined with the appropriation under EOA would aggregate $420 million, and would support an additional 140,000 jobs for hard-core persons.

Mr. FLOOD. These very bright and gung ho young vice presidents who come here from the corporate world are of course not on salary, or are they?

Mr. WEBER. No, sir. They are not on Federal salary.

Mr. FLOOD. They are still on their own company payroll?

Mr. WEBER. Yes. I think we should also recognize, in addition to the people who come to the Elysian Fields of Washington that most of the work is done by the metro chairman, that is a person who has responsibility for implementing the program in each of the 50 cities.

Mr. FLOOD. How long do these fellows stay in town on the average?

Mr. WEBER. Generally a year.

Mr. Bebe, I guess, stayed a year and he was replaced by an acting director, Mr. Barney Gardner.

We think that this program has shown considerable promise, as the Secretary indicated, in terms of getting people into real jobs with some potential, and the performance to date has been promising. The figure that is used, although there are certain deficiencies in the reporting system at this point, is that 125,000 jobs have been generated by the JOBS program, both via the MA–3 and MA–4 contracts and through the so-called freebies—although that is a rather inelegant term for voluntary industry placement; that is, placement by employers who have been so moved to provide opportunity for the hard core people.

Mr. FLOOD. Of course the new employees, if and when there is a layoff for any reason, must be the first to go.

Mr. WEBER. Yes, sir.

SUCCESS RATE IN JOBS PROGRAM

Clearly an important ingredient for the success of the JOBS program is the maintenance of full employment. At this point we do have some data on the experience of those who are put on jobs and our estimates indicate, from a sample of 42,000, that only 2 percent have been laid off. The termination rate has been something like 32 percent. The larger number of those have been for absenteeism, for disciplinary reasons, or for something called personal reasons, but only 2 percent have been laid off.

So in terms of the capacity of these firms to hold these people as a matter of profitable operation, the program appears to be functioning well.

Mr. MICHEL. May I just ask a question there?

You say an experience table of 40,000 who have been employed.

Mr. WEBER. 42,000.

Mr. MICHEL. 42,000. And you say the washout rate is what?

Mr. WEBER. Once they get placed on the job, then the washout rate is something like 32 percent. Let me talk a little about that, if I may.

Mr. MICHEL. Yes. By all means.

Mr. WEBER. One, most of the washouts come in the first 2 months, and this is what you would expect. If a fellow gets beyond the first 2 months, if he gets a sense of discipline and work habituation and basic skills, it is now a reasonable expectation he will hold on.

Secondly, that rate is compared to what? Compared to the experience in MDTA institutional where the completion rate runs around 75 percent, it is quite respectable, and compared to the normal turnover rate in some of the same plants and institutions it is also favorable.

Many of the automobile companies who have been extremely active in this area indicate that their experience with the JOBS recruits as an indentifiable group has not been substantially different from the normal persons it would hire through its regular recruitment procedures. So, although the turnover rate of 32 percent is a pretty substantial figure, if you use various benchmarks it is not as foreboding.

CONCENTRATED EMPLOYMENT PROGRAM (CEP)

The second program which the budget gives expanded support to is the CEP program, or concentrated employment program, which as you know is really an administrative vehicle for bringing together a full range of manpower services and focusing it on a group of poor or unemployed persons in relatively limited geographical areas.

Over a 3-year period now, 82 of these concentrated employment program units, or administrative entities, have been funded, most of them—something like 70 of them—using the community action agencies as their prime sponsors, the others primarily using the State employment service.

CEP AREAS AND MODEL CITIES

Mr. FLOOD. This is tied to the model cities programs, too?

Mr. WEBER. Yes, sir, 64 of the CEP's are geographically coextensive with the model cities program. When I say coextensive, that means they overlap at some part because, as you know, the model cities program tends to be a smaller geographical area. There are I understand 150 model cities areas. There are 82 CEP's and 64 of them overlap with model cities in part or in entirety.

Mr. MICHEL. Does that suggest if we are out in the cold so far as model cities is concerned, we are also out in the cold with respect to CEP?

Mr. WEBER. I do not know what out in the cold means.

Mr. MICHEL. It means you just "ain't" in the program.

Mr. WEBER. Not necessarily.

Mr. MICHEL. In my case, from a selfish point of view, I have no city which qualifies for model cities.

Mr. WEBER. I see what you mean. Obviously there has to be some coordination between the two, because the model cities program calls for some manpower component. So the question is, do you coordinate the components which are generated by the Manpower Administration or do you say to model cities, "Develop your own shop," which obviously leaves the problem of duplication and overlap.

I suppose on a statistical basis you would say that if you are a model city, there are seven out of eight chances you are going to be a CEP.

Mr. FLOOD. Of course the State employment people of necessity are part and parcel of this sort of a package?

Mr. WEBER. Yes, sir. They are, but the determining question which I think you raised, quite accurately, is how much resources or additional resources you bring to bear. And the CEP program under MDTA calls for an increase in fiscal year 1970 of $73 million to a total of $105 million under the MDTA appropriation.

Mr. SMITH. Mr. Chairman?

Mr. FLOOD. Mr. Smith.

Mr. SMITH. The boundaries of the CEP areas do not coincide with the boundaries of the model city areas, do they?

Mr. WEBER. No, sir.

Mr. SMITH. Then, why do they have to be in the same city?

Mr. WEBER. They overlap. They do not coincide exactly, but there is some overlap. It is my understanding that the model cities area in almost all cases is smaller than the CEP area. Mr. Miller can amplify this.

Mr. MILLER. Let me go first to Mr. Smith's first question.

They do not necessarily have to coincide. Up to this point there has been, of course, an effort to keep the programs coordinated. But as the future evolves, it is not absolutely necessary that in each and every case you have a CEP exactly in the model city area. Areas are differently defined so we can have a CEP in this part of town, part of which would be a model cities area. They might coincide exactly, they might be in the same general area, they might overlap a bit.

Mr. SMITH. The CEP area might not lend to a model cities program?

Mr. WEBER. No. And an additional ingredient in the picture is the whole role of the community work and training program which I understand at this point is designed to be an umbrella covering a larger metropolitan area which would have some influence on determining how the CEP's operated and how those resources are allocated.

But I think what this highlights is clearly the major problem of coordination, both in terms of the programs in which the Manpower Administration has discretion and the programs that have been generated by other statutes and for which other agencies have responsibility.

Mr. MICHEL. If I may make an observation, I hope in view of the question raised by Mr. Smith you would not have your blinders on. Just because this has been a practice in the past it doesn't necessarily have to continue in the future. I happen to come from a community that does not qualify for model cities because of what we are doing

on our own without the Federal Government, but we may have a very burning interest in it in the future.

Mr. CASEY. Will the gentleman yield?

Mr. MICHEL. Yes.

Mr. CASEY. Houston does not qualify for model cities because they have no zoning. That is under the regulation. The law does not say it. But since Houston has no zoning it does not qualify for model cities, but we do have a CEP program and have had.

Mr. WEBER. As you know, the governing principle associated with the location of the CEP was the concentration of unemployment. Initially we used data generated by special BLS survey's, but as we have extended the range and applicability of the CEPs, we have reached data in which we have less confidence; for example, census data. After all, some census data now date back almost to 1959 in terms of looking at particular census tracts. But the governing principle of the location of CEP's has been a concentration of unemployment and poor people.

Mr. FLOOD. Go ahead.

FUNDING REQUIREMENTS FOR CEP'S

Mr. WEBER. It should be noted that the increase in the appropriations for the CEP program does not really involve an expansion of the CEP program as such. The number of CEP's is maintained at 82, but what has happened is sort of like automobile models; there were CEP 1, CEP 2, 2–D, and CEP 3 which represent different generations of CEP's with different funding arrangements in different fiscal years.

At this point in time, all of them have to be refunded if they are to maintain the initiative and momentum in the program. So it does not contemplate an expansion, but rather a major refinancing cycle in terms of the CEP's.

In terms of my own view of it, I think we have to look very closely at the operation of many of these CEP's. Some of them have been slow in getting into action, some of them have operated in what I understand to be a loose way; that is, without strict regard to the eligibility criteria and standards of financial management. And one of the things that I certainly hope to do is to use this occasion to initiate an intensive evaluation of where we go from here with CEP.

WAGE RATES IN CEP'S

Mr. FLOOD. Are you concerned about local wage scales in one area as distinguished from another?

Mr. WEBER. Could you amplify that for me, please?

Mr. FLOOD. Suppose in city A the going rate is so much an hour. You do not feel that you are restricted to that local going wage scale, do you, in a CEP program? Should you be? Could you not be instrumental in producing a higher one?

Mr. WEBER. Yes. I think we should look at wage rates in terms of several considerations. One, I think you have to look at the local labor market. After all, Minneapolis is different from Houston, which is different from San Francisco, and wage surveys indicate that that is the case.

Two, I think you have to look at establishing certain minimum standards for a job that is worth while and provides an income.

Mr. FLOOD. But there is nothing evil in CEP trying to increase a low wage rate, notoriously low?

Mr. WEBER. Nothing evil as such, no, sir.

Another thing we have to look at is the extent to which the existence of a given wage rate attracts people to the CEP program. We could make all sorts of pronouncements concerning what we think is good and desirable, but we have to look at performance. And clearly, in some of the NYC programs, for example, there is some indication that the hourly wage paid in certain places is not sufficient to attract people into that program. So I think we have to look at all of these criteria, Mr. Chairman.

One last word about CEP, if I may, since there are a lot of resources involved here.

RELATION BETWEEN JOBS PROGRAM AND CEP'S

One of the criticisms that often has been made of manpower policies is that the process of looking at the needs of particular client groups and responding to immediate crises has caused a proliferation of programs. I suppose to some extent that is true, although proliferation does not necessarily carry with it a value judgment. But one of the conditions of the CEP program, intended or otherwise, is that it provides a built-in feeder to the JOBS program. The JOBS program is really oriented at increasing demand; that is, demand for people who otherwise would not meet the hiring qualifications of a particular firm. The CEP program, on the other hand, is focusing on the supply of labor; that is, building up its qualifications, giving it some work experience, and in this way it can feed into the JOBS program.

At this point our data indicates that there is some connection between the two and administratively we have been pushing to have CEP coordinate their activity with the local JOBS program. But in my review of the figures to date I would say the performance of the CEP in that regard is less than what it might be.

The data on the survey of 42,000 hired in JOBS indicates that approximately 75 percent of them have come from the employment service and approximately 25 percent of them from the CEP's. Those figures are not precise, but it is some indication of the magnitude. It might be that the employment service is acting an as intermediary for CEP's, but there are other indications that we do not have this close connection, and this is an opportunity to match supply and demand in a particular labor market area.

Mr. FLOOD. You do not get in the hair of local State employment people, do you?

Mr. WEBER. I am sure that is a problem. In a sense the employment service rightfully views itself as the major governmental placement agency within a community, and then along comes the CAA and CEP and develops a life of its own, and probably there has been some bickering and rivalry in particular communities. We would hope to——

Mr. FLOOD. You are aware of it then?

JOB BANK AND JOB MATCHING SYSTEMS

Mr. WEBER. Yes, sir.

The third element of the budget that is proposed here, which I would like to discuss, is what I might call new departures. There are two elements of the Manpower program which I think you can identify as going off in a new direction.

One is the development of the job bank and the computer matching system. If you were writing the history of this system, I think you would say we are now in 1 A.D., certainly no further than 10 A.D.; that is, we have a prototype of a job bank operation in place and working in Baltimore. A job bank is essentially a device for collecting all job orders, codifying them and having the rapid dissemination through a computer system. You deliver the job orders to counselors, placement officers, and public and private agencies throughout Baltimore.

On the other hand, we have the Utah job matching system which goes beyond the job bank in the sense that the job bank is really a system for identifying existing job opportunities. The Utah system takes the applicants and the opportunities and tries to match them on a statewide basis.

Of course, Utah is a relatively sparsely populated State. I do not think the size of its labor force is equal to that of Chicago. But nonetheless, that program has been developed and I guess it went onstream at the end of Janaury. All the reports we have from technical experts is that it shows great promise.

We have these two prototypes which in their own right represent a fair degree of research and development, if you will.

RELATIONSHIP WITH PRIVATE EMPLOYMENT AGENCIES

Mr. MICHEL. At that point, beyond the job bank where do you run afoul of the private employment agencies? At what juncture do we get ourselves, in the Federal Government, in direct competition with the private employment agencies around the country?

Mr. WEBER. It is my understanding that the private employment agencies express concern to the public employment service not so much over their placement activities with respect to the unemployed, but with respect to their placement activities with the employed. In other words, there have been instances where the employment service has placed ads in newspapers saying "Wanted, three machinists", and the private employer and certain private agencies react negatively to that because they feel this is their jurisdiction in the market.

That is the point in my understanding where the private agencies have expressed concern.

I think my view is somewhat different than theirs in this area, but to answer your question directly, I do not think the job bank as such, or the matching system as such, impinges upon this area of sensitivity.

Indeed, one of the things that is done in the job banks is to disseminate the information to private agencies, private not-for-profit agencies, various social agencies, and what have you. The idea behind that is to prevent the system of multiple referral and multiple job development which bedevils employers in so many urban areas where so many different groups are trying to expand opportunities for the hard core.

Mr. MICHEL. I can see where a bank and simple collecting of the information is our responsibility and a very worthwhile and valuable one. Then when you get into the area actually as you say of fitting together the availability and the opportunity, then I wonder to what extent we are obliged to go or if this is our obligation at all.

Mr. WEBER. Let me just say that what the matching system does is no more than what is done in a normal employment service placement operation today, only it is done much more efficiently and with much more refinement.

An unemployed person comes into the employment service. You get a description of his background and requirements and he is then coded using the dictionary of occupational titles. Then there is a set of job orders which are phoned in quite independently by employers. What does our placement officer have to do?

He has a bank of applicants and he has a bank of job orders, and he has a memory. That is where the term matching system originally comes from but it is finite, certainly, in comparison to the billions of bits of information that a computer can handle. So the matching system does the same thing, only the speed of the retrieval and the accuracy of the matching is enhanced.

This, of course, Congressman, in no way limits the discretion of either the applicant or the employer. It just makes it a lot more efficient and we would hope would increase the speed of placement and the precision of placement in terms of getting a round peg in a round hole.

Mr. MICHEL. All right.

Mr. WEBER. There is this job bank and job matching system, and the proposed budget calls for $11,377,000 to be appropriated for this purpose. It is my understanding that this amount is consistent with the provision of the recent MDTA amendment which provided for 2 percent of the basic appropriation to be used for matching systems and other labor market information devices.

So we would hope in this instance to expand the job bank to 36 cities by the time the year is done, and beyond that to try and experiment further with statewide matching systems. Building on the Utah experience, all of this will be the building blocks for something down the road called a national system. But our disposition I must say is not to "bust ahead" and say let's have a national system and sort of develop it at the top; but, rather, aggregate from the bottom using local communities and States as the basic units of experimentation and administration.

We feel it is a very promising development. It has been done in other countries. We now have this esoteric capability—let's see if we can use it to deal with some of the very real problems that we have today.

TECHNICAL ASSISTANCE AND TRAINING

The second new departure, if you will, is the expansion of technical assistance. This also relates to another provision in the 1968 amendments to MDTA, which provides that 2 percent of the basic appropriation will go to technical assistance.

What we mean by technical assistance here is training and developing better technical instruments with respect to testing, placement, and job redesign, so that manpower programs which aggregate in the billions of dollars can work better.

It is probably a misnomer to indicate that this is a new departure, but it is, it seems to me, finally giving recognition to a very basic element in expanding the administrative capability of the Manpower Administration.

As you know, Mr. Chairman. many of these programs have been brought to the Department in a short period of time. We have had to build up staff. Training is strictly on the job, and notwithstanding our endorsement of that procedure in industry, it does create certain problems when the field staff operates under such acute pressure.

So the appropriation of $13.8 million will go a long way toward establishing a greater capability to have sufficient staff supported by training and supported by other devices you find in any organization.

I might note there are currently something like 4,400 positions directly affiliated with the Manpower Administration.

The last point I would like to mention with respect to the budget is the one cut back. In the proposed budget there has been a cutback of $11,444,000 with respect to support for part-time and other training. Other training, being sort of a miscellany, is being cut back in recognition of our previous experience, that we have had a great deal of difficulty identifying people who are presently working and who are in this partial position with respect to a job in the labor market and moving them into a training situation. What the budget is saying then is that this particular client group, if you will, really has not worked out in terms of our capacity to give them service or their ability to get themselves in a situation to accept services, and therefore it should be cut.

UPGRADING EMPLOYMENT

I have, in ending, and this goes to some of my own views I suppose, one general notion to present for your consideration. Most of the programs we have now are really geared at getting people into jobs primarily at the entry level. I think probably some distinction can be made between MDTA institutional and the other elements in the programs. But few of the programs have built into them the concept of upgrading.

As the Secretary indicated yesterday, we think it is important, not as a new program particularly, but within the framework of existing programs—JOBS, MDTA, CEP—to build in some upgrading components.

It would seem to me this would have two desirable conditions:

One, what we are now getting are a lot of disadvantaged people, black people, into jobs at lower levels. That is the impact in terms of numbers. You go to an automobile plant and you find that some of them on the east side of Detroit get their own employment. They get in there and their first reaction, of course, is that they got a job and they are going to make it. Those that do, just like every other American, start looking up the ladder. "What are you going to do to get me up that ladder?"

When we have this impacting below, what results in many plants are so-called black caucuses for groups of black workers who are now using their new position at the lower level in a plant to put pressure on management to have a more normal distribution of black people among the various occupational levels.

We believe that upgrading should represent the person's capacity to assume new responsibilities.

Mr. FLOOD. Merely because they are black?

Mr. WEBER. No, sir, not because they are black, but because they are able to do it. But I do think to the extent that one of the goals of manpower programs is to change institutions, we should provide some incentive, not a mandate, but some incentive, in programs which will provide for all people. In this case they might be Appalachian white as well as Mexican-Americans.

Mr. FLOOD. You are not talking about a black system?

Mr. WEBER. Not at all.

EFFECTIVENESS OF FEDERAL MANPOWER PROGRAMS

Mr. FLOOD. The Federal Government is certainly investing a large amount of money in a great variety of manpower programs. You are the first to recognize that.

Mr. WEBER. Yes, sir.

Mr. FLOOD. According to the analysis in the President's budget on page 135, Federal outlays for manpower programs rise from $2.6 billion in 1968 to $3 billion in 1969 and go up to $3.5 billion in 1970. Do you have any measurement, do you have any way to show us that there is a satisfactory return on this kind of an investment?

Are these programs effective? I am speaking as broadly as I can. The answer will have to be just as broad.

Mr. WEBER. I think that is a difficult question to answer in a precise way.

Mr. FLOOD. I do, too.

Mr. WEBER. Let me see if I can handle it on various levels.

One, you could look at the macrolevel of the overall economy in terms of the aggregate performance of particular groups in the labor market. I think it is true that we have had on the one hand a large investment of money in helping people to get jobs.

On the other hand, we have had a decline in the unemployment rate to its present level of 3.3 percent. More significantly, we have had a marked decline in the unemployment of adult males who come to the labor market with certain educational deficiencies and a record of broken employment and a record of poverty.

I know it is dangerous to relate correlation with causation. As I told some people on my staff, the best correlation I ever saw was a study relating beer consumption in Milwaukee with trade union membership in New Zealand. That is a trick that statistics professors use to show correlation does not mean causation.

In other words, you just get two series of events and they seem to be related, but unless you can find some commonsense basis for showing that as you get more union members in New Zealand you get more beer consumption in Milwaukee, you had better forget it.

Mr. FLOOD. The theory of proximate causation.

Mr. WEBER. I would say distant causation. But in the case of relating manpower programs to what is happening to employment on a national level with respect to particular groups in the labor force, it does seem to be this notion of proximate causation.

It is true I think, Mr. Chairman, we now have the lowest unemployment rate we have had in this country since 1954.

Mr. FLOOD. It makes me ask you this next question.

This same analysis I talked to you about before, in the President's budget, indicates federally supported training programs will involve 2 million people in 1970. Should that not put a large dent in unemployment?

Mr. WEBER. Is that 2 million?

Mr. FLOOD. Two million bodies.

UNEMPLOYMENT AMONG NEGRO TEENAGERS

Mr. WEBER. Yes indeed; it certainly should. But as the Secretary indicated, somewhere we are not hitting the group which has turned out to be the most troublesome, and that is the youth unemployment.

As he indicated, the unemployment of Negro teenagers has been running at about the 25- to 26-percent level.

Mr. FLOOD. Our old friend Dan Moynihan—did you see that Evans and Novak program on February 2?

Mr. WEBER. No.

Mr. FLOOD. This is a quotation allegedly from Dan. "Negro teenagers in America have an unemployment rate of 30 percent."

He says that is a social outrage and he said no dictatorship would ever allow it. You may have heard or read about that.

What do you think? He said no dictatorship would allow anything like that.

Mr. WEBER. He is probably right.

You are asking me what do I think about it and what are we going to try to do about it?

Mr. FLOOD. But you agree first?

Mr. WEBER. I do think it is outrageous. But I do think in a sense it can be misleading to take that 30-percent figure and say that is the figure we have to work with in terms of manpower programs, remembering the caveat that I introduced that manpower programs cannot solve all problems.

First of all, what you want to look at is the distribution of Negro unemployment by age and compare it to the total population and that will give you some indication of the number of kids that count as unemployed because they are not in school. If you say they are not in school——

Mr. FLOOD. Do you bring in the underemployed rather than the unemployed?

Mr. WEBER. I would say it is unemployed although I will have some words to say about the underemployed concept in just a minute.

Say for example if the dropout rate for Negro teenagers is X percent and for whites it is Y percent and the Y is significantly less than X, then you could say somehow it might be a deficiency of the education system and that manpower programs really are not the vehicle for dealing with that problem.

Too, on the underemployment notion, and it is part of this romanticization of the ghetto we find in so much of our literature, books like "Haley's Corner."

Mr. FLOOD. Romanticization?

Mr. WEBER. Let me explain.

You read these studies and they say you cannot get these kids jobs because they are out doing something called hustling. You and I

from our vantage point say it is really engaging in illicit activities that give them income which is greater than they could get if they pursued a normal job. So some of them are employed but their employment never counts as such because they are engaged in illicit activities.

If you read some of these accounts, it almost makes it romantic. That is what I am saying. Sort of like the proletarian novels you used to read in the thirties where it was romantic for the worker to suffer.

Mr. FLOOD. I was concerned then only with the question of semantics.

Mr. WEBER. I hope I have amplified it. Probably I have amplified it too much for my own good, but there is that question involved.

ROLE OF TRADE UNIONS

Mr. FLOOD. What about unions? What part do they play in this manpower program? What are they doing they should not be doing and what are they not doing they should be doing?

Mr. WEBER. Unions as major institutions in the labor market should play an important role in the manpower area, and indeed they do without it being designated as such.

First, there are our friends in the craft unions. What the craft unions really embody is the whole set of induction procedures, recruiting, training, and upward mobility to the journeyman level and in many unions, as you know, up to the managerial level. You cannot become a superintendent unless you have gone through certain qualifications.

In the industrial union a system of seniority is a system which really specifies a system of upgrading and promotion. When they drew up these seniority clauses and provisions governing probationary employment, they were not thinking of developing a manpower program; they were thinking of developing provisions to give workers security in their jobs. But it is really a manpower program. Some of them become counterproductive in terms of achieving manpower goals.

For example, my father was a journeyman craftsman of Local 3 of the Electrical Workers in New York, and when I came of age I could have elected to realize my birthright, which was an apprenticeship in that union. They have changed. It used to be the sons of members had a presumptive right to take the apprenticeship. They have changed. They now have various programs of outreach, a program called LEAP, one of those acronyms. It is designed to go out into the community to other people who have no knowledge of such an opportunity and bring them in.

Many industrial unions are now changing their provisions for probationary employees so they can bring some new people into some of these jobs. A period of probation could be longer, because if an employer says I have to decide in 30 days to keep this man or not, and that is really not long enough for the employer to determine if the man will "cut the mustard," he just might take the fellow or drop him out. Similarly, the Manpower Administration has funded something as an experimental and demonstration project called HRDI, which is Human Resources Development Institute. This is essentially a program by which the labor movement places its own manpower specialists in 50 major cities to work with their unions in a constructive way in an effort to get them involved in the entire manpower area.

So I think unions are very important. And beyond that you obviously know, sir, that certain unions like the Carpenters and the Operating Engineers have been actively involved in the administration of the Job Corps installations, the Operating Engineers having two of them.

JOBS PROGRAM FUNDING SPLIT BETWEEN OEO AND LABOR DEPARTMENT

Mr. FLOOD. And doing a good job.

Why is the funding of the JOBS program split between your shop and OEO?

Mr. WEBER. I do not know whether I could give the answer to that.

Here is my understanding of it. I asked that question and you know you do not always get a satisfactory answer.

Mr. FLOOD. Sure. I probably will not get one now.

Mr. WEBER. We can share my ignorance anyway.

We have under the MDTA certain basic programs which we want to operate. These are the MDTA institutional and regular OJT programs which have dealt to a lesser extent historically with the disadvantaged, although there has been more movement in that direction.

Mr. FLOOD. In what other programs is the funding split?

Mr. WEBER. CEP is split. So we took our basic requirements in terms of OJT and MDTA institutional, accepted some ceiling on what we could ask for in aggregate, and the difference between them is the amount we could put into JOBS.

In fact, some of the JOBS appropriation is really a special budgetary appropriation of MDTA/OJT.

DIFFERENCE BETWEEN JOBS PROGRAM AND MDTA/OJT

Mr. FLOOD. How does the JOBS program differ from the MDTA on-the-job training program?

Mr. WEBER. MDTA/OJT involves bringing a person in who does not have a job and where there is no guarantee of a job. He is trained on a worksite. He gets remedial education and various inputs of that nature. At the end of the training he may get a job. The proportion of those who have completed and gotten jobs is reasonably high. In the regular OJT, the vehicle is to move people into a plant without any basic guarantee of a job. The JOBS program, on the other hand, adheres to the concept of instant jobs. You bring a man on. He has a job. He knows it is a real job. He knows he is going to stay with that if he can perform effectively. The supportive services are then part of not a preliminary process of moving him up, but keeping him on the job.

Bob Brown, who is our expert on this, might want to amplify my comments.

Mr. BROWN. The Assistant Secretary has discussed what we call a coupled OJT program. The other major differences, I think, between the OJT program and the JOBS program are the characteristics of the individuals involved. In the main the OJT program has been hitting a higher level program. The JOBS program has been aimed at the hard core.

Mr. WEBER. The OJT program historically has been a device where you have had so-called creaming, that is, you take out the best of the bunch and they move in. They are almost job ready.

APPROPRIATION LANGUAGE LIMITING PAYMENTS TO TRAINEES

Mr. FLOOD. Why are you proposing to delete language in last year's appropriation act which places a ceiling on payments to trainees? Why should trainees be paid more than those who are already working in a particular field or area?

Mr. WEBER. Mr. Miller, do you want to explain that?

Mr. FLOOD. A lot of people ask about that. When this bill goes on floor, somebody will raise this issue.

Mr. WEBER. Mr. Kolberg will answer this one.

Mr. KOLBERG. I cannot answer it.

Mr. MICHEL. This is a hot issue. As the chairman points out we will be questioned on this when we take this thing to the floor and do battle for you.

Mr. MILLER. The language that is proposed for deletion is the so-called Holland amendment that was, I believe, introduced in the Senate last year when they were considering the appropriation. It was aimed, as I understand it, at trying to bring the programs into a position where they will pick up more people in the lower paid occupations, such as exist in some service industries. The administration was faced with the problem of wanting to get the most people into the most jobs at the highest possible salary.

Mr. FLOOD. Senator Holland proposed it in the Senate, but the House Members agreed to it very readily in conference.

Mr. MILLER. The administration felt in proposing this deletion that the same end could be met without the legal restrictions of the language; that by the use of the administrative capabilities available, we could get to the people who needed to be reached. The language is not, in our understanding, as clear as it ought to be. It would be awfully difficult language to write to be completely clear. So we propose it for deletion, and have as a part of the budget justification a brief explanation of the proposed change.

Mr. FLOOD. You also have in your justifications, and I will quote from them: "The provisions of the present language will result in difficulty in recruiting disadvantaged individuals." That is what you you say. What difficulties have you encountered?

Mr. WEBER. You mentioned one of the things about dealing with CEP's. Can you raise the wages? The feeling is that if you offer wages that are too low, you just won't attract the people.

Mr. FLOOD. You said that before, yes.

Mr. BROWN. Essentially, that is what the amendment is aimed at. It is aimed at trying to get the Department to offer training programs for jobs that will begin when the enrollee first enters the job at a rate below $1.60 per hour. The history prior to last year, that Senator Holland I am sure was working with, was that the Department had not had training programs available for trainees who wanted to enter jobs at $1.30 per hour. That was the major problem. We were not concerned so much about the dollars per hour at all. The real reason the trainees were not interested in entering a training program for wages at that level is the play of the marketplace, as the Assistant Secretary has referred to. That does not attract the people.

The Department is now faced with this admonition in the appropriation language that we are in a way really forced to try to have some programs available, even though we do not have participants. So, it is difficult to work with. We do not want to appear not to be going along with the legislation, but in fact the clients really make that decision. It is just not attractive enough to go through a training program for $1.30 per hour.

NEED FOR PROPOSED BUDGET INCREASES IN JOBS AND CEP PROGRAMS

Mr. FLOOD. I never cease to be surprised how intelligent your answers are sometimes. I am sure that is right.

Mr. Secretary, how about this one? The main part of your requested increase is $192,050,000 for the JOBS program, and $73,200,000 for the CEP, concentrated employment program. You spoke well and eloquently about them both for an hour. What would happen if Congress suddenly decided, as it sometimes suddenly decides things, that it is more important to cut expenditures, to curb inflation, than to have either program? You hear a lot of talk around here about cutting expenditures and curbing inflation.

Mr. WEBER. I think that is right, and decisions are made at the top executive level concerning how you deal with this problem of inflation, maintaining a satisfactory fiscal level, and also dealing with basic social problems.

Without passing judgment on whether the JOBS program and the CEP program can be improved, I think there are certain questions, particularly about the CEP. It is clear as you look at what is happening in the United States, we have made a commitment as a nation through the Congress and through the executive branch for the first time to engage in concerted activities which are aimed at bringing people who have up to now been denied the bounty of the American system, into that system in a meaningful way. We are not saying negative income tax. We all concede the welfare system really has not been the answer. We are saying the way you bring large numbers of people into the system is by providing them with jobs, which give them income and status and which help them to relate to the other institutions that you and I think are important.

I do not want you to think that I am braying over a relatively unimportant thing, but clearly the JOBS program and the CEP program, as you look over this budget, represent the Manpower Administration's major commitment to that national goal, and to the extent that we diminish the amount of resources committed in that direction, we will make it more difficult to achieve that goal.

COST OF MAINTAINING CURRENT PROGRAM LEVEL

Mr. FLOOD. How much would it cost just to maintain these two programs in fiscal year 1970 at the current level?

Mr. WEBER. The CEP program is really a maintenance of effort with a $73 million increase. As I indicated earlier, you have the CEP funded at different points in time. We would just be keeping that up to date.

The JOBS program, I guess, in terms of previous levels, provides for an increase of approximately $200 million.

COST PER PERSON IN JOBS PROGRAM

Mr. FLOOD. Specifically, what costs are borne by the Federal Government in the $200 million JOBS program?

Mr. WEBER. It is on a per-head basis, as you know, sir. There are two elements to the cost. One is the support cost, of which we have some in our Office of Manpower Administrator, Salaries and Expenses budget, in which we are asking for 20 more people. Then there is the actual cost of the contractor, which has been running something like $3,000 a head.

Mr. FLOOD. To the contractor?

Mr. WEBER. Yes.

Mr. FLOOD. Is that good or bad?

Mr. WEBER. Again, compared to what?

Mr. MICHEL. What is the high and the low?

Mr. BROWN. It runs from about $1,500 all the way up to $5,000. It varies with the job. It is $500 below the projected average of last year.

Mr. WEBER. The projected average was $3,500. We are now running slightly under $3,000. We feel as we get our administrative procedures in order we can put a little more pressure on that.

Mr. FLOOD. How long does this Government subsidy continue for one man?

Mr. WEBER. For 1 year.

Mr. MICHEL. There are no 2-year programs?

Mr. BROWN. Not in the JOBS program.

Mr. FLOOD. Does that satisfy you?

Mr. BROWN. Very definitely.

Mr. MICHEL. There is no 24-month program?

Mr. BROWN. We have a 24-month contract with the firm, but the individual trainee, 1 year.

COMPREHENSIVE MANPOWER PLANNING PROGRAM

Mr. FLOOD. Suppose you give us a little detail on why you need to treble the comprehensive manpower planning program. You go from $8,725,000 this year to $33,979,000 for 1970.

Mr. WEBER. That is CAMPS.

Mr. FLOOD. Somebody has to say on the record what it is once in a while.

Mr. WEBER. CAMPS, as you know, is the device that we use to try to develop comprehensive planning as a preliminary to having a comprehensive delivery system.

Mr. FLOOD. I did not ask you that. Why does it triple?

Mr. WEBER. The $34 million provides for the CAMPS program as well as for a labor market information system and a technical assistance program authorized in the 1968 MDTA amendments. Because up to this point we do not have enough staff resources really to give some validity to this notion of promoting——

Mr. FLOOD. What makes you think mere dollars will get you competent people? Mere dollars will not do that.

Mr. WEBER. You are exactly right. They say money does not buy happiness, but it permits you to pick your own form of misery. In this case we obviously cannot get the people unless we have the money.

Mr. FLOOD. Can you get them if you do get the money?

Mr. WEBER. We hope so.

Mr. FLOOD. Do you think so?

Mr. WEBER. I do. I was just going to relate this to another part of our program. Under our research program we have funded manpower centers in seven universities. The idea there was to build up curriculums, faculty, and student interest in this area. I think for the first time—and I can speak with some credence, having come from a university—you are getting people coming out saying they are manpower specialists, the same way 10 years ago you had people coming out as industrial relations specialists.

For example, in Mr. Smith's State, Iowa, it is interesting to note when they set up the Iowa Manpower Council, the director was a fellow by the name of Ed Jacobowski, who graduated with a Ph. D. in the manpower area from the University of Wisconsin. Ten years ago you could not have found a man with this special training and interest. So, I would be hopeful.

Mr. FLOOD. Who is concerned in your shop with producing these technicians? How will you keep this crop coming along? Is there a field for this? Are many people interested in it?

Mr. WEBER. Yes, there is. I guess it is Bill Kolberg.

Mr. FLOOD. Men and women?

Mr. WEBER. Men and women.

Mr. FLOOD. This is not a male club, is it?

Mr. WEBER. No, not that I am aware of.

Mr. FLOOD. Mr. Shriver?

EFFECT OF INCREASES IN JOBS AND CEP ON OTHER TRAINING PROGRAMS

Mr. SHRIVER. I note a total increase of $265 million in the job opportunities in the business sector and the concentrated employment program, which reflects increased emphasis on these approaches. I see no corresponding decrease in the other ongoing programs. The increased emphasis on these programs, it seems to me, should be accompanied by a decrease in the others.

Mr. WEBER. There is a slight decrease in the appropriation requested for the part-time group. That is something like $11.4 million. Beyond that, the remaining component is MDTA institutional and MDTA/OJT. We think it important to maintain considerable support in this area because of the other aspects of the manpower program which the Secretary indicated was important; that is, the contribution to the general economic health of the Nation.

One of the problems we are dealing with is the problem of inflation. To the extent MDTA institutional and OJT tend to deal with the better people who already have some history of labor market attachment, tend to deal with skills in which shortages currently exist, we think this will make some contribution to working with this very difficult problem of maintaining full employment without inflation.

This, sir, is without overselling it. But to the extent it will provide machinists, draftsmen, and people for other so-called bottleneck occupations, it will make a significant contribution in that direction.

Mr. SHRIVER. Maybe you have been asked this, but would you provide for the record a dollar breakdown for fiscal 1970 of the various

business-Government partnership programs listed on page 14 of the justification?

Mr. WEBER. Yes, sir.

Mr. SHRIVER. And state on which of these programs the highest emphasis or priority will be placed.

(The information follows:)

BUSINESS-GOVERNMENT PARTNERSHIP PROGRAMS (AS SHOWN ON PAGE MDTA-14 OF THE MDTA BUDGET)

In 1970 the business-Government partnership programs listed on page MDTA-14 will be funded through the job opportunities in the business sector program (JOBS) under the sponsorship of the National Alliance of Businessmen. Preliminary to the job opportunities in the business sector program, a series of pilot programs namely the MA-1, MA-2, and test cities were included as a part of the overall business-Government partnership program design. Although these programs differed in composition they were all concerned with the best ways of enlisting the resources of private industry toward helping to ease the critical problem of the hard-core unemployed.

Under the sponsorship of the National Alliance of Businessmen, which began in March 1968, these intial pilot programs, plus the MA-3, and MA-4 contracting efforts grew into what is now known as the job opportunities in the business sector program. In addition, the special impact program administered by the manpower administration was included as part of the total overall job opportunities in the business sector effort.

In 1970, the various components which now comprise the job opportunities in the business sector program will all be funded through contracts promoted by the National Alliance of Businessmen and funded by the manpower administration. The special impact program will not be part of the 1970 job opportunities in the business sector program.

MIXING OF OEO AND LABOR DEPARTMENT FUNDS

Mr. SHRIVER. On page 16 of the justifications it is stated that the JOBS program has been funded entirely from OEO funds during the first half of 1969, and will be funded from your funds during the remainder of the fiscal year. Are these funds totally mixed?

Mr. WEBER. Mr. Brown can supply the answer to that.

Mr. BROWN. It is simply a question of making a judgment in terms of which project you fund first because of the kinds of money you have available. OEO money happens to be 1-year money. MDTA money happens to be 2-year money. It made sense to us to first obligate the 1-year money and then move on to the 2-year money in the event something would happen to the program through the fiscal year.

As a matter of fact, we are going to have a much greater demand than we have funds, anyway, so we could have gone the other way around.

Mr. SHRIVER. Should that not be eliminated to make it one?

Mr. BROWN. The Assistant Secretary tried to answer that. I cannot really think of any major reason why it could not all be included within the MDTA appropriation. I suppose if you were to put it all in the OEO appropriation, one would be concerned about the upgrading possibilities.

Mr. SHRIVER. In describing the concentrated employment program on page 18, you state these projects are tailor made to meet the needs of the local communities through the use of one coordinated agency sponsor, frequently the local community action program.

Are you still experiencing difficulty in some localities between these agencies and the public employment offices?

Mr. WEBER. Yes.

Mr. SHRIVER. What is being done about eliminating that?

Mr. WEBER. We are giving our attention to specifically what the problems are and the apparent advantages of each group. For example, the public employment service obviously has a certain comparative advantage in carrying out placement functions, but might have a lesser advantage in carrying out certain orientation functions. What we would hope to do would be to work with the OEO people and to work with our State agencies to identify the problems and to move ahead in terms of developing policies by which we might handle them on a constructive basis.

RESPONSIBILITY FOR PRIDE

Mr. SHRIVER. Which of your offices has oversight responsibility for the project called Pride here in Washington?

Mr. WEBER. That has a rather elaborate history.

Mr. FLOOD. You said so; he didn't.

Mr. WEBER. I use that term advisedly. The Manpower Administration as such does not have responsibility for Pride. It is my understanding that Pride, from its inception, was administered right out of the Secretary's Office. This reflected, I am told, former Secretary Wirts' desire to do something of a very experimental nature—he maintained a personal interest in it—and to relate to the community in which he lived and worked; that is, Washington, D.C. So, Pride was essentially administered and still is at this point administered out of the Secretary's Office. The point of contact is the Secretary himself and his executive assistant and two staff persons who are assigned as liaison.

We have that matter under review. It is our intention to move Pride into an administrative arrangement which we feel will be able to give it greater technical support and monitoring assistance. So, the intention, although it has not been fully implemented at this moment, is to move the responsibility for Pride out of the Secretary's Office.

Mr. SHRIVER. There is a report being prepared by the GAO.

Mr. WEBER. It has been prepared. It was brought to our attention. It included certain allegations concerning financial practices and personnel practices. An auditing team from Assistant Secretary Wertz' office did go into that situation to do a preliminary audit in order to determine the validity of some of the allegations in the GAO report. Their report indicated some of these allegations were probably true, but it could not make a definitive finding on Pride pending an in-depth audit, which will be subsequently carried out.

DESIGNATION OF CEP AREAS

Mr. SHRIVER. I notice on page 28 of the justifications that Kansas is not one of the States which is participating in the concentrated employment program in fiscal 1969. Would that State benefit from the proposed expansion of this program in fiscal 1970?

Mr. WEBER. I cannot give you a direct answer to that. The 82 CEP's, concentrated employment program areas were already designated at the time this administration came into office. The present arrangement provides for refunding of those 82 without any net

addition. However, there is some likelihood that some of them will be discontinued because they never got off the ground or for some other reason.

Mr. SHRIVER. Is there some magic to the number 82?

Mr. WEBER. No, sir. It is my understanding—and I asked this question—the way they arrived at 82 was that they looked at the appropriation, the funds available for this, and made some estimate of the funds necessary for each CEP, and they divided one into the other and ultimately came up with 82.

Mr. SHRIVER. You are asking for additional funds. If that is the method that is used, there would be expansion into other States, or at least the possibility of it.

Mr. WEBER. Of course, the philosophy of CEP is to tie the program to areas which have the greatest concentration of unemployment, so I guess one of the inferences we can draw is that things are pretty good in Kansas, or at least that they do not have areas of dense unemployment.

VOLUNTARY PROGRAMS IN PRIVATE INDUSTRY

Mr. SHRIVER. Some of the aircraft companies on their own, on a voluntary basis, are participating in the program. I know the Beech Aircraft Corp., of my home city of Wichita, Kans., in a joint effort with Goodwill Industries, is providing equipment and qualified supervisors in a subcontract program for Goodwill to employ certified hard core unemployed people and to develop these people's skills to a level at which they can perform satisfactorily as regular employees in industries in my city. The Beech company underwrites all the production costs, even though the cost per unit of production is quite high. This requires no support from the Federal Government.

Mr. WEBER. It is true that the aerospace industry has been very active in doing things on its own intitiative.

Mr. SHRIVER. What other ways could this kind of voluntary effort be expanded, and what experience do you know of in other places in the country where, without Government funds, this problem of hard core unemployment has been worked on?

Mr. WEBER. In the automobile industry, of course, it is an interesting difference that Chrysler has generally gone the on-the-job route in terms of negotiating specific contracts. They have been very effective, I understand, in terms of their performance.

On the other hand, is it not correct, Bob, that Ford does not have any JOBS contract, and on a voluntary basis has moved into this area? Similarly, as the Secretary indicated, the telephone company on their own initiative—I suppose this represents their posture as a public utility, a public service enterprise—has been very active in this area.

Like everything else, I guess it depends on the quality and the interest of the chief executive. It is always a very important factor whether he sees it as a problem to which the company should respond.

Another thing that is clearly important is the competitive status of the industry. If you are in an industry which is really marked by bedrock competition, what the textbooks call predatory competition, and costs are pushed right down to the nub in order to meet the market test, you are probably less likely to find willing sponsors. If you are in a monopolistic industry where there are few competitors and you

have a little more discretion, you might take that avenue, and apparently many of these companies often do.

MAINTENANCE OF BUREAU OF APPRENTICESHIP AND TRAINING AS SEPARATE ENTITY

Mr. SHRIVER. You are proposing to combine the U.S. Employment Service and the bureau of work training programs.

That seems to make sense. Why not include the Bureau of Apprenticeship and Training in this?

Mr. WEBER. We feel the Bureau of Apprenticeship and Training no longer has direct program responsibility in the field with respect to JOBS and OJT and the various MDTA components. There was a time when it was responsible for OJT, as you know. Apparently that did not work out. So, the Bureau of Apprenticeship and Training reflects an interest in a particular statute. It enjoys close and continuing relationships with the trade unions, which of course are the primary vehicle for moving ahead in apprenticeship training including much of the activity of program development, but not direct program implementation and promotion. So we feel there is considerable advantage in maintaining the Bureau of Apprenticeship and Training as a separate entity—this is responsive to the Chairman's question—as a way of maintaining direct contact with the union movement by trying to relate some of our other programs to the preapprenticeship effort.

Mr. SHRIVER. I believe that is all, Mr. Chairman. Thank you.

Mr. FLOOD. Mr. Smith?

GUARANTEE OF A JOB AT END OF TRAINING PERIOD

Mr. SMITH. Mr. Weber, maybe I did not understand your response correctly concerning the manpower training program, especially as relates to OJT. Did I understand you to indicate that people are being trained in on-the-job training for which jobs do not exist at the end of the training period?

Mr. WEBER. No, sir. The jobs exist, but there is not the guarantee of a job. In other words, with respect to the basic MDTA program, it is my understanding that there is always an underlying survey of the labor market to determine that a shortage exists in the area.

Mr. SMITH. In fact, when this program was developed, I was on the subcommittee that developed it. The real author of it was Elmer Holland, now deceased. It is his brainchild. He is the one who really started the program. One of the great fears expressed that certainly everyone shared was that somebody would be trained for whom no job existed at the end of that period and he would get discouraged and his friends would then also be discouraged. They are supposed to be training people only for jobs, and they are almost guaranteed of getting jobs.

Mr. WEBER. The record would tend to support your statement. Approximately 90 percent of the people who enroll in the OJT component are placed in jobs. The guarantee is not there in the very beginning, but there is a very high expectation.

TRAINING OF FARMWORKERS

Mr. SMITH. One thing that actually runs counter to this is the constant applications or flow of applications or proposals to train farmworkers. Everybody knows we have a constant reduction in the number of farms and an exodus of skilled farmers from agriculture. If they pay the wage they can get, say, in John Deere or someplace else, they should get a farmworker or at least the people skilled in that type work are not in short supply.

Mr. BROWN. A very high percentage of the existing programs are involved in training farmworkers as a reflection of the industry.

Mr. SMITH. Under that law, could they find that there is a shortage of that kind of workers.

Mr. WEBER. Congressman, there is one other element that I think should be introduced so we do not write off the agricultural and farmworker area as a potential site for training, and that is the whole process of mechanization of farming in the harvest operation. For example, as you know, the cotton harvest used to be largely manual. Now it is almost 100 percent mechanical. Out in California, the tomato harvest, which 5 years ago was almost exclusively manual, I understand is now somewhere between 25 and 50 percent mechanical when they move one of these big machines through.

That means, of course, that the whole complex of skills associated with agricultural operation has been changed. They have machine operators, maintenance people, and people requiring a lot more sophisticated skills and agile hands than in the previous situation.

Mr. SMITH. I almost challenge you to find me a case where they cannot get a competent operator for that machine if they will pay the same price that the factory in town pays for an operator of a machine of that kind.

Mr. WEBER. I agree that they have to meet the same tests.

Mr. SMITH. What some want to do is to get somebody highly skilled for $1.50 an hour to operate a $15,000 machine.

Mr. WEBER. All I am suggesting is that there have been certain technological changes in agriculture which have served to upgrade the skill, so we have to look at them in the same light we look at anybody else. The danger you raise is applicable to a plant as well as to a farm.

Mr. SMITH. Also, in the development of that law, as I recollect, we even put a quota in there of young people, so all the trainees would not necessarily be people who were automated out.

Mr. WEBER. I believe it was 25 percent.

Mr. GOODWIN. It worked the other way. It is a limitation on youth.

Mr. WEBER. In fact, at this point I understand our enrollment is outrunning that limitation because of the difficulty of controlling it in the aggregate by controlling it in particular cases.

Mr. SMITH. This involves a desire, if they could, to help people who had families to support, so the whole family was involved including the children being brought up in poor circumstances.

INCREASE IN OFFICE OF MANPOWER ADMINISTRATOR

I noticed in your request for the manpower development and training activities the increase proposed is 27 percent, but the Office

of Manpower Administrator, salaries and expenses, on a dollar basis is up 43 percent.

Mr. WEBER. Yes, sir.

Mr. SMITH. The total Manpower Administration proposal represent a 50-percent increase.

When you get over to pertinent positions under personnel, the figure is quite comparable. On average number of employees, there is a 56-percent increase.

What is the reason for having, you might say, the top of the scale increase so much greater than program activities? It seems to me after a program is going and you increase the activities, you would not increase the management costs relatively as much.

Mr. WEBER. Let me make a first stab at this, and then some of the persons here who are experts in this art can amplify it.

Essentially, I understand what was done during 1968 was to take the personnel in the appropriation that were associated with various other manpower programs and move them into the Office of the Manpower Administrator salaries and expenses budget. What we have is effectively a comparative transfer of people who are in various functions now brought administratively into the Office of the Manpower Administrator.

Mr. SMITH. As I understand, you are reimbursed from OEO for the positions I am talking about.

Mr. WEBER. Are you talking about the 500?

Mr. SMITH. I am talking about the Office of Manpower Administration, Salaries and Expenses. Then we go over here to the personnel summary.

Mr. WEBER. There were several functions that were consolidated out of the bureaus into the Office of the Manpower Administrator. That was in the financial management area, the public information area, and in the management reporting and data systems. They were in the various bureaus. There was a consolidation setting up a Public Information Office and setting up a Management Data Systems Office and establishing a consolidated Office of Management Services.

Mr. SMITH. That was not being done in OEO, was it?

Mr. WEBER. No.

Mr. MILLER. I will take another cut at it. We can put more detail in the record, if you like, Mr. Congressman.

The figure from which you are working, the 1969 appropriation of $26.7 million, has been subjected to a number of budgetary adjustments to reflect organizational change.

Mr. SMITH. Downward or upward?

Mr. MILLER. Upward. If you put the 1969 appropriation on the same basis as the 1970 proposal, to reflect the same organizations, you will find you have an increase, as detailed on page OMA–4, of $1,357,000, which brings the percentage down quite considerably.

Mr. SMITH. Is there a table that shows the ongoing program levels? That one does not really show exactly what you are proposing to do compared to ongoing programs, does it?

Mr. MILLER. That shows merely the difference. If you flip back to page OMA–3 preceding that, it starts at the top of the page with the basic appropriation of $26.7 million. Then there is a very long column of adjustments. These are the bits and pieces that run that base appropriation up to $37.1 million, for comparative purposes.

Mr. SMITH. So, the $37.052 million is compared to the $38.4 million?

Mr. WEBER. That is correct. So the actual addition on a comparative basis is 53 positions, which translates into $1.3 million.

Mr. SMITH. Where in your budget do you reduce the programs from which you transferred these people?

Mr. MILLER. The reductions are in the same budgets that are identified in this list.

Mr. SMITH. You did subtract from their budgets?

Mr. MILLER. Yes, sir. This is no increase in the total budget. Wherever we have an increase here, there is an offsetting decrease in the other budget.

Mr. WEBER. There is a table consolidating that, is there not? It consolidates all the subtractions.

Mr. MILLER. For example, if you look at BAT–5, you find an offsetting reduction to the first item, in the upper half of the page, the fifth item down.

Mr. SMITH. I will study it a little more later, then.

As a rule, would you not be able, as you increase manpower activities, to make a smaller percentage increase in management costs?

Mr. WEBER. I think we have in the sense that the management costs increased by $1 million over $37 million, which is 3 percent; and in the intervening period we have had all these JOBS contracts, 700 of them, and an expansion is proposed, as the Secretary indicated, which will involve maybe 50 or 75 more cities and certainly more contracts. We are asking for only 20 more people, in effect, to support the expansion of the JOBS program.

Beyond that, there is an additional increase requested of 33 people associated with reporting and data systems. I guess I would share my predecessor's strong belief that this is money well spent; that up to this point our reporting system has been in a state of disarray. If the Congress asks us or we ask ourselves what are the characteristics of the CEP enrollees, what is happening to them, what are the danger points in terms of performance which will alert us that a problem is there, and we have to bring some managerial capability to it, the money for the 33 people will be well spent. This is something we are just starting on.

PROPOSED CHANGES IN 1970 BUDGET ESTIMATES

Mr. SMITH. I assume you are proposing, as well as decreases in some items, increases in some others.

Mr. WEBER. Personnel items, sir?

Mr. SMITH. In the budget as a whole.

Mr. WEBER. Yes, sir. Of course, the net is a sizable increase associated with the refunding of the concentrated employment program and with the expansion of the JOBS program. One significant decrease is the reduction of $11.4 million in the part-time and other component of the MDTA program.

BUDGET REVIEW

Mr. SMITH. Regarding these figures you do not have here yet, are you proposing increases in some items, I assume, as well as decreases in others.

Mr. WEBER. Obviously, I could not talk to that directly, but we would hope to maintain the same ceiling.

Mr. FLOOD. Is that what you fellows call a realignment of priorities? That is a wonderful term.

Mr. SMITH. It is always easy to decrease in a mark-up, but harder to make increases you have not presented or justified here.

Mr. WEBER. I would be very pleased to appear before this committed again in the event changes which you view are significant come out of this review process.

Mr. SMITH. That is all I have, Mr. Chairman.

Mr. FLOOD. Mrs. Reid?

CHANGES IN NEIGHBORHOOD YOUTH CORPS

Mrs. REID. Thank you, Mr. Chairman.

Mr. Secretary, you mentioned that there is a need for redesign of the Neighborhood Youth Corps program, Operation Mainstream, and New Careers. Did you say this because of cost factors or performance of the programs?

Mr. WEBER. I think, Congressman, my earlier comments were directed specifically to NYC. I did not have anything to say at that point about Operation Mainstream and New Careers.

With respect to NYC, there are, of course, two major components—the in-school summer program, which involves $171 million in fiscal 1969, which is a great deal of money; and the out-of-school year-round program. I have two comments to make with respect to both those subcategories of NYC.

With respect to the NYC summer program, it seems to us that greater effort could be made to enrich these programs. As they are conducted now, they are essentially broadly work experience, that is, getting a teenager on some job. It might be cutting grass. It might be more or less meaningful. Really, it is providing transfer income. Very limited attention has been given to matters such as counseling, getting a better distribution of jobs, the simple expedient of rotating NYC trainees during the course of the summer on different jobs so they can get a wider exposure, such as linking it to remedial education, some classroom work.

Another problem with the summer NYC and the out-of-school program, it seems to me, is that it tends to treat everybody the same. You have to understand the out-of-school program includes people from 14 to 21, and the problem of a 14-year-old who has dropped out and that of a 19-year-old who has not completed high school are quite different. We should concentrate in the 14-to-17-year-old group on getting them back in school, but with respect to the 18-to-21 group, it is unlikely you are going to get them back into school without changing anything. We would hope that that component of the program could be changed or, rather, that group could be better related to some of the problems which are oriented toward specific jobs. We feel it important to try to discriminate with respect to the need and status of the different groups which are now served in broader programs.

UNIT COSTS IN JOBS, CEP, AND JOB CORPS PROGRAMS

Mrs. REID. Could you give us figures whereby you would compare the cost per trainee for those participating in the JOBS program, those in the CEP, and then with similar costs per trainee in the Job Corps program?

Mr. WEBER. Yes, we can do that. I will give you an offhand estimate. In JOBS it is $3,000. In CEP, I believe it is budgeted at $1,400. It is my understanding that the Job Corps is now running around $6,000 per trainee. Again, you have to take into account the different groups that you are dealing with in each of these programs. It is really a matter of the bang for the buck, given the nature of the client group' but we will provide that for the record.

(The information follows:)

UNIT COSTS—JOBS CEP AND JOB CORPS PROGRAMS FISCAL YEAR 1970

	Number of trainees	NOA	Unit cos
JOBS	140,000	$420,000,000	$3,000
CEP	170,000	238,000,000	1,400
Job Corps	105,000	283,500,000	[1] 2,700

[1] On a man-year basis the unit cost would be approximately $6,000 per man-year.

PROTECTION OF PRIVACY

Mrs. REID. In connection with your request for additional staff positions, you say you will install a central data bank to collect information on training experience and employment. I receive quite a lot of mail from people in my district showing great concern for the privacy of the individual. Will this central bank have adequate safeguards in this regard?

Mr. WEBER. I should hope so. Maybe Mr. Miller can answer more directly.

Mr. MILLER. The additional jobs which we are requesting, 33 positions, are merely to handle the normal amount of information that will be reported up through our various systems. The information, by and large, is there. This particular request is not tied to the job bank. We need to collect and handle more effectively the information that is available on the JOBS program and the CEP program where the information is generated and kept by the sponsors at the local level. It has not come up the line effectively for summarization and analysis. We are not talking about these 33 people dreaming up new questionnaires to send out to the public so they have additional Government reporting to do.

Mr. WEBER. In other words, Congressman, we feel that what we have to get is sufficiently noncontroversial as to cause no problems, but will permit us to manage better.

PARTICIPATION IN TRAINING PROGRAMS BY SMALL ENTERPRISES

Mrs. REID. One final question. You discussed to some extent the industries which have chosen to have programs on their own initiative.

Have you any figures at all showing the smaller industries which have gone into this? I know I have some in my district which have programs of their own.

Mr. WEBER. Mr. Brown probably can give you some information on that.

Mr. BROWN. In the JOBS program, to date we have some 6,000 participating firms in both the contract and noncontract part of the program. On the contract side of the program we are running about 50 percent small firms in terms of contracts. We are not at all satisfied that that is enough, because in the overall, in terms of numbers of trainees, it is a much smaller percentage. We will be making a much stronger effort to reach out and interest small industry in it.

Mr. WEBER. There are two ways. As we get into smaller cities, we will get into smaller enterprises. Beyond that, one of the devices that has been used to try to reach the smaller enterprises is the consortium. It is my understanding that this has been used widely, although there are several problems involved because you have to create a new legal entity in order to identify responsibility in this area. Some of our consortia projects have been troublesome in the administrative sense.

One of the things we have on the agenda for mutual consideration with the executive board and staff is refining our approach to consortia to permit more smaller firms to participate.

Mrs. REID. Thank you very much.

Mr. FLOOD. Mr. Casey?

ESTABLISHMENT OF BUSINESS CORPORATIONS TO CREATE JOBS

Mr. CASEY. Thank you, Mr. Chairman.

Last year we heard about the Department of Labor participating in the establishment of a plant in the Watts area.

Mr. SMITH. Bubble-Up?

Mr. WEBER. Bubble-Up.

Mr. CASEY. How has that worked out? Have you gotten your money's worth?

Mr. WEBER. May we go off the record on this?

Mr. FLOOD. Let's see. Let's go ahead and find out if it needs to be off the record.

Mr. WEBER. In response to your question, Mr. Casey, we do have responsibility for programs aimed at job creation through the establishment of plants. This is under section ID of the Economic Opportunity Act, and one of the cases in point is the Bubble-Up firm in Los Angeles. In connection with the administration and implementation of that contract, several problems have come to our attention. One is the location of the plant. That is, is it located in such a way as to serve the hard core? Two, has the company provided the number of jobs that was originally anticipated? (*Four sentences deleted.*) We are meeting with Mr. Harding and staff members of the OEO to determine what our next course of action should be.

Mr. FLOOD. I agree with you that the third point you discussed should not be in the record. We will delete it.

Mr. CASEY. Have you any others in mind? Is there another bubbling up someplace else?

Mr. WEBER. You mean with respect to ID?

Mr. CASEY. Yes.

Mr. WEBER. Sometimes I learn of this on the street. John, is there anything specific with respect to ID, the special impact program?

Mr. EKEBERG. There are none in contemplation that I am aware of. There is funding availability.

Mr. CASEY. Is this the only one in progress?

Mr. WEBER. No. There are 12.

Mr. CASEY. Have they been operating well?

Mr. WEBER. They are in process. The special impact programs have a long horizon because it involves providing jobs, moving some of the people into managerial positions, providing for equity capital on some sort of stock-sharing basis. That is over a long horizon.

We do have problems with some of the CEP's. One case in point is the one in East St. Louis, where there have been allegations of financial mismanagemt and inadequate training.

Mr. CASEY. Is the CEP program connected with ID?

Mr. WEBER. No.

Mr. CASEY. Let us stick with the ID projects. You have 10 others besides this one?

Mr. WEBER. Yes.

Mr. CASEY. They are in various stages of construction. None of them are yet in operation?

Mr. BROWN. Yes, a number of them are in operation.

BEDFORD-STUYVESANT PROJECT

Mr. EKEBERG. A number have been in operation. The so-called Bedford-Stuyvesant project in Brooklyn is in operation. It was funded in June 1967. It has received, I think, something on the order of three times more financial aid than others. I think the original funding was on the order of $7 million funded out of the 1967 appropriation. The other 10, including bubble-up, were funded out of the 1968 appropriation.

Mr. BROWN. 1967 and 1968.

Mr. CASEY. How long has the Bedford-Stuyvesant project been in operation? I am talking about the one for which you provided $7 million in New York.

Mr. EKEBERG. It has engaged in a wide variety of enterprises. It is somewhat unlike the others in that it is completely and solely concerned with one plant and the employees of that plant. I would say the largest single aspect of Bedford-Stuyvesant probably could be described as construction, something in the way of limited area renewal.

Mr. CASEY. Are you continuing to put money in it? You put $7 million in it and are quitting?

Mr. EKEBERG. It is scheduled to expire on June 30 of this year.

Mr. CASEY. Is this a corporation, a private corporation, nonprofit or profitmaking corporation?

Mr. EKEBERG. It is nonprofit.

Mr. BROWN. It is really a combination of a nonprofit community organization and a nonprofit business corporation where the largest businesses in New York City lent their top administrative talent to the restoration corporation. The business side of it is the restoration corporation. Then there is a Bedford-Stuyvesant community organization. They are trying to work together really to provide black entrepreneurship. Forty to fifty different specific contracts either have been developed or are in stage of being funded. There has been some urban renewal, which Mr. Ekeberg has talked about, in connection with actually going down, block by block, in the ghetto and refurbishing the outside of homes.

Mr. CASEY. How many jobs did you create by that, do you know?

Mr. BROWN. We know, but I would have to furnish that figure for the committee.

Mr. CASEY. Suppose you furnish us with the number of jobs you created with this particular project, and about what it cost.

(The information follows:)

BEDFORD-STUYVESANT PROJECT COMPREHENSIVE MANPOWER DEVELOPMENT PROGRAM OBLIGATIONS AND EMPLOYMENT OPPORTUNITIES FUNDED

Program component	Obligations	Job and training slots funded				
		Jobs	Work-training	On-job training	Opportunities industrialization center	Total
Economic development	$2,020,000	550	0	650	0	1,200
Facility development	2,333,230	200	75	0	0	275
Community rehabilitation	530,287	19	80	0	0	99
Home improvement	526,483	34	272	0	0	306
Comprehensive manpower	1,590,000	0	0	0	1,560	1,560
Total	7,000,000	803	427	650	1,560	3,440

SUMMARY OF SPECIAL IMPACT PROJECTS

Mr. CASEY. That is evidently a different type of operation than what you had in California about which you have some question. How about the other 10? Are they similar? Are they nonprofit organizations?

What I want to know is how many private firms are we participating in, in an endeavor to create jobs?

Mr. BROWN. Ten or 11. They are in various stages of either construction or just beginning production.

Mr. CASEY. I would like for the record a list of those, and what each of them manufactures, and the anticipated number of jobs and the amount we are putting into each one.

(The information follows:)

SPECIAL IMPACT CONTRACTS

Contractor	Address	Location	Number of employees	Federal obligations	Job categories and/or services
Fiscal year 1967: Bedford Stuyvesant Corp.	Brooklyn, N.Y.		3,440	$7,000,000	Economic and facility development, community rehabilitation, home improvement and comprehensive manpower services.
Fiscal year 1968:					
A&E Plastik Pak Co., Inc.	Post Office Box 21187, Market Station, Los Angeles, Calif.	Proctor Ave.	335	1,000,000	Manufacture plastic products—Gulf horseshoes, margarine.
Bubble Up Delaware, Inc.	9301 Wilshire Blvd, Beverly Hills, Calif.		300	1,000,000	Blow molding process facilities, bottled beverage.
Sahagen Industries, Inc.	15185 Moran St., Westminster, Calif.	19535 East Walnut.	250	725,000	Semiconductors, power, transistors, rectifiers, diodes.
Torite Enterprises, Inc.	754 Arroya Ave., San Fernando, Calif.	18421 Railroad St., Industry, Calif.	335	1,000,000	Designers and manufacturers of precision filtration products and systems.
Udico Corp.	1801 South Olive St., Los Angeles, Calif.	1805 South Hill St.	360	1,065,000	Manufactures houseware appliances (can openers, ice crushers, clothes).
Wearever Baby Carriage Co.	240 New Port St., Brooklyn, N.Y.	1236–1286 Atlantic Ave., Brooklyn, N.Y.	70	145,000	Baby carriages, highchairs, strollers.
International Computer Graphic, Inc.	225 Varick St., New York.	Greenpoint	350	1,000,000	Produce electronic computer typesetting— high speed.
Daypac Industries, Inc.	240 East 64th St., New York, N.Y.	141 West St., Brooklyn, N.Y.	410	1,250,000	Manufacturers of plastic containers.
Advance Hudson Mounting & Finishing Co., Inc.	3611 14th Ave., Brooklyn, N.Y.	Greenpoint	475	1,300,000	Die cutting and advertising displays and manufactures.
Youth PRIDE, Inc.	Washington, D.C.		1,168	2,037,000	Painters, gas station attendants, landscape gardeners, and maintenance men.
Total, fiscal year 1968.			4,053	10,522,000	

Mr. CASEY. None of them has operated, then, sufficiently long, I presume, that you know how many jobs you have created in that specific area where you have participated, and how many of those people stay there or how many come in from outside the particular target area to take the jobs?

METHOD OF OPERATION UNDER SPECIAL IMPACT CONTRACTS

Mr. BROWN. Congressman, the contractors schedule to bring in hard-core disadvantaged from the CEP at an average cost between $2,500 and $2,000 per trainee. That is the schedule. The contract has been in operation since about June or July of last year. So, they are about 8 to 9 months old. Most of them are in really the first one-third of their 2-year contract.

We will get you the specifics.

Mr. CASEY. You also have no way, or do you, of making sure that his margin of profit does not become unreasonable through the fact you participate in its development?

Do you just participate in the actual capital investment or do you also help pay for these people's salaries after they go to work?

Mr. BROWN. These contracts are designed as fixed unit cost projects really aimed at purchasing a job for a specific period of time. How that firm arrives at your product is not of concern to the contractor or to the Government. In other words, we are buying the end product in these contracts, not what goes into the end product. We are buying value rather than costs.

So the contracts are designed around the value purchase theory. Most of the contracts in the manpower programs in the past have been high cost. We reimburse the contractor for their extra costs. We went into these contracts estimating what the average cost would be to train a hard-core disadvantaged.

Using our bank of experience, we estimated around $3,000. We assumed that a contract in terms of purchasing value at $2,500, in terms of dealing with kind of hard-core disadvantaged we have been dealing with, that would be in the main a good buy, especially in terms of additionally not only buying jobs but buying retention, now we have to see whether or not the firms actually perform.

If they do not perform, the contracts provide for a cancellation clause or penalty provision whereby the firm pays back $2,500 per trainee for those individual trainees they do not hold within the contract.

Mr. CASEY. How long do they have to hold them?

Mr. BROWN. Six months to a year. Most of the contracts provide for 12-month retention.

Mr. CASEY. And they must come from the target area?

Mr. BROWN. Yes, sir.

Mr. CASEY. In other words, if they are going to furnish a thousand jobs, $2.5 million, is that right?

Mr. BROWN. Yes, sir.

Mr. CASEY. And that is to be used for plant construction or whatever you approve it for?

Mr. BROWN. That is right.

Mr. WEBER. Mr. Congressman, it might be appropriate here for me to comment on my general view of this sort of program as it relates to the operation of the Manpower Administration.

I think that probably the idea of setting up plants in the area where they can serve the labor market needs of poor or unemployed people is an idea that is worth pursing. There are certain questions in my own mind, if not reservations, concerning whether the Manpower Administration has or should have the technical capability to deal with activities which involve matters such as capital funding, developing of financial structure, looking at the overall nature of management, and what have you.

To the same extent that manpower programs should have certain limitations, I think we also have to recognize our own limitations from an administrative point of view.

I just want to state for the record, as an indication of some of my own initial reaction, that I have been brought to look closely at some of the operations.

Mr. CASEY. Of course, they had an article about a year or so ago in one of the Washington papers that some of the small plants here, I say plants—one particular case was a bakery—moving out because of the vandalism and the trouble they were having. The trucks would be broken into and pies thrown all over the place and things of that

nature. I do not know whether they are hiring any of those people or not.

Mr. WEBER. I suppose the theory behind Special Impact in part is that the people in the community own the plant, that they will not engage in such depredations which reflect general hostility to "outsiders."

Mr. CASEY. Do the people own these plants?

Mr. WEBER. The idea is ultimately they will have a substantial interest in the plant. That is correct, is it not?

Mr. BROWN. Yes.

Mr. WEBER. Through the transfer of stock and other equity devices.

Mr. CASEY. Is that in your contract?

Mr. WEBER. Yes, sir.

Mr. BROWN. It is perhaps one of the most difficult things to bring off.

Mr. CASEY. That is all, Mr. Chairman.

Mr. FLOOD. Thank you, gentlemen.

AFTERNOON SESSION

Mr. FLOOD. Mr. Michel has some questions.

EXPENSES PAID BY FEDERAL GOVERNMENT IN JOBS PROGRAM

Mr. MICHEL. Thank you, Mr. Chairman.

Mr. Weber, may I say first of all I have liked your testimony thus far. You are a good witness for your cause. I would like to explore the subject matter more in depth.

Let's take first, for example, the job opportunities in the business sector appropriation. There is a substantial increase here and it is my understanding in the record we do have some pretty good justification so far as increases in number of people that will be involved.

But let me see if we cannot have spelled out a little bit more clearly in the record what this money actually goes for, for these trainees. As I recall, in my personal inspection of the program at Caterpillar Tractor Co., there was a professional training group that was commissioned to come in to set up the kind of educational program that takes up the afternoon hours of these trainees, and, of course, the rest of their time was spent training on the job with the machines and shopwork.

Now this contracting out for competent teachers is a definite cost. Then, too, there is the cost of books, transportation to and from the job et cetera.

As I recall, these trainees were being paid just about $3 or more an hour while they were in this kind of training. Can we have spelled out very clearly in the record so that the members will know for sure what all this money goes for? That will give us a little better idea of why it costs so much.

Mr. WEBER. I think I can answer in a general way and Bob Brown can give you more specifics. And we certainly will prepare a detailed statement of the categories of expenses for the record.

(The information follows:)

JOBS PROGRAM—COMPONENTS OF TRAINEE UNIT COST—HIGH, AVERAGE, AND LOW UNIT COST EXAMPLES (BASED ON SELECTED CONTRACTS)

	High cost, $5,570 per trainee	Average, $2,980 per trainee	Low cost, $630 per trainee
Federal share of employer wage cost during training period	$2,050	$1,540	$160
Cost of additional staff or supportive services (counselors, supervisors, job coaches, etc.)	510	1,280	320
Cost of extra materials (tools, instruction equipment, supplies, etc.)	1,020	----	----
Cost of additional supportive services (medical exams, transportation, day-care facilities, etc.)	990	120	----
Other (administration, turnover expenses special services, etc.)	1,000	40	150
Total	5,570	2,980	630

Mr. MICHEL. When you say category of expenses, I think we have already established that they vary in total between plants even of like businesses. But is there really much leeway that individual plants have in what qualifies or does not qualify?

Are there some real rigid guidelines under which these companies operate?

Mr. WEBER. Yes. In other words, you would like to know the guidelines and range of discretion in approving different categories.

Mr. MICHEL. Right.

Mr. WEBER. In general, it provides for financial support of all services associated with enhancing the employability of the recruits under the JOBS program. That means remedial education, training costs, in some instances transportation where you have this reverse flow, that is where you are bringing people out of the central city into the suburb. Extra supervisory training costs, sensitivity training costs.

In other words, the whole range of services which do two things: Help equip the JOBS program inductee, so to speak, with the skills and habits necessary to carry out his job and also those services necessary to permit the company to deal more effectively with a new strata that they are now bringing in from the labor market.

Bob, would you add to that?

VARIATIONS IN COST

Mr. BROWN. The Secretary hit most of the major components. One other rather major component is the cost differential in relationship to a normal trainee in terms of his productivity on the job. There is a lower productivity of these new hard-core trainees coming on the job. So that is another major one of the categories.

The so-called option A in the contract formula is very broad and has lots of flexibility, but the negotiator and the contractor have to sit down and go over them individually in the terms of the need of the individual and the need of the company. You will find the costs vary in the main according to occupation.

We have set up various cost indicators in accordance with the Dictionary of Occupational Titles, recognizing a more difficult occupation takes more training, also probably it is going to cost more in terms of lower productivity.

Mr. MICHEL. Give me an example of what you say is more difficult training.

Mr. BROWN. Let's say a certified welder. Some of the aircraft plants—I think of Bell Helicopter for example—are involved in our program for hard-core disadvantaged and at the end of the training program these trainees are going to be receiving $5 per hour. During that year they receive a very elaborate, very helpful, educational program both on and off the job, to become certified welders in terms of actually producing Government certified and inspected material. That is a different kind of welder than a spot welder that may be in an automobile plant. The latter require just 6 weeks' training, whereas the certified welder may take 35, 50, or 60 weeks of expensive training.

So the costs to the company are going to be much more in terms of lower productivity, wages, and in terms of the actual training required.

ATTITUDE OF OTHER WORKERS TOWARD JOB TRAINING PROGRAMS

Mr. MICHEL. Let me ask one more question.

In some plants broom sweepers are making a pretty good salary. Have there been any instances of resentment from those who are performing the more menial tasks in the plant, very necessary but nonetheless that kind of a job, but getting paid, as a matter of fact, less than these trainees who frankly do not have the ability or the mental capacity of a broom sweeper but taken into the program solely because we felt it important to take this step?

Do you get any resentment on that?

Mr. BROWN. We have had a bit of that. We have had a relatively minor percentage. We really expected more. We are receiving more now than we were a year ago and it is one of the very fundamental reasons for having the upgrading possibility that the Secretary referred to yesterday and Secretary Weber referred to today.

It is important for the Government to recognize that this is a fellow who is working, he is working at a low-grade level and we ought to really respond to his need, too.

Mr. MICHEL. It is very understandable. It is human nature. One says, why can't I qualify? I could probably get through the course in half the time, cost you less, and eventually I would be netting that much more. It is a difficult thing to cope with.

Mr. WEBER. There are two additional factors that might be added to that.

One, the NAB jobs program has up to this point, and we hope into the future will continue to enjoy the support of the union movement. President Meany of the AFL–CIO issued a statement of support and also assigned a person full-time to work with NAB.

To the extent that many of these elements of discontent are brought up in the framework of union meetings and deliberations, they could then be considered in those terms.

Two, I would quite agree with you that a certain amount of envy or unhappiness would necessarily arise. But you could also always make reference to the fact these are the people who have had very poor earnings and employment experience in the past and that is the reason they are getting, so to speak, the special favorable treatment now. So there is that element that if we are going to balance the books, let's do it over a longer period of time.

Mr. MICHEL. But you also have to be very careful that you do not inhibit in any way those who have at least had enough gumption to get started in the first place.

Mr. WEBER. Absolutely, and I am aware of it. I guess it was Roger Kelly, now with the Department of Defense, who was charged with mounting that program in Caterpillar and my friends in Inland Steel in Chicago, who I always view as an important source of information, said to me they thought it was the best program in the State.

INCREASE IN FUNDS FOR CEP PROGRAM

Mr. MICHEL. On the concentrated employment program, as the chairman indicated here, there is a threefold increase, but did I understand that there are really no more bodies or people involved?

Then the question is raised, what is all the extra dough for.

Mr. WEBER. There are two answers to that and the answer is "Yes" and "No."

Mr. MICHEL. Six and five and take your choice.

Mr. WEBER. It is the same number of CEP's in the program which were funded at different times over the previous 3-year period. Some are just getting started. The appropriate number is 40 in the fiscal 1968. So they are starting up.

Of course as they start up, their capacity to deal with people is what is contemplated in the long-run plan. The large increase in appropriations involves refunding now of all 82 CEP's which will now be on an ongoing basis, so there is no increase in numbers. But cumulative enrollment to date in the CEP's has been something like 95,000.

It is contemplated that the refunded CEP's which are now going concerns will be able to handle something like 170,000. So in effect the answer is "Yes" and "No." No more CEP's but with the capability to deal with more people, and it is slated at about 170,000.

Mr. MICHEL. On the strength of what you have just said, what do we expect that figure to be a year from now, all other factors being equal.

Mr. WEBER. I think it is fair to say that the reasonable expectation is that it will be somewhere close to the target figure. But on the other hand, I did indicate to the members of the committee when you were called away, Congressman, that some of the CEP's have not been functioning at a level of efficiency you would even expect in an early stage.

Now we are not clear what the problem is at this point. In part it might reflect the managerial capability of the CAA, which is acting as the prime sponsor. In part it might reflect just a lag in billing and reporting.

As you will see in the OMA budget, we have an item in there to increase our reporting capability. There is some indication, and that is why this is essentially a maintenance of effort proposal, notwithstanding the significant increase of $73 million, that we want to review very carefully the CEP concept in general and the performance of particular CEP's in particular areas.

But I would think that you have a reasonable expectation that if a number of people are presented as a target that we come somewhere near that target.

PROGRESS IN REDUCING NUMBER OF HARD-CORE UNEMPLOYED

Mr. MICHEL. As I recall, when President Johnson sent his message to the Congress, he used the figures of 500,000 hard-core unemployed. What do your best statistics and figures show we have reached out of that group of 500,000? What kind of a dent have we made?

Mr. WEBER. 125,000 is the best figure we could get from available reporting instruments.

Mr. MICHEL. Twenty-five percent?

Mr. WEBER. That is right.

Mr. MICHEL. Does that mean they are in the process or those who we feel we have taken out of that group?

Mr. WEBER. There is some ambiguity in there.

Mr. BROWN. 125,000 have been put into jobs. We had actual pledges of 175,000 to 180,000 jobs from various of the NAB companies. Now of that 125,000 we have a figure of 80,000 to 85,000 that are still remaining in jobs. Our goal through this fiscal year is to have placed on jobs and retained in jobs 100,000 in the 50 cities.

Mr. MICHEL. Over and above that 125,000?

Mr. BROWN. No. That is the first-year goal. Five hundred thousand was the goal related to July of 1971.

Mr. WEBER. As we indicated earlier, the termination rate has been running something like 32 percent, and most of that tends to come in the first 2 months, and although that is obviously a figure we want to decrease, it compares with some degree of favor with a comparable completion rate with MDTA institutional of around 75 percent, but more to the point, with the turnover figures you have in the plant when it follows normal recruiting procedures.

For example, in automobile plants you always have a high turnover in the first 6 months. People come in and find they do not like the job and leave. So Mr. Brown is correct, you have to establish with some precision what your goals are.

Mr. MICHEL. Let me put it another way then.

Are we making progress in the sense that we are diminishing that 500,000 on the strength of those coming into that group and those going out?

Mr. WEBER. I think so.

Mr. MICHEL. If we have made progress as you say as of—when, July 1?

Mr. BROWN. As of the coming July 1 we hope to have 100,000 not only on the job but retained.

Mr. MICHEL. Leaving us 400,000 plus those who have fallen into that group in whatever period of time we had since this original prediction.

Do you have any idea how many have come into that group now to fatten it up again?

Mr. WEBER. That is the point I was just going to make. There were back in the old NRA days in West Virginia unemployment rates of 9 percent and they would go in and build a plant and offer 600 jobs. Then 600 people would be employed, and the unemployment rate would be 10 percent, and they would say, what is going on here?

What is going on is that people who were not looking for work and therefore were not counted to be in the labor force and therefore

were not counted to be unemployed were now attracted by available opportunities, started looking, and were part of the statistical artifact that we have to be sensitive to.

The thing that is comforting about the JOBS figures—I say comforting—provides some confidence that the program is reaching the people you hope it will reach. If you look at the personal characteristics, 75 percent of them are blacks, most of them are young males, over 50 percent having less than 12th grade education, a large proportion of them have family earnings less than $2,700 a year. In other words, there are all indications that the people being reached do fall in this poverty or hard-core group.

Mr. MICHEL. Would it not be a fair statement to say that the deeper you get into this original group of 500,000 the more difficult it is to really complete the job?

Mr. WEBER. No doubt about it.

Mr. MICHEL. We are skimming and the more deeply you go, the tougher it is to get the job done.

Mr. WEBER. At a different level.

Mr. MICHEL. With that kind of background, have you been in your shop long enough to set for yourself a goal so that, 1 year from now, byond that 100,000 we have how many?

Mr. WEBER. The budget specifies 140,000 additional, and that would be counted for jobs available rather than on board, because there is always the necessary lag between the time when you make the contracts, in this case the MA–4, and the time the employer brings everybody on board, which he can do over a period of a year.

Mr. MICHEL. Now if the economy keeps booming along as it is at the current rate, it is easier to obtain that kind of figure than if there is the slightest dip?

Mr. WEBER. Absolutely.

Mr. MICHEL. Then your figures are off.

Mr. WEBER. The Secretary indicated I think in his testimony before the Joint Economic Committee that the best manpower policy we can have is the maintenance of full employment.

Mr. MICHEL. Right.

Mr. WEBER. And that is certainly correct.

As I did indicate this morning, so far the data indicate that of those who have been terminated only 2 percent were terminated by reason of layoff, which is a pretty small group.

So this maintaining a high level of demand will certainly help retain the people.

SHORTAGE OF DOMESTIC SERVICE WORKERS

Mr. MICHEL. Before getting into some specifics, let me ask you a broad philosophical kind of a question here.

Mr. WEBER. Surely.

Mr. MICHEL. It is getting more and more difficult to get domestic service for one's home. I guess we are getting into that area where fewer and fewer people have them. You cannot get a yardman, you cannot get a gardener. We are getting power mowers so we can do it ourselves. We have got to do it. There is not anybody else to do it.

I go out into a fancy restaurant, occasionally you like to eat out, and I find my friends in that business in more and more difficulty in

getting qualified people, no matter what they are able to pay in wages and make in tips, to perform those kinds of services which we like to enjoy once a month or once a week.

What is going to happen in the future in some of these service areas that we feel are necessary?

I made some comment to a group of high school students not so long ago that, fine, I hope they are all academically motivated to go on and set a high mark for school and college and academic education, but by the same token there are some intermediate spots where you are going to find a real niche and having respect for the person who performs well in that particular niche is important.

I don't happen to think that all have to go to college to be a success in life today, albeit desirable. Do we have some good accurate statistics as to where our greatest need is in this area of service, for example?

Mr. WEBER. We have forecasts, several forecasts of occupational demands that have been made by BES and also in conjunction with BLS. You have to recognize that forecasting in this area is a very hazardous business.

What they use is something called a matrix, which indicates that as income grows, the demand for certain kinds of services will grow in a specified proportion. You could do that very well with medical services, and you probably could do it for domestic service. But it becomes highly speculative because it does not take into account capital for labor substitution, that is, if you have a demand for service like even domestic service and for some reason people do not want to go into these services. If they do not view it as dignified or professional, there are other opportunities available.

You know at the University of Chicago enrollments of Negroes and other minority members into the law school have fallen in the last 2 years, because traditionally if a Negro wanted to go into a profession he went into a school of education, ministry, or law. We had very few in the school of business. Now as you have had an opening up of opportunities, some of the Negroes who have felt boxed in in terms of the established professions now go elsewhere.

What does that mean? To an economist what it means is you have to bid up the price. My wife can pay $1.25 an hour for a cleaning woman, she might pay $1.50. If she pays $2 an hour I will start looking over her shoulder. As a matter of fact, I might do some of it myself on weekends. If it goes higher, what you often find is capital for labor substitution.

One of the most remarkable examples of this I was exposed to personally was when I was out in Palo Alto, Calif. High income, high demand for domestic service, low unemployment. What we did was go to a maintenance service and two young men came in. We paid them $4 an hour each, $8 an hour. They came in with special chemicals to clean the stove, special scrubbers to clean the walls. They were getting $4 an hour so they did not think it was undignified. They were out of there in 4 hours as well.

I guess I have not given you an answer other than to delineate the dimensions of this general problem of attracting people to service industries for which the demand increases as the economy becomes more affluent.

Mr. MICHEL. Do we have sufficient kinds of training programs to cater to this need and to those who would be so attracted?

Mr. WEBER. I would suspect in many of the service areas that we do not at this point because presently there is the low wage. In medical services we do have a fair number of training programs for nurse's aides and licensed practical nurses, the so-called paramedical occupation. And our approach there——

Mr. MICHEL. Which is a crying need.

Mr. WEBER. Of course it is, and we know as we look at the Consumer Price Index, that has been the most rapidly rising component over a long period of time.

What we try to do is say to somebody, you come in as a nurse's aid and take a job for the first rung; that does not pay very well but if you have some assurance through your own efforts you can move up to higher rungs you may be willing to come in at the bottom.

So in part the problem is one of getting a sense of progression into the process of training for the service industries.

JOB BANKS

Mr. MICHEL. You mentioned in your testimony that you hoped that the job bank would be expanded to 36 cities.

Mr. WEBER. Yes, sir.

Mr. MICHEL. Could we have placed in the record where those job banks are now? How many cities are they in now?

Mr. WEBER. The one that is operational is Baltimore. We are now moving toward their installation in five additional cities.

Mr. Goodwin, I am sure we can inform the Congressman in the record. I will have to furnish those. I do not have the five cities. In general, this would cover the larger cities, the cities of over a million population.

Mr. WEBER. The 36 would.

Mr. MICHEL. This group of five you are talking about?

Mr. GOODWIN. The 36.

Mr. MICHEL. Could you place that in the record as to what you are thinking about here? I would like to know where they are.

Mr. WEBER. Yes.

(The information follows:)

LOCATION OF JOB BANK CITIES

Job bank installations in general will be located in the largest labor market areas. There is currently a pilot installation operational in Baltimore, Md. The Manpower Administration plans to install job bank programs next in the standard metropolitan statistical areas (SMSA) containing the following five major cities:

Atlanta, Ga.
Chicago, Ill.
Hartford, Conn.
Portland, Oreg.
St. Louis, Mo.

Installations will then be scheduled for SMSA's in which the following 30 cities are located:

Anaheim (Orange Co.), Calif.
Boston, Mass.
Buffalo, N.Y.
Cincinnati, Ohio
Cleveland, Ohio
Columbus, Ohio
Dallas, Tex.
Denver, Colo.
Detroit, Mich.
Houston, Tex.
Indianapolis, Ind.
Kansas City, Mo.
Los Angeles, Calif.
Miami, Fla.
Milwaukee, Wis.
Minneapolis-St. Paul, Minn.
New Orleans, La.
New York, N.Y.
Newark, N.J.
Paterson, N.J.
Philadelphia, Pa.
Phoenix, Ariz.
Pittsburgh, Pa.
San Bernardino, Calif.
San Diego, Calif.
Oakland, Calif.
San Jose, Calif.
Seattle, Wash.
Tampa, Fla.
Washington, D.C.

Operational circumstances may require minor changes in the above list. Should this be necessary, the next largest metropolitan areas will be selected.

EFFECT OF UNEMPLOYMENT COMPENSATION ON JOB TRAINING PROGRAMS

Mr. MICHEL. We touched on that bill language that was referred to as Senator Holland's language. Has the rate of unemployment compensation benefits had anything to do by way of affecting this thing out in the field? In other words, you have to boost the price up so much for these trainees because if you do not, they will just sit down and say, I can draw a good fraction of that on unemployment insurance.

Mr. WEBER. I do not think we have any direct evidence on this, and all I can do is make some inferences. I would suspect the people you would otherwise want to get in the training slots are at that point in time not covered by unemployment compensation. Probably it is exhausted, or they were not covered in the first place. But things like the minimum wage and unemployment compensation tend to set people's expectations concerning what is a fair wage. This is what a colleage of yours, Clarence Long, when he was a working economist—I guess a Congressman from Baltimore—called social minimum, that is to find the minimum acceptable to you.

I am saying that without passing judgment on it, but I think if there is an effect, it comes through that mechanism.

Mr. GOODWIN. The UI payment is less than 40 percent of the wage on the national average.

Mr. WEBER. That is an average wage of $2 and some cents per hour.

NUMBER OF TRAINEES IN VARIOUS PROGRAMS

Mr. MICHEL. May we have placed in the record for comparison the number of persons being trained on the job as distinguished from those being trained currently in institutionalized training?

Mr. GOODWIN. Yes, sir.

(The information follows:)

MANPOWER DEVELOPMENT AND TRAINING APPROPRIATION—SUMMARY OF TRAINEES BY TYPE OF TRAINING
FISCAL YEARS 1968 THROUGH 1790

	1968 actual	1969 program	1970 request
Total program	253,200	264,940	340,600
Institutional training	114,000	98,800	98,800
On-the-job training	104,600	96,940	163,240
Job opportunities in the business sector program	8,400	13,700	80,000
Other on-the-job training	96,200	83,240	83,240
Concentrated employment program	26,300	14,960	48,820
Part time and other training	8,300	54,240	29,740

AVERAGE COST PER MDTA TRAINEE

Mr. MICHEL. In MDTA what kind of a cost figure do you show?

Mr. BROWN. Costs range all the way in OJT from $800 per trainee up to about $2,700 in institutional MDTA for hard-core disadvantaged. We distinguish between the regular trainee in MDTA institutional and the disadvantaged trainee in MDTA institutional. In terms of enrollees that go into the program, it is around $2,000 for the average and for the hard-core disadvantaged up around $2,800.

Mr. MICHEL. And the difference is made up in what?

Mr. BROWN. Difference in costs?

Mr. MICHEL. Yes, the cost figure for the hard-core disadvantaged, for what?

Mr. BROWN. For additional basic education and counseling primarily in our skill centers. We have a very intensive orientation and basic education program that precedes any vocational training we may attempt to give to the individual. Seventy-five percent of those trainees actually get into jobs.

Mr. MICHEL. Is it possible to break out the actual cost of orientation and basic education?

Mr. BROWN. Yes, it is possible on the average. It is very difficult to apply it to a specific situation and to a specific individual, but on average we are running in the JOBS program about 250 hours of basic education. As an outside guideline we have allowed for 320 hours of basic education throughout the calendar year.

CONTRACT WITH CHRYSLER CORP.

Mr. MICHEL. Incidentally, is Chrysler still the largest?

Is that group of 2,000 trainees still the largest contract of the JOBS programs?

Mr. BROWN. We have recently signed the largest JOBS contract in the country with Chrysler, a national contract for 13 cities.

Mr. WEBER. For over 4,000 jobs.

Mr. MICHEL. And the smallest unit that any plant would have is what number?

Mr. BROWN. One or two.

Mr. MICHEL. What kind of plant would that be?

Mr. BROWN. Those are in the main small service situations, maybe a store, maybe a supermarket, maybe a garage.

Mr. MICHEL. Those would have to fall within these 50 largest cities category to qualify?

Mr. BROWN. Yes, sir. In the 50 largest Standard Metropolitan Statistical Areas (SMSA), a little broader.

Mr. WEBER. And you are aware that an expansion of the number of cities contemplates final approval to be made by the executive board of the NAB itself. The recommendation is for an expansion to 125 cities.

Mr. MICHEL. Of course one of the natural things that comes to mind with that kind of response is that you can get some very, very small communities that could easily come up with one or two people that would fall within the category of the kind of people we want to have trained. Isn't a community, being kind of shortchanged for not being able to participate because of an arbitrary decision that we are going to take care of x number of cities?

Mr. BROWN. One hundred and twenty-five cities is arbitrary. I do not think there is any question about it.

Just before passing the subject, I would like to indicate that NAB does feel strongly about their administrative capability in terms of expansion. Since it is a voluntary effort, they are really concerned about just how much they can bite off at one time. They have done a magnificent job setting up 50 different metro teams in every one of the 50 cities. Taking an additional 75 is a tremendous administrative load in 1 year.

PERCENTAGE OF WHITE AND NONWHITE ENROLLEES

Mr. MICHEL. Last year I asked a question with respect to the percentage of white and nonwhite enrollees in the institutional and on-the-job training programs, and as I recall institutional last year ran 35 percent and on-the-job 25 percent.

Could we have simply supplied for the record an updating? Or if you have it off the top of your head there.

Mr. WEBER. It is my understanding it was somewhat higher.

Mr. BROWN. We have 49 percent in institutional now nonwhite. In OJT it is up to 36 percent of nonwhite.

Mr. MICHEL. That is a significant jump.

Mr. BROWN. Yes. There has been a real sustained effort in the last year.

PERCENTAGE OF MEN AND WOMEN IN TRAINING

Mr. MICHEL. Yes. Perhaps this time you might also supply for the record the percentage of men and women in the program. The chairman mentioned that this morning, but I think you just——

Mr. WEBER. I think we can provide it now.

Mr. BROWN. Fifty-five percent in the institutional training are male and 68 percent in the OJT program are male, the balance, 45 percent, female in institutional and 32 percent in OJT.

Mr. WEBER. I might remark, historically women have been highly represented in the MDTA institutional training, which in part reflects the selection of occupations, nurse's aid and what have you. At one time there were some efforts to turn that around a bit by getting other occupations.

Mr. FLOOD. I think that is pretty good. I was not sure it was that high. They have come a long way.

INCREASE IN EARNINGS AFTER TRAINING

Mr. MICHEL. On page 15 of the justifications I read that the average family income before training is $2,575 per year. Is there any marked increase after the training? Do we have any figures available that would suggest the training has resulted in the upping of that figure?

Mr. BROWN. This refers to the JOBS program, and since this program is really very young, it would be hard to make a judgment on the figures this year. We did have one research project about a year ago that related the effect of institutional training in terms of a small cost-benefit study, and the cost-benefit results were very good in terms of before and after earnings for the family.

Mr. WEBER. Let me expand on that, again to throw in a caveat, there was still another study that was made where they took, in effect, a control sample of those who had not undergone training and those who had undergone training. I guess the idea is that they are both the same and the only thing that differs in them is that one went through MDTA program, in this case institutional training.

Initially there was not much difference in terms of their earnings. In other words, a lot of the people with the same characteristics found jobs without aid, but the further you went—I think this is very significant in the way it affects our expectations concerning what these programs do—remember, MDTA institution was the cream of the crop, the unemployed in most instances—but the further you went in time, the greater the income gap. For those who had undergone some training and in a sense equalized motivation, because one was motivated enough to have training and the other was motivated enough to find some job, initially there wasn't a gross difference in their income level, but the longer you went, the greater that income differential was. This indicated that the training could be viewed as something of an investment for which the return increased over time. It is very significant. Indeed, it also makes the problem of evaluation more difficult.

POVERTY UNIVERSE OF NEED FOR MANPOWER PROGRAMS

Mr. MICHEL. On page 18 of the justifications, we read about the poverty universe of need for manpower programs, and the figure of 10 million people. The question is, How do you arrive at this figure and what is the definition of poverty universe of need for manpower programs?

Mr. WEBER. That is an elegant term.

Mr. MICHEL. Is that your phrase?

Mr. WEBER. No, sir.

Mr. MICHEL. Somebody put those words in your mouth?

Mr. WEBER. I think that was on the stencil before I came on the scene.

Mr. FLOOD. I have never been able to find the characters who write this stuff. Never have we had a witness here who admitted it in the last 50 years.

Mr. WEBER. Maybe this is the last time I can claim that defense, Mr. Chairman.

In any case, it reflects, I guess, family income standards. There is a sliding scale relating income to size of family. If you fall under it, you are in the poverty universe. There are also people who are unemployed. There are also people suffering from social and physical disabilities. I must confess that I have seen that total, too, 10 million or 11 million, but I cannot say how the figure was derived.

Mr. FLOOD. Does it include the can't works and won't works? Are they both in the same package?

Mr. WEBER. That assumes everybody wants to work and they can't. It does not make any distinction concerning motive. That is right, sir.

PRISON INMATE PROGRAM

Mr. MICHEL. Do we have any costs per enrollee on the prison inmate program?

Mr. BROWN. We can certainly get it for you. It is very low.

Mr. MICHEL. Supply that for the record, if you will.

(The information follows:)

ENROLLEE UNIT COST FOR PRISON INMATE PROGRAM, FISCAL YEAR 1968

State	Approved project levels		
	Trainees	Cost	Average cos
Alabama	150	$307,511	$2,050
Florida	120	206,824	1,723
Minnesota	370	238,791	645
Nevada	20	39,346	1,967
Oregon	25	65,602	2,624
Tennessee	135	177,821	1,317
Texas	60	105,568	1,760
Utah	75	255,666	3,409
Washington	105	247,744	2,359
Total	1,060	1,644,873	1,552
FISCAL YEAR 1969 (AS OF MAR. 7 1969)			
Arizona	44	$15,649	$356
Georgia	192	321,336	1,674
Idaho	30	115,610	3,854
Kansas	100	108,202	1,082
Kentucky	136	217,492	1,599
Missouri	150	131,283	875
Pennsylvania	12	19,148	1,596
Texas	160	314,098	1,963
Wyoming	60	133,253	2,221
Total	884	1,376,071	1,557

INCREASE FOR PROGRAM SERVICES

Mr. MICHEL. Under "Program services" in the justifications on page 31, you show an increase of some $25 million and an increase of 10 people. I would like to know what that substantial increase is, because it is practically 50 percent and 10 positions.

Mr. BROWN. It is additional support to the State agencies for CEP, for JOBS, for additional support for counseling, testing, and so forth, in handling the increased workload within the services that handle these activities. In addition, funds to support the job matching and technical assistance activities authorized by the 1968 MDTA amendments are also included.

Mr. MICHEL. Thank you, Mr. Chairman.

JUSTIFICATION MATERIAL

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970
Appropriation or estimate	$400,000,000	$688,396,000
Amount reserved under P.L. 90-364	-100,000	---
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)	92,000	---
Available from prior year	18,039,845 1/	---
Appropriation or estimate, revised	418,031,845	688,396,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation 1/ Revised, 1969 Pos.	Amount	Estimate, 1970 Pos.	Amount	1970 Change Pos.	Amount
1. Training and Allowance Payments						
(a) Job opportunities in the business sector	---	$ 47,950,000	---	$240,000,000	---	+$192,050,000
(b) Concentrated employment program	---	31,800,000	---	105,000,000	---	+73,200,000
(c) Other	---	270,975,845	---	254,492,000	---	-16,483,845
2. Program Services						
(a) State employment security service	25	33,521,400	35	42,976,400	+10	+9,455,000
(b) State institutional training services	---	8,000,000	---	8,000,000	---	---
(c) On-the-job training services	--	1,500,000	---	1,500,000	---	---
(d) Comprehensive manpower planning program	30	8,725,000	30	33,979,000	---	+25,254,000
3. Federal Institutional training services	168	2,559,600	159	2,448,600	-9	-111,000
4. Disadvantaged youth program	---	13,000,000	---	---	---	-13,000,000
Total Obligations	223	418,031,845	224	688,396,000	+1	+270,364,155

1/ Includes $13,000,000 1968 supplemental for summer program available until August 31, 1969 but unobligated as of June 30, 1968; and $4,900 000 reserved under H. J. Res. 888 (P. L. 90-218) made available from prior year.

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1969	Estimate, 1970	1970 Change
Total number of permanent positions	223	224	+1
Positions other than permanent	3	3	---
Average number of all employees	188	202	+14
11 Personnel compensation	$1,980,600	$2,135,300	$154,700
12 Personnel benefits	146,300	157,000	10,700
21 Travel and transportation of persons	250,000	280,500	30,500
22 Transportation of things	18,500	18,500	---
23 Rent, communications, and utilities	114,600	132,000	17,400
24 Printing and reproduction	65,000	78,400	13,400
25 Other services	475,200	513,200	38,000
Services of other agencies	---	---	---
26 Supplies and materials	23,900	25,600	1,700
31 Equipment	41,500	22,100	-19,400
41 Grants, subsidies and contributions	414,916,245	685,033,400	270,117,155
Total obligations	418,031,845	688,396,000	270,364,155
Working Capital Fund items included above	(15,000)	(30,000)	(15,000)

SUMMARY OF CHANGES

	Pos.	Amount
1969 Enacted Appropriation	223	$400,000,000
Appropriation available from prior year	---	18,039,845
Amount reserved under P.L. 90-364	---	-100,000
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)	---	92,000
1969 Appropriation, revised	223	418,031,845
1970 Estimate	224	688,396,000
Total Change	+1	+270,364,155
Mandatory Items: (page 9)		
Decreases:		
Non-recurring balance made available in 1969 from 1968	---	-18,039,845
Sub-total, Mandatory Items	---	-18,039,845
Program Items:		
Increases:		
To provide for an increase in the Job Opportunities in the Business Sector Program which will provide for training and full support services through contracts with private employers (page 14)	---	+192,050,000
To provide financing of the Concentrated Employment Program in the 82 selected target areas (page 18)	---	+73,200,000
To provide for increased counseling, testing, referral, training development and job development activities by State employment security agencies to support the Job Opportunities in the Business Sector Program and the Concentrated Employment Program (page 31)	+10	+9,455,000
To provide for a job matching program within the context of a comprehensive system of labor market information to meet the requirements of the 1968 amendments to the Manpower Development and Training Act (page 35)	---	+11,377,000
To provide training of personnel and technical assistance for programs established under the Manpower Development and Training Act as authorized by the 1968 amendments to the Manpower Development and Training Act (page 35)	---	+13,877,000
Sub-total, increases	+10	+299,959,000
Decreases:		
Reduction in the program level of "Part-time and Other" training because of difficulties in recruiting individuals for this type of training (page 22)	---	-11,444,000
Increased productivity in Federal Institutional Training Services (9 positions, $98,700; non-labor, $12,300). (page 43)	-9	-111,000
Sub-total, decreases	-9	-11,555,000
Sub-total, Program Items	+1	+288,404,000
Total Change	+1	+270,364,155

MANDATORY CHANGES BY ACTIVITY

Type of Change	Activity 1 Pos.	Activity 1 Amt.	Activity 2 Pos.	Activity 2 Amt.	Activity 3 Pos.	Activity 3 Amt.	Activity 4 Pos.	Activity 4 Amt.	Total Pos.	Total Amt.
Decrease for non-recurring balance made available in 1969 from 1968....	---	-$5,039,845	---	---	---	---	---	-$13,000,000	---	-$18,039,845
Total.....	---	-$5,039,845	---	---	---	---	---	-$13,000,000	---	-$18,039,845

MANDATORY CHANGES FOR 1969

Decreases

Non-recurring balance made available in 1969 from 1968.....	-$18,039,845

PROGRAM CHANGES BY ACTIVITY

Object Classification	Activity 1 Pos.	Activity 1 Amt.	Activity 2 Pos.	Activity 2 Amt.	Activity 3 Pos.	Activity 3 Amt.	Activity 4 Pos.	Activity 4 Amt.	Total Pos.	Total Amt.
11 Personnel compensation...	---	---	+10	+$246,800	-9	-$92,100	---	---	+1	+$154,700
12 Personnel Benefits.....	---	---	---	+17,300	---	-6,600	---	---	---	+10,700
21 Travel and transportation of persons.....	---	---	---	+35,300	---	-4,800	---	---	---	+30,500
22 Transportation of things.....	---	---	---	---	---	---	---	---	---	---
23 Rent, communications and utilities.....	---	---	---	+17,400	---	---	---	---	---	+17,400
24 Printing and reproduction..	---	---	---	+15,300	---	-1,900	---	---	---	+13,400
25 Other services.	---	---	---	+40,000	---	-2,000	---	---	---	+38,000
26 Supplies and materials.....	---	---	---	+3,400	---	-1,700	---	---	---	+1,700
31 Equipment.....	---	---	---	-17,500	---	-1,900	---	---	---	-19,400
41 Grants, subsidies, and contributions..	---	+$253,806,000	---	+34,351,000	---	---	---	---	---	+288,157,000
Total.....	---	+253,806,000	+10	+34,709,000	-9	-111,000	---	---	+1	+288,404,000

The 1968 Amendments to the Manpower Development and Training Act of 1962 (Public Law 90-636)

The following is a brief summary of significant sections of the 1968 Amendments to the Manpower Development and Training Act of 1962 pertaining to this budget. The Amendments were signed into law by the President on October 24, 1968.

The thrust of 1968 Amendments has been to strengthen the basic act to insure that it continues to be a broad-gauged and versatile instrument for meeting the ever-changing challenges of a program designed to develop and utilize, to the fullest extent possible the nation's human resources. Amendments to the basic act in 1963, 1965, 1966 and 1968 have contributed substantially to the effectiveness of the manpower program by making it less rigid in its administration and permitting a creative balance between institutional and on-the-job training.

Specifically, the amendments provide for:

Extension of Program Authority

Authority for the operation of regular institutional and on-the-job training programs was extended to June 30, 1972, with authority for the prison inmate program being extended through fiscal year 1970.

Labor Market Information and Job Matching Program

The Secretary of Labor is directed to develop a comprehensive system of labor market information and a job matching program which makes maximum use of automatic data processing systems. The amendment requires that not less than 2% of the sums appropriated in any fiscal year for Titles I, II and III of the Act shall be available only for the job matching program.

Duties of the Secretary of Health, Education and Welfare

Priority shall be given to the use of skills centers for institutional training financed under Titles I and II of the Act.

Apportionment of Benefits

The amendments provide for the re-apportionment by the Secretaries of Labor and Health, Education and Welfare before the expiration of the ninth month of the fiscal year and only after 15 days prior notice to the State. The Act prior to this amendment provided for the re-apportionment before the expiration of the sixth month of the fiscal year and with 30 days notice to the State.

The amendments further provide that if a State's plan has been approved, the recognized State agency shall have the authority to (a) approve project applications for an amount not to exceed 20% of its apportionment without obtaining concurrence from the Federal government; and (b) approve all other project applications which conform to such State plan.

The amendments also provide that no State shall be apportioned less than $750,000 except for the Virgin Islands, Guam, American Samoa and the Trust Territory of the Pacific Islands shall be $100,000 each from funds available under Title II.

Training and Allowances Provisions

Provides for the liberalization of the youth training allowance provision by eliminating the $20-week limitation on youth training allowances.

Training and Technical Assistance

Provide authority for the Secretaries of Labor and Health, Education and Welfare to provide through grants, contracts or other arrangements training for specialized or other personnel and technical assistance which is needed in connection with the program established or otherwise pertaining to the purposes of this Act. Two percent of the sums appropriated in any fiscal year to carry out Titles I, II and III of the Act shall be made available for training and technical assistance activities.

Supplementary State Programs

To provide a method whereby a State may utilize Federal matching funds, together with its own funds for the purposes of supplementing, coordinating and improving the effectiveness of or correcting imbalances among all Federal manpower and related programs. The Secretary of Labor is authorized to grant to any State an amount not to exceed 75 percent of the cost of the supplemental efforts and activities undertaken by a State pursuant to the provisions of this amendment.

Activity 1. TRAINING AND ALLOWANCE PAYMENTS (1969, $350,725,845; 1970, $599,492,000)

Narrative Description of Program

The major goal of the Manpower Development and Training Act is to train unemployed and underemployed persons for skills that will enable them to participate in productive employment. This goal is accomplished through various types of occupational training programs and manpower delivery mechanisms. Institutional training is conducted by State and local education agencies and in some instances by private educational institutions. On-the-job training projects are conducted by private employers and other organizations. Part-time training opportunities providing for skill upgrading enables workers to be trained in areas where skill shortages exist or are expected. Assistance is also provided to persons in need of basic education, communication and employment skills.

The principal functions of the Secretary of Labor under Title II of the Manpower Development and Training Act are to identify local occupational training needs; to counsel and select persons for training; to pay training and other allowances; to provide counseling and placement services and to participate in the development of on-the-job training programs. The Secretary of Labor refers persons selected for institutional type training to the Secretary of Health, Education, and Welfare, who is responsible for seeing that curricula, instructors and facilities are provided for the trainees. When training is completed, the Secretary of Labor is responsible for assisting the trainees in finding jobs and for follow-up after job placement.

Changes in Program Emphasis

The Manpower Development and Training Program has gradually changed its emphasis over the years. Initially, the primary objective of the program was to upgrade individual skills to provide employment and to meet skill shortages existing in the economy. Training for this purpose has continued to be a central core of Manpower Development and Training Programs, but the emphasis has shifted as the clientele has changed. Two basic changes are evident.

The first is the emphasis on seeking out and providing manpower services to members of minority groups, youth and older workers who are at a disadvantage in today's job market and whose unemployment rates are markedly above average.

The second is the growing concentration of manpower effort in areas of high unemployment, notably in urban centers where the hard-core unemployed are most numerous and in selected rural areas. The Concentrated Employment Program initiated in fiscal year 1967 and the Job Opportunities in the Business Sector Program initiated in the latter half of fiscal year 1968 are the most recent approaches to reach the "disadvantaged."

The table on page 13 summarizes the Manpower Development and Training Program since its inception in August 1962.

SUMMARY OF MANPOWER DEVELOPMENT AND TRAINING PROGRAM
FISCAL YEARS 1963 THROUGH 1969 AS OF DECEMBER 31, 1968
(IN THOUSANDS)

	1963	1964	1965	1966	1967	1968	1969	Total
Number of trainees approved.....	56.5	122.9	233.7	291.7	317.5	253.2	132.3	1,407.8
Number of trainees approved for Job Opportunities in the Business Sector projects.....	---	---	---	---	8.4	8.4	---	16.8
Number of trainees approved for Concentrated Employment Program projects.....	---	---	---	---	38.6	26.3	17.8	82.7
Number of trainees approved for institutional projects.....	54.2	109.6	168.9	169.2	126.0	114.0	74.7	816.6
Number of trainees approved for on-the-job training projects..	2.3	13.3	64.8	122.5	144.5	96.2	34.6	478.2
Number of trainees approved for part-time and other projects.....	---	---	---	---	---	8.3	5.2	13.5

ESTIMATED ENROLLMENTS, COMPLETIONS, PLACEMENTS (CUMULATIVE)
AS OF DECEMBER 1968
(IN THOUSANDS)

	Institutional	On-the-Job	Total
Number of trainees enrolled in projects	771.4	365.0	1,136.4
Number of enrollees who completed training	491.0	196.2	687.2
Number of completers placed in jobs	368.7	172.1	540.8
Percent of those completers employed who are in training related jobs	81	93	89

Activity 1(a). Job Opportunities in the Business Sector (1969, $47,950,000; 1970, $240,000,000)

Early in 1968 in a Message to Congress, the President proposed an expanded manpower program to meet the serious problem of this Nation's hardcore unemployed in major urban areas. One of the most important parts of this total effort is the enlistment of resources of private industry through the creation of the Job Opportunities in the Business Sector Program under the sponsorship of the National Alliance of Businessmen.

The results of earlier experimental job training programs indicated that the private sector can make a real contribution towards helping to ease the critical problem of hard-core unemployment. This new partnership--between government and the private businessmen--offers companies the opportunity to hire and be reimbursed for training and providing other necessary services to the hard-core unemployed, under a contract with the U. S. Department of Labor.

The Job Opportunities in the Business Sector Program contract goes beyond the conventional "on-the-job" training program in which many companies are already engaged. It provides funds to offset the added costs of counseling, remedial education, prevocational training, job training, transportation and the full range of supportive services needed to rehabilitate hard-core unemployed individuals into fully productive workers. All extraordinary costs for the required services are approvable in a simplified negotiated contract.

The various programs involving the new "Business-Government" partnership in finding jobs for the hard-core unemployed are as follows:

-- MA-1 Program was an effort to involve private industry in preparing the hard-core unemployed for jobs. This program has been discontinued because the companies under contract assumed no obligation to hire the trainees.

-- MA-2 Program differs from the MA-1 Program in that participating companies must guarantee permanent jobs. Companies receive incentive bonuses if at the end of 15 months they have on their payrolls the number of trainees originally agreed upon.

-- MA-3 Program is similar to the MA-2 Program but was launched under the sponsorship of the National Alliance of Businessmen. This program also operates in the Nation's 50 largest cities rather than in 5 cities as the MA-2 Program.

-- MA-4 Program, which is now underway, is similar to the MA-3 Program but offers two contract options for participating employers.

-- Test Cities Program is designed to give companies "one-stop-one-service" assistance in developing job opportunities for the hard-core unemployed. Step one of the program is to encourage industry to locate in low-income areas. Step two is to have the unemployed in these areas hired by the industries.

-- Special Impact Program (Title 1D-Economic Opportunity Act) encourages industry to locate in ghetto areas and to train and prepare community residents to share in the operation and management of the firms.

While portions of this program are financed by other appropriations, the entire program is presented here for clarity of understanding.

In 1968, the overall Job Opportunities in the Business Sector program provided job opportunities for 41,962 hard-core unemployed individuals at a total

Federal cost of $114,178,435. Of the total dollars, $44,615,039 were Manpower Development and Training funds ($24,258,316 of 1967 funds and $20,356,723 of 1968 funds) and $69,563,396 Economic Opportunity Act funds. The following table summarizes the Job Opportunities in the Business Sector contracting activity for fiscal year 1968.

Program	Total Obligations	Job Opportunities	Average Cost Per Trainee
MA-3.....	$78,074,844	27,634	$2,825
MA-2.....	7,871,565	2,375	3,314
Test Cities.....	18,809,526	8,913	2,110
Title 1D (Economic Opportunity Act).....	9,422,500	3,040	3,100
Total.....	114,178,435	41,962	2,721

The most impressive accomplishment of the program in 1968 was the implementation of a massive effort to involve private industry in the development and training of the hard-core disadvantaged for steady and suitable employment.

Evidence to date indicates that the hard-core disadvantaged are being reached by this program. Eighty-nine percent of the trainees have been Negro, Mexican-American and Spanish speaking with an average age of 29 years, and shows an average of ten years of schooling. The average family income, before training, is $2,575 per year.

A recent survey of the MA-3 contracts indicates that about 52 percent of the contracts were with manufacturing firms, 18 percent with non-food service establishments, 16 percent with retail stores, food service establishments, construction firms, and transportation companies and 14 percent in other miscellaneous industries. About 44 percent of the contracts were with firms with employment from 101 to 2,000 employees, 27 percent with firms with employment from 2,001 to 10,000 plus employees, 21 percent with firms in the 1 to 100 employment range, and 7 percent were with establishments where the employment was not known.

The five major occupational area to which training was directed were packaging and material handling, electrical equipment assembly and repair, metal fabricating, building and related service occupations, and clerical and sales.

The wage a trainee is being paid during the training period is between $1.60 and $1.99 per hour. The permanent wage rate at which a trainee will be paid upon completion of training will fall in the $2.26 to $3.00 per hour range in over 60 percent of the jobs currently under contract.

In addition to providing on-the-job training, supportive services such as orientation, basic education and counseling have emerged as an essential project component in the MA-3 contracts. Fully 70 percent of employers under MA-3 contracts specified employee orientation as a basic component. Close to two-thirds of the employers will provide new hard-core hires with counseling assistance. Approximately 63 percent of the employers will include a basic education component.

In 1969, $209,950,000 will be available for the Job Opportunities in the Business Sector program. This amount includes $47,950,000 of Manpower Development and Training funds and $162,000,000 of Economic Opportunity Act funds. The 1969 program is designed to provide 70,000 jobs for hard-core unemployed individuals.

The following table summarizes the Job Opportunities program for fiscal year 1969 as of December 31:

Program	Total Obligations	Job Opportunities	Average Cost Per Trainee
MA-3.....	$22,182,157	7,214	$3,075
MA-4.....	17,472,648	5,867	2,978
Test Cities.....	4,164,600	816	5,104
Total.....	43,819,405	13,897	3,153

The Job Opportunities in the Business Sector program has been funded from Economic Opportunity Act funds during the first half of fiscal year 1969. Manpower Development and Training funds have not yet been used because of the late apportionment of 1969 funds to the States in order that the 1968 amendment to Section 301 of the Manpower Development and Training Act could be implemented in the 1969 apportionment.

There have been few changes in the Job Opportunities in the Business Sector program for fiscal year 1969. The program is not expected to expand contract activity beyond the 50 largest cities.

One change is that the program is now offering two options for participating employers under the MA-4 contract phase now underway. "Option A" is based on detailed presentation of all program items and associated extraordinary costs that an employer will incur when hiring a hard-core unemployed individual. This option is available to those employers who may wish to design a program to meet the needs of their organization.

"Option B" is based on a simplified and standardized program and cost schedule. This option also covers those extraordinary costs an employer will incur when hiring the hard-core unemployed, while minimizing the need for detailed cost information. Response to date indicates "Option B" is popular with smaller employers who have had little experience in training the hard-core unemployed.

Under either option, funds are provided to offset the extra cost of on-the-job training and the added costs of counseling, remedial education, prevocational training, transportation, and the full range of supportive services needed to enable hard-core unemployed individuals to become fully productive workers. These funds will also provide the means to permit these newly hired employees to strengthen their acquired skills to move up in their careers and income potential.

Changes for 1970

Mandatory changes amount to..... None

Program changes amount to..... +$192,050,000

Positions..... None

Proposal: The principal focus of the Job Opportunities in the Business Sector program in 1970 will be an increased effort to enlist the resources of private industry to meet the serious problem of finding jobs for the hard-core unemployed in our fifty largest cities.

The Need: The number of hard-core unemployed still remains large even though continued high levels of economic activity and federally assisted manpower programs have diminished and will continue to diminish the universe of need. However, as the universe declines the population in it becomes increasingly hard-core.

Today's hard-core unemployed are not merely the victims of an economic cycle. They are the permanently poor. Their plight is accentuated rather than eased by the country's growing affluence. They sink deeper into the sediment of society while millions of their neighbors are productively employed and new jobs are created at the rate of 5,000 a day. Their situation does not get better with the passage of time. It gets worse. The most recent surveys indicate that 1 out of every 10 workers in the slums of major cities is unemployed--an unemployment rate almost three times the national average. The sub-employment rate is even greater and runs about 1 out of every 3 workers.

Hard-core poverty is a heavy burden for the country. Each year billions of dollars are lost in income and spent on welfare because of unemployment. But the real cost is a human one.

Lacking job skills, work experience, education and social acceptance, the hard-core unemployed remain jobless and hopeless.

For these people, many of whom are youth, Negro and other minorities, the promise that everyone in this country who is willing to work can have a job, and progress to the limit of his ability, is a hollow one. The response produces despair and deterioration in our cities.

The Program: In 1970, the manpower development and employment needs of the hard-core unemployed will be met largely through the Job Opportunities in the Business Sector program. Jobs remain to be found for thousands whose potential is no less real, but who never have had the opportunity to use and develop their ability.

The Job Opportunities in the Business Sector program in 1970 will continue to:

-- serve the hard-core unemployed

-- offer more attractive financial incentives to employers in order to increase the number of employers willing to take a higher proportion of disadvantaged trainees

-- involve contracting with private firms to train and hire a designated number of disadvantaged persons as permanent employees

-- put the entire training job in the hands of the employer

-- require each firm to provide a comprehensive program of supportive education, prevocational and on-the-job skill training to insure continued employment of the persons hired

-- include counseling, testing, coaching, and follow-up appraisal

-- set up contracts on a fixed unit cost basis, with provision for incentive awards for continuous employment of designated numbers of employee-trainees

-- stipulate that the participating employer is expected to retain as permanent, full-time employees, those persons who successfully complete the training.

It is estimated that providing the complete range of service required in 1970, will require a cost of about $3,000 per trainee. The 1970 Job Opportunities in the Business Sector program is designed to provide job opportunities for 140,000 hard-core unemployed at a total

Federal cost of $420,000,000 which includes $180,000,000 and an estimated 60,000 job opportunities funded by the Economic Opportunity Act.

Basis for the Estimate

The Manpower Development and Training Program's share in the 1970 Job Opportunities in the Business Sector Program will be an estimated 80,000 job opportunities at a cost of $240,000,000 an increase of 66,300 job opportunities and $192,050,000 over the 1969 level. The overall program design for the 1969 and 1970 Manpower Development and Training Program is shown on page 24.

Activity 1(b). Concentrated Employment Program (1969, $ 31,800,000; 1970, $105,000,000)

The Concentrated Employment Program, which started in the latter part of fiscal year 1967, was designed to cope with the problem of impacted unemployment and subemployment in slum areas of selected large cities and blighted rural areas. This program provides a localized delivery system for bringing concentrated individualized assistance under one coordinated agency sponsor, frequently the local Community Action Program, providing effective linkage and coordination between various manpower programs. It stresses orientation, individual "coach" counseling, and the provision of all other available manpower services needed and utilization of all training and work experience programs provided under various auspices, including Manpower Development and Training Activities. Although these multiple activities are sponsored through the single Concentrated Employment Program, funds allocated from the individual programs and facilities are utilized.

The Concentrated Employment Program utilizes Manpower Development and Training Act and Economic Opportunity Act funds. Because of this flexibility in funding, manpower programs are designed to be fully responsive to local needs. In effect projects are tailor made to meet the needs of the local communities.

The persons served by the Concentrated Employment Program must be residents of the designated target area (which embraces the Model Cities' target area where the program coexist) and must be disadvantaged. That is, they must be poor and be unemployed and underemployed and may have other disadvantages such as inadequate education, police records and poor or non-existent employment experience. It may be noted that 8 percent of the enrollees fall above the poverty guidelines. These persons represent part of the 19 percent of enrollees who are on welfare rolls and receive payments above the standardized poverty guidelines. All welfare recipients who resided within the target areas are qualified for the Concentrated Employment Program.

In 1968, the first full year of operation, the Concentrated Employment Program provided 65,000 training opportunities for the hard-core disadvantaged at a total Federal cost of $95,163,909. Manpower Development and Training funds amount to $22,122,909 ($1,556,000 of 1967 funds and $20,566,909 of 1968 funds) for approximately 26,900 training opportunities. The Economic Opportunity Act provided $73,041,000 of funds and 38,100 training opportunities.

Forty of the Concentrated Employment Programs funded during fiscal year 1968 were funded late in the year and did not become operational until fiscal year 1969. Consequently, the basic Concentrated Employment Program during fiscal year 1968 consisted of 22 operational programs. Twenty of these programs were in urban areas and 2 in rural areas.

The first full year of operation tested the concept of a complex delivery system. Fiscal year 1968 proved to be a year of experimentation and demonstration of a new and important evolutionary step in the development of a comprehensive manpower delivery system.

The Concentrated Employment Program concept of one prime contract using a single sponsor and multiple sub-sponsors has presented considerable administrative problems. The sponsors (usually community action agencies) had experience only in operating separate discrete manpower programs and subcontractors have generally had a long history of functioning in an independent manner. Because of the complexity of the programs and associated administrative and management problems, it took a considerable period of time to develop efficient organizational structures. During this period of development and assessment operations were impeded. The newness of the program resulted in the programs not achieving full effectiveness at the end of the year.

Despite the inability of the Concentrated Employment Program to meet its goal within the original time frame, a significant beginning was made. At the close of fiscal year 1968, a total of sixty-two programs had been funded covering fifty-two urban and ten rural areas. The twenty-two operational programs had interviewed and screened 52,412 enrollees and 25,551 had been placed into permanent employment.

In 1969, $114,800,000 will be available for the Concentrated Employment Program made up of $31,800,000 of Manpower Development and Training funds and $83,000,000 of Economic Opportunity Act funds. These funds will allow for the refunding of the 22 original programs and the funding of 20 additional programs.

During fiscal year 1969 a total of 82 programs will be in operation--40 Concentrated Employment Program II programs funded during fiscal year 1968; 22 Concentrated Employment Program I programs to be refunded in fiscal year 1969; 20 Concentrated Employment Program II programs newly funded in fiscal year 1969, but which received planning grants in fiscal year 1968.

These eighty-two programs include 69 urban and 13 rural programs. The majority (71 of 82) are sponsored by community action agencies and the remainder are sponsored by city governments or the State Employment Service.

The Concentrated Employment Program will continue to serve the disadvantaged population within basically the same target areas in 1969. Special emphasis is being placed on attracting greater numbers of males from the ghetto and maintaining them in the program. Present enrollment is 49 percent male and 51 percent female. The increased emphasis on male recruitment and retention is designed to meet the needs of large numbers of ghetto males who have not yet been attracted into manpower programs and remain unskilled and unemployed. Greater use of indigenous male outreach workers and job coaches is an important means being used to recruit and hold more males. Equally important is the development of jobs having higher initial wage rates and good potential for advancement.

The Concentrated Employment Program has shown considerable increases in the numbers served during the first few months of fiscal year 1969. During this period, a total of 32,999 persons in 62 operational programs have been enrolled and 20,930 have been placed into permanent employment.

Changes for 1970

Mandatory changes amount to..... $ None

Program changes amount to..... +$73,200,000

Positions..... None

Proposal: The principal focus of the Concentrated Employment Program in 1970 will continue to be the hard-core disadvantaged.

The Need: The 1970 "poverty universe of need for manpower programs" is estimated at about 10 million people. Of these, almost two-thirds are white and a third are nonwhite. More than a fourth are young persons 21 years old and under, with the proportion somewhat higher among nonwhites. Almost two out of five are between the ages of 55 and 64. In both the white and the nonwhite groups. Females comprise about 60 percent of the total, and they tend to be somewhat older than the males.

More than one-third of the persons in the universe of need reside in rural areas. The remaining two-thirds are classified as urban dwellers, although a sizeable proportion of these live in small towns. Slightly more than half of the total universe of need is located in Standard Metropolitan Statistical Areas, and of these the majority are crowded into the principal central city ghettoes.

Given the overall policy of focusing manpower program resources on the disadvantaged, it is apparent that the most urgent manpower development needs are found in urban slums and rural poverty areas. The most recent surveys indicate that 1 out of every 10 workers in the slums of major cities is unemployed--an unemployment rate almost three times the national average. A considerably more severe picture, however, is revealed by estimates of sub-employment, a measure which includes, in addition to the unemployed, (1) those working part time for economic reasons; (2) the full time employed poor; (3) those not in the labor force who ought to be; and (4) one-half of the census "undercount" group. The sub-employment rates runs about one out of three.

In rural areas, unemployment (to say nothing of the much more prevalent underemployment) runs to 6.9 percent among agricultural workers, while only 3.6 percent of rural non-farm workers are unemployed. Clearly, as in the cities, joblessness and poverty are much higher in the depressed rural areas than in rural American as a whole. An estimated 6 out of every 10 rural Negroes are poor.

The Program: The objective of the Concentrated Employment Program during 1970 will be one of strengthening and improving existing programs. The program size in 1970 will total 82 operational Concentrated Employment Programs. Thus the 1970 budget estimate calls for no expansion of the number of programs beyond the 1969 level.

The funding of the 1970 Concentrated Employment Programs will be as follows:

22	Concentrated Employment Program I.....	$98,500,000
40	Concentrated Employment Program II.....	90,000,000
20	Concentrated Employment Program II.....	49,500,000
82		$238,000,000

The 1970 budget request calls for the Concentrated Employment Program to continue to be funded from both Manpower Development and Training funds and Economic Opportunity funds. The total request of $238,000,000 for 1970 will be divided between Manpower Development and Training funds of $105,000,000 and Economic Opportunity funds of $133,000,000.

The population served by the Concentrated Employment Program will continue to be totally from the ranks of the disadvantaged. Particular attention, however, will be paid to the impact of the Concentrated Employment Program on the designated target areas. It is expected that some programs will have made a substantial impact upon the target area and certain target areas will be modified or extended to serve other areas of need. This does not represent an increase in the size of a program, but rather an extension of existing services.

Projections of costs and persons served under the Concentrated Employment Program are difficult because of the wide variety of services provided in each program and the flexibility that is allowed sponsors to develop programs suited to local needs. Despite these difficulties, an overall indicator of persons served and general indicators of individual unit costs has been developed. The cost per enrollee in the past years has been approximately $1,667. These figures represent a considerable amount of one-time costs which are associated with the development of a major effort such as the Concentrated Employment Program. Such costs include facility renovation, equipment purchase and automotive purchases.

It is estimated that the cost per enrollee and the man-year unit cost will be 7 percent lower during 1970 than previous years. It is expected that 170,000 will be served during 1970 at an enrollee unit cost of $1,400.

The Concentrated Employment Program in 1970 will have an increased percentage of funds from the Manpower Development and Training Program. Presently, the 82 Concentrated Employment Programs are operating with 25-33 percent of their funds from the Manpower Development and Training Act. At this level, Manpower Development and Training funds go into the payment of training allowances to enrollees to the operation of skill training programs and to other limited purposes. Since the percentage will increase to 44 percent, major additional uses of Manpower Development and Training funds may be made.

The Economic Opportunity Act funds will continue to be used in a flexible manner to provide the essential mechanism for the operation of a Concentrated Employment Program program as well as other uses such as the provision of supportive services for the work experience program.

Basis for the Estimate

The Manpower Development and Training Program's share in the 1970 Concentrated Employment Program will be an estimated 48,820 training opportunities at a cost of $105,000,000 an increase of 33,860 training opportunities and $73,200,000 over the 1969 level. The overall program design for the 1969 and 1970 Manpower Development and Training Program is shown on page 24.

Activity 1 (c). Other (1969, $270,975,845; 1970, $254,492,000)

This activity includes the basic institutional, on-the-job training, and part-time and other training components of the regular Manpower Development and Training program.

Institutional Training

Institutional training programs provide the unemployed and underemployed with the opportunity to upgrade their skills and to equip themselves with new skills while receiving maintenance allowances in order to continue training.

In addition to training for job skills, the program provides for basic education--reading, writing and arithmetic--for training in effective communication and in orientation to work where these skills are needed for employment.

Skill Centers

Institutional training was initially a program of single occupation projects conducted in school facilities which were often already overcrowded, were not adapted to the types of skill training required for unemployed adults or could not provide all the services required.

The "Skill Centers" are an outgrowth of the successful multi-occupation training project structure devised to meet program efforts to train disadvantaged persons and combine under one roof multiple manpower services including testing, counseling and orientation, basic education, work tryouts in several skills, and standard occupational training and job placement assistance. Thus they provide an array of tools needed to serve the multiple needs of disadvantaged persons.

Prison Inmate Program

The program for prison inmates continued during fiscal year 1968. Ten such programs at a cost of $1,644,873 were funded during the fiscal year from Manpower Development and Training funds at Draper Correctional Institution in Elmore, Alabama; Applachee Correctional Institution in Florida; Minnesota State Prison; Nevada State Prison; Women's Division of Oregon Prison; Shelby County Penal Farm in Tennessee; Fort Worth Technical Institute, Texas; Utah State Prison; and Washington State Reformatory, Monroe, Washington.

These projects, serving approximately 1,060 prison inmates provide for a wide variety of remedial and rehabilitative services in conjunction with occupational training such as auto body repairmen, automobile mechanics, welders, upholsterers, TV repairmen, diesel mechanics, draftsmen, bakers, cooks, farm equipment mechanics, and loggers.

In 1968 institutional training provided approved training opportunities for 114,022 individuals at a total Federal cost of $216,585,733.

In 1969, the institutional training program will provide training opportunities for 98,800 individuals at a total Federal cost of $186,000,000. The prison inmate program for 1969 is estimated at about 1,800 trainees at a cost of $3,000,000. There was also a non-recurring carryover balance from the 1968 appropriation of $5,039,126 which includes $139,845 of unobligated funds and $4,900,000 reserved under H.J. Res. 888 (P.L. 90-218). This amount will provide training for an additional 2,700 individuals.

In 1970, the institutional training program will continue at the same level as in 1969. The overall program design for 1969 and 1970 is shown on page 24.

On-the-Job Training

The on-the-job training program has proved to be an effective means of upgrading the skills of the workforce and providing unemployed workers with new skills needed to obtain jobs. Where on-the-job training programs require supplemental, classroom instruction (i.e., coupled projects) arrangements for such instruction are made by the Secretary of Health, Education, and Welfare.

On-the-Job training programs are sponsored by employers to train persons for regular jobs. Some projects are broader in scope, with the trainees referred to jobs in other establishments after completing their training. The use of national associations and corporations of national scope as prime contractors has proved especially effective in furthering the on-the-job training program.

In 1968, on-the-job training provided approved training opportunities for 96,242 individuals at a total Federal cost of $69,480,597.

In 1969, the on-the-job training program will provide training opportunities for 83,240 individuals at a total Federal cost of $54,608,000.

In 1970, the on-the-job training program will continue at the same level as in 1969. The overall program design for 1969 and 1970 is shown on page 24.

Part-Time and Other

Part-time training was authorized under the 1966 amendments to the Manpower Development and Training Act. Provision was made for part-time training, consisting of at least six hours and not more than 18 hours per week, with incentive payments of up to $10.00 per week. The purpose of this training is to upgrade persons to meet the needs for qualified workers in areas or occupations where there are critical skill shortages.

In 1968, part-time and other training contribution accounted for approximately 8,331 training opportunities at a total Federal cost of $5,500,720.

In 1969, part-time and other training will provide training opportunities for 54,240 individuals at a total Federal cost of $25,328,000.

In 1970, part-time and other training will provide training opportunities for 29,740 individuals at a total Federal cost of $13,884,000 a reduction of 24,500 trainees and $11,444,000 below the 1969 level. The reduction is due to difficulties in recruiting individuals for this type of training. The overall program design for 1969 and 1970 is shown on page 24.

Changes for 1970

Mandatory changes amount to..... -$5,039,845

Program changes amount to.....-$11,444,000

Positions..... None

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

COMPARISON OF ESTIMATED PROGRAM DESIGN

FISCAL YEARS 1969 AND 1970

	Fiscal Year 1969			Fiscal Year 1970		
	Trainees	Average Cost	Total Federal Training and Allowance Costs ($000)	Trainees	Average Cost	Total Federal Training and Allowance Costs ($000)
Training and Allowance Payments Total.....	264,940	$1,305	$345,686	340,600	$1,760	$599,492
(a) Job Opportunities in the Business Sector.....	13,700	3,500	47,950	80,000	3,000	240,000
(b) Concentrated Employment Program.....	14,960	2,126	31,800	48,820	2,151	105,000
(c) Other.....	236,280	1,126	265,936	211,780	1,202	254,492
Institutional Training.	98,800	1,883	186,000	98,800	1,883	186,000
On-the-Job Training....	83,240	656	54,608	83,240	656	54,608
Part-Time and Other Training.....	54,240	467	25,328	29,740	467	13,884

ESTIMATED DISTRIBUTION OF 1970 MDTA FUNDS TO BE APPORTIONED AMONG THE STATES AS REQUIRED BY SECTION 301 OF THE ACT

State or Possession	1969 1/ Apportionment Factor	Apportioned Funds
Total	100.00	$462,000,000
Alabama	1.50	6,912,000
Alaska	.33	1,525,000
Arizona	.65	3,022,000
Arkansas	.87	4,006,000
California	14.68	67,812,000
Colorado	.97	4,482,000
Connecticut	1.48	6,819,000
Delaware	.25	1,178,000
District of Columbia	.42	1,959,000
Florida	1.76	8,113,000
Georgia	1.82	8,422,000
Guam	.02	100,000
Hawaii	.37	1,723,000
Idaho	.45	2,065,000
Illinois	5.31	24,542,000
Indiana	1.96	9,078,000
Iowa	1.62	7,494,000
Kansas	1.03	4,777,000
Kentucky	1.56	7,189,000
Louisiana	1.63	7,549,000
Maine	.43	1,996,000
Maryland	1.35	6,246,000
Massachusetts	3.33	15,362,000
Michigan	5.19	23,973,000
Minnesota	1.86	8,607,000
Mississippi	.96	4,435,000
Missouri	2.32	10,700,000
Montana	.33	1,511,000
Nebraska	.65	3,012,000
Nevada	.33	1,525,000
New Hampshire	.26	1,192,000
New Jersey	3.79	17,501,000
New Mexico	.39	1,788,000
New York	10.27	47,457,000
North Carolina	1.99	9,194,000
North Dakota	.42	1,936,000
Ohio	4.40	20,342,000
Oklahoma	.86	3,969,000
Oregon	1.23	5,692,000
Pennsylvania	4.98	22,998,000
Puerto Rico	1.69	7,799,000
Rhode Island	.47	2,148,000
South Carolina	1.20	5,526,000
South Dakota	.32	1,488,000
Tennessee	1.75	8,099,000
Texas	3.36	15,537,000
Utah	.58	2,657,000
Vermont	.23	1,058,000
Virginia	1.41	6,528,000
Virgin Islands	.02	100,000
Washington	1.50	6,921,000
West Virginia	.71	3,262,000
Wisconsin	2.53	11,698,000
Wyoming	.17	776,000
American Samoa	.02	100,000
West Trust Terr.	.02	100,000

1/ Based on fiscal year 1969 apportionment factor, P.L. 87-415, Section 301 requires annual redetermination of State apportionment factors. Apportionment is based on whole factor not rounded factor.

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

DISTRIBUTION OF FISCAL YEAR 1969 FUNDS

State or Possession	1969 Apportionment Factors (100.00)	1969 State Apportionment Total	Institutional Training Allotment	On-the-Job Training Allotment	Job Opportunities in the Business Sector	Concentrated Employment Program Allotment
Alabama	1.49	$ 3,860,000	$ 2,623,000	$ 851,000	$ 386,000	
Alaska	.33	855,000	581,000	274,000	---	
Arizona	.65	1,684,000	1,145,000	112,000	427,000	
Arkansas	.86	2,228,000	1,514,000	714,000	---	
California	14.63	37,892,000	25,749,000	3,734,000	8,409,000	
Colorado	.97	2,513,000	1,708,000	314,000	491,000	
Connecticut	1.47	3,808,000	2,588,000	1,220,000	---	
Delaware	.29	750,000	510,000	240,000	---	
Dist. of Col.	.42	1,088,000	740,000	57,000	291,000	
Florida	1.75	4,533,000	3,081,000	542,000	910,000	
Georgia	1.82	4,714,000	3,203,000	880,000	631,000	
Guam	.04	100,000	68,000	32,000	---	
Hawaii	.37	959,000	652,000	83,000	224,000	
Idaho	.45	1,166,000	792,000	374,000	---	
Illinois	5.29	13,702,000	9,311,000	1,115,000	3,276,000	
Indiana	1.96	5,077,000	3,450,000	1,241,000	386,000	
Iowa	1.62	4,196,000	2,851,000	1,345,000	---	
Kansas	1.03	2,668,000	1,813,000	855,000	---	
Kentucky	1.55	4,015,000	2,728,000	901,000	386,000	
Louisiana	1.63	4,222,000	2,869,000	687,000	666,000	
Maine	.43	1,114,000	757,000	357,000	---	
Maryland	1.35	3,497,000	2,376,000	245,000	876,000	
Massachusetts	3.31	8,573,000	5,826,000	1,012,000	1,735,000	
Michigan	5.17	13,391,000	9,100,000	1,626,000	2,665,000	
Minnesota	1.86	4,818,000	3,274,000	983,000	561,000	
Mississippi	.96	2,487,000	1,690,000	797,000	---	
Missouri	2.31	5,983,000	4,066,000	337,000	1,580,000	
Montana	.33	855,000	581,000	274,000	---	
Nebraska	.65	1,684,000	1,144,000	295,000	245,000	
Nevada	.33	855,000	581,000	274,000	---	
New Hampshire	.29	750,000	510,000	240,000	---	
New Jersey	3.78	9,791,000	6,653,000	1,211,000	1,927,000	
New Mexico	.39	1,010,000	686,000	324,000	---	
New York	10.24	26,521,000	18,022,000	765,000	7,734,000	
North Carolina	1.98	5,129,000	3,485,000	1,644,000	---	
North Dakota	.42	1,088,000	739,000	349,000	---	
Ohio	4.39	11,370,000	7,726,000	824,000	2,820,000	
Oklahoma	.86	2,228,000	1,514,000	136,000	578,000	
Oregon	1.23	3,186,000	2,165,000	391,000	630,000	
Pennsylvania	4.96	12,847,000	8,730,000	810,000	3,307,000	
Puerto Rico	1.68	4,352,000	2,957,000	1,395,000	---	
Rhode Island	.46	1,192,000	810,000	382,000	---	
South Carolina	1.19	3,082,000	2,094,000	988,000	---	
South Dakota	.32	829,000	563,000	266,000	---	
Tennessee	1.75	4,533,000	3,080,000	1,068,000	385,000	
Texas	3.35	8,677,000	5,896,000	836,000	1,945,000	
Utah	.57	1,477,000	1,004,000	473,000	---	
Vermont	.29	750,000	510,000	240,000	---	
Virginia	1.41	3,652,000	2,482,000	925,000	245,000	
Virgin Islands	.04	100,000	68,000	32,000	---	
Washington	1.49	3,859,000	2,622,000	519,000	718,000	
West Virginia	.70	1,813,000	1,232,000	581,000	---	
Wisconsin	2.52	6,527,000	4,435,000	1,426,000	666,000	
Wyoming	.29	750,000	510,000	240,000	---	
American Samoa	.04	100,000	68,000	32,000	---	
W. Trust Terr.	.04	100,000	68,000	32,000	---	
Total Apportioned Funds		259,000,000	176,000,000	37,900,000	45,100,000	---
Unapportioned Funds 1/		86,686,000	35,328,000	16,708,000	2,850,000	31,800,000
Total 1969 Funds		345,686,000	211,328,000	54,608,000	47,950,000	31,800,000

1/ Includes $22,000,000 for Redevelopment Areas.

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

SUMMARY OF FEDERAL FUNDS OBLIGATED AND TRAINEES APPROVED 1/

FISCAL YEAR 1969 AS OF DECEMBER 31, 1968

State or Possession	Institutional Training		On-the-Job Training		Part-Time and Other Training	
	Trainees Approved	Total Obligations	Trainees Approved	Total Obligations	Trainees Approved	Total Obligations
Total	74,655	$148,107,941	34,644	$30,277,853	5,175	$3,984,697
Alabama	1,223	2,429,360	855	561,596	20	28,577
Alaska	256	577,421	---	---	---	---
Arizona	713	1,076,121	160	227,744	130	45,060
Arkansas	1,091	1,749,974	673	320,052	90	49,790
California	9,134	27,653,369	3,343	4,822,080	60	10,808
Colorado	650	1,695,293	110	119,725	---	---
Connecticut	570	834,747	255	320,076	580	1,580,588
Delaware	246	414,598	---	---	---	---
Dist. of Col.	2,328	2,215,842	418	404,551	---	---
Florida	1,320	2,389,070	512	321,621	---	---
Georgia	756	1,623,961	1,609	1,177,074	240	154,830
Guam	---	---	---	---	---	---
Hawaii	315	404,195	---	---	180	51,564
Idaho	258	717,631	405	263,929	70	78,844
Illinois	5,554	8,501,149	600	715,825	75	97,982
Indiana	1,265	2,059,557	600	821,351	140	25,259
Iowa	892	2,084,045	---	---	---	---
Kansas	1,030	1,748,999	400	402,714	300	45,000
Kentucky	1,271	2,958,026	1,600	1,121,036	---	---
Louisiana	669	1,796,024	1,253	814,478	320	172,904
Maine	690	892,584	---	---	---	---
Maryland	981	1,852,530	763	700,041	705	110,518
Massachusetts	2,796	5,105,666	605	636,723	216	327,100
Michigan	2,381	6,925,344	640	614,230	15	6,914
Minnesota	1,581	2,911,293	---	---	---	---
Mississippi	890	1,682,924	1,914	1,124,528	55	25,899
Missouri	1,962	4,092,038	530	691,396	32	35,552
Montana	360	895,819	75	58,788	---	---
Nebraska	837	1,782,390	75	39,000	---	---
Nevada	231	327,398	132	132,000	---	---
New Hampshire	386	501,955	---	---	30	9,463
New Jersey	2,065	4,744,516	1,150	709,810	---	---
New Mexico	190	489,114	123	93,554	---	---
New York	2,969	6,487,998	2,780	2,215,821	---	---
North Carolina	1,051	1,900,036	450	470,176	---	---
North Dakota	449	1,032,622	---	---	---	---
Ohio	3,790	7,368,904	1,880	2,165,708	80	76,633
Oklahoma	1,622	1,907,571	636	408,919	---	---
Oregon	1,106	1,756,124	180	150,737	160	46,400
Pennsylvania	7,199	10,534,454	1,704	1,687,773	402	90,182
Puerto Rico	720	1,345,706	489	178,501	45	10,124
Rhode Island	477	784,188	40	41,964	15	574
South Carolina	1,005	1,950,776	1,523	606,671	215	67,889
South Dakota	146	500,186	200	194,823	191	175,215
Tennessee	1,110	2,685,454	2,159	1,495,351	200	21,060
Texas	2,641	5,602,569	362	142,439	100	57,750
Utah	105	319,259	---	---	14	10,995
Vermont	207	276,122	---	---	---	---
Virginia	1,778	2,135,547	1,013	662,888	36	16,378
Virgin Islands	---	---	---	---	---	---
Washington	1,435	1,648,257	425	491,468	75	39,580
West Virginia	520	1,264,165	1,445	1,580,022	---	---
Wisconsin	1,354	3,182,050	508	507,802	384	515,265
Wyoming	80	293,000	50	62,868	---	---

1/ Continued on the following page.

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

SUMMARY OF FEDERAL FUNDS OBLIGATED AND TRAINEES APPROVED

FISCAL YEAR 1969 AS OF DECEMBER 31, 1968

State or Possession	Concentrated Employment Program		Total	
	Trainees Approved	Total Obligations	Trainees Approved	Total Obligations
Total	17,687	$24,692,751	132,161	$207,063,242
Alabama	---	---	2,098	3,019,533
Alaska	---	---	256	577,421
Arizona	500	1,855,000	1,503	3,203,925
Arkansas	---	---	1,854	2,119,816
California	1,155	4,606,600	13,692	37,092,857
Colorado	---	---	760	1,815,018
Connecticut	1,220	400,000	2,625	3,135,411
Delaware	---	---	246	414,598
District of Columbia	3,200	2,490,435	5,946	5,110,828
Florida	797	800,000	2,629	3,510,691
Georgia	---	---	2,605	2,955,865
Guam	---	---	---	---
Hawaii	---	---	495	455,759
Idaho	---	---	733	1,060,404
Illinois	---	400,000	6,229	9,714,956
Indiana	---	---	2,005	2,906,167
Iowa	---	---	892	2,084,045
Kansas	---	---	1,730	2,196,713
Kentucky	---	---	2,871	4,079,062
Louisiana	200	1,159,950	2,442	3,943,356
Maine	---	---	690	892,584
Maryland	---	---	2,449	2,663,089
Massachusetts	358	1,546,059	3,975	7,615,548
Michigan	---	588,573	3,036	8,135,061
Minnesota	350	400,000	1,931	3,311,293
Mississippi	---	---	2,859	2,833,351
Missouri	---	833,300	2,524	5,652,286
Montana	---	---	435	954,607
Nebraska	320	375,133	1,232	2,196,523
Nevada	---	---	363	459,398
New Hampshire	---	---	416	511,418
New Jersey	1,400	1,154,290	4,615	6,608,616
New Mexico	145	778,000	458	1,360,668
New York	3,340	988,331	9,089	9,692,150
North Carolina	480	1,118,000	1,981	3,488,212
North Dakota	---	---	449	1,032,622
Ohio	635	780,000	6,385	10,391,245
Oklahoma	---	---	2,258	2,316,490
Oregon	---	---	1,446	1,953,261
Pennsylvania	580	1,409,750	9,885	13,722,159
Puerto Rico	---	---	1,254	1,534,331
Rhode Island	---	---	532	826,726
South Carolina	---	---	2,743	2,625,336
South Dakota	---	---	537	870,224
Tennessee	---	---	3,469	4,201,865
Texas	3,007	3,009,330	6,110	8,812,088
Utah	---	---	119	330,254
Vermont	---	---	207	276,122
Virginia	---	---	2,827	2,814,813
Virgin Islands	---	---	---	---
Washington	---	---	1,935	2,179,305
West Virginia	---	---	1,965	2,844,187
Wisconsin	---	---	2,246	4,205,117
Wyoming	---	---	130	355,868

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MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

SUMMARY OF FUNDS OBLIGATED AND TRAINEES APPROVED 2/
FISCAL YEAR 1968 AS OF JUNE 30, 1968

State or Possession	Trainees Approved for Institutional, On-the-Job Training and Job Opportunities in the Business Sector	Trainees Approved for Part-Time and Other Training and Concentrated Employment Program	Federal Obligations	1/ Total Obligations
Total	218,664	34,503	$332,490,682	$340,498,581
Alabama	2,842	655	5,698,641	5,887,859
Alaska	594	25	1,437,957	1,461,597
Arizona	2,614	2,705	4,589,018	4,701,778
Arkansas	2,049	---	2,803,731	2,844,496
California	29,807	900	48,722,567	49,645,495
Colorado	1,866	578	3,692,041	3,748,598
Connecticut	3,328	688	5,461,664	5,622,321
Delaware	837	---	495,064	509,121
District of Columbia	7,174	---	9,916,157	9,963,216
Florida	3,993	565	5,619,916	5,780,958
Georgia	3,577	---	4,749,399	4,865,355
Guam	75	---	93,057	97,512
Hawaii	390	1,000	949,405	967,571
Idaho	402	---	620,738	648,753
Illinois	11,781	2,130	16,337,081	16,715,146
Indiana	4,407	1,019	6,511,279	6,663,093
Iowa	1,962	156	3,733,073	3,910,984
Kansas	1,370	60	2,120,148	2,247,232
Kentucky	4,576	1,167	5,835,547	5,931,269
Louisiana	2,882	---	4,020,639	4,123,974
Maine	2,173	240	2,277,653	2,353,240
Maryland	3,753	---	3,464,953	3,563,638
Massachusetts	7,660	544	12,631,539	12,935,605
Michigan	6,357	---	11,999,071	12,207,652
Minnesota	4,097	711	7,535,384	7,656,221
Mississippi	2,513	2,960	5,609,886	5,698,289
Missouri	2,960	703	6,343,450	6,564,558
Montana	448	685	1,567,400	1,591,491
Nebraska	1,370	220	2,346,451	2,395,749
Nevada	886	1,320	1,370,890	1,390,040
New Hampshire	623	260	1,365,848	1,422,851
New Jersey	10,824	3,320	13,573,441	13,999,193
New Mexico	1,127	145	2,399,668	2,430,410
New York	19,869	380	34,698,287	35,488,120
North Carolina	3,603	160	4,810,609	4,955,199
North Dakota	482	---	1,137,283	1,165,483
Ohio	8,100	3,050	12,080,978	12,474,543
Oklahoma	2,173	202	2,923,890	3,036,780
Oregon	2,365	1,807	3,494,964	3,561,520
Pennsylvania	14,154	150	15,272,054	15,747,525
Puerto Rico	1,908	30	2,474,915	2,568,037
Rhode Island	1,009	375	1,804,212	1,884,799
South Carolina	2,247	250	3,344,210	3,456,840
South Dakota	924	---	1,170,849	1,194,878
Tennessee	4,006	1,626	6,953,702	7,072,458
Texas	12,039	1,310	17,573,268	17,865,179
Utah	774	---	1,476,144	1,523,292
Vermont	287	132	583,878	614,504
Virginia	2,860	305	3,477,409	3,618,451
Virgin Islands	32	---	42,542	44,010
Washington	3,581	1,800	4,299,178	4,439,561
West Virginia	1,929	---	1,825,529	1,869,748
Wisconsin	4,827	170	6,769,677	6,988,041
Wyoming	178	---	384,348	384,348

1/ Includes $8,007,899 of State matching contributions in case or in kind required for institutional training.

2/ Includes 14,009 trainees at a total Federal cost of $21,952,504 funded in Redevelopment areas.

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES
DETAIL SUMMARY OF FEDERAL FUNDS OBLIGATED
TRAINING AND ALLOWANCE PAYMENTS ACTIVITY
FISCAL YEAR 1968 AS OF JUNE 30, 1968

State or Possession	Job Opportunities in the Business Sector (Activity 1a)	Concentrated Employment Program (Activity 1b)	Other (Activity 1c)	Total (Activity 1)
Alabama	---	$ 400,000	$ 5,298,641	$ 5,698,641
Alaska	---	---	1,437,957	1,437,957
Arizona	$ 12,848	1,599,411	2,989,607	4,601,866
Arkansas	---	778,000	2,803,731	3,581,731
California	7,418,462	400,000	44,603,181	52,421,643
Colorado	---	400,000	3,292,041	3,692,041
Connecticut	627,021	400,000	4,434,643	5,461,664
Delaware	---	---	495,064	495,064
District of Columbia	3,572,564	456,000	6,715,312	10,743,876
Florida	---	400,000	5,219,916	5,619,916
Georgia	---	---	4,749,399	4,749,399
Guam	---	---	93,057	93,057
Hawaii	1,237,600	399,841	549,564	2,187,005
Idaho	---	---	620,738	620,738
Illinois	5,807,601	---	12,076,644	17,884,245
Indiana	111,786	1,015,980	5,495,299	6,623,065
Iowa	---	399,320	3,333,753	3,733,073
Kansas	---	---	2,120,148	2,120,148
Kentucky	1,728,140	778,000	5,057,547	7,563,687
Louisiana	---	---	4,020,639	4,020,639
Maine	---	400,000	1,877,653	2,277,653
Maryland	500,000	---	3,464,953	3,964,953
Massachusetts	4,897,806	400,000	8,182,304	13,480,110
Michigan	3,156,435	---	11,999,071	15,155,506
Minnesota	1,534,705	1,178,000	5,280,125	7,992,830
Mississippi	---	448,321	5,161,565	5,609,886
Missouri	154,641	1,178,000	5,165,450	6,498,091
Montana	---	775,405	791,995	1,567,400
Nebraska	104,585	---	2,346,451	2,451,036
Nevada	---	400,000	970,890	1,370,890
New Hampshire	---	400,000	965,848	1,365,848
New Jersey	1,135,495	798,133	12,775,308	14,708,936
New Mexico	---	400,000	1,999,668	2,399,668
New York	1,789,322	784,651	33,468,959	36,042,932
North Carolina	---	399,847	4,410,762	4,810,609
North Dakota	---	---	1,137,283	1,137,283
Ohio	2,066,297	800,000	11,280,978	14,147,275
Oklahoma	154,872	400,000	2,523,890	3,078,762
Oregon	43,024	400,000	3,094,964	3,537,988
Pennsylvania	473,058	---	15,272,054	15,745,112
Puerto Rico	---	---	2,474,915	2,474,915
Rhode Island	---	400,000	1,404,212	1,804,212
South Carolina	---	778,000	2,566,210	3,344,210
South Dakota	---	---	1,170,849	1,170,849
Tennessee	---	1,578,000	5,375,702	6,953,702
Texas	4,621,731	800,000	13,339,405	18,761,136
Utah	---	---	1,476,144	1,476,144
Vermont	---	---	583,878	583,878
Virginia	813,000	400,000	3,077,409	4,290,409
Virgin Islands	---	---	42,542	42,542
Washington	146,950	400,000	3,899,178	4,446,128
West Virginia	---	---	1,825,529	1,825,529
Wisconsin	2,507,096	1,178,000	6,369,677	10,054,773
Wyoming	---	---	384,348	384,348
Total 1968 Program	44,615,039	22,122,909	291,567,050	358,304,998
Financed with 1967 Funds	-24,258,316	-1,556,000	---	-25,814,316
1968 Obligations	20,356,723	20,566,909	291,567,050	332,490,682

Activity 2. PROGRAM SERVICES (1969, $51,746,400, Pos. 55; 1970, $86,455,400, Pos. 65)

Narrative Description of Program

Occupational training under the Manpower Development and Training Act is predicated upon these basic requirements: (1) determination of occupations in which there is a need for workers; (2) outreach and identification of unemployed workers who require training in order to become employed; (3) intensive counseling and testing services for those selected and referred to training; (4) provisions of the kind and amount of training which fills the gap between a trainee's aptitudes and current occupational capabilities and his potential placement in the occupation for which he is receiving training; (5) reasonable expectation of placing the graduate trainees in suitable jobs.

Training programs are closely identified with communities, and it is here in large degree that training programs are planned, developed and operated, providing training to local residents with expectation of employment in their own home towns. Where circumstances warrant, training programs may take on broader geographic coverage, reaching several communities or even across State borders to become regional or national in scope. The focal point for the development and administration of training programs is the State, and it is for these reasons that the Secretary of Labor has entered into agreements with State employment security and State apprenticeship agencies and the Secretary of Health, Education and Welfare with State vocational education agencies. In addition, the Secretary of Labor has entered into contracts with national, State and local associations and organizations for the purpose of promoting, developing and supervising on-the-job training projects while the Secretary of Health, Education, and Welfare is authorized to provide training directly through public and private institutions.

A number of programs designed to improve the employability of the Nation's manpower resources, such as basic education, work experience, skill training, have been enacted in recent years. These new and varied manpower and related programs, under dispersed administrative responsibilities, must be effectively coordinated in the communities and States where the manpower resources, the job openings, and the training facilities are located. Such coordination can only be achieved through comprehensive community and State manpower program planning.

Accordingly, six Executive Departments and two independent agencies, have joined in the Cooperative Area Manpower Planning System to provide interprogram coordination of local, State, regional and National program administration. The Secretary of Labor, as the principal Cabinet Officer responsible for manpower policy and programs, and under the general responsibilities of Section 201, Manpower Development and Training Act, as amended, provides leadership and administrative support for National and Regional Cooperative Area Manpower Planning System activities and secretariat support to State and local manpower coordinating committees.

The 1968 amendments to the Manpower Development and Training Act have provided for technical assistance for all manpower programs and the furnishing of training for all personnel involved in the administration, direction and performance of these programs. The amendments likewise provide for a job matching program on a national, state, local or other appropriate basis as part of a broader comprehensive system of labor market information.

Activity 2 (a). State Employment Security Service (1969, $33,521,400, Pos. 25; 1970, $42,976,400, Pos. 35)

State employment security agencies (and their local offices) are responsible for: (1) determining the occupations in which there is a need for training; (2) outreach and identification of workers requiring training; (3) screening, intensive counseling and testing services prior to taking training; (4) selecting

and referring individuals to training; (5) determining entitlements and making training allowances and subsistence payments to persons who are eligible for such payments under the Act; (6) providing job orientation, job development and placement of individuals upon conclusion of training and follow-up activities after placement. In the administration of the program the State agencies provide continuing technical services to their local offices and carry on program review and monitoring. State Agency personnel will work in close cooperation with their counterpart State vocational education agencies in the promulgation, development and review of all institutional training projects, and with State apprenticeship agencies relative to on-the-job training projects, and, within their area of responsibility, recommend these training projects for Federal review and approval.

In 1968, accomplishments were supporting services for 253,167 of approved training opportunities.

In 1969, it is planned to provide supporting services for 264,940 training opportunities of which 14,960 are planned for the Concentrated Employment Program and 13,700 for the Job Opportunities in the Business Sector Program.

Changes for 1970

Mandatory changes amount to..... $ None

Program changes amount to..... +$9,455,000

Positions..... + 10

Proposal: To provide supporting services for 340,600 training opportunities in 1970 a net increase of 75,660 training opportunities over the 1969 planned level of 264,940. The increase is all for the Concentrated Employment Program and the Job Opportunities in the Business Sector Program.

The Need: The requested increase will permit State employment security agencies to provide for increased recruiting, counseling, referral, testing, training development, and job development activities to support the expanded Concentrated Employment Program and the Job Opportunities in the Business Sector Program in 1970.

The Program: The Concentrated Employment Program assumes that the State Employment Service will be the prime source and deliverer of manpower support services at the local level. This program requires the outstationing of Employment Service personnel in Concentrated Employment Program areas to provide a variety of manpower services.

These services will be made available to the disadvantaged in the target areas and include the identification of outreach services to such groups, regardless of age, sex, race, religion or national origin referring them to the appropriate manpower facility for the assistance needed to resolve their employment problems.

In developing an individual's employability plan for example the Employment Service counselor after reviewing an applicant's test results has the option of referring an individual to a regular Manpower Development and Training Activity institutional program for a portion of the day with the balance being devoted to practical work experience type training. The various work-training-on-the-job type mixture available under the Concentrated Employment Program is limited only by the imagination and resourcefulness of the local project director and supportive staff and the terms of the project agreement.

Intensive use will be made of the "job coach" concept coupled with new orientation and counseling techniques. The counselor workload will

be kept to manageable proportions enabling the coach to take a personal interest in each trainee. Each coach will be responsible for the periodic updating of the individuals employability plan; insuring that the individual is regularly attending scheduled training classes and insuring that once the individual is placed on the job he remains employed. Employment Service personnel will be stationed at the project area site. This plan will enable manpower supportive service activities to be more responsive to local project needs. This program to integrate the Employment Services Human Resources Development Concept is expected to be utilized with the expanded Concentrated Employment Program being structured under the Model Cities Program.

The State Employment Service will also be the prime source for referring the hard-core unemployed for jobs and training to private companies contracted by the National Alliance of Businessmen under the Job Opportunities in the Business Sector Program.

Base:

Positions: 25 Estimated Cost: $230,000

Additional Cost:

Positions: 10 Estimated Cost: $ 84,000

Basis for the Estimate

The growing concentration of the Manpower Development and Training effort in areas of high unemployment, notably in urban centers where the hard-core unemployed are most numerous and in selected rural areas has resulted in significant additional workload on State Employment Security Agencies. The State Employment Service will play a major role in the implementation of the expanded concentrated employment effort in 1970 and is the supplier of a major portion of manpower supportive services for this effort. The estimate will provide an average of 15 additional positions per State including 10 additional positions for the District of Columbia.

An estimated distribution of funds by State is shown on Page 42

Activity 2(b). State Institutional Training Services (1969, $8,000,000; 1970, $8,000,000)

Section 231 of the Manpower Development and Training Act authorizes the Secretary of Health, Education, and Welfare to enter into agreements with State education agencies to provide institutional training for persons referred by the Secretary of Labor. This program supports State education agencies activities carried out under these agreements.

It is anticipated that such agreements will continue to vest State responsibilities with the appropriate State Vocational education agencies which will provide the majority of the training for persons referred by the Secretary of Labor. If however, the Secretary of Health, Education and Welfare determines that a given training project or a certain type of training may be provided more quickly, more effectively, or more efficiently through private educational or training agencies, or any other agency that may give effect to the intent of the Congress, he may enter into agreements with these entities.

From information supplied by local public employment offices, the local education agency determines which occupations are suitable for training and what resources are needed. Local school officials assist in estimating any additional costs. Based on the above information, a training proposal is prepared and when approved, the training program is developed and begun by local school officials.

As training proceeds, there is constant interchange of information between the education facilities and employment service agencies to insure that trainable persons are being selected and that the curriculum and instructional programs are providing job-related skills, including basic education needed by trainees with educational handicaps.

The State education and employment security agencies are responsible for administering training jointly on a State-wide basis and for participation in the development of State manpower plans through the Cooperative Area Manpower Planning System. Additionally, the increased involvement of the State agencies in the operation of the Concentrated Employment Program requires specialized staff to assist local operating units in developing institutional training.

These activities will be accomplished by the Division of Vocational Education in the State education agency, although it may solicit inputs from other agencies of State government such as welfare, Vocational Rehabilitation, etc. The State education agency assists and supervises local operating units in getting programs started, and it may also provide them with funds for the purpose of developing project applications for review and approval. The State education agency, together with the State employment security agency (except in those cases where the Secretary of Health, Education and Welfare contracts directly) reviews all training programs proposed or undertaken in the State to insure conformity with standards prescribed under the Manpower Development and Training Act.

In 1968, accomplishments were supporting services for 114,022 institutional training opportunities plus related training for coupled on-the-job projects.

One of the significant contributions of the institutional training feature of the Manpower Development and Training Act has been the creation of a new institution--the skills center--providing a full range of services, including skill training to the disadvantaged. About 55 such centers located in 23 States were created by the cumulative institutional training resources of previous fiscal years.

In 1969, it is planned to provide supporting services for 113,760 institutional and Concentrated Employment Program training opportunities plus related instruction activities for coupled on-the-job training projects.

In 1970, it is planned to provide supporting services for 147,620 institutional and Concentrated Employment Program training opportunities plus related instruction activities for coupled on-the-job training projects. In 1970 with a major portion of the Manpower Development and Training program directed toward the Concentrated Employment Program, a significant additional workload factor will be incurred by the State educational agencies. The State employment service will play a major role in the implementation of these concentrated employment efforts and is the supplier of a major portion of manpower supportive service activities. Because of this input and the concentrated nature of these employment programs the State vocational agencies will be required to work in ever closer coordination with the State employment service in order to develop new and varied institutional training and related instruction programs to be responsive to the individual needs of locally developed projects. This will be achieved without additional funds for 1970. An estimated distribution of 1969 vocational education agency funds by State is shown on page 42

Changes for 1970

None

Activity 2(c). On-the-Job Training Services (1969, $1,500,000; 1970, $1,500,000)

Section 204 of the Manpower Development and Training Act provides that "The Secretary of Labor shall encourage, develop and secure the adoption of programs for the on-the-job training needed to equip persons selected for training with the appropriate skills". The same section also states that the Secretary shall, to the maximum extent possible, secure the adoption by the States and other agencies and organizations of On-the-Job Training Programs. Section 206 of the Manpower Development and Training Act authorized the Secretary to utilize the services of appropriate State agencies for the purpose of achieving the training objectives of the Act, and to make payments to such agencies for expenses incurred in the development and administration of training programs.

In 1968, 12 State apprenticeship agencies participated with the Department of Labor for the promotion, development and servicing of on-the-job training projects covering approximately 25,000 trainees. The States were Arizona, California, Colorado, Connecticut, District of Columbia, Florida, Louisiana, New Mexico, New York, Puerto Rico, Utah and Wisconsin.

In addition to agreements with State apprenticeship agencies, national contracts were made with various public and private organizations for the purpose of promoting, developing and servicing on-the-job training projects.

In 1969, agreements are being continued with 6 State apprenticeship agencies for the monitoring of on-the-job training projects. The remaining will be used through the national office for promotion and development, data system coordination with the state agencies and various technical assistance activities.

In 1970, it is planned to continue agreements with 6 State apprenticeship agencies for the monitoring of on-the-job training programs. A listing by state of activity planned for 1970 is shown on page 42 . It is also planned to develop national on-the-job training contracts with private and public organizations. The State apprenticeship agencies will cooperate with State and Federal manpower coordinating committees in the development of each State manpower development plan under the Cooperative Area Manpower Planning System. The agencies will participate in the identification of major problems of unemployment, poverty, skill shortages and plan the development of manpower resources to yield the greatest returns and to provide concentration of services in selected areas where needs are critical as determined by the concentrated employment effort.

Changes for 1970

None

Activity 2(d). Comprehensive Manpower Program Planning (1969, $ 8,725,000, Pos. 30; 1970, $33,979,000, Pos. 30)

Under Section 201 of the Manpower Development and Training Act, the Secretary of Labor is assigned a broad mandate for the assessment of manpower needs and the programming of resources available to meet these requirements. This mandate is administered under the auspices of the Cooperative Area Manpower Planning System. Within this framework, the planning and management of manpower programs is integrated and co-ordinated between the Federal agencies having responsibilities for manpower programs; this process is extended to regional, State, and local levels through interagency committees, which are generally representative of all active manpower interests in the community.

Executive Order 11422, dated August 15, 1968, gave specific recognition to the Cooperative Area Manpower Planning System as the government's primary instrument for coordination and planning of manpower and related programs. The Departments of Labor, Health, Education, and Welfare, Commerce, Agriculture, Interior, and Housing and Urban Development, and the Office of Economic Opportunity and the Civil Service Commission together with affiliated State and local agencies and non-government organizations are joined in this system. The Department of Labor provides leadership and administrative support at the national level to this system.

The major emphases of the Cooperative Area Manpower Planning System are: close coordination among Federal agencies with manpower responsibilities, planning and coordination of manpower activities at the local and State levels through interagency committees, the issuance of national guidelines to provide a framework for local planning, and a continuous and systematic review of manpower programs at all levels.

Under provisions of the 1968 amendments to the Manpower Development and Training Act, the Department of Labor is directed to: develop and publish on a regular basis information on available job opportunities throughout the United States; develop and establish a program for matching the qualifications of unemployed, underemployed, and low income persons with employer requirements; and develop a comprehensive labor market information system. These programs, through the maximum use of data processing and communications systems, will support employment development, provide detailed occupational job market information, and provide a direct means of communication among recruitment, job training, and placement agencies and organizations regarding the recruitment and placement of unemployed and low-income individuals in jobs.

The same legislation also directs the Secretaries of Labor and Health, Education, and Welfare to provide training of personnel and technical assistance in connection with programs established under or related to the purposes of the Manpower Development and Training Act. These activities will be aimed at assisting program administrators and operators in improving the efficiency and quality of projects and services.

In 1968, comprehensive manpower program planning efforts focused on broadening the Cooperative Area Manpower Planning System to its present composition of six Executive departments and two independent agencies. Its scope was extended to almost 400 local areas and 54 States and territories. Refinements and improvements were made in the system, and more influential roles established for Governors and Mayors.

In 1969, based on the recommendations contained in the appropriation bill, funds were programmed to enable implementation of comprehensive manpower program planning efforts. Refinements will be introduced regarding the development of State and local manpower information on which to base operating plans. In addition, a system providing for the continuing review and analysis of program operations will be installed. Planning will also be undertaken to develop extensive training program for staff and committee members of the area State, and local secretariats.

The labor market information, job opportunities information, and job matching programs will also be initiated during this year. Plans are presently being developed and co-ordinated in regard to each of these areas. The objectives of these planning efforts will be to integrate existing activities in these areas, develop the capacity necessary to meet the requirements of the 1968 amendments for collecting and publishing this information throughout the United States, and establish a co-ordinated job matching system that will be responsive to the data needs for education, training, counseling, and placement of individuals envisaged under the Manpower Development and Training Act and related legislation. Initial efforts in the job opportunities information program will begin in the latter half of this year. A program will be started to compile information on total current job opportunities for approximately 60 selected areas. In addition,

urban employment surveys will be conducted in deprived neighborhoods of six large cities to assess conditions in these areas. Data acquired through the process will provide a guide to future programs and serve as a basis for developing plans for meeting the requirements of the comprehensive labor market information system.

During this fiscal year a total of $8,725,000 will be available for the comprehensive manpower planning programs. Of this total, $6,225,000 will provide secretariat staff assistance and support at the National, area, State, and local levels for the Comprehensive Area Manpower Planning System. State and local area staff employed in full-time positions within this system are expected to reach approximately 500 in 1969. The remaining $2,500,000 will be used to finance the job market information surveys.

Changes for 1970

Mandatory changes amount to..... $ None

Program changes amount to..... +$25,254,000

Positions..... None

Proposal: To implement the job matching and job opportunities information programs, establish the comprehensive labor market information system, provide technical assistance needed in connection with the operation and administration of manpower programs, and furnish training skills to personnel involved in the functioning of these programs at all levels of government as required by the 1968 amendments to the Manpower Development and Training Act.

The Need: The requested increase for labor market information activities, in particular the job matching and job opportunities information programs, is required to implement a computer and communication system needed to compile and disseminate data that will be responsive to the needs of primary users and the objectives of national manpower programs within an ever changing labor market environment. Such information must include current data on employment by occupation, short and long range manpower projections, identification of manpower shortages in relation to unused or under utilized human resources. In addition, improved occupational data is needed for the close to 3,000,000 new workers who will be entering the labor force in the 1970-1973 period. The additional resources for technical assistance and training related to the operations of the manpower programs are required to provide the appropriate level of skill and support activities--which heretofore have not been available--needed throughout the entire system that administers these efforts at the National, State, and local levels. This encompasses between 40,000-45,000 professional personnel in more than 4,500 agency and organizational locations that are involved in part or their entirety in programs that will spend nearly $3.5 billion in 1970.

The Program: The final composition of these programs will be developed in large part on the basis of planning activities presently underway. At this time, it is anticipated that the labor market information functions and activities outlined below will be initiated and/or expanded in 1970. These projects will facilitate the formulation of data bases and systems required to evolve job matching and job opportunities information.

PROJECT	Total Cost	Increased Cost
Job Banks Program Extension Extension to additional labor markets of Automated information program on job orders to facilitate job matching and placement.	$5,500,000	+$5,500,000
Further Application of Model ADP System to Another State Extension to one additional State the computerized job matching program modeled on advanced Utah system relating information on job orders with applicant characteristics.	$1,250,000	+$1,250,000
Implementation and Experimentation of Job Banks and Job Matching Programs Conceptualization and evaluation of automated job banks and job matching systems and design of experimental work for development and improvement of these programs.	$250,000	+$250,000
Studies of Availability of Job Opportunities Development of information on current and anticipated job opportunities by specific employer and occupation related to labor supply in local Areas.	$200,000	+$200,000
Urban Employment Surveys Continuation of program of in-depth surveys of employment problems of workers in poverty areas in six cities.	$1,800,000	+$300,000
Research and Development of Comprehensive LMI System Research to assess needs, evaluate current and suggested programs, develop a comprehensive framework, and design extensions of labor market information systems to meet requirements of Section 106 of the amended Manpower Development and Training Act.	$1,000,000	+$1,000,000
Job Information Dissemination System for Ghetto Residents Dissemination of information about job opportunities through improved communication methods to ghetto residents.	$1,000,000	+$1,000,000
Job Opportunities Surveys Continuation of regular monthly surveys initiated in 1969 on job opportunities information; extension of surveys to additional areas and inclusion of occupational detail.	$1,500,000	+$500,000

PROJECT	Total Cost	Increased Cost
AMDS-LINCS	$1,000,000	+$1,000,000
Extension of a simplified computerized job matching system (Area Manpower Data System) to additional labor areas, plus update and improve operation of the existing California Labor Inventory Communications System.		
Quality Control, Analysis and Technical Administration of Job Opportunities Information Program	$377,000	+$377,000
Maintenance of quality control, technical administration and analysis of data collected under Job Opportunities Information Program as expanded.		

A system will be established to directly provide manpower programs and operating personnel with the technical assistance and training services that are needed to overcome a growing gap between the operational demands imposed by these programs and the capabilities of the project staffs to meet these needs.

To be responsive to these needs, it is proposed that a nation-wide system of technical assistance and training centers be established that will impart these services to all components of the Federal, regional, State, and local levels of the manpower program.

A national co-ordinating center and eight decentralized centers will be created, which will be responsible for planning and executing the total manpower staff training and technical assistance program. Specific objectives of this system will include:

Identify training and technical assistance needs. Develop training courses and curriculum materials. Conduct training sessions and provide specialized assistance to regional, State, and local agencies and organizations that sponsor and operate manpower projects.

Study results of training in terms of staff performance.

Evaluate operations of agencies and organizations prior to and after specialized assistance efforts.

Provide feedback to program and project administrator on problems and possible alternative solutions.

Design new and improved methods for serving the needs of the manpower programs universe.

Basis for the Estimate

Resources directed into the Cooperative Areas Manpower Planning System will permit continuation of the co-ordinated and integrated planning efforts to adapt them further to the basic concepts of local initiative and State and regional review inherent in the system. To realize this goal, an average of approximately 10 positions will be assigned to the area secretariats within each State. An estimated distribution of personnel and funds by State is shown on page 42.

Estimates for the labor market information programs and the technical assistance areas are related to the requisites of the amendment to the 1968 Manpower Development and Training Act, which specifics that 2% of available funds be set aside for each of these functions.

Funds assigned to the labor market information program will be used to develop and extend the projects discussed on page 43. These in turn will establish the data and communication hardware bases for implementing the job matching and job opportunities information projects. Total costs for this program are estimated at $13,877,000.

The nation-wide system of training and technical assistance centers will be established at an approximate cost of $13,877,000. Of this amount, about $2,200,000 will be used to create a national center, and about $1,125,000 will be devoted to establishment of each of the eight regional centers. Funds will be used to support about 50,000 man-weeks of training for personnel throughout the manpower programs system. They will provide the instructor and faculty personnel, the development and distribution of curriculum material, the use of classroom and related facilities, and associated administrative support operations. Outside technical assistance will be provided to the over 4,500 State and local agencies, organizations, and sponsors who administer and conduct manpower program projects. In addition, $2,600,000 will be assigned to the Office of Education for training and technical assistance to State and local school personnel administering institutional training activities under the Manpower Development and Training Act.

ESTIMATED DISTRIBUTION OF 1970
COMPREHENSIVE MANPOWER PROGRAM PLANNING ACTIVITIES

State or Possession	Amount	Position Equivalents
Total	$5,625,000	500
Alabama	78,800	7
Alaska	33,700	3
Arizona	67,500	6
Arkansas	78,800	7
California	303,700	27
Colorado	101,200	9
Connecticut	135,000	12
Delaware	56,300	5
District of Columbia	78,800	7
Florida	157,500	14
Georgia	90,000	8
Guam	33,700	3
Hawaii	56,300	5
Idaho	45,000	4
Illinois	135,000	12
Indiana	101,200	9
Iowa	90,000	8
Kansas	78,800	7
Kentucky	90,000	8
Louisiana	101,200	9
Maine	45,000	4
Maryland	90,000	8
Massachusetts	202,500	18
Michigan	191,200	17
Minnesota	90,000	8
Mississippi	67,500	6
Missouri	135,000	12
Montana	33,700	3
Nebraska	67,500	6
Nevada	56,300	5
New Hampshire	45,000	4
New Jersey	112,500	10
New Mexico	45,000	4
New York	281,300	25
North Carolina	78,800	7
North Dakota	33,700	3
Ohio	292,500	26
Oklahoma	90,000	8
Oregon	67,500	6
Pennsylvania	292,500	26
Puerto Rico	56,300	5
Rhode Island	56,300	5
South Carolina	56,300	5
South Dakota	33,700	3
Tennessee	135,000	12
Texas	348,700	31
Utah	67,500	6
Vermont	45,000	4
Virginia	112,500	10
Virgin Islands	33,700	3
Washington	101,200	9
West Virginia	56,300	5
Wisconsin	78,800	7
Wyoming	33,700	3
Reserve 1/	180,000	16

1/ 16 positions were not apportioned to allow for necessary adjustments.

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

ESTIMATED DISTRIBUTION OF 1970 -
STATE AGENCY PROGRAM SERVICES FUNDS BY STATE

State or Possession	Total		Employment Security Agencies		Vocational Education Agencies		Apprenticeship Agencies	
	Amount	Position Equivalents	Amount	Position Equivalents	Amount	Position Equivalents	Amount	Position Equivalents
Total	$52,476,000	5,869	$42,976,000	4,640	$8,000,000	1,100	$1,500,000	129
Alabama	726,000	86	574,000	62	152,000	24		
Alaska	258,000	32	158,000	17	100,000	15		
Arizona	428,000	50	287,000	31	141,000	19		
Arkansas	396,000	50	315,000	34	81,000	16		
California	6,820,000	733	5,505,000	594	593,000	84	722,000	55
Colorado	507,000	53	380,000	41	127,000	12		
Connecticut	767,000	98	510,000	55	169,000	34	88,000	9
Delaware	185,000	17	130,000	14	55,000	3		
Dist. of Col.	383,000	40	314,000	35	69,000	5		
Florida	1,120,000	125	963,000	104	157,000	21		
Georgia	906,000	100	713,000	77	193,000	23		
Guam	53,000	7	28,000	3	25,000	4		
Hawaii	263,000	33	130,000	14	133,000	19		
Idaho	146,000	18	111,000	12	35,000	6		
Illinois	3,452,000	418	3,085,000	333	367,000	85		
Indiana	1,066,000	119	926,000	100	140,000	19		
Iowa	495,000	55	408,000	44	87,000	11		
Kansas	601,000	64	389,000	42	212,000	22		
Kentucky	812,000	89	695,000	75	117,000	14		
Louisiana	925,000	97	704,000	76	131,000	14	90,000	7
Maine	279,000	27	185,000	20	94,000	7		
Maryland	993,000	104	880,000	95	113,000	9		
Massachusetts	1,519,000	190	1,297,000	140	222,000	50		
Michigan	1,997,000	236	1,741,000	188	256,000	48		
Minnesota	1,042,000	114	741,000	80	301,000	34		
Mississippi	891,000	92	584,000	63	307,000	29		
Missouri	1,101,000	122	1,019,000	110	82,000	12		
Montana	176,000	17	130,000	14	46,000	3		
Nebraska	315,000	35	259,000	28	56,000	7		
Nevada	212,000	20	148,000	16	64,000	4		
New Hampshire	148,000	16	111,000	12	37,000	4		
New Jersey	1,923,000	239	1,593,000	172	330,000	67		
New Mexico	273,000	29	195,000	21	78,000	8		
New York	5,958,000	644	4,640,000	501	868,000	102	450,000	41
North Carolina	684,000	75	584,000	63	100,000	12		
North Dakota	204,000	20	148,000	16	56,000	4		
Ohio	2,415,000	276	2,269,000	245	146,000	31		
Oklahoma	519,000	55	408,000	44	111,000	11		
Oregon	575,000	59	445,000	48	130,000	11		
Pennsylvania	3,058,000	377	2,686,000	290	372,000	87		
Puerto Rico	527,000	57	408,000	44	74,000	6	45,000	7
Rhode Island	311,000	35	241,000	26	70,000	9		
South Carolina	652,000	71	482,000	52	170,000	19		
South Dakota	158,000	16	130,000	14	28,000	2		
Tennessee	926,000	92	695,000	75	231,000	17		
Texas	1,993,000	217	1,843,000	199	150,000	18		
Utah	218,000	24	185,000	20	33,000	4		
Vermont	131,000	14	93,000	10	38,000	4		
Virginia	711,000	75	630,000	68	81,000	7		
Virgin Islands	30,000	4	19,000	2	11,000	2		
Washington	712,000	77	639,000	69	73,000	8		
West Virginia	484,000	50	408,000	44	76,000	6		
Wisconsin	923,000	95	732,000	79	86,000	6	105,000	10
Wyoming	109,000	11	83,000	9	26,000	2		

Activity 3. FEDERAL INSTITUTIONAL TRAINING SERVICES (1969, $2,559,600, Pos. 168; 1970, $2,448,600, Pos. 159)

Narrative Description of Program

Under the provisions of the Manpower Development and Training Act, the Secretary of Health, Education, and Welfare is responsible for providing institutional training and retraining to individuals whose skills have been rendered obsolete by forces not under their control and arising from dislocations in the economy due to automation, foreign competition, relocation of industries, shifts in market demands, and other economic changes, and to develop skills for new positions which are now or will be in demand. The Department of Health, Education, and Welfare cooperates with the Department of Labor in carrying out the provisions of the Manpower Development and Training Act.

Section 233 of the Act requires the Secretary of Health, Education, and Welfare to make an annual report to the Congress, including an evaluation of the activities carried out by his Department under Title II of the Act, and recommendations regarding continuation and improvement of the programs.

In 1968, accomplishments were to provide institutional training for 114,022 trainees plus related instructional training for coupled on-the-job projects.

In 1969, it is planned to provide institutional training for 113,760 trainees plus related instructional training for coupled on-the-job projects.

In 1970, it is planned to provide institutional training for 147,620 trainees plus related institutional opportunities for coupled on-the-job training.

Changes for 1970

Mandatory changes amount to	None
Program changes amount to	-$111,000
Positions	-9

Basis for the Estimate

The Department of Health, Education, and Welfare staff will continue to assist State and local staffs to be increasingly effective in satisfying the objectives of the redirected Manpower Development and Training Program. Assistance will be provided the regional office representatives in order that they may provide leadership rather than expend themselves in the formality of endorsing project proposals. Monitoring, evaluation and adjustment of State education agency plans and budgets for supervision and administration will continue in order to respond to the changing emphasis in program direction and redirection. Increased productivity in operations will permit a reduction of nine positions and $111,000 in 1970 as compared to 1969.

Activity 4. DISADVANTAGED YOUTH PROGRAM (1969, $13,000,000; 1970, -0-)

The Congress appropriated an additional $13,000,000 of 1968 Manpower Development and Training funds in July of 1968 to supplement the funds available for summer work opportunities for disadvantaged youth in the summer of 1968. These funds were used to increase the number of Neighborhood Youth Corps type summer enrollment opportunities administered by the Manpower Administration of the Department of Labor in conjunction with its regular Neighborhood Youth Corps Summer Program delegated to the Department from the Office of Economic Opportunity.

Since the $13,000,000 of additional funds were made available after the summer program was underway, a full 10-week enrollment opportunity was not available thereby enabling the actual trainee enrollment to exceed the planned level of 31,000 by 18,000. The table on page 45 shows the distribution of funds and enrollment opportunities by State.

No supplemental request for summer program funds is anticipated for fiscal years 1969 or 1970. It is expected that sufficient funds will be made available from the regular appropriations for this purpose.

Changes for 1970

Mandatory changes amount to	-$13,000,000
Program changes amount to	None
Positions	None

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

SUMMARY OF FUNDS OBLIGATED AND ENROLLMENT OPPORTUNITIES
1968 SUPPLEMENTAL APPROPRIATION FOR SUMMER DISADVANTAGED
YOUTH PROGRAM
AS OF AUGUST 31, 1968

State or Possession	Enrollment Opportunities	Amount
Total	49,058	$13,000,000
Alabama	700	147,000
Alaska	14	4,000
Arizona	1,007	220,000
Arkansas	1,395	295,000
California	4,500	1,235,000
Colorado	385	87,000
Connecticut	248	80,000
Delaware	40	8,000
District of Columbia	1,982	957,000
Florida	1,145	240,000
Georgia	1,047	284,000
Guam	---	---
Hawaii	138	33,000
Idaho	71	17,000
Illinois	3,789	878,000
Indiana	515	115,000
Iowa	30	7,000
Kansas	50	8,000
Kentucky	455	88,000
Louisiana	1,368	290,000
Maine	---	---
Maryland	1,625	425,000
Massachusetts	605	221,000
Michigan	870	153,000
Minnesota	1,608	421,000
Mississippi	1,250	338,000
Missouri	1,290	313,000
Montana	160	39,000
Nebraska	665	159,000
Nevada	30	6,000
New Hampshire	---	---
New Jersey	702	189,000
New Mexico	525	109,000
New York	6,391	2,370,000
North Carolina	1,208	221,000
North Dakota	40	9,000
Ohio	1,714	411,000
Oklahoma	1,000	206,000
Oregon	180	47,000
Pennsylvania	2,404	520,000
Puerto Rico	---	---
Rhode Island	300	90,000
South Carolina	485	132,000
South Dakota	310	63,000
Tennessee	1,033	246,000
Texas	2,438	512,000
Utah	50	10,000
Vermont	---	---
Virginia	608	135,000
Virgin Islands	50	10,000
Washington	435	116,000
West Virginia	575	116,000
Wisconsin	1,498	390,000
Wyoming	130	30,000

DISTRIBUTION OF FIELD STAFF

Supervising Offices	1969 Professional	1969 Clerical	1969 Total	1970 Professional	1970 Clerical	1970 Total
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE						
Atlanta, Ga.	3	2	5	3	2	5
Boston, Mass.	2	2	4	2	2	4
Charlottesville, Va. ...	2	2	4	2	2	4
Chicago, Ill.	3	3	6	3	3	6
Dallas, Texas	3	2	5	3	2	5
Denver, Colo.	2	2	4	2	2	4
Kansas City, Mo.	3	2	5	3	2	5
New York City, N.Y.	4	3	7	4	3	7
San Francisco, Calif. ..	4	3	7	4	3	7
Sub-total, Field Staff	26	21	47	26	21	47
DEPARTMENT OF LABOR						
Atlanta, Ga.	2	1	3	2	1	3
Boston, Mass.	2	1	3	2	1	3
Chicago, Ill.	2	1	3	2	1	3
Washington, D.C.	2	1	3	2	1	3
Dallas, Texas	2	1	3	2	1	3
Kansas City, Mo.	2	1	3	2	1	3
New York City, N.Y.	2	1	3	2	1	3
San Francisco, Calif. ..	2	1	3	2	1	3
Sub-total, Field Staff	16	8	24	16	8	24
Total, Field Staff	42	29	71	42	29	71

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation $2,135,300

The estimate for 1970 provides for $2,135,300 and 224 full-time permanent positions, and 201 man-years which includes 3 man-years of temporary and intermittent employment.

The net increase of $154,700 includes a program increase of $75,400 for 10 positions and 9 man-years of full-time employment for the United States Employment Service for the District of Columbia; an annualization increase of $171,400 and 13.8 man-years related to Federal positions for comprehensive manpower program planning; and a program decrease of $92,100 for 9 positions and 9 man-years for Federal institutional training services.

Personnel benefits $ 157,000

The estimate of $157,000 for 1970 provides a net program increase of $10,700. The breakdown of costs is as follows:

	1969	1970	Change
Retirement	$129,600	$139,100	+$ 9,500
Group Life Insurance	4,700	5,000	+300
Health Benefits	10,700	11,500	+800
FICA	1,300	1,400	+100
Total	146,300	157,000	10,700

Travel and transportation of persons $ 280,500

The estimate of $280,500 for 1970 provides a net program increase of $30,500. A detailed breakdown is as follows:

	1969	1970	Change
Number of travelers			
Departmental	53	53	---
Field	42	42	---
Consultants	10	10	---
Total	105	105	---
Number of days traveled			
Departmental	1,350	1,400	+50
Field	3,540	4,100	+560
Consultants	100	100	---
Total	4,990	5,600	+610
Estimated cost			
Departmental	$ 67,500	$ 70,000	$ 2,500
Field	177,000	205,000	+28,000
Consultants	5,500	5,500	---
Total	250,000	280,500	+30,500

Transportation of things $ 18,500

There is no change in the estimate from 1969.

	1969	1970	Change
Shipments of publications, exhibits, supplies, and materials	5,000	5,000	---
Movement of household goods	13,500	13,500	---
Total	18,500	18,500	

Rent, communications and utilities $ 132,000

There is an increase of $17,400 which represents a net program increase in 1970. The breakdown is as follows:

	1969	1970	Change
Rental of space	$ 30,000	$ 45,000	+$15,000
Rental of equipment	2,100	2,200	+100
Telephone service	36,900	37,900	+1,000
Telegraph service	1,000	1,000	---
Paid official mail	44,600	45,900	+1,300
Total	114,600	132,000	+17,400

Printing and reproduction $ 78,400

The estimate of $78,400 for 1970 provides a net program increase of $13,400. The breakdown is as follows:

	1969	1970	Change
Forms and schedules	$ 8,500	$ 9,900	+$1,400
Envelopes and letterheads	4,500	5,500	+1,000
Publications and reports	52,000	63,000	+11,000
Total	65,000	78,400	+13,400

Other services $ 513,200

The estimate of $513,200 for 1970 represents a net program increase of $38,000.

	1969	1970	Change
Development of curriculum guides	$400,000	$400,000	---
Miscellaneous services, including moving, maintenance, machine repair, expenses for employee training, etc.	75,200	113,200	+$38,000
Total	475,200	513,200	+38,000

Supplies and materials $ 25,600

The estimate of $25,600 for 1970 provides a net program increase of $1,700. The breakdown is as follows:

	1969	1970	Change
Subscriptions	$ 1,500	$ 1,500	---
Desk top supplies, envelopes, and duplicating supplies	22,400	24,100	+$1,700
Total	23,900	25,600	+1,700

Equipment $ 22,100

The estimate of $22,100 for 1970 represents a net decrease of $19,400 due to non-recurring equipment costs related to 30 new positions added in 1969.

Grants, subsidies and contributions $685,033,400

The estimate of $685,033,500 for 1970 represents a net program increase of $270,117,255 for training costs and allowance payments and accompanying program services which is reflected in the table below. There was a non-recurring carryover from the 1968 appropriation of $5,039,845 of which $139,845 represents the unobligated training costs allowance payments, program services, and Federal salaries and expenses transferred to the training costs and allowance payments activity and $4,900,000 representing training costs and allowance payments reserved under H.J. Res. 888 (Public Law 90-218). The $13,000,000 1968 supplemental appropriated in July 1968 for summer work opportunities for disadvantaged youth was also a non-recurring carryover from fiscal year 1968 to fiscal year 1969. The breakdown is as follows:

	1969	1970	Change
Training and allowance payments			
Job Opportunities in the Business Sector	$ 47,950,000	$240,000,000	+$192,050,000
Concentrated Employment Program	31,800,000	105,000,000	+73,200,000
Other	265,936,000	254,492,000	-11,444,000
Program services			
Employment Security Services	33,291,400	42,662,400	+9,371,000
State Institutional Training Services	8,000,000	8,000,000	---
On-the-Job Training Services	1,500,000	1,500,000	---
Comprehensive Manpower Program Planning	8,399,000	33,379,000	+24,980,000
Disadvantaged Youth Program	13,000,000	---	-13,000,000
Adjustment due to H.J. Res. 888 (Public Law 90-218)	4,900,000	---	-4,900,000
Unobligated FY 1968 Fund for Title II carried in FY 1969	139,845	---	-139,845
Total	414,916,245	685,033,400	+270,117,155

SUMMARY OF NEW POSITIONS

Activity 2. **Manpower Administrator for the District of Columbia**

1	GS-13	Supervisory Placement Specialist	$14,409
1	GS-12	Employment Counselor	12,174
5	GS- 9	Placement Specialist	42,310
2	GS- 4	Clerk	10,290
1	GS- 3	Clerk-Typist	4,600
Total 10		Activity 2	$83,783

WEDNESDAY, MARCH 5, 1969.

OFFICE OF MANPOWER ADMINISTRATOR

SALARIES AND EXPENSES

WITNESSES

ARNOLD R. WEBER, ASSISTANT SECRETARY FOR MANPOWER
J. N. PEET, MANPOWER ADMINISTRATOR
ROBERT J. BROWN, ASSISTANT MANPOWER ADMINISTRATOR
RICHARD E. MILLER, ASSISTANT MANPOWER ADMINISTRATOR FOR ADMINISTRATION
HERBERT A. MEYER, CHIEF, DIVISION OF BUDGET, OFFICE OF FINANCIAL AND MANAGEMENT SERVICES
CONRAD M. JONES, DIRECTOR, OFFICE OF BUDGET POLICY AND REVIEW

OFFICE OF MANPOWER ADMINISTRATOR, SALARIES, AND EXPENSES

OBJECT CLASSIFICATION (In thousands of dollars)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Permanent positions	8,594	10,540	11,338
Positions ther othan permanent	198	55	55
Other personnel compensation	79	82	82
Total personnel compensation	8,871	10,677	11,475
Personnel benefits: Civilian employees	673	797	857
Travel and transportation of persons	615	737	793
Transportation of things	22	50	60
Rent, communications, and utilities	338	253	338
Printing and reproduction	252	284	329
Other services	26,356	21,918	24,341
Supplies and materials	49	72	80
Equipment	73	121	137
Total obligations	37,249	34,909	38,410

PERSONNEL SUMMARY

Total number of permanent positions	900	971	1,024
Full-time equivalent of other positions	24	5	5
Average number of all employees	807	876	950
Average GS grade	10.2	10.1	10.1
Average GS salary	$11,606	$12,389	$12,257

PROGRAM AND FINANCING (In thousands of dollars)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Experimental, demonstration, and research programs	27,567	18,918	21,030
2. Planning, research, and evaluation	4,703	4,708	4,809
3. Federal on-the-job training services	1,642	2,164	2,688
4. Federal employment security services	2,359	2,407	2,521
5. Executive direction			
(a) Office of the Administrator	823	889	920
(b) Financial and management services	1,905	2,074	2,117
(c) Manpower management data systems	2,518	2,975	3,546
(d) Reports to the public on manpower programs	612	774	779
Total program costs, funded	42,129	34,909	38,410
Change in selected resources [1]	−4,880		
Total obligations	37,249	34,909	38,410

See footnotes at end of table, p. 166

PROGRAM AND FINANCING (In thousands of dollars)

	1968 actual	1969 estimate	1970 estimate
Financing:			
Comparative transfers from other accounts	−6,803	−8,060	
Unobligated balance available, start of year	−215	−133	
Unobligated balance available, end of year	133		
Unobligated balance lapsing	196		
Budget authority	30,560	26,716	38,410
Budget authority:			
Appropriation	30,696	26,722	38,410
Transferred to other accounts	−136	−6	
Appropriation (adjusted)	30,560	26,716	38,410
Relation of obligations to outlays:			
Obligations incurred, net	30,446	26,849	38,410
Obligated balance, start of year	25,805	21,336	12,459
Obligated balance, end of year	−21,336	−12,459	−12,969
Adjustments in expired accounts	−1,012		
Outlays	33,903	35,726	37,900

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1967, $25,570,000; 1968, $20,690,000; 1969, $20,690,000; 1970, $20,690,000.

Mr. FLOOD. Mr. Weber, you have a statement on "Office of Manpower Administrator, Salaries and Expenses".

Mr. WEBER. We can introduce it for the record.

(The statement follows:)

STATEMENT OF ARNOLD R. WEBER, OFFICE OF THE MANPOWER ADMINISTRATOR, SALARIES AND EXPENSES

Mr. Chairman and members of the Committee, the fiscal year 1970 budget request for the Office of the Manpower Administrator, Salaries and Expenses appropriation is $38,410,000. This amount represents a net increase of $1,357,918 and 53 positions over the adjusted appropriation of $37,052,082 for fiscal year 1969.

Before dealing with the items that comprise this change, I would like to describe briefly the modifications made in the activity components of this account and the adjustments made to the fiscal year 1969 appropriation.

As in previous years, the appropriation provides for the direct program costs of the experimental, demonstration, and research programs authorized under Title I of the Manpower Development and Training Act. It also provides for the costs of executive direction, supervision, and coordination activities of various manpower programs; for administrative and management staff support services; and for Federal administration of policy planning, experimental and demonstration programs, research, and overall reporting and evaluation activities of the Manpower Administration.

Within this broad assignment of authority, the Manpower Administration is responsible for the development of adequate and appropriate national manpower policies and the coordination and integration of these policies and programs with the efforts of other agencies involved in the manpower area. To more effectively realize this objective, an organizational realignment was started over a year ago and has been carried out over the past months. This has resulted in the redeployment of some program functions and responsibilities within the Manpower Administration. Specifically, the overall Federal administrative functions related to on-the-job training and employment security services carried out under the auspices of the Manpower Development and Training Act have now been transferred for budget display purposes to the Office of the Manpower Administrator's account. In addition, all data aggregation, report design and statistical services for training and work experience operations have been consolidated within this appropriation. Information functions of the component bureaus of the Manpower Administration have also been combined within this account, and some minor consolidations have been effected in the area of administrative services.

These activities were formerly budgeted in other appropriations within the manpower area, and consequently this change does not entail any corresponding changes in resource levels for fiscal year 1969.

Their transfer in fiscal year 1969 into this account represent an increase of 523 positions and $8,059,700 in the 1969 base budget.

One other major adjustment that has been made in the base appropriation of this account in the Johnson budget is a supplemental request of $2,143,000 for reinstituting the labor mobility and bonding demonstration programs as authorized by the 1968 amendments to the Manpower Development and Training Act. The need for this item in 1969 is now under review as part of the overall examination of the budget now being carried out under the direction of President Nixon.

In total, these modifications, plus some other minor financing changes, related to the release of funds reserved for pay increase costs and carryover funds from the prior year, amount to $10,330,082 and 523 positions. This has increased the 1969 enacted appropriation of $26,722,000 and 448 positions to an adjusted base level of $37,052,082 and 971 positions.

As I noted before, the 1970 estimate of $38,410,000 and 1,024 positions reflects increases of $1,357,918 and 53 positions over the adjusted 1969 level. Of the $38,410,000 total, $21,030,000 is for direct program costs, and $17,380,000 is for salaries and expenses. The increase consists of $476,418 for mandatory items and $1,036,132 for the addition of 53 Federal positions, offset in part by decreases of $154,632 related to nonrecurring carryover of 1968 funds and equipment costs. The program increase request of $1,036,132 is for additional Federal staff needed to maintain an adequate level of support services for the various programs administered by the Manpower Administration. This increase concerns two separate areas of operation. One deals with expanding the resources devoted to the enlistment of private industry participation in the job opportunities in the business sector. The other concerns an enlargement of staff services related to the production of accurate and timely reports dealing with the operational status and accomplishments of all manpower work and training programs.

Specifically, an increase of $479,000 and 20 positions is being requested to augment field operations concerned with rendering technical assistance in the development, negotiation, and subsequent monitoring of contracts under the job opportunities in the business sector program. Increases in the activity level of this program will dictate that a broad scope of additional supportive assistance be provided to an enlarged number of project sponsors. But staff increases will not be proportionate to direct program growth. Much of the work related to expansion will be absorbed by existing staff resources.

The other increase, for badly needed data collection and reporting services, amounts to $557,132 and 33 positions. These additional resources will allow us to meet the need and demand for detailed information about the status and results of manpower program efforts at all levels—Federal, State, and local. Many of these programs will be larger. The job opportunities in the business sector effort will more than double. The work incentive programs will be expanded to all jurisdictions and will be reaching full operational status. The concentrated employment program will be functioning in all 82 selected areas for the entire course of 1970. We must have an accurate assessment of the results being realized by these efforts. We must be in a position to identify strengths and weaknesses and make necessary modifications. This cannot be done without adequate data. But to amass this information will require the additional staff input being requested. With these resources a central data bank containing related program and financial performance information will be installed. Valuable information that is not presently available in regard to the post training experiences, employment, and earnings of enrollees will be produced on a timely basis. In essence, the basic tool of management will now be available.

This concludes my statement Mr. Chairman. I shall be happy to answer any questions.

General Statement

Mr. Weber. To move to the Office of Manpower Administrator budget, we are requesting an appropriation of $38,410,000.

Mr. Flood. This is still the Johnson budget as of this afternoon?

Mr. Weber. Yes, sir.

This reflects three considerations: The original base, including the carryover from prior year and comparative transfers from some other units to units which are now under the jurisdiction of the Manpower Administrator, particularly with reference to reporting and

data analysis, financial management, and public information. Add to that the mandatory increases, which are associated with pay and salary increases in one form or another. In summary, it requests the net addition of 53 people, 33 for data analysis and collection and 20 whose efforts will largely be devoted to the expanded responsibility of the JOBS program.

STAFFING INCREASES

Mr. FLOOD. Last year you were authorized 448 positions by the 1969 Appropriation Act. Now you propose more than double that. You are transferring 523 positions from the Bureau of Apprenticeship and Training, Employment Security, and OEO. Then on top of that you are asking for 53 more jobs in 1970. Isn't that too much fudge? Can you absorb, in that comparatively short period of time, so large an increase?

Mr. WEBER. I think it is not a matter of absorbing them. I think they have been absorbed, and we are unabsorbing some of them and moving them to some new places or have moved them to some new places in the organizational body. That is, it is my understanding that there were people in the bureaus and various subunits who were concerned with public information, financial management, and data reporting. This was not an efficient operation because each little tribe had its own chief, and in many instances each group did not have sufficient staff for the job.

Mr. FLOOD. There is nothing more permanent than a temporary agency in Washington, unless it is a temporary building.

Mr. WEBER. It is my understanding that they pulled them all together and put them in larger units which would simplify the task of supervision and, presumably, help to relate the activities of the different bodies involved more effectively to each other. I think considerable progress has been made in that regard in just the short time I have been on hand.

Mr. FLOOD. How long have you been around here, by the way? I did not ask you before.

Mr. WEBER. I came in formally on January 20.

Mr. FLOOD. In show business we call a character like you a fast study. Do you know what that is?

Mr. WEBER. Yes, sir. I was going to say I have few lines.

Mr. FLOOD. You have more than a few lines. You learn fast.

REDUCTION IN POSITIONS RESULTING FROM EMPLOYMENT RESTRICTIONS

Have you abolished any positions as a result of these employment restrictions? You must have abolished some.

Mr. WEBER. We do have that in the back of the budget.

Mr. FLOOD. That was one of the purposes of the Revenue and Expenditure Control Act. What did you do?

Mr. WEBER. We have in the back a table which spells this out.

Mr. FLOOD. At the same time, you might as well give me how many were on board at the end of February. If you do not have it at the end of February, give it for the end of January. You wouldn't have February yet, would you?

Mr. MILLER. No, sir; we do not have that.

In direct answer to the first part of your question, whether or not jobs have been abolished, we have reflected in the 1970 budget in this particular account no reduction in budgeted positions.

In the Manpower Administration as a whole, there is a reduction in 1970 of 30 jobs in BAT and 28 jobs in BES. In terms of all jobs paid from all sources in the Manpower Administration, we have total positions that amount to 4,320. In the Department's application of a ceiling to meet the target of the Revenue and Expediture Control Act, we have a ceiling of 3,766. As of the last count, which is January 31, we had 3,608 on board, which means that we were 158 under the ceiling at the time.

Mr. FLOOD. Under the same law, the Revenue and Expenditure Control Act, doesn't your actual employment have to go down between now and June 30?

Mr. MILLER. To the extent that we are limited by the ceiling, to the extent the budgeted positions have not been reduced, yes, sir.

Mr. FLOOD. On page 6 of your justifications you show $400,000 savings as a result of the Revenue and Expenditure Control Act of 1969. On the other hand, you are requesting a "mandatory"—that is your word—a "mandatory" increase for 1970 of $437,000 for pay increases. What are you doing—cutting a piece off the bottom of the blanket to sew on the top because the blanket is not long enough? Isn't this in fact restoration of the jobs that you reduced in 1969?

Mr. MILLER. Well, yes, sir. In turn, there is no change in the budgeted positions. We prepared this budget on the assumption——

Mr. FLOOD. An honest budget officer.

Mr. WEBER. Didn't we put it together differently? In effect, you reduced positions, but you are adding to the pay.

Mr. FLOOD. That is right. That is why he used the word "mandatory." It was his word.

Mr. MILLER. In 1969, a portion of this amount, $313,000, is to be available for release to meet pay costs. That is not enough to meet the full costs of the pay increase as of July 1.

Mr. FLOOD. These organizational transfers—have you actually carried this out, or is this something you propose?

Mr. MILLER. These are proposals for transfers in the estimates.

Mr. FLOOD. This is so good I couldn't do it better myself. I am quoting your language on page 12:

> The realinement process reflected in this budget represents the continuing effort of the Manpower Administration to give reality to the right of every citizen to earn a living at a decent wage. Dynamic and responsive Federal, State, and local manpower programs are essential if we are to meet the needs and the challenges of tomorrow.

Trumpets offstage left.

How does that follow? How does that second follow necessarily from the first one, from the "realinement process"? It is beautiful. You do not want to talk about that. Let's just let it go.

Mr. MILLER. I think your comment is sufficient.

RESEARCH ON POVERTY

Mr. FLOOD. On page 14 you refer to the great need for further research into the basic manpower programs in the poverty area. I thought OEO was doing that.

Mr. WEBER. No, sir.

Mr. FLOOD. That is what we have been told, as I remember our hearings with them.

Mr. WEBER. I cannot speak to OEO's responsibilities in here or, to use a trade union term, what their proper jurisdiction is, but it seems to me——

Mr. FLOOD. Isn't that what they are doing?

Mr. WEBER. As I indicated, I have some sense of what we are doing and I can see its relevance to our program.

Mr. FLOOD. Isn't that what you thought they were doing yourself?

Mr. WEBER. Personally, no, sir.

Mr. FLOOD. No?

Mr. WEBER. No, sir. They are engaged in a wide range of experimentation, another piece of jargon. This is often called action research rather than book research and formal research where you establish research designs and try to find out what happens.

HEALTH MANPOWER

Mr. FLOOD. On page 16 you refer to a project you funded, and I quote you again: "Study of paramedical manpower and the expansion of health services." We have talked about that vaguely two or three times today. I am sure that the Public Health Service is studying that. Why are both of you?

Mr. WEBER. Without knowing what Public Health Service's research project is——

Mr. FLOOD. We know.

Mr. WEBER. I know our interest in paramedical research has been associated with supporting the new careers program. As you know, there has been a lot of change in the structure of occupations in the medical profession to make better use of the personnel.

Mr. FLOOD. Especially the administrators.

Mr. WEBER. They are always in the vanguard. I can see that as being in support of one of our programs in any case.

Mr. FLOOD. Then take a look at page 19. I quote you again, another one: "Research has been undertaken in health manpower." We have $50 million in the Public Health Service budget under the title "Health Services Research and Development." That is not hay, even for the Appropriations Committee. This, I promise you, will raise serious doubts in the minds of some people on both sides of the aisle as to their pet hate upstairs, duplication.

Mr. WEBER. I think it is something you have to look at.

Mr. BROWN. There is an interdepartmental committee that reviews all of the research projects, and members of that committee include people from HEW.

Mr. FLOOD. Why don't we do this, so we know specifically what you are talking about? Why don't you at this point in the record, following the questions on these three quotations, tell me what is involved in these studies. Of course, I am taking it somewhat out of context, for purposes of emphasis, but at the same time there it is.

(The information follows:)

RESEARCH IN HEALTH MANPOWER

The Department of Labor has taken precautions to prevent its manpower research programs from duplicating those of other agencies through the use of a formal device known as the Interagency Committee on Research. This Committee was recommended by the Bureau of the Budget and is chaired by the Associate Manpower Administrator. It is charged with the responsibility of reviewing manpower research plans of all its constituent agencies. As stated in the preceding testimony, this Committee includes several representatives of the Department of Health, Education, and Welfare. Representatives of the Bureau of Health Manpower have spelled out to the Committee their research program. This Committee is very conscious of the possibility of duplication and prevents this from occurring.

The study of paramedical manpower and the expansion of health services is part of a broader study of the American economy conducted by Columbia University for the Department. The researchers at Columbia are identifying areas of manpower growth and relating these to the manpower needs of the whole economy. The specific study of paramedical manpower is addressed to the problem of how general labor market forces operate to affect the trends and prospects of the supply of labor for health services. As its name implies, the study was restricted to the nonprofessional occupations in the health services field—occupations in which the Department of Labor has long had a major interest. This research supports the development of training programs for nonprofessional medical occupations such as hospital orderlies, practical nurses, etc.

The research on health manpower referred to on page 19 of the OMA S. & E. budget refers to the work that Iowa State University is conducting for the Department of Labor under an institutional research grant. In addition to the research activities sponsored under this grant, the Department of Labor has tried to augment the supply of competent manpower researchers.

The Iowa State study is a State and regional study which is not being duplicated elsewhere. This study is designed to provide help to those concerned with the supply and demand for health manpower in Iowa and the surrounding States. The findings of this study have already proved helpful to hospital administrators, educators, and the State administration.

The Department of Labor has been careful in husbanding its scarce funds for manpower research. Our research program has had great impact on our operating programs and has brought to the attention of Congress the need for amending legislation under the Manpower Development and Training Act.

Mr. SMITH. May I ask a question here, Mr. Chairman.

Will the Budget Bureau permit you to put something in the budget that has not been cleared with the Office of Science and Technology in this regard?

Mr. WEBER. I am not aware of their clearance procedures in that regard.

Mr. MILLER. There is no problem.

Mr. SMITH. There is no problem on that? You do not have to clear it?

Mr. MILLER. Not on this kind of research.

EXPERIMENTAL MANPOWER LABORATORIES

Mr. FLOOD. You mention "experimental manpower laboratories," on page 23. What are they and what do they cost?

Mr. WEBER. Unfortunately, the man who has the responsibility for that is Mr. Kolberg, who is not here.

Mr. FLOOD. We want something more than a paragraph or two on that, Mr. Secretary, for exactly the same reasons. Somebody is going to ask me or Mr. Michel that.

Mr. WEBER. I think I have a pretty good idea.

Mr. FLOOD. Give me a paragraph at this point, and then have your experts follow it up.

Mr. WEBER. It involves different counseling techniques or different techniques of testing, or testing work sampling procedures, which are ways of finding out what a person's so-called basic skills are. You want to try out these new techniques before you incorporate them into an ongoing program. They would then be tried out on real people on a limited scale, controlling all the variables which affect how a person behaves in a laboratory situation, which is probably an unfortunate takeoff from the natural sciences.

Mr. FLOOD. You mean we get behaviorism in this, too?

Mr. WEBER. That is true.

Mr. FLOOD. Have them develop that for the record.

Mr. WEBER. I will.

(The information follows:)

EXPLANATION OF EXPERIMENTAL MANPOWER LABORATORIES

The so-called laboratories are experimental and demonstration projects which have proven to be effective and which have special analytic capability.

Perhaps the word laboratory is misleading because it implies it is separate and isolated from the real world. Actually, they have been called laboratories simply to make it clear that their prime purpose is, not only to serve enrollees in their programs, but also to develop realiable scientific findings as to the impact of new manpower development techniques.

They differ from regular experimental and demonstration programs in one major respect: Although funded on an annual or 18-month basis for specific work, they are encouraged to make long term experimental plans, and we anticipate continuing refunding for them, so that they can develop and retain specially capable analytic staff to conduct analyses of a scope, depth and continuity not ordinarily attainable in short term ad hoc demonstration activity.

The characteristics that have led us to designate and work with several organizations as experimental manpower laboratories include:

1. They have had effective practical experience with operating programs and agencies.
2. They have extensive knowledge about the problems to be investigated.
3. They have the ability to design and conduct measurement and prepare analytical reports that can provide needed guidance for policy officials and operating agencies.
4. They have the ability to work with operating agencies to help put into use the program methods tested and found useful.

There are now three such laboratories. Their location and what they are doing are:

One is in Elmore (near Montgomery), Ala., at the Draper Correctional Center. It is the Rehabilitation Research Foundation, a private, nonprofit body which has done notable pioneering work in developing training to prepare prisoners for employment after release, in placing them, and in helping them adjust to resist return to crime. As a laboratory, it is working with nearly 500 Alabama prisoners to investigate the barriers to their employment after release, the comparative experience of prisoners who receive certain assistance as against those who do not, and ways of conducting prisoner training more effectively.

The second laboratory, in New York, is Mobilization for Youth, a community organization which has run notable youth work-training programs. It is developing and running, with employers, several projects to break in and systematically measure the relative value of different ways of training disadvantaged youth and of upgrading low-income workers. About 500 workers are being aided by these projects.

The third laboratory working in Denver, Colo., is conducted by Colorado State University. It is the outgrowth of excellent work done earlier on methods of placing and keeping employed former mental patients. Its focus is on need for afterplacement support. It is examining why disadvantaged workers leave or are dropped from jobs and whether and how certain techniques applied with cooperating employers might improve job retention. An estimated 300 workers will be aided as part of its activities.

The average cost based on present contractual obligations to these three laboratories is $508,179 per laboratory per year.

For fiscal year 1970, it is hoped that two additional such efforts can be developed. The organizations being considered, each of which are now conducting significant experimental and demonstration projects, are (a) a private community-service agency which has led other private groups in its city (Chicago) in employer efforts to hire first, train later and which is developing analytic competence to be able to conduct more systematic analysis of its innovative work and (b) an action-oriented university group which has helped translate experience of various demonstration projects into usable guides for manpower agencies on job development and other techniques important for work with the disadvantaged. Since the two proposed additional laboratories are in initial planning stages, exact cost figures cannot be given. However, it is planned that these additional projects will cost approximately the same per year as the current three, or approximately $500,000 per laboratory per year.

MOBILITY DEMONSTRATION PROGRAM

Mr. FLOOD. Now the mobility demonstration program. We know something about that. It certainly has been controversial in some quarters. What problems have you had in the past, and what are your plans for 1970 if and when you get the $2,030,000 that you are asking for?

Mr. BROWN. The major mobility project that I am familiar with is the one that we have set up in the Rio Grande Valley.

Mr. FLOOD. That is one; yes.

Mr. BROWN. That is really the most elaborate one we have in the country. There is an additional one that is also based in Texas, which attempts to move trainees up to Iowa, which has not been as successful. The Congressman probably knows much more about the Iowa project than I do. I am not familiar with that one. I am familiar with the Rio Grande project, which has been exceedingly successful.

Mr. FLOOD. We talked about that last year.

Mr. SMITH. I do not think you have done too much on it in the last year or two.

Mr. BROWN. The Rio Grande project has handled a sizable number of workers, 1,000 hard-core disadvantaged Mexican-Americans in the valley.

Mr. SMITH. This was to move people into a job that was already in surplus?

Mr. WEBER. I thought in that project they were bringing them up to Ling Temco Vought.

Mr. BROWN. The project involved training them in the Rio Grande Valley, and includes basic education and skill training, and then moving them into Dallas into a hard job with Ling Temco Vought.

Mr. SMITH. You had one from Mississippi up to Iowa.

Mr. FLOOD. I remember that.

What success have you had?

Mr. BROWN. It is an excellent program, very successful. L-T-V and the employment service in Texas and the Department are very pleased with that program.

Mr. FLOOD. What is your most serious problem?

Mr. BROWN. I think education and housing were the most difficult. The manpower training part happened to be the easiest.

Mr. FLOOD. Yes. Housing would be a real headache.

Mr. BROWN. The trainees who are working now have better work experience than the individuals entering L-T-V in Dallas.

Mr. WEBER. Another problem they have had traditionally is with people getting setup and then leaving. This could be a manifestation of the problem of housing, which means a person cannot bring his family, so he eventually goes back.

Mr. GOODWIN. A lot of progress has been made in cutting down the number who are leaving. This has been done, I think, by more careful selection and working with them in new locations until an adjustment is made.

I would like to say that these relocation projects have been really most successful operating in the farm area. It has not been through moving people into surplus occupations in farmwork but it has been through getting hold of the unskilled farmworkers, training them in skills, and then moving them into the more skilled jobs that are available.

Mr. SMITH. Is there a surplus of all skilled farm labor, too, unless you want to hire them at $1.50 an hour?

Mr. GOODWIN. There are so many occupations in which there are shortages. Of course, the point you made this morning and have referred to again now on the wage is a problem, because they do not expect to pay as much for the same skill in farmwork as they do in nonfarmwork.

INCREASE FOR MANPOWER MANAGEMENT DATA

Mr. FLOOD. Your largest increase is $570,000 and 33 jobs for manpower management data. Tell us something about that and, of course, what makes you think you need an increase. We do not like these increases in jobs.

Mr. WEBER. Up to this point, the reporting and analysis capability in the Manpower Administration has been both limited and diffuse; that is, you had a few people here and a few people there in specific programs. This preliminary step that was taken by Mr. Ruttenberg brought them together in this unit.

Mr. FLOOD. We know that.

Mr. WEBER. Once you bring them together in a unit, you become perhaps more ambitious in terms of your goals. What we would like to see is essentially a reporting system from the field to the national office so that we know at which stages a particular program and a particular city and, in aggregate, groups of enrollees are, how many are in orientation, how many are in education, and how many are moving through and how many come out at the end of the pipeline.

We also want to know what the characteristics of the enrollees are, because that is one of the best indices that we have of the success of the program. Are we reaching the persons?

Mr. FLOOD. Do you do this with hardware entirely?

Mr. WEBER. No, we do it with software and hardware. That is, we tell somebody in the field to do it. In many instances they are not going to do it unless there is somebody back at headquarters or somebody at the regional level who is specifically responsible for that.

Mr. FLOOD. What about that show I was going to go out to Utah to see and couldn't get away?

Mr. GOODWIN. That was the one that the Secretary referred to as the Utah system. That is matching the jobs with the orders.

Mr. FLOOD. I talked to you when you came back, and you were pretty cocky about that thing.

Mr. GOODWIN. We think it is good. We think it can be applied generally.

Mr. FLOOD. How old is it?

Mr. GOODWIN. They have been working on it about a year. It has been in operation for about 2 months.

Mr. FLOOD. Is it a contract job?

Mr. GOODWIN. No. The State agency did most of the work themselves. They took some of their bright young boys who knew the employment security setup, and sent them to learn automatic data processing.

Mr. FLOOD. You were very pleased with it when you talked to me after you came back.

Mr. GOODWIN. Yes.

Mr. FLOOD. Were you out there?

Mr. WEBER. No.

Mr. FLOOD. But you know about it?

Mr. WEBER. Yes. I was going to add, as far as our requirements on data processing are concerned, we now have two new heavier program responsibilities. One is the CEP program and the other is the WIN program. The additional personnel will help build up our ability to monitor these programs effectively.

For example, we already know in the WIN program as a result of this some people are being certified, but an inordinate number are being put in what is called a holding position. That is, they are certified and are brought in to the edge of the system, but they are not moved into orientation and education.

It tells us what is wrong with the program at that stage. You cannot really have intelligent management unless you have valid data on a continuous basis, monitoring these programs.

My own feeling is that this is a very useful investment.

FEDERAL ON-THE-JOB TRAINING SERVICES

Mr. FLOOD. The only other increases involving more jobs is an increase of 20 persons and $523,000 for what you call "Federal on-the-job training services." Why do you think you need a total of 165 people to carry out that function? Why not 145?

Mr. WEBER. No. It is my understanding this is related to the JOBS program, and elsewhere in the budget there is provided an increase of staff at the State level. At the same time, you have to have some increases in staff at the headquarters level, although it is important to keep in mind——

Mr. FLOOD. Are the people at the State level your people?

Mr. WEBER. No. They are State people who are financed by these Federal grants.

Is that correct?

Mr. BROWN. That is correct.

Mr. WEBER. This is part of this process of allocation that goes on.

Mr. FLOOD. People like that would come under the so-called Hatch Act, wouldn't they?

Mr. BROWN. The little Hatch Act, at least, for State people, and the Hatch Act for the Federal ones.

Mr. WEBER. We are saying we are going to double the JOBS in terms of money involved, and increase by 150 percent the number of of cities covered, and we have to add somewhat to the staff that we have at the national level for monitoring, for training, for going into these metro areas and providing staff support. That increase would be devoted essentially to national headquarters support of local activities, particularly where you are starting a whole cluster of new activities.

Mr. FLOOD. Mr. Shriver.

CRIME PROBLEM IN RELATION TO UNEMPLOYMENT

Mr. SHRIVER. I think you have covered it very well, Mr. Chairman. I do have one question.

I notice you are going into a study of the crime problem in relation to unemployment.

Mr. WEBER. Could you indicate the page?

Mr. SHRIVER. Page 24.

Mr. FLOOD. I am glad you mentioned that, because that interested me.

Mr. SHRIVER. I wondered what you had in mind.

Mr. FLOOD. I meant to bring it up at the same time I was talking about the paramedical thing, and I forgot about it.

Mr. WEBER. Again, the man who has leading responsibility in this area is not here, sir. He had to go to another meeting. We will provide a statement on that.

What it means is that when a person commits a crime and he is put in jail, now they are thinking of alternative work and training procedures.

Mr. FLOOD. To raise the quality of the inmates?

Mr. WEBER. No, but to keep them out once they get out—some incentives for engaging in honest, productive activities.

For example, in the Cook County Jail which, as you know, up to this point has not been a paragon of excellence in penology or vocational training, there is now a plan proposed to set up a training facility in the yard, give the people preliminary training there; and, subject to the determination of the parole officers and the judge, then release them during the day to a job, and bring them back in the evening, so as to provide a transition between the penal institution and useful employment.

I suppose the theory there is that if a fellow has a job which gives him an income, he is less likely to become a repeater.

Mr. FLOOD. And the fellow who has a wife and a couple of kids and has committed a crime, instead of locking him up, you let him serve the time over the week end and work during the week?

Mr. WEBER. One of the problems in many jails is that they do not have adequate training facilities or vocational orientation. In a sense, they are just put in storage. They will provide some linkage between the two.

Mrs. REID. How do you handle the situation when they are working? Do the people with whom they are working know from whence they came?

Mr. FLOOD. Yes, and they are very carefully supervised by the court, as much as they can with the little help they have. I am advised that if and when a judge does this kind of thing, he really has the guys sit on them.

Mr. WEBER. Another aspect of this is the bonding provision, which is very interesting. It provides for bonds for persons who have a criminal record and whom an employer might otherwise not hire. The interesting point of this is that the money has not been used, but just its availability has given the employer some feeling of confidence when he brings a man into the plant and gives him useful employment. It has been an interesting phenomenon.

Mr. FLOOD. There apparently has been no sociological problem as far as the individual worker is concerned. The next guy on the machine couldn't care less, from what I hear.

(The following was subsequently submitted for the record:)

EXPLANATION OF THE CRIME PROBLEM IN RELATION TO UNEMPLOYMENT

The reference to crime problems and unemployment, in the budget explanation for experimental and demonstration plans, is not to training for prisoners or to special assistance after release, on which substantial work is already being done under various programs. Instead, it refers to a wholly new approach being tested in two projects in New York and Washington.

These projects are exploring whether "early diversion" before imprisonment—a new chance for arrestees to get training and employment assistance—can reduce return to crime.

In New York, the Vera Institute of Justice is having the Manhattan courts, district attorney, and police officials, refer certain arrested unemployed persons to training or jobs it arranges as an alternative to prosecution and imprisonment. The project seeks to find out whether and what kinds of arrested people will make effective use of such a new opportunity. It is hoped that the chance for a job rather than jail will help make some prosecutions and imprisonment unnecessary and prevent pressures for lives of repeated crime. The cost based on present contractual obligations is $323,827 per year.

A companion project in Washington, D.C., known as Project Crossroads, is conducted by the National Committee for Children and Youth. It is focusing on younger arrestees than those concentrated on in the New York project. The cost based on present contractual obligations is $187,500 per year.

EXPERIMENTAL AND DEMONSTRATION PROJECTS

Mr. SHRIVER. The $15 million estimated for "Experimental and demonstrations" will finance approximately 75 projects, of which some 45 are new. What about the old projects? Where are they?

Mr. WEBER. Some of them are funded on a repetitive basis.

Mr. SHRIVER. Every year?

Mr. WEBER. Not all of them every year, but there are some carryovers. For example, the grants program to institutions has been funded on a 3- or 4-year schedule whereby we have given money to colleges to promote study programs dealing with the manpower area. We have seven of these, and there is a time frame put on that program which will expire at the end of 3 or 5 years. That would be one of the carryovers.

Another carryover would be something like the Jobs Now program in Chicago, which started out as an experimental device and really in one way was a basis for the CEP program. They continue to experiment with different ways of reaching the hard core and training them. So, they get a repeat appropriation as well.

That takes care of eight. What the status is with respect to the other 37, I could not tell you.

Mr. SHRIVER. Provide for the record a list.

Mr. WEBER. I will provide a list of the essentially refunded experimental projects and what they do.

Mr. SHRIVER. Thank you.

(The information follows:)

REFUNDING OF EXPERIMENTAL AND DEMONSTRATION PROJECTS

The estimate of 45 new projects and some 30 refunded ones in fiscal year 1970 is based on a purposeful policy of having at least 60 percent of experimental and demonstration funds each year going to wholly new projects.

Experimental and demonstration projects are limited to short term funding. Projects are ordinarily financed for 1 to 2 years. If their findings warrant, further support may be provided through refunding but, with rare exceptions, projects have not been given demonstration funding for longer than 3 years.

Of the projects reaching contract termination dates and not receiving demonstration refunding, most prove effective enough to obtain regular program support for continuing operation. Some are effective but are discontinued for lack of regular program resources to sustain them. A few find that the effort tried is not feasible or has such little value, sometimes because of the sponsor's inadequacy or the sheer difficulty of the problem tackled, that they do not warrant continuing support from any source.

At this point of fiscal year 1969, it cannot be definitely stated which of the current experimental and demonstration projects will be refunded in fiscal year 1970. Although a request has been made for a listing of projects to be refunded in fiscal year 1970, it is impossible in the nature of E. & D. programing to provide such a list for the following reasons:

1. Since several potentially refundable programs may have as much as 10 to 16 months of operation left, no real judgment can be made at this time as to whether or not a refunding commitment should be made.

2. By the fact that they are experimental and demonstration in nature, some projects that would now appear to be refundable may in fact demonstrate to be unfeasible and inappropriate for refunding.

3. Some E. & D. projects which may presently appear to be unfeasible due to a variety of difficulties may in fact warrant refunding on the basis of learnings over the next few months.

4. There may be instances where the potentially refundable E. & D. project will demonstrate its approach or techniques so valuable that instead of refunding, the project will be transferred to regular funding resources.

It is crucial here to understand that a listing of any projects to be refunded would be misleading and purely arbitrary at this point in time. The fact that approximately 30 of the 75 E. & D. projects are refunded each year is based on historical experience over the 6-year period of experimental and demonstration programs.

PROGRAMS IN PENAL INSTITUTIONS

Mr. FLOOD. Mr. Smith.

Mr. SMITH. There have been work release programs for many years in some States, have there not?

Mr. WEBER. Yes. California has led in that.

Mr. SMITH. I do not understand what you will do that has not been done before. What is it that you will do?

Mr. WEBER. I have indicated there are various ways of doing this. You can release a person to work outside without any training. You can provide training within the penal institution related to a job outside, having release over a different period of time. You can enrich the mix of services you give to include counseling, orientation, and coaching on the job. The same form of experimentation that goes on in the manpower program in general.

Mr. SMITH. "Experiment" to me usually indicates that you are going to do something that has not been done before, but all you said there has been done before, has it not?

Mr. WEBER. I would have to look specifically at the details. It is my general impression that they are trying to develop new ways of getting at this population, particularly in an urban context, that have not been used before.

Mr. SMITH. Just to make sure you are not duplicating something that is being done elsewhere, there is clearance, is there not, to be sure there isn't duplication between the programs?

Mr. WEBER. There is the interagency committee which Mr. Brown mentioned, but, like all interagency committees, there are those that work and those that do not. I agree that it is very important to avoid duplication.

Mr. SMITH. It apparently does not work as foolproof, let us say, as the scientific research projects which are cleared by the Office of Science and Technology; is that correct?

Mr. BROWN. I have been only on the fringe of this committee for the last year. About a year ago it was reviewing every project that was approved. I would assume it is taking a look at every single project and indicating approval or disapproval on an interdepartmental basis.

Mr. SMITH. That is all, Mr. Chairman.

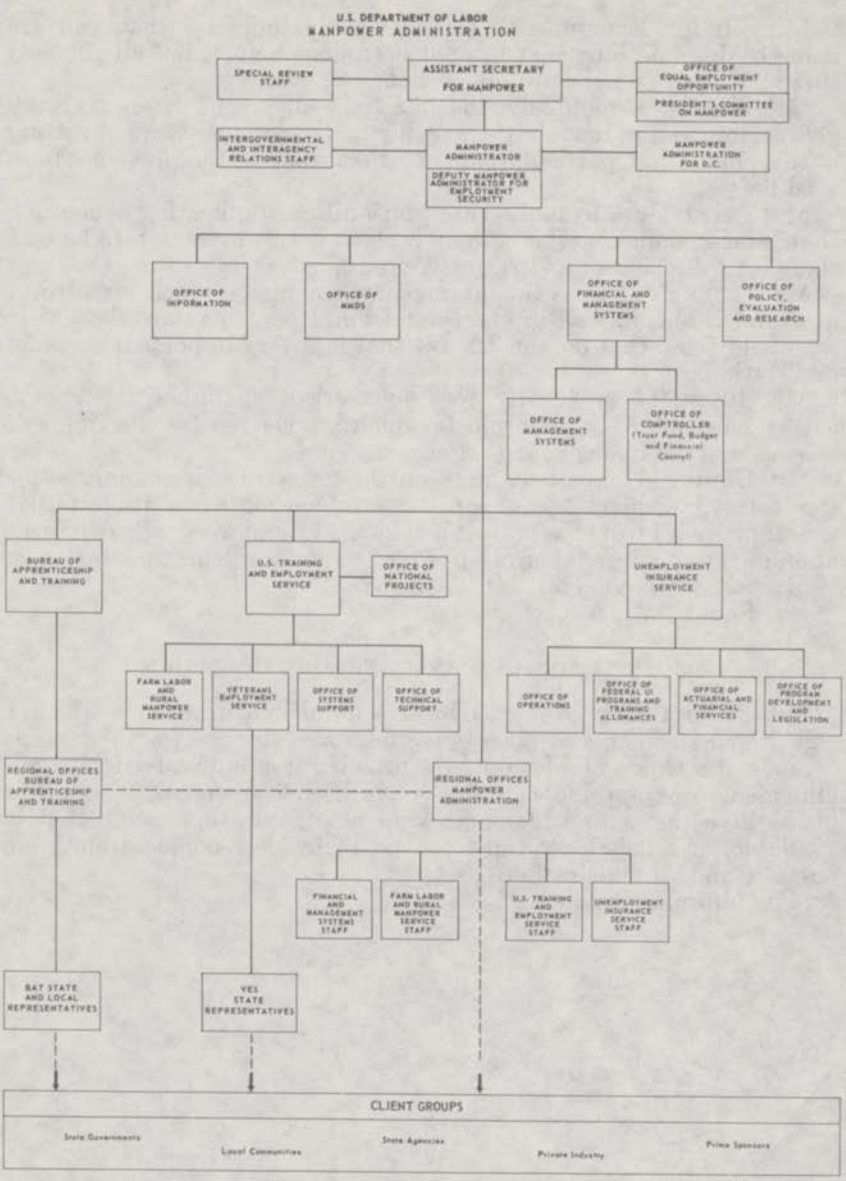
Mr. FLOOD. Mr. Michel?

ORGANIZATION OF MANPOWER ADMINISTRATION

Mr. MICHEL. Mr. Weber, I have a number of questions which I will propound here, and please give me some answers for the record.

Since the Office of Manpower Administrator is involved in a realinement program and activities have been transferred, would you please give the committee some kind of organization chart, if it is available, or a list so we can see what really does come within your purview and administration?

(The information follows:)


U.S. DEPARTMENT OF LABOR
MANPOWER ADMINISTRATION
SPECIAL REVIEW STAFF
ASSISTANT SECRETARY FOR MANPOWER
OFFICE OF EQUAL EMPLOYMENT OPPORTUNITY
PRESIDENT'S COMMITTEE ON MANPOWER
INTERGOVERNMENTAL AND INTERAGENCY RELATIONS STAFF
MANPOWER ADMINISTRATOR
DEPUTY MANPOWER ADMINISTRATOR FOR EMPLOYMENT SECURITY
MANPOWER ADMINISTRATION FOR D.C.
OFFICE OF INFORMATION
OFFICE OF MMDS
OFFICE OF FINANCIAL AND MANAGEMENT SYSTEMS
OFFICE OF POLICY, EVALUATION AND RESEARCH
OFFICE OF MANAGEMENT SYSTEMS
OFFICE OF COMPTROLLER (Trust Fund, Budget and Financial Control)
BUREAU OF APPRENTICESHIP AND TRAINING
U.S. TRAINING AND EMPLOYMENT SERVICE
OFFICE OF NATIONAL PROJECTS
UNEMPLOYMENT INSURANCE SERVICE
FARM LABOR AND RURAL MANPOWER SERVICE
VETERANS EMPLOYMENT SERVICE
OFFICE OF SYSTEMS SUPPORT
OFFICE OF TECHNICAL SUPPORT
OFFICE OF OPERATIONS
OFFICE OF FEDERAL UI PROGRAMS AND TRAINING ALLOWANCES
OFFICE OF ACTUARIAL AND FINANCIAL SERVICES
OFFICE OF PROGRAM DEVELOPMENT AND LEGISLATION
REGIONAL OFFICES BUREAU OF APPRENTICESHIP AND TRAINING
REGIONAL OFFICES MANPOWER ADMINISTRATION
FINANCIAL AND MANAGEMENT SYSTEMS STAFF
FARM LABOR AND RURAL MANPOWER SERVICE STAFF
U.S. TRAINING AND EMPLOYMENT SERVICE STAFF
UNEMPLOYMENT INSURANCE SERVICE STAFF
BAT STATE AND LOCAL REPRESENTATIVES
YES STATE REPRESENTATIVES
CLIENT GROUPS
State Governments
Local Communities
State Agencies
Private Industry
Prime Sponsors

LISTING OF RESEARCH CONTRACTS

Mr. MICHEL. How many research contracts will you have at the end of fiscal year 1970? And list them, please. As I recall, back in 1968 there were 64, which would seem to be a considerable number.

(The information follows:)

NUMBER OF TOTAL RESEARCH CONTRACTS, FISCAL YEAR 1970

Information is not available at this time on the total number of contracts that will be active at the end of fiscal 1970. However, a fiscal 1969 midyear tabulation of MDTA title I research projects (attachment A) indicates that a total of 69 contracts were in progress which reflects a slight change from the 64 contracts active midway in fiscal 1968.

Research program plans for fiscal 1970 will focus emphasis on finding solutions to continuing and emerging manpower problems of major significance. Areas of special research concentration will include urban employment problems; the transition from school to work; improving and consolidating our manpower efforts; problems of general economic adjustment and rural employment problems.

ATTACHMENT A

MANPOWER RESEARCH CONTRACTS IN PROGRESS MIDYEAR FISCAL 1969 (MDTA TITLE I)

CONTRACT NUMBER, CONTRACTOR, AND PROJECT

MDTA 9–63: Michigan State University, Measuring the Benefits and Costs of Retraining Programs for Unemployed Workers.
MDTA 17–63: University of Michigan, Attitude Survey of Manpower Development and Training Act Trainees.
MDTA 14–64: City of Philadelphia, A Study of the Need for Work Adjustment and Social Work Assistance for the Long-Term Unemployed.
MDTA 23–64: Bureau of Labor Statistics, Estimates of Employment Requirements by Occupation for 1970.
MDTA 27–64: Bureau of the Census, Tabulations on the Relationship of Patterns of Child-Bearing and Labor Force Participation of Women.
81–22–01: University of Minnesota, Work Attitudes of Unemployed Youth.
81–08–08: Women's Bureau, National Survey of Child Care Arrangements of Working Mothers.
81–31–21: Association for the Help of Retarded Children, The Employment of New York City's Mentally Retarded Adults.
81–08–22: Women's Bureau, Women Workers: Their Special Training Needs.
81–08–23: Women's Bureau, Employment Opportunities for Women in Subprofessional Occupations.
81–13–33: Purdue Research Foundation, A Study of the Need for Educational and Training Adjustments in the Apprenticeship Programs for Selected Craft Occupations.
81–20–34: Northeastern University, Evaluation of the Training of Tool and Die Makers.
81–04–36: University of California, at Los Angeles, Automated and Nonautomated Jobs in the Los Angeles Aircraft Industry.
81–19–37: University of Maryland, Employment Problems of Released Prisoners.
81–08–38 and 81–37–68–21: Bureau of the Census & Ohio State University Research Foundation, Longitudinal Study of Labor Force Behavior.
81–24–66–04: Wayne State University, The Role of Incentives in Stimulating Trainee Motivation, Learning and Job Performance.
81–05–66–11: Stanford University, Class, Character, and Career Determinants of Occupational Choice in College Students.
81–40–66–18: National Analysts, Study of the Year-Round and Summer NYC Programs for In-School Students.
81–23–66–22: Harvard University, Internal Company Adjustments to Tightening Labor Markets.
81–34–66–25: New York University, A Study of the Relationship of Industry Hiring Practices to the Employment of Disadvantaged Groups.

81-09-66-27: Bureau of Social Science Research, Inc., Occupational Adjustment of Recent Low Income Southern In-Migrants to Cleveland.
81-05-66-30: University of California at Berkeley, An Evaluation of the Skill Demand of Manufacturing and Service Processes at Various Levels of Technology.
81-09-66-31: National Manpower Policy Task Force, Identifying Needs and Priorities in Manpower Research.
81-24-66-32: Michigan State University, The Mexican-American Migrant Farm Worker in Transition
81-35-67-01: Research Triangle Institute, A Comprehensive Assessment of the Problems and Characteristics of the Neighborhood Youth Corps Enrollees: A Pilot Study.
81-24-67-02: University of Michigan, Study of the Impact of Changes in Machine Technology on a Cross-Section of the Labor Force.
81-53-67-04: Bureau of Employment Security, Development of a Model System of Occupational and Employment Information Under the Vocational Act of 1963.
81-09-67-08: National Planning Association, Research on Manpower Implications of National Goals and Public Programs.
81-09-67-17: Bureau of the Census, Occupational Classification Study.
81-32-67-19: Princeton University, Systems Analysis and the Labor Market.
81-23-67-23: Harvard University, A Study of the Conceptual Bases and Uses of Various Manpower and Occupational Classification Systems.
81-05-67-24: University of California at Berkeley, A Study of Employer Policies in a Large Metropolitan Labor Market Area.
81-34-67-25: Columbia University, Employment Expansion in a Dynamic Economy.
81-35-67-27: North Carolina State University at Raleigh, Generic Bases of Negro Teenage Unemployment: A Preliminary Investigation.
81-09-68-01: Robert R. Nathan Association, Inc., Study of Military Medical Personnel to Determine Potential Transferability to the Civilian Sector.
81-46-68-02: University of Houston, Negro Teenage Unemployment in Houston.
81-05-68-06: Planning Research Corporation, Study of Cost Benefit Methods and Applications for Manpower Planning and Policy.
81-23-68-11: Harvard University, A Study of Problems of Manpower Utilization in the Construction Industry: Intermittency of Employment, Unemployment and Labor Shortages.
81-40-68-12: Pennsylvania State University, The Agriculture Labor Force and Labor Market in Northeastern States.
81-19-68-13: University of Kentucky, Negro Employment Patterns in Thirteen Southern States.
81-46-68-16: Texas A. & M. University, The Role of Farm Labor Market Institutions in the Lower Rio Grande Valley of Texas.
81-19-68-17: University of Kentucky, Employment and Manpower Development in a Regional Context.
81-49-68-19: Atlantic Research Corporation, An Analysis of Post-World War II Manpower Policies and Programs Applicable to Planning for Peace-Time Conversion of Military Manpower to Civilian Occupations.
81-51-68-22: National Manpower Policy Task Force, A Conference on the Transition from School to Work.
81-24-68-24: Wayne State University, A Group Orientation Approach for Facilitating the Work Adjustment of the Hard-Core Unemployed.
81-24-68-26: University of Michigan, Interviewer-Respondent Interaction in Household Interviews.
81-34-68-27: Greenleigh Associates Incorporated, A Study to Develop a Model to Assure that Handicapped are Brought into the Labor Market to the Extent Feasible.
81-05-68-28: System Development Corporation, The Application of Systems Analysis to Manpower Adjustment Problems.
81-24-68-33: University of Michigan, A Comparative Study of Three Adolescent Environments: High School, Work and Unemployment.
81-10-68-34: University of Florida, The Impact of Mechanical Harvesting on the Demand for Labor in the Florida Citrus Industry.
81-24-68-35: Wayne State University, On-the-Job Orientation of Unemployed Negro Skill Center Trainees and Their Supervisors.
81-09-68-36: National Planning Association, Research in the Universe of Need and Manpower Requirements for National Programs.

81-23-68-37: Harvard University, A Study of Factors Affecting the Demand and Forecasting Techniques for Scientists, Engineers and Technicians.
81-34-68-39: Cornell University, Exploratory Study of Inter-Organizational Relations.
81-37-68-40: Battelle Memorial Institute, An Exploratory Study to Analyze New Skill Content in Selected Occupations in Michigan and the Mechanism for Its Translation into Vocational Education Curricula.
81-53-68-41: University of Wisconsin, Seminar on the Cost-Benefit Analysis of Manpower Programs.
81-24-68-42: Michigan State University, The Manpower Implications of Mechanization for Fruit and Vegetable Harvesting.
81-05-68-43: University of California, A Study of Employment Agencies and School Placement Services in a Large Metropolitan Labor Market Area.
81-34-68-44: Columbia University, Negro Youth: Pathways Into Work.
82-09-68-44: The Urban Institute, A Study of Labor Market Operations in Relation to Unemployment, Earnings and Inflation.
81-24-68-45: Michigan State University, A Study of Occupational Licensing in Selected States and Municipalities: Its Implications for Manpower Policy.
81-09-68-46: Bureau of the Census, Occupational Survey of State and Local Government Employment.
81-09-69-01: National Manpower Policy Task Force, Conference of New Manpower Researchers.
81-34-69-02: New York University, Black Workers in White Industries: The Banking Industry.
81-32-69-03: Educational Testing Service, Impact of Licensing on the Supply and Mobility of Skilled Manpower in Selected Non-Professional Occupations.
81-34-69-04: National Industrial Conference Board, Job Vacancies in the Firm and the Labor Market.
81-38-69-05: Oklahoma State University, Supplemental Labor Market Information as a Means to Increase the Effectiveness of Job Search Activity.
81-40-69-06: Pennsylvania State University, University Research Consultation Conference.

NUMBER OF GRANT PROGRAMS

Mr. MICHEL. How many grant programs do you plan on for the fiscal year 1970?

(The information follows:)

RESEARCH GRANT PROGRAM

The same two grant programs which the Manpower Administration conducted for the past 3 years will be continued in fiscal year 1970. These are: (1) The small grant program, which will provide for about 50 new awards in fiscal 1970, supports the dissertation research of doctoral candidates and innovative research of established scholars in the manpower field; and (2) The manpower research institutional grant program which will support approximately seven academic institutions over a period of from 3 to 5 years in the development of manpower research institutes and relevant programs of study at the graduate and undergraduate levels.

EXPENDITURES FOR RESEARCH AND EXAMPLES OF PROJECTS

Mr. MICHEL. What is the total amount you spend on research and evaluation programs? Give us some examples of how this has been implemented in the job training area.

(The information follows:)

TOTAL MANPOWER ADMINISTRATION BUDGET ESTIMATES FOR RESEARCH ACTIVITIES

The total amount authorized for research under title I of the Manpower Development and Training Act during fiscal 1969 is $3.8 million.

Following are some examples of actions resulting from Department of Labor research studies.

In 1964 the President released a pathfinding study of men rejected for military service—"One-Third of a Nation." The report highlighted the startling fact that a full one-third of the Nation's young men turning 18 would be found unqualified if they were to be examined for induction into the Armed Forces. These men were about evenly divided between the physically unfit and those who would not pass the mental tests. A major proportion of these young men were the products of poverty. Most had only limited education, and over 30 percent did not have jobs. It was clear that without special rehabilitation many of these young men would perpetuate the cycle of poverty.

Acting on the report's recommendations, the President ordered examinations at age 18 for out-of-school youth and directed the Departments of Labor, Defense, and Health, Education, and Welfare to initiate a national program for the guidance, testing, counseling, training, and rehabilitation of those rejected.

Since October 1966, military service has assumed a constructive role in the lives of more than 140,000 young men who, prior to that time, would have been disqualified for the service by failure to meet physical, mental, or educational requirements. Moved by an alarmingly high failure rate among young men summoned to take induction examinations, the Department of Defense initiated the unique Project 100,000. By lowering entrance requirements and marshaling modern instructional techniques and methods of building motivation, the Armed Forces are succeeding in qualifying these men both for military service and for more productive lives when they return to civilian status.

The program has been highly successful. Ninety-six percent of the participants complete basic training. The largest group (38 percent) are assigned to combat-type jobs; the remainder go into jobs in maintenance, communication, construction, transportation, supply, and other technical fields. The men's promotion rate, supervisory evaluations, and disciplinary record evidence satisfactory performance, and their educational level is being measurably advanced through remedial reading and other education programs.

Young men in the New York City jail on Riker's Island were the subject of a study connected with a 20-week program of education and training in the operation of automatic data processing machines. The youth also received help in finding jobs (including a bond if necessary) after they were released, loans to tide them over, and access to an umbrella of supporting social services.

The study provided evidence concerning the benefits of such training during a short term in jail: The rate of recidivism was lower among the trainees than among a matched group of "controls" who followed ordinary jail routine, and the trainees got a better start up the job ladder. And the study paved the way for a series of pilot training projects for prison inmates and, together with these, for an expanded pilot program of training in correctional institutions under a 1966 amendment to the MDTA.

A study concerning disadvantaged individuals is generating valuable information on the interrelationships between training and other elements of the job adjustment process. Recent low-income southern inmigrants to Cleveland have been interviewed to determine what occupational adjustment services the program should provide. Their occupational adjustment after completion of the program is being assessed. The interviews revealed that, contrary to popular belief, these southern inmigrants appreciate the importance of education and training; an overwhelming majority said they would be interested in "getting some kind of job training." Yet the majority of these individuals were unaware of the availability of training opportunities to which access was provided.

One of the first studies conducted under title I of the MDTA contributed importantly to the first amendments to the act. The findings of this project on factors that influenced unskilled workers to forgo training were presented to the House Committee on Education and Labor by project officials. The committee cited the project officials' testimony in support of recommendations for the 1963 amendments authorizing expanded youth training, providing for basic education for workers who need this to benefit from occupational training, and increasing training allowances. The Employment Service also used this study in developing outreach techniques for working with culturally deprived workers and in establishing its human resources development program.

Because of the critical importance of apprenticeship as an entry route to many of the skilled crafts, in 1965 the Department of Labor sponsored a study of Negro apprenticeship, focusing mainly on the building trades in 10 large cities. The authors found that, although discrimination was an important explanation for the virtual exclusion of Negroes from apprenticeship, the lack of qualifications and interest among Negro boys was becoming more important. Few Negroes

could be found who could, without special help, survive both the written examinations given most candidates and the interviews to determine the candidates' interests. The same would probably be true of youth from other ethnic minorities.

The authors' recommendations included: a strengthening of antidiscrimination measures; encouragement of voluntary equal employment programs by employers and unions; and provision for special tutoring, recruiting, and counseling to increase the supply of qualified Negroes. In connection with the last suggestion, the report cited the success of the Workers' Defense League in New York, which had gained both employer and union support.

In February 1968, after negotiations between the Department of Labor and the Building and Construction Trades Department of the AFL–CIO, 8,500 local unions were instructed to take affirmative action in the recruitment of Negroes for apprenticeship and in support of training and jobs for Negroes, including outreach programs subsidized by the Department of Labor.

Currently these programs are being supported by manpower and social action agencies and by building and construction trades councils in 44 industrial areas and have thus far placed more than 1,650 minority group members in apprenticeship programs.

The Secretary of Labor has announced that, as of June 30, 1968, an estimated 8,100 Negroes were participating in apprenticeship programs—3,900 more than were registered at the end of 1966.

STATEMENT ON MANPOWER ADMINISTRATION EVALUATION SYSTEM

During fiscal year 1968, a total of $2,600,000 was obligated on evaluation studies, most of which are being carried out during fiscal year 1969. A total of $3,100,000 is being obligated during fiscal year 1969 for evaluations to be conducted in fiscal year 1969 and most of fiscal year 1970.

A substantial majority of funds obligated in both fiscal years is being spent in various aspects of job training programs. For example, studies are being conducted or are planned in such areas as:

1. *Concentrated employment program.*—In-depth studies are being carried out on the administration and progress of both the first and second rounds of individual CEP projects in both urban and rural areas, and on the program as a whole. Plans are being completed for a new study, to be funded this year, on the effectiveness of the concentrated employment program in reaching and helping target area residents and its effect upon various segments of the community.

2. *JOBS program.*—A study is being conducted in a national sample of 12 cities on the viability of the JOBS concept, the progress of the program, and the efficiency with which it is being carried out. A new study is being planned, to be funded this year, to determine the effectiveness and impact of the JOBS program on persons enrolled in it.

3. *Work incentive program.*—A study is underway to provide a comprehensive evaluation of the WIN program during its developmental stages. New studies are to be funded to follow up on enrollees in the program over a 2-year period to determine the program's effect on them, to develop a project rating system for assessing the progress and status of individual projects, and to study in depth particular problem areas.

4. *MDTA.*—A comprehensive general evaluation is being planned for funding this year to include a systems analysis of the program as it is now being generated and an appraisal of the quality of training and the effectiveness of skill centers.

5. *Total manpower program in selected cities.*—Special studies are being carried out to appraise the progress and effect of the total manpower program in selected cities in various parts of the country. Plans are underway to extend these studies to follow up on the impact of the various programs on the individuals who had been enrolled and on the community.

Periodic reports are being received on individual projects and on the programs as a whole, and the findings and recommendations are being shared with officials responsible for operating the various programs at national, regional, and local levels, so that corrective actions may be taken while the studies are underway. They are also being shared with planning, policy, and other officials and staffs. Similarly, final reports, with emphasis on key findings and recommendations, are provided to and discussed with responsible officials.

Results of many of the studies, both ongoing and completed, have been utilized in bringing about administrative and policy changes as well as program improvements. Recent examples are:

1. Evaluation of the concentrated employment program precipitated the development and issuance of a planning guide for future CEP projects, the institution of planning grants for the second round of CEP projects, and provision for widespread management and operational technical assistance to CEP projects.
2. Current reports on evaluation studies of the human resources development program of the U.S. Employment Service, which is responsible for providing employability services to disadvantaged persons, are being utilized as they are are received to improve the operation of the particular office studied. USES national office staff are holding meetings with regional and State employment service officials to discuss specific program weaknesses revealed by the reports and arrange for corrective actions to be taken.

SUPPORT OF DOCTORAL CANDIDATES

Mr. MICHEL. How many doctoral candidates do you plan on giving small grants? How is this decided, and how is the information used?

(The information follows:)

SMALL GRANTS RESEARCH PROGRAM

The number of small grants to be awarded to academic institutions in support of doctoral candidates in fiscal year 1970 will depend on the number and quality of the applications received. Based on the pattern of this program during the past 3 years, about 50 new awards are expected to be made in fiscal year 1970 in support of doctoral dissertations.

All applications for doctoral dissertation grants are circulated for review and comment to Department of Labor offices and other Federal agencies with interests and expertise in the specific topic areas. These reviews and the applications are then submitted to the Department's grant review panel for its recommendations. The panel, which is comprised of a group of nationally recognized experts in the manpower field, meets every 3 months to advise the Manpower Administration of its recommendations on current grant applications.

The current members of the panel are:

Dr. Curtis C. Aller (economist), San Francisco State College.
Dr. Peter S. Barth (economist), Ohio State University.
Dr. Rashi Fein (economist), Harvard Medical School.
Dr. Gerald G. Gurin (psychologist), the University of Michigan.
Dr. Hylan G. Lewis (sociologist), Metropolitan Applied Research Center.

Development of teachers and researchers in the manpower field is the primary goal of the dissertation grants. In addition, these grants are intended to provide needed information on specific manpower problems. All dissertations received through the grant program are made available to the public through the clearinghouse for Federal Scientific and Technical Information, Springfield, Va., for a nominal fee. The availability of each of these dissertations is made known through the annual catalog of research published by the Manpower Administration. Research findings of doctoral candidates are utilized in various publications of the Department as applicable. Findings which have implications for policy or programs in the manpower field are circulated in whole or in part to those departmental officials concerned.

FUNDS SPENT IN RURAL AREAS

Mr. MICHEL. What percentage of your funds do you spend on rural problems?

(The information follows:)

PERCENTAGE OF MANPOWER FUNDS IN RURAL AREAS

In fiscal year 1969 approximately 20 percent of Manpower Administration funds are directed toward basic employment, work experience and training activities in rural areas.

LABOR MOBILITY PROGRAM

Mr. MICHEL. I note some work has been done on relocating workers at $750 per move. Can you give us some concrete results on this? What is the percentage of new employment or increase in income?

(The information follows:)

RESULTS OF LABOR MOBILITY PROGRAM

The results of relocation (mobility) experiments have indicated that it is a very useful and low-priced manpower tool in cases where unemployed workers have little prospect of obtaining jobs in their home areas, because these have depressed economies, or have undergone large recent layoffs.

The cost of the experimental programs has averaged $750 a move, but the range has been (in 1968–69) from $270 to $1,250 per move. This figure includes payment for an interview trip before the move, payment of costs for moving furniture and all family members, and a direct cash allowance to relocating families to cover their immediate expenses in the new community. This direct allowance increases with the number of dependents, and averaged $383 in the 1967 projects, and about $370 last year. The total cost figure also includes all administrative costs and the salaries of counselors who assist families in finding housing and otherwise settling into the new community.

Complete data are available on 1967 moves which indicate the employment status of relocated workers 2 months after the move. Using a very conservative estimate for employment data on nonrespondents, and actual data on 74 percent of relocatees, we conclude that 80 percent of relocated workers are employed after relocation. Before relocation, none were fully employed (91 percent not employed at all; 9 percent seasonally employed in agriculture, or farm families earning less than $1,200 a year). The largest group of workers were placed in jobs averaging $2 to $2.49 an hour. This year, the after-relocation wage is higher.

Mr. MICHEL. Under the mobility demonstration program, how does this work in moving people out of rural areas, and is the cost the same?

(The information follows:)

EXPLANATION OF LABOR MOBILITY DEMONSTRATION PROGRAM IN RURAL AREAS

Under the labor mobility demonstration program, workers were relocated to places of employment in 28 States. In at least a dozen States, the program focused on the rural poor. Some of these areas were: Appalachia, the northern Great Lakes, Rio Grande Valley, rural southeastern seaboard, and poor rural areas on both banks of the Mississippi River. In most of these projects, poor rural areas were linked with rapidly growing, industrializing towns within the same State, where labor shortages were occurring. Movement in these predesigned streams permitted some economies of scale. For example, counseling staff became expert in helping a move to one or two areas. In addition, in at least one project there is clear evidence that such planned moves have generated other moves of relatives and friends. In this case, relocatees help each other, and the labor shortage condition in the planned receiving area helps many more to get jobs.

Followup studies covering a year after relocation indicate that those rural persons who move experience steady employment, while those who do not move continue to experience intermittent unemployment, part-time work, and a generally unsteady work existence. Some relocate on their own to big cities out of State, where they do not, as a rule, find steady work.

The total cost of relocating rural workers (roughly $900 a move) is somewhat higher than the average experienced in the program as a whole. While moving expense is lower because poor rural families have few possessions and the distance moved may be short, the "helping cost" is higher—finding a potential mover, helping him prepare for the move, and settle into the new community. The project is not only moving the family over some geographic distance, but is undertaking to overcome the cultural gap between disadvantaged rural poverty (often dependency) and responsible family life in an industrialized urban area.

BONDING DEMONSTRATION PROGRAM

Mr. MICHEL. How much did you have budgeted for fiscal year 1969, not including the $200,000 supplemental, for the bonding demonstration program?

(The information follows:)

BONDING DEMONSTRATION PROGRAM

No funds were budgeted for the bonding demonstration program in 1969 except for the $200,000 supplemental which has subsequently been withdrawn.

COST-EFFECTIVENESS STUDIES

Mr. MICHEL. I note from the justifications that you have initiated several cost-effectiveness studies in some of your programs, such as the Neighborhood Youth Corps, CEP, and others. Could we have the cost of those studies? Will the results of the studies be available to members of this subcommittee and Members of Congress generally?

(The information follows:)

MANPOWER ADMINISTRATION COST EFFECTIVENESS STUDIES RELATED TO NEIGHBORHOOD YOUTH CORPS, CEP, AND OTHER PROGRAMS

Organization	Address	Amount of contract	Scheduled completion date	Description of work
Planning Research Corp.....	1875 Connecticut Ave. NW.	$241,374	June 29, 1969	This project is a continuation of the 2d phase of a contract with PRC. The aim of the study is to develop an operational evaluation system for new careers and operation mainstream projects and to apply the system to approximately 20 projects.
Operations Research, Inc.....	1400 Spring St., Silver Spring, Md.	150,000	June 29, 1969	This project will provide a current evaluation and longer term benefit-cost analysis of the concentrated employment program. The analysis entails the measurement of program outputs and costs, and the translation of the outputs to economic benefits where data are available.
University of Wisconsin.....	Madison, Wis.	177,194	Aug. 30, 1969	The aim of this project is to conduct a national study of the Neighborhood Youth Corps inschool and summer programs. The study will determine the costs of the programs and economic and noneconomic measures of effectiveness.

Note: It is the policy of the Department of Labor to make the results of studies and other evaluative materials generally available to Members of the Congress upon request. Where need for action is indicated, the action taken or planned will be considered a part of the results.

NUMBER OF OUTSIDE RESEARCH CONTRACTS AND GRANTS

Mr. MICHEL. How many outside research contracts and grants do you have planned for the coming year?

(The information follows:)

OUTSIDE RESEARCH CONTRACTS AND GRANTS

The $3.8 million requested for research in fiscal 1970 is the same amount provided in 1969. In 1969 $2.6 million will support approximately 69 contracts with outside institutions. In addition approximately $1.2 million is required to support special manpower research made in seven universities as well as supporting approximately 70 grants to doctoral candidates. The 1970 project level will decline from the 1969 level because of the trend of increasing research costs.

BUDGET FOR EVALUATION ACTIVITIES

Mr. MICHEL. What is the total budget for evaluating and monitoring your present program?

(The information follows:)

TOTAL MANPOWER ADMINISTRATION BUDGET ESTIMATES FOR EVALUATION ACTIVITIES

The total budgets for fiscal years 1969 and 1970 for evaluating present programs are as follows:

Funding source	Fiscal year 1969	Fiscal year 1970
Economic Opportunity Act	$2,000,000	$3,300,000
Social Security Act (work incentive program)	1,000,000	1,000,000
Office of Manpower Administrator (S. & E.)	100,000	100,000
Total	3,100,000	4,400,000

No moneys are specifically earmarked in the budgets under the Manpower Development and Training Act or under title III of the Social Security Act (for administration of the employment security system) for the evaluation of programs under those acts.

ADDITIONAL POSITIONS FOR MANPOWER MANAGEMENT DATA SYSTEMS

Mr. MICHEL. Finally, how many new positions are you requesting for manpower management data systems, and how will they be utilized?

(The information follows:)

STATEMENT ON MANPOWER MANAGEMENT DATA SYSTEMS

Thirty-three new positions are being requested for manpower management data systems. The additional staff will permit us to meet the need and demand for detailed information about the status and results of manpower program efforts at all levels—Federal, State, and local. In 1970 the job opportunities in the business sector effort will more than double. The work incentive program will be expanded to all jurisdictions and will be reaching full operational status. The concentrated employment program will be fully operational in all 82 selected areas during the course of 1970. To amass the information on all these programs will require the additional staff input requested. With these resources a central data bank containing related program and financial performance information will be installed. Valuable information that is not presently available in regard to the posttraining experiences, employment, and earnings of enrollees will be produced on a timely basis. Of the 33 additional positions requested 15 are for professional and technical positions to carry on the conversion to third-generation computer facilities and to improve the quality and accuracy of basic data and 18 are clerical positions to process the incoming records and assemble and prepare the final reports.

Mr. FLOOD. Mrs. Reid?

Mrs. REID. No further questions.

Mr. FLOOD. Thank you, gentlemen. You have earned your pay.

JUSTIFICATION MATERIAL

OFFICE OF MANPOWER ADMINISTRATOR, SALARIES AND EXPENSES

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970
Appropriation or estimate	$26,722,000	$38,410,000
Amount reserved under P. L. 90-364	-400,000	
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413, Effective July 14, 1968	313,000	
Proposed release of reserves to be applied to program supplemental	87,000	
Estimated Program supplemental	2,143,000	
Appropriation available from prior year	133,632 1/	
Comparative transfers from other accounts as follows:		
Bureau of Apprenticeship and Training, Salaries and Expenses	2,569,000	
Bureau of Employment Security, Salaries and Expenses	3,709,700	
Economic Opportunity Act, Office of Economic Opportunity	1,300,000	
Work Incentive Activities (Part C of Title IV of the Social Security Act)	481,000	
Non-recurring rental costs transferred to General Services Administration	-6,250	
Appropriation or estimate, revised	37,052,082	38,410,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1969 Pos.	Appropriation Revised, 1969 Amount	Estimate, 1970 Pos.	Estimate, 1970 Amount	1970 Change Pos.	1970 Change Amount
1. Experimental, demonstration and research program ...	---	$21,147,929	---	$21,030,000	---	-$117,929
2. Planning, research and evaluation	264	4,621,003	264	4,808,600	---	+ 187,597
3. Federal On-the-Job Training Services ..	145	2,164,500	165	2,687,600	20	523,100
4. Federal Employment Security Service ...	185	2,406,700	185	2,521,300	---	114,600
5. Executive Direction						
(a) Office of the Administrator.	48	889,050	48	919,800	---	30,750
(b) Financial and Management Services	154	2,073,700	154	2,117,068	---	43,368
(c) Manpower Management Data Systems	123	2,975,800	156	3,546,432	33	570,632
(d) Reports to the Public on Manpower Programs	52	773,400	52	779,200	--	5,800
Total Obligations	971	37,052,082	1,024	38,410,000	53	1,357,918

1/ Allocated to Activities as follows:

Activity 1 ..... $117,929

Activity 2 15,703

$133,632

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1969	Estimate, 1970	1970 Change
Total number of permanent positions	971	1,024	53
Positions other than permanent	5	5	---
Average number of all employees	869	950	81
11 Personnel compensation	$10,597,050	$11,474,500	$ 877,450
12 Personnel benefits	789,850	857,200	67,350
21 Travel and transportation of persons	736,900	792,900	56,000
22 Transportation of things	49,500	60,500	11,000
23 Rent, communications, and utilities	253,150	337,568	84,418
24 Printing and reproduction	284,100	329,100	45,000
25 Other services	3,000,303	3,310,932	310,629
Services of other agencies	21,147,929	21,030,000	-117,929
26 Supplies and materials	71,900	79,900	8,000
31 Equipment	121,400	137,400	16,000
Total obligations	37,052,082	38,410,000	1,357,918
Working Capital Fund items included above	598,500	737,000	138,500

SUMMARY OF CHANGES

	Pos.	Amount
1969 Enacted Appropriation	448	$26,722,000
Amount reserved under P.L. 90-364	---	-400,000
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)	---	313,000
Proposed release of reserves to be applied to program supplemental	---	87,000
Estimated program supplemental	---	2,143,000
Appropriation available from prior year	---	133,632
Comparative transfer from other accounts as follows:		
Bureau of Apprenticeship and Training, Salaries and Expenses	178	2,569,000
Bureau of Employment Security Salaries and Expenses	290	3,709,700
Economic Opportunity Act, Office of Economic Opportunity	43	1,300,000
Work Incentive Activities (Part C of Title IV of the Social Security Act)	12	481,000
Non-recurring rental costs transferred to General Services Administration	---	-6,250
1969 Appropriation, revised	971	37,052,082
1970 Estimate	1,024	38,410,000
Total Change	53	1,357,918

Mandatory Items: (page 8)

Increases:

To provide for full-year cost of pay increases effective July 14, 1968 and to provide full funding of part-year costs	+437,000
Net Additional cost for Federal Telecommunications Systems services	+39,418

	Pos.	Amount
Decreases:		
Non-recurring 1968 funds available for obligations in 1969		-133,632
Sub-total, Mandatory Items		+342,786
Program Items:		
Increases:		
To provide support for the enlistment of resources of private industry through Job Opportunities in the Business Sector (JOBS) Program under sponsorship of National Alliance of Businessmen (20 positions; personal services, $221,000, non-labor $258,000) (Page 38)	+20	+479,000
To strengthen support for data collection (33 positions; personal services, $286,800; non-labor $270,322 (Page 48)	+33	+557,132
Sub-total, increases	+53	+1,036,132
Decreases:		
Non-recurring equipment for new positions in 1969 (Page 10		-21,000
Sub-total, decreases		-21,000
Sub-total, Program Items		+1,015,132
Total Change		+1,357,918

MANDATORY CHANGES BY ACTIVITY

Type of Change	Activity 1 Pos.	Activity 1 Amt.	Activity 2 Pos.	Activity 2 Amt.	Activity 3 Pos.	Activity 3 Amt.
Mandatory Items:						
To provide for full year cost of pay increases effective July 14, 1968 and to provide for full funding of part year costs	--	---	--	$203,200	--	$20,000
Net additional cost for Federal Telecommunications Systems Services	--	---	--	100	--	33,100
Non-recurring 1968 funds available for obligations in 1969	--	-$117,929	--	- 15,703	--	---
Total	--	- 117,929	--	187,597	--	53,100

Type of Change	Activity 4 Pos.	Activity 4 Amt.	Activity 5a Pos.	Activity 5a Amt.	Activity 5b Pos.	Activity 5b Amt.
Mandatory Items:						
To provide for full year cost of pay increases effective July 14, 1968 and to provide for full funding of part year costs	--	$117,000	--	$ 32,900	--	$46,400
Net additional cost for Federal Telecommunications Systems Services	--	---	--	3,950	--	468
Non-recurring 1968 funds available for obligations in 1969	--	---	--	---	--	---
Total	--	117,000	--	36,850	--	46,868

Type of Change	Activity 5c Pos.	Activity 5c Amt.	Activity 5d Pos.	Activity 5d Amt.	Total Pos.	Total Amt.
Mandatory Items:						
To provide for full year cost of pay increases effective July 14, 1968 and to provide for full funding of part year costs	--	$ 12,500	--	$ 5,000	--	$437,000
Net additional cost for Federal Telecommunications Systems Services	--	1,000	--	800	--	39,418
Non-recurring 1968 funds available for obligations in 1969	--	---	--	---	--	-133,632
Total	--	13,500	--	5,800	--	342,786

MANDATORY CHANGES FOR 1970

Increases:

To provide for full year cost of pay increases effective July 14, 1968 and to provide full funding of part-year costs	$437,000
Net additional cost for Federal Telecommunications Systems Services	39,418
Total, increases	476,418

Decreases:

Non-recurring 1968 funds available for obligations in 1969	-$133,632
Total	+$342,786

PROGRAM CHANGES BY ACTIVITY

Object Classification	Activity 3 Pos.	Activity 3 Amt.	Activity 4 Pos.	Activity 4 Amt.	Activity 5a Pos.	Activity 5a Amt.
11 Personnel compensation ..	20	$206,000	--	---	--	---
12 Personnel benefits	--	15,000	--	---	--	---
21 Travel and transportation of persons	--	43,000	--	---	--	---
22 Transportation of things	--	6,000	--	---	--	---
23 Rent, communications and utilities	--	15,000	--	---	--	---
24 Printing and reproduction	--	15,000	--	---	--	---
25 Other services	--	162,000	--	---	--	---
26 Supplies and materials ..	--	3,000	--	---	--	---
31 Equipment	--	5,000	--	-$2,400	--	-$6,100
Total	20	470,000	--	- 2,400	--	- 6,100

Object Classification	Activity 5b Pos.	Activity 5b Amt.	Activity 5c Pos.	Activity 5c Amt.	Total Pos.	Total Amt.
11 Personnel compensation ..	--	---	33	$266,800	53	$472,800
12 Personnel benefits	--	---	--	20,000	--	35,000
21 Travel and transportation of persons	--	---	--	13,000	--	56,000
22 Transportation of things	--	---	--	5,000	--	11,000
23 Rent, communications and utilities	--	---	--	30,000	--	45,000
24 Printing and reproduction	--	---	--	30,000	--	45,000
25 Other services	--	---	--	164,332	--	326,332
26 Supplies and materials ..	--	---	--	5,000	--	8,000
31 Equipment	--	-$3,500	--	23,000	--	16,000
Total	--	- 3,500	33	557,132	53	1,015,132

General Introduction and Explanation of the Manpower Administration Realignment and Appropriation Restructuring

The Nation's commitment to provide a job for every citizen who wants it was originally established by the Employment Act of 1946. A basic purpose of the Manpower Administration is to insure that the skills and abilities of the Nation's labor force meet and are matched with the skills requirements of the national economy. To insure that this mandate is met the Secretary of Labor has delegated the following responsibilities to the Manpower Administration:

(a) The development of adequate and appropriate national manpower policies;

(b) The overall administration of manpower programs;

(c) The coordination and integration of manpower policy and programs with manpower policy and programs of other agencies.

The Manpower Administration has completed a realignment of its functions as a means of more effectively fulfilling these responsibilities. The Department of Labor estimates that in fiscal year 1970 there will be over seven million individuals between the ages of 14 and 64 who will need help from these programs. One of the basic goals of the realignment process is to insure that operational programs are administered in the most effective manner to achieve the greatest impact on this poverty universe.

The realignment program for the Manpower Administration was begun in December, 1967 by the Secretary of Labor at the direction of the President. A Task Force was established and a three phase realignment program was undertaken to:

Phase I - make organizational decisions

Phase II - implement the decisions

Phase III - revamp operating procedures, and key working relationships among the various staff levels to insure that the new structure is fully responsive to the goals and objectives of the Manpower Programs.

Phase I of the realignment program has been completed. The transfers of activities reflected in this budget adjust the appropriation structure of the "Office of the Manpower Administrator, Salaries and Expenses" budget to conform with the formal realignment structure. Under Phase II, organizations are being abolished, others are being established, and certain staff functions are being centralized as the decisions made in Phase I are carried out. Some of these changes have been effected; others are in process. Phase III has been recently initiated with some projects having been started while others will be identified and undertaken as appropriate.

These efforts have resulted in a restructuring of the "Salaries and Expenses" budget to reflect the transfer of activities formerly budgeted in other accounts. The details of this transfer are shown on page 13.

The 1970 "Office of the Manpower Administrator, Salaries and Expenses" budget reflects an increase of 523 positions over the 448 positions in the fiscal year 1969 base, making a total adjusted 1969 base level of 971 positions. Of the 523 increase, 185 reflect a proposed appropriation restructuring and 338 support the realignment functions.

Some specific modifications in the distribution of program functions and responsibilities within the Manpower Administration have been:

- transfer the On-the-Job Training Activities to the Bureau of Work-Training Programs from the Bureau of Apprenticeship and Training.

- transfer the Concentrated Employment Program to the Bureau of Work-Training Programs from the Office of the Manpower Administrator.

- established a system of central reporting to the public within the Manpower Administration.

- Office of Manpower Management Data Systems established within the Manpower Administration.

The realignment process reflected in this budget represents the continuing efforts of the Manpower Administration to give reality to the right of every citizen to earn a living at a decent wage. Dynamic and responsive Federal, State, and local manpower programs are essential if we are to meet the needs and challenges of tomorrow.

MANPOWER ADMINISTRATION

OFFICE OF THE MANPOWER ADMINISTRATOR
SALARIES AND EXPENSES, 1969

REALIGNMENT AND APPROPRIATION RESTRUCTURING
REFLECTING POSITIONS COMPARATIVELY TRANSFERRED

		Transferred to this account from -					
	Base	BES S&E	BES S&E (MDTA)	BAT S&E	BAT S&E (MDTA-OJT)	OEO	WIN
Planning, Research and Evaluation	240	16	2	---	---	---	6
Federal On-the-Job Training Services	---	---	---	---	145	---	---
Federal Employment Security Services	---	---	185 1/	---	---	---	---
Administrative and Management Services	---	---	---	---	---	---	---
(a) Executive Direction.	48	---	---	---	---	---	---
(b) Financial and Management Services	116	25	4	6	3	---	---
(c) Manpower Management Data Systems...	33	14	16	12	9	34	5
(d) Manpower Information Activities	11	28	---	3	---	9	1
Total Positions	448	83	207	21	157	43	12
Total Dollars ..	$28,992,382	$1,023,000	$2,686,700	$263,500	$2,305,500	$1,300,000	$481,000

	Total	Change
Planning, Research and Evaluation	264	+ 24
Federal On-the-Job Training Services	145	+145
Federal Employment Security Services	185	+185
Administrative and Management Services	---	---
(a) Executive Direction	48	---
(b) Financial and Management Services	154	+ 38
(c) Manpower Management Data Systems	123	+ 90
(d) Manpower Information Activities	52	+ 41
Total Positions	971	+523
Total Dollars	$37,052,082	$8,059,700

1/ Positions for this activity will remain in BES

Activity 1. EXPERIMENTAL, DEMONSTRATION AND RESEARCH PROGRAMS (1969, $21,147,929, Pos. 0; 1970, $21,030,000, Pos. 0)

Narrative Description of Program

This activity provides for the direct program costs of the research, experimental and demonstration projects called for under Title I of the Manpower Development and Training Act of 1962, as amended. Program emphasis is directed to continued support of the Concentrated Employment Program, the Job Opportunities in the Business Sector and Model Cities Programs, as well as additional support for Rural and Indian Programs. Research and Experimental and Demonstration programs will be designed to provide guidance and direction to the operation of the broad manpower programs planned for the future. The need for further research into the basic manpower problems of poverty areas is great. Experimentation is necesarry to move research findings into operational procedures.

Under Title I of the Manpower Development and Training Act, the Secretary of Labor is directed to establish a comprehensive manpower research program, conducted through contracts or grants with universities, individuals, nonprofit and governmental organizations, which will develop the additional information and insight needed to guide effective improvement in manpower policies and programs.

Title I of the Manpower Development and Training Act also calls upon the Secretary of Labor to "establish a program of experimental, developmental, demonstration, and pilot projects, through grants to or contracts with public or private nonprofit organizations, for the purpose of improving techniques and demonstrating the effectiveness of specialized methods in meeting the manpower, employment, and training problems of particularly disadvantaged worker groups."

The following is a brief summary of significant sections of the 1968 Amendments to the Manpower Development and Training Act of 1962 pertaining to this budget. The Amendments were signed into law by the President on October 24, 1968.

Extension of Program Authority

Provision is made for the extension of the authority for the labor mobility, and trainee placement assistance programs through June 30, 1970.

Seasonal Unemployment in the Construction Industry

The Secretaries of Labor and Commerce shall conduct a study of seasonality in the construction industry, with special attention to its implications for national manpower policy. The Secretaries shall jointly conduct this study and prepare a report which shall be transmitted to the President and Congress no later than December 31, 1969 presenting their findings and recommendations concerning means to achieve stabilization of employment in the construction industry.

The elements of this activity are discussed in the following pages.

Research Program (1969, $3,800,000 1970, $3,800,000)

Narrative Description of Program

The continuing study of manpower problems called for in Title I of the Manpower Development and Training Act is carried out through a program of contract and grant research that probes the causes as well as the possible cures of the array of problems that deny too many Americans the right to earn a decent living and deprive the country of output it could enjoy if there were enough qualified workers. Since its inception, this research program has emphasized three major

approaches to the solution of manpower problems: (1) improving the productive potential of our human resources; (2) making more effective the services, programs and institutions concerned with manpower; and (3) assessing major economic and social influences on the workforce.

Within this framework, priority is given to the most urgent current problems while keeping an eye on the future. Hence, the plans for research have necessarily reflected some sort of balance between immediate and longer-range problems, as well as the normal time lag between the initiation of research and the production of findings.

Currently, the research program emphasizes employment problems in urban slums. Special attention is also given to the rural areas which are spawning many of the urban problems. Groups of workers whose employment problems are especially acute--teenagers, men over 45, Negroes, for example--are another research focus.

The full scope of the program is, however, much broader than this list suggests. Because of the number of projects, and the varied subject matter of the research, an illustrative rather than a comprehensive approach to describing progress and plans has been chosen.

Some selected projects in the contract research, small grants and institutional grants programs are described for fiscal years 1968; 1969 and 1970 to convey the major thrust of the research programs.

Contract Research

In 1968, research was in progress under 64 contracts, and completed on 22 contracts, some of which had been initiated as long ago as 1964 and some during the year. Thirty-one new contracts were negotiated. Typical contract research projects initiated during 1968 were:

National Planning Association's study, Manpower Requirements for National Objectives in the 1970's. The study shows that the country has the capability to use the resources that would be released by a cutback in defense activities to meet some of its current needs.

A study by Professor Ray Marshall, now at the University of Kentucky, analyzes the political, social, and economic obstacles of improving employment opportunities for Negroes in 13 Southern States.

A pilot study of the impact of licensing practices on the supply of manpower in nonprofessional occupations where there are skill shortages.

The Educational Testing Service, which conducted the pilot study is now making a comprehensive investigation of State and local licensing practices for occupations such as practical nurses, dental hygienists, clinical laboratory personnel, barbers, and cosmetologists. To complement this research on the qualitative aspects of occupational licensing, the Department gave a contract to the Michigan State University for a study of the quantitative aspects of licensing at the State and local level in three States.

Four contracts for research on different facets of agricultural labor problems. Texas A & M University will study problems concerning both migrant and year-round workers in the Lower Rio Grande Valley.

Pennsylvania State University will study agricultural labor force problems and job market operations in the Northeastern States. The University of Florida is undertaking a special study of the labor requirements for citrus crops, and Michigan State University is investigating the manpower implications of mechanization for fruit and vegetable harvesting.

A study designed to provide information on the education, training, and placement of workers was undertaken by the Institute of Industrial Relations at the University of California.

As a result of a pilot study conducted by the Bureau of Census under a contract with the Manpower Administration, negotiations have been conducted with the Division of Urban Development of the Department of Housing and Urban Development, and the Census Bureau for the conduct of a detailed survey of occupations and personnel in State and local governments.

The Department funded a study of interorganization relations, in recognition that the ultimate effectiveness of manpower programs may hinge on coordinating the efforts of a wide variety of agencies which assist the disadvantaged in the cities.

In 1969, research is in progress under 73 contracts. Some of the projects on which preliminary findings have been received are highlighted in this section. The findings have been available for too short a time to permit full exploration of the improvements in manpower programs which can be based on these studies.

A number of unique findings or thorough documentation of points hitherto based on tentative evidence are emerging from the initial report on a longitudinal study of labor force behavior. This particular report deals with men 45-59 years old; other groups included in the study are women between the ages of 30 and 44, and young men and women under the age of 25.

A Columbia University study of Paramedical Manpower and the Expansion of Health Services is expected to be completed and published in this fiscal year. This study is a comprehensive analysis of determinants of the supply of medical personnel other than physicians (technicians, nurses, therapists, etc.), with emphasis on such key factors as the structure and financing of education and training, accreditation and licensing, wages and working conditions, and promotion and career opportunities.

Two contracts were awarded to Wayne State University for research projects in the Detroit area, to shed light on the special training and work adjustment problems which confront the disadvantaged on the job. Both contracts provide for feedback of preliminary findings into the Department's manpower programs under which these workers are employed.

The first of these studies, in a major utility company, is concerned with defining both the personal and institutional barriers to the satisfactory work adjustment of a group of hard-core unemployed Negro men. The major objective of the study is to determine whether work adjustment can be facilitated by professionally conducted group orientation sessions designed to elicit free expression of attitudes and emotions. Early findings have clarified the variety of serious problems besetting those who attempt to transfer to stable employment--problems which must be dealt with in any manpower program. Also brought to light have been the ways in which company policy and practice can either enhance or impede work adjustment.

The second project has as its objective the test of the effectiveness of special orientation programs instituted by a large communications company for newly hired Negro "graduates" of a skill center training program and their supervisors. Here, too, the research has yielded in its earliest stages exceedingly useful information and insight about the factors involved in making a satisfactory adjustment to employment in the private sector.

In both research projects, information has been communicated to the Department's staff who are concerned with operating programs, information which has been most helpful in developing a better recognition of the nature of the problems with which they must deal. Responses to such information have been most encouraging.

Preliminary findings of a National Attitude Study of Trainees in Manpower Development and Training Activities Institutional Programs, conducted by the Survey Research Center at the University of Michigan, suggest several approaches to better training programs. The study covered approximately 6,000 trainees from over 300 classes in 1964-65. The trainees almost universally gave a high rating to the training in which they had participated, but two-thirds of them said they would have liked more practical experience than was provided in the classes and one-third reported there was "not enough equipment for all students." Trainees who obtained training related jobs did not receive higher pay rates, but they did experience much less unemployment during the first six months to one year that had elapsed since completion of the course. The full implications of these and other findings from the study are now being considered by training officials. The findings appear to hold promise for improving both training programs and ancillary services, such as job placement.

Better matching of the skills acquired by students in vocational schools and those required by local employers should result from two studies that are scheduled for completion during fiscal year 1969. One of these studies, which is being conducted in Milwaukee, is attempting to develop a model system for the exchange of information between local employment service offices and vocational education authorities on the number of workers in different occupations that will be needed and trained in the community. The other, in a large, medium-sized, and a small city in Michigan, is an investigation of how well the training provided by the schools in ten expanding occupations is meeting the needs of employers who hire the graduates. The investigators will work with school authorities to translate this information into curriculum changes and to devise a system for keeping the curriculum abreast of future changes in job duties in these occupations.

In fiscal year 1970, the major problem areas on which the research program will concentrate are described below.

Urban Employment Problems. The critical manpower problems of the Nation's cities will continue to rank as the number one priority for manpower research. High and chronic unemployment in the central cities, civil disorder, inefficient or nonexistent transportation to work, in short the array of urban problems, all have manpower dimensions which must be approached with skill and understanding. In addition, we need to know more about the processes of social change unfolding in the ghettos and other areas of the city and their implications for manpower policies and programs.

The Transition from School to Work. The post World War II baby boom is now being felt in the job market. Unemployment rates for teenagers, particularly minority groups living in urban ghettos, graduate from high school without any realistic work credentials, or drop out before graduation. There is an urgent need to build knowledge to develop better insights about the process by which young people leave school and enter the work force. We know too little about the relationship between the employment problems of youth and their

knowledge--or lack of knowledge--about the world of work. We also need information about the kinds of changes in educational and vocational training institutions that are needed to bring them abrest of current and prospective job market conditions.

Improving and Consolidating Our Manpower Efforts. The massive gains in manpower legislation in recent years have produced a multitude of action programs designed to alleviate unemployment problems and develop our human resources on a broad front. Much has been accomplished and much is being learned about the organizational and start-up problems of nation-wide manpower programs developed under a federal system with State and local direction or participation. The system is complex and there is much to be learned about the intricate processes through which numerous, semi-autonomous local organizations relate to each other and how they can be made to work more effectively. We also need to develop a better means of bringing the results of the various research programs to the operating agencies.

Problems of Economic Adjustment. Manpower trends are closely interrelated with the behavior of the economy. Fiscal and monetary policy decisions may drastically affect the level of employment or unemployment, of many changes in the level of defense activity. Studies need to be made which will project possible effects on manpower under various assumptions as to economic policy and conditions. The groundwork needs to be laid for making the potential manpower effects of proposed economic policies and programs an integral consideration in their adoption.

Rural Employment Problems. The Office of Manpower Research has been working closely with the Department of Agriculture in planning a comprehensive program of research in this most critical area. Rapid changes in agricultural technology and substantial rural to urban migration are expected to continue to affect the rural labor force. Studies are needed to improve techniques of estimating employment and unemployment in rural communities. Research is being planned on the operations of the rural job market and means of improving and extending information on job opportunities to the rural population. Additional work on rural-urban migration will be undertaken based on studies now being supported by the office. These studies are expected to suggest ways to ease the adjustment problems of new immigrants to urban centers.

Grants Program

In 1968, the research grant program rounded out two years of operation. The major purpose of these grants is to develop a body of trained manpower-oriented social scientists, including such disciplines as economics, psychology, sociology, education, and business administration. The grant program--encompassing both institutional grants and small grants for individual scholars--was instituted when it became apparent that the country's capabilities in manpower research were not adequate for the task set forth in Title I of the Manpower Development and Training Act. During the first two years, the grants have resulted in a substantial expansion of the critically short supply of manpower specialists.

Research was in progress under 119 small grants and 7 institutional grants. Research was completed on 28 small grants and 62 new small grants were awarded. Three-year grants (averaging about $75,000 a year)were made in mid-1966 to seven small universities to establish manpower research institutes and relevant programs of study at the graduate and undergraduate levels. The institutions are Atlanta University, Iowa State University, Temple University, Oklahoma State University, North Carolina State University, the University of Maine, and Norfolk State College.

In 1968, the schools had enlisted 71 professors in their programs, enrolled 110 graduate students working toward advanced degrees in manpower fields, and granted research assistantships or fellowships to 64 graduate students who will specialize in manpower. Norfolk State, which does not have a graduate department, has employed 12 seniors for manpower research.

As these seven institutions filled faculty positions and attracted additional graduate students, they also began to make progress in research, as exemplified in the following summary list of their activities.

Atlanta University has completed a study of employment opportunities for Negroes in health-related occupations and a study of the effects of Manpower Development and Training Act training programs in Atlanta on the employment and earnings of the 1,062 participants.

At Iowa State, research has been undertaken in health manpower, job vacancy and occupational employment forecasting, managerial manpower and leadership, manpower program evaluation, labor force behavior, and older workers. Completed research in the field of health manpower has led to a cooperative effort with State health agencies and the U. S. Office of Education to develop plans for a comprehensive health manpower program in the State and region. In connection with research on the older workers, the director of the research center is a member of the Iowa Commission on the Aging.

The University of Maine has been investigating the measurement and causes of underutilization of the labor force within different areas of the State. One study, for example, is an attempt to assess the problem of migration for Maine residents who were affected by the closing of a granite quarry and two paper mills.

Under its grant, North Carolina State University is cooperating with Duke University and the University of North Carolina at Chapel Hill, to study a broad range of manpower problems. Material from a study of lifetime allocation of leisure, income, and work formed the basis for testimony by the principal investigator before the Senate Special Committee on Aging in December 1967. Other studies focus on (1) the extent of racial difference in methods of job search among residents of Raleigh; (2) the economic problems connected with administration of an employee retirement fund; (3) the characteristics and determinants of unemployment among teenagers, particularly Negroes; (4) the relationship, if any, between the present industrial structure of the South and past underinvestment in human resources in the region; and (5) the vocational training offered by the State community college system compared with employers' expressed manpower needs.

The Manpower Research and Training Center at Oklahoma State has recently completed the first comprehensive study of occupational education beyond the high school in Oklahoma. The study was intended to assist State officials in planning and developing a statewide occupational education system for youths and adults as an integral part of a planned manpower development program. Other studies include the attitudes of selected Indians and Negroes in rural Oklahoma who have migrated to certain urban areas.

Much of the research conducted by the manpower research center at Temple University has focused on urban problems. As a part of a major consumer study, for example, ghetto residents have been trained to survey Negro or Puerto Rican families on consumer behavior and budget data. Employment problems in ghetto area firms with high and low concentrations of workers are being examined, and research is underway on labor force nonparticipation of males in urban core areas.

The research program at Norfolk State College has centered on exploring the underutilization of manpower in the Tidewater area of Virginia. Following a pilot study of manpower utilization in a Government installation and in a private industrial firm in Norfolk, the College has launched an area-wide study of 620 workers and representatives of 100 industries.

The small grants program is also producing an impressive number of additional manpower specialists. About two-thirds of the small grants have gone to doctoral candidates for work on their dissertations. In 1968, support for dissertation research was given to 53 doctoral candidates. Two of the completed dissertations--The Transferability of Certain Military Skills and Experience to Civilian Occupations, and The 100 Percent Welfare Tax--have been selected for issuance, in summary form, as the first of a new series of publications based on dissertation research.

The small grants program has also made it possible for nearly 70 established scholars to pursue innovative research in the area of manpower.

In fiscal year 1969, research is in progress under 109 small grants, and the seven institutional grants are entering their third year.

With the institutional grants in the last year of the original commitments, a major activity in this program is a review of the grant activities at the seven universities by a panel of outstanding scholars in the manpower field. The panel has scrutinized the amount and quality of work carried out under the grants and explored the possibilities for the programs to become self-sustaining or to attract other support, since the grants were intended primarily as "seed" money. Preliminary recommendations of the panel are that Department of Labor support to these programs be phased down over the next few years, that the institutions seek other support to maintain the level of these programs, and that the released funds be transferred to other small universities in other parts of the country which want to build up a base for manpower research.

Under the small grants program, there is no doubt that the number of worthwhile applications received during fiscal year 1969 will exceed the number that can be approved. In fact, 31 applications were considered in the September quarterly meeting of the grant panel for funding in 1969. This may presage a greater volume of applications than in any previous year of the program.

In fiscal 1970, the institutional grant program will be developed based on findings of the panel and the ability of the initial seven institutions to develop support for their own programs of manpower research. It is anticipated that funds will be transferred to other small universities which want to develop a manpower research program.

The small grants program will be based on the number of applications received from doctoral candidates. The number of applications has increased steadily and the number of scholars interested in pursuing innovative research in the area of manpower is expected to continuously grow causing the panel to be very selective in the awarding of contracts.

Experimental and Demonstration Program (1969, $15,000,000
1970, $15,000,000)

Narrative Description of Program

The Experimental and Demonstration Program seeks to develop and test, through actual project operation, new ideas and techniques to meet manpower problems more effectively -- parcicularly the problems of disadvantaged groups.

Projects focus on significant problems which impede employment of the unemployed and underemployed and which are not being met effectively by established manpower program methods. They seek, through innovative techniques and new types of organizational arrangements, to determine how the programs might better "reach" and help prepare such workers for jobs and place, retain and upgrade them in good employment.

The groups concentrated on have been primarily unemployed ghetto area youth, minorities with cultural, and other handicaps to employment, low-income rural residents, and older workers with limited education.

Because each project is specially designed, experimental and demonstration projects are not readily categorized. They differ widely, not alone by group or problems focused upon, but by technique or combination of techniques tried and, of great importance, by type of institution or combination of institutions enlisted to conduct the effort. About three quarters of experimental and demonstration projects are operational activities, while the others are developmental (undertaken to plan and initiate specific efforts) or analytical assessments of project operations.

Although the program's key objective is to stimulate and guide innovation rather than directly to provide services, it does provide significant assistance to the thousands of participants in its projects. The most recent check found that in the course of a year the experimental and demonstration projects had provided distinctive services to well over 50,000 individuals, the great majority of whom would not otherwise have received such aid through established manpower programs.

Some 80 percent of the participants in the experimental and demonstration projects in fiscal 1968 were from minority groups: nearly 70 percent were Negro, over 10 percent were of Spanish-background (Mexican American and Puerto Rican), and some 2 percent were Indian or of oriental background. About 80 percent of these participants had not graduated from high school, and nearly a third had not completed even an elementary school education.

In 1968, many of the techniques for delivery of manpower services have been developed or refined in Experimental and Demonstration sponsored projects. Briefly, important concepts which Experimental and Demonstration efforts have helped pioneer and introduce widely into manpower programming include: (a) outreach to identify, attract and gain participation of the disadvantaged who do not come forward on their own for needed manpower services; (b) multi-service programs and centers to provide comprehensive service on a coordinated and readily-accessible basis; (c) work sampling to appraise potential of those with limited education and to build confidence of those with limited communication skills; (d) prevocational training, work orientation and related preparation as an aid to effective skill training and employment; (e) use of nonprofessional and indigenous staff as a vital aid in manpower development for the disadvantaged; (f) new occupations, particularly as subprofessional aides in human service activities, to broaden opportunity for the undereducated; (g) use of community and minority organization capabilities to complement government agency manpower development efforts; (h) inducements for employer initiative and action to hire, orient, train, and retain workers customarily regarded as "unacceptable"; (i) post-placement coaching to enable employers and disadvantaged workers to overcome difficulties jeopardizing job retention in the initial months after hiring.

The following are major examples of types of Experimental and Demonstration accomplishments in 1968:

The major new Concentrated Employment Program and Job Opportunities in the Business Sector Program, initiated in part on the basis of Experimental and Demonstration findings, were given significant start-up assistance by the Experimental and Demonstration Program.

Many features of the Concentrated Employment Program have been designed from examples developed by experimental and demonstration projects. The orientation, coaching, and employer involvement components particularly are based on experimental and demonstration-developed models. Several experimental and demonstration projects, most notably the JOBS NOW Program in Chicago, provided the initial staff training and technical guidance for Concentrated Employment Program personnel. Key staff needs in several of the initial Concentrated Employment Programs were filled by personnel drawn from experimental and demonstration projects. The Experimental and Demonstration Program also developed specific guide materials on job development methods, orientation and coaching to assist the new Concentrated Employment Programs in such activities.

The new Job Opportunities in the Business Sector (JOBS) Program initiated with the National Alliance of Businessmen was similarly influenced by experimental and demonstration pilot experience. The findings of several experimental and demonstration projects shaped the guidelines for the Job Opportunities in the Business Sector Program efforts and materials developed in the Experimental and Demonstration Program have served as basic resources for employer-contractors.

Many experimental and demonstration-sponsored projects which have proven effective have been built into and continued by the "regular" manpower programs. Significant recent examples include: (a) the "training and technology" project, in which the Atomic Energy Commission, Union Carbide Corp., and Oak Ridge Associated Universities demonstrated that plant facilities and employer staff could be used effectively to train and place in high-skill industrial jobs persons with more limited backgrounds than traditionally selected for such employment; (b) Project SEED in Newark, which showed how a joint effort by employers and community organizations could train and employ minority workers often regarded as unemployable; (c) the Congress on Racial Equality's Target City Youth Program in Baltimore, which demonstrated that a minority group organization, in cooperation with an employer, could train Negro ghetto-area youth who would not respond to a program offered by established government agencies; (d) The "volunteer military rejectee" project, which demonstrated in several cities that the Employment Service could help unemployed youth, who volunteered for military service but were rejected as unqualified, upgrade their qualifications so that they could be accepted by the armed forces or gain civilian employment if they wished.

New ways have been developed by experimental and demonstration projects to open and improve employment opportunities for the disadvantaged in major occupations. These are major 1968 examples: (a) Experimental and demonstration projects in Cincinnati and Washington with union cooperation explored how to provide work preparation and experience for disadvantaged, particularly minority, youth to enable entry to building trades apprenticeship and employment in housing renovation and construction. These projects have been looked to as practical examples to aid development of Model City Program guidelines for employment of neighborhood residents in ghetto rebuilding; (b) a demonstration project with the Post Office Department has developed a technique which other Federal agencies are considering to help overcome test barriers to employment of the disadvantaged. Workers unable to pass civil service tests were recruited and hired on a temporary basis and, after special instruction while employed, a high proportion were enabled to meet the test requirement for permanent employment -- and have performed effectively on the job; (c) A major 7-project

demonstration program has been launched with the aid of major national women's organizations, to shape new ways to improve employment standards and opportunities in the large household employment field. They are seeking to develop special training and placement methods which could put household work on a stable, efficient and businesslike basis more attractive to both workers and household employers.

Techniques are being developed to help employers upgrade their unskilled workers. A pilot experimental and demonstration effort provided brief but intensive in-plant training to workers in traditionally dead-end jobs to qualify them for upgrading to newly designed higher-level jobs which the employer might not otherwise fill from his own employees. The employer response to this project has led to its extension for further development in new projects in 3 major cities (Baltimore, Cleveland and Newark), preparatory to likely larger-scale application.

The potential value of residential service for delinquent youth as part of a community's training program was demonstrated by a pilot project. The project, in New Haven, showed that such youth who lived in a special residence had fewer dropouts, fewer brushes with the law, and better subsequent employment experience than comparable youth who did not receive such residential support. Additional experimentation is being developed in other cities to test this further.

In fiscal year 1969, the $15,000,000 available for the Experimental and Demonstration Program is being invested in some 75 projects. Approximately 40 percent of the funds will be used to carry forward projects initiated earlier, with some 60 percent going for new projects. The principal activities are outlined below.

Experimental manpower laboratories. A major emphasis is to build basic capability to measure and analyze effectiveness of various manpower services. This is being done particularly through development of "experimental manpower laboratories" which combine operating activities and analytical interest and competence. Such laboratories, although funded on a 12 or 18 months basis, will be assured long-term support to enable development and retention of staff and scope, depth and continuity of analysis not attainable in ad hoc short-term demonstration work.

The initial laboratory established in 1967 is being expanded to three in 1969. The first one, which links Mobilization for Youth and Columbia University's School of Social Work in New York, focuses on youth development programs. Its initial findings on several years of experimental measurement of relative effectiveness of several elements of youth work experience programs will be ready late in fiscal year 1969.

Starting up in 1969 are two others with organizations which have already demonstrated a combined operational-and-analytical capability: (a) Colorado State University and operating agencies in Denver, which will focus on value of varied methods of post-placement support for employment-problem groups, and (b) the Rehabilitation Research Foundation and the Alabama prison system, which will concentrate on manpower services for prisoners before and after release.

Strenghtening of Employment Service. A series of projects will be initiated through State Employment Service agencies to stimulate innovation and adoption of new approaches by the Employment Service system. Emphasis is being put on new types of ties to employer and community groups, improvement of rural areas operations, ways of expanding capability through low-cost inputs, and methods of encouraging and aiding the State agencies to apply successful new techniques.

Minority group "self-help". The Experimental and Demonstration Program will continue to seek better ways of gaining benefits of participation and direction by minority organizations and by youth for manpower programs directed to minorities and youth. Specific attention is being given to how to mesh such activities with programs run directly by public agencies, so that they complement each others' strengths rather than function separately.

The major such efforts are: (a) the multi-city demonstration of the Opportunity Industrialization Center (OIC) system, which emphasizes minority group (primarily Negro, often clergymen) leadership and volunteer and industry assistance in motivational and skill training, and (b) the Spanish American minority projects developed in the Southwest through Operation SER, which is directed by the major Spanish American organizations, the League of Latin American Citizens and the American GI Forum.

Employer involvement. Further developmental work, in keeping with new major Manpower Administration emphasis on private employer involvement, is exploring how employers can provide meaningful jobs for the disadvantaged and upgrade those at entry level jobs.

The JOBS NOW Experimental and Demonstration Program in Chicago is continuing to refine the "coaching" concept, to develop methods of training to achieve better relations between first-line supervisors and disadvantaged new employees, and to devise ways of effectively getting businessmen and union representatives to contribute to and benefit from job-orientation programs for those with employment problems.

A sizeable investment is also being made in efforts to generate more systematic upgrading activities through in-plant and after-hours supplemental training geared to identifiable promotion opportunities.

Rural problems. New efforts are being undertaken to determine how to help migrant farm workers stabilize and upgrade their employment and related living conditions.

One is focusing on the migrant stream from South Texas up to the Midwest States, utilizing a rest-stop center, improved linking of interstate Employment Service information exchange, and more intensive pre-migration and post-migration work with the migrants to build greater rationality and needed services into the migrant flow. A second will concentrate on new Puerto Rican rural migrants to determine how to aid them in moves to stable job opportunities in selected farming areas in the Mid-Atlantic region.

Several projects are developing ways to prepare underemployed rural people for new rural or city employment, particularly how to provide at strategic times and places the training, job-finding, and urban orientation aid needed by many rural movers.

Special techniques for special groups: This category of projects seeks to create new approaches on stubborn problems hindering employment of specific disadvantaged groups. Most notably, it is carrying forward work initiated on: (a) Crime problems. Specifically, several projects are designing systems with courts and police to develop training and employment as an alternative to criminal prosecution and imprisonment. These are being run by the Vera Institute of Justice and the National Committee for Children and Youth; (b) Measurement of work capability. "Work sample" methods are being used to aid counselors to gauge how to guide placement of workers whose literacy levels and work records make customary tests or counseling interviews inadequate. The Philadelphia Jewish Employment and Vocational Service is leading this effort; (c) Lack of a realistic view of work. Several projects are exploring with schools and other

institutions how to help youngsters who have dropped out or will not go beyond high school to develop perspective and familiarity on various types of occupations to aid their preparation, occupational selection, and adult work performance; (d) Job language facility. Projects are focusing, not on basic literacy as such, but on "job English" for Spanish speaking workers and on "occupational language" for workers with limited literacy backgrounds.

New Opportunities in major occupations. Further work is being pursued on methods for facilitating entry of the disadvantaged to major occupations with large potential for substantial employment opportunity for the disadvantaged. A major new emphasis in this category is the development of minority entrepreneurship opportunities through pilot efforts on managerial training and furnishing of necessary organizational assistance.

In 1970, it is planned that the $15,000,000 estimated for experiment and demonstration, the same sum as in the current year, will finance approximately 75 projects, of which some 45 will be new, with the remainder being funding of new phases of current efforts.

It is anticipated that the principal priorities in 1970, as far as gaps and improvements are concerned, will be on (a) the employment problems of urban ghetto areas which the Concentrated Employment and Job Opportunities in the Business Sector Programs experience finds most program troublesome, (b) methods of developing improved opportunities for migrant workers and for poor rural residents considering moves to strange new areas, (c) problems of the working poor, particularly on how to generate new employer programs for meeting skill needs by systematic training-upgrading for workers at bottom-level jobs.

Additional work will be continued on (a) methods of stimulating minority entrepreneurship, (b) how to use manpower programs to reduce delinquency and overcome barriers to employment of those with police records, (c) more effective school-to-work preparation for disadvantaged youngsters, and (d) better use of underutilized older worker capabilities.

The analytic capability being developed through experimental laboratories will be expanded from the three in operation in 1969 to five in 1970.

Prime candidates being considered for such efforts to combine operating experience, and analytical capability are: (a) a private community service agency which has led multi-agency and employer efforts to develop new "hire-first, train-later" techniques and which is gradually developing accompanying research staff and competence; and (b) a university-based group of action-oriented scholars who have been experimenting with methods for identifying and getting operating agencies to understand and apply desirable new techniques.

Finally, continuing emphasis will be put on how agencies and organizations with manpower development responsibilities can improve their capabilities. This feature of experimental and demonstration work will concentrate on how better to enable industry and manpower agencies: (a) to involve and benefit from the talents of youth and self-help organizations in programs to develop meaningful employment for alienated youth and minority groups; (b) to develop staff competence to meet manpower service needs; and (c) to be flexible and receptive to introduction of improved techniques for overcoming employment problems.

Mobility Demonstration Program (1969, $2,030,000
1970, $2,030,000)

The pilot mobility demonstration program under Section 104 of the Manpower Development and Training Act, was extended by the Congress in October 1968 to continue for an additional two years. It seeks to determine the feasibility and desirability of providing financial and related assistance to help unemployed workers, who cannot obtain jobs in their area, to relocate to available jobs in labor-short areas.

In FY 1968, some two dozen mobility demonstration projects helped over 6,000 unemployed workers and their families move to take unfilled jobs in other areas, as part of their mission of exploring (a) operational problems of assisting unemployed workers who have little prospect for employment in their area to relocate to vacant jobs elsewhere, (b) difficulties and values of such relocation, and (c) means of overcoming obstacles to effective mobility.

This pilot program has developed knowledge and experience for State Employment Service agencies and other manpower-related groups on how to aid the rural unemployed who want to move, on how to link growth areas (especially medium-size towns) with the nearest high-unemployment areas, on how to distinguish the kinds and amount of assistance needed by different groups to make a successful relocation, and on how to relate training and placement services to mobility assistance efforts.

Most moves have been within a State or to a neighboring State needing workers. Types of moving assistance have been varied, according to estimates of the particular needs of the group helped. For example, some projects which have focused on the Appalachian rural poor have drawn on the Traveler's Aid Society for help in finding needed housing for relocatees and in accustoming them to their new community. A project helping unemployed workers from the Rio Grande Valley in Texas relocate to jobs in an aerospace plant in Dallas concentrated on workers who were given English literacy training and bilingual counseling on adjustment needs required by relocation. Another project, focusing on displaced skilled workers, found that counseling assistance was little needed, but that a good job match and funds for moving furniture and family were important.

Costs of relocation assistance have averaged about $750 a move. This includes all administrative and operating expense (including services before and after the move) and financial assistance to pay for transportation of family and furniture and a lump-sum allowance to meet settling-in expenses in the new home area. The cost figure also includes some local placements, since the projects attempt to place persons locally before relocation is considered, and other efforts which do not culminate in moves.

Measured benefits of the program derive mainly from the reduction in unemployment for the workers moved, as compared to those who remain in the home area. A recent benefit-cost study of a North Carolina project found that in the year after relocation, a relocatee earned over 80 percent more than a comparable worker who did not move. The average locatee experienced 2-1/2 weeks of unemployment in the year following the move while the non-mover had 19 weeks of unemployment.

Return rates in the initial months after relocation have been below 20 percent. While some returnees find work, most who return to areas of little employment opportunity become dependent once more upon unemployment benefits or welfare or other assistance funds. The projects have developed operational systems for "supportive service" to help movers settle into their new community; housing, medical, school, and where necessary even shopping advice is made available as needed by rural movers for several months after the move. It has been found that, after three months on the new job, few workers return home, and family adjustment is generally completed in the first half year. For experienced, urbanized workers, the adjustment period is very brief and little or no such help is needed.

In FY 1969, a statutory authority for the mobility demonstration program was reinstituted upon passage of the 1968 Manpower Development and Training Act amendments. The timing of this enactment precluded the inclusion of funds in the regular 1969 appropriation request. A supplemental appropriation request of $2,030,000 has been made for 1969 to implement program operations at a reduced level. The 1968 appropriation for this program was $3,866,000.

Pending approval of that supplemental request, most of the projects have been terminated and others extended only temporarily. Emphasis during the year will be on refunding of several effective projects with redesign indicated by earlier findings and to initiate several efforts to be operated in conjunction with rural Concentrated Employment Programs.

In FY 1970, the appropriation request is $2,030,000. This will enable the mobility assistance program to develop additional experience on the methods and values of providing mobility aid in different types of geographic areas for different types of unemployed workers. Emphasis is to be put on the rural unemployed, particularly on (a) how to link training assistance with mobility aid, (b) how and the extent to which mobility assistance might effectively be utilized as an element of rural Concentrated Employment Programs, and (c) how to improve interstate and inter-regional mobility linking of specific high-unemployment areas with labor-shortage areas.

Placement Assistance (Bonding) Demonstration Program (1969, $200,000
1970, $200,000)

This pilot program, conducted under Section 105 of the Manpower Development and Training Act, has been extended by the Congress for an additional two years. It seeks to determine whether and how special bonding or other efforts might overcome employment barriers faced by many workers, particularly those with arrest records, "for reasons other than ability to perform."

This program has purchased special bonding coverage from a commercial firm and made it available in pilot areas, essentially through designated Employment Service "sponsors," for persons unable to obtain customary commercial bond. A total of 29 cities and 5 entire States have been focused on by the Pilot effort through FY 1968, with over 750 persons with a police or prison record bonded and placed in jobs they otherwise could not obtain.

More significant than the number of specially bonded placements, the pilot program is finding that the mere availability of Federal bonding assistance is often eliminating a police record as a bar to employment -- without having to provide the bond. When informed that bonding can be provided, many employers are reviewing and adjusting their hiring and bonding standards so as to hire workers they formerly rejected and are doing so without drawing on the available special bonding assistance.

In FY 1969, a pending supplemental appropriation of $200,000 will permit this pilot program to be continued and to be undertaken in additional cities in which manpower agencies have expressed a need for this placement assistance tool.

In FY 1970, the pilot program will continue, in an enlarged number of areas, to develop operational and acturial data on needs for and costs of bonding for various groups ordinarily screened out of jobs by employers and bonding companies. It will also explore ways of removing or reducing obstacles other than lack of bonding alone which often still limit employment for persons with police records.

Study of Seasonality of Employment in the Construction Industry

The study and report called for by the 1968 Manpower Development and Training Act Amendments on reducing the seasonality of employment in the construction industry will be initiated in fiscal year 1969. Final plans have not yet been completed concerning the specific scope of the study. It is anticipated that the study will include practical demonstrations of the feasibility and costs of performing winter work on construction projects that are underway. This action-oriented approach will probably be supplemented by studies of alternative technical and policy approaches to the seasonality problem.

The study on Seasonality of Employment in the Construction Industry, as directed by Congress, will be completed by December 31, 1969.

Changes for 1970

Mandatory changes amount to .....-$ 117,929

Program changes amount to .....+$ None

The following is a summary of the changes requested in 1970:

	Appropriation 1969	Request 1970	Change
Research Program	$3,800,000	$3,800,000	+$ --
Experimental and Demonstration Program	$15,000,000	$15,000,000	- 0 -
Mobility and Bonding Program	$2,230,000	$2,230,000	--
Unobligated FY 1968 funds carried into 1969	$ 117,929	- 0 -	-117,929
	$21,147,929	$21,030,000	-117,929

The change for 1970 reflects a mandatory decrease of $117,929.

Basis for the Estimate

The estimates of financial resources for the Manpower Development and Training Activities Title I Research and Experimental and Demonstration Programs are based on the anticipated numbers and types of projects which should be initiated or maintained in fiscal year 1970. While costs of individual research, experiemental and demonstration, and mobility projects vary widely, the estimates are based on past experience with similar types of projects. The estimates identify the various areas in which research and experimental and demonstration are needed.

Activity 2. PLANNING, RESEARCH AND EVALUATION (1969, $4,621,003, Pos. 264; 1970, $4,808,600, Pos. 264)

Narrative Description of Program

This program provides for the Federal administration costs of the policy planning, cost effectiveness, research and evaluation activities of the Manpower Administration. It coordinates and provides leadership for the activities of many agencies, public and private, concerned with the motivation and development of human resources through training programs. It provides continuous review and appraisal of approved programs and identifies and develops solutions, through research, experimental and demonstration programs, for the special manpower programs and needs of various groups of potential trainees. Techniques, methodologies and solutions to problems developed through such programs are injected into the mainstream of the manpower development programs of the Nation.

This program also provides for the staff services required in the preparation of the reports of the Secretary of Labor to Congress contained in the Manpower Report of the President which the Manpower Development and Training Act requires, and which contains reports that include evaluation of the training programs, number of employed and underemployed persons who have secured full-time employment as a result of such training and the nature of such employment, need for continuing such programs, and recommendations for program improvement. Also provided by this activity is the staff support and service to the National Manpower Advisory Committee created by the Act.

Associate Manpower Administrator's Office

The Associate Manpower Administrator provides executive direction, coordination and guidance to the staff and program functions included in this activity. The office serves as the focal point through which the policy planning, research, experimental, demonstration and evaluation findings are integrated into a cohesive pattern and brought to bear on current manpower program issues. The office also houses the Secretariat of the National Manpower Advisory Committee.

Planning and Policy Development

The planning and policy staff are concerned with the formulation and development of the basic policies and plans for the comprehensive nationwide manpower program. It provides staff support in synthesizing the results of research, experimentation and evaluation into the fabric of the national manpower program, in forging a coordinated Federal manpower development and utilization effort, in appraising the need for and effectiveness of the Federal manpower program efforts, and in developing the factual basis for management decisions covering the entire, broad spectrum of manpower program activities in times of war or other national calamity as well as in peace time.

It is the principal planning and policy instrumentality of the Manpower Administration. It is charged with developing both short-and long-range plans and policies for a comprehensive manpower program through which to achieve the most efficient development, distribution, and utilization of the Nation's manpower resources. It analyzes and identifies the socio-economic needs related to manpower; defines and refines manpower program goals and objectives; designs and articulates the overall array of Federally supported manpower programs, weighing and appraising programming alternatives for reaching established goals and analyzing the marginal contribution and cost effectiveness of resources applied in the various programs to maximize attainment of objectives; formulates legislative proposals and coordinates legislative affairs; develops policies for and plans specific program applications for new undertakings as well as modifications of existing activities; and develops annual national manpower development guidance through which to steer operating programs.

In 1968, the Cooperative Area Manpower Planning System was broadened to include two more Executive departments and another independent agency. Cooperative Area Manpower Planning System provides for a continuous working relationship among several agencies in the coordinated planning and implementation of manpower and related programs. Agencies cooperating with the Manpower Administration and actively participating in Cooperative Area Manpower Planning System, include the Office of Education and the Social and Rehabilitation Service of the Department of Health, Education and Welfare; the Economic Development Administration, Department of Commerce; the Department of Housing and Urban Development; Department of Agriculture; the Water Polution Administration and the Bureau of Indian Affairs of the Department of Interior; the Office of Economic Opportunity; and the Civil Service Commission. Further refinements and improvements of the system to achieve greater efficiency, program effectiveness and operating economies were carried out, broadening its scope to almost 400 job market areas as well as the 54 States and territories and providing for more influential roles for governors and mayors.

The major elements of Cooperative Area Manpower Planning System are: close coordination among Federal agencies with manpower responsibilities, implemented through a National Manpower Coordinating Committee chaired by a representative of the Department of Labor's Manpower Administration; an emphasis on planning and coordination of manpower activities at the local and State levels through inter-agency committees; the issuance of national guidelines which provide a framework within which local planning can be flexibly adjusted to local conditions, including estimates of program resources that will be made available to each State and area, and statements of national goals and targets; review of State and local plans by regional coordinating committees; and a continuous and systematic review of manpower programs in light of the goals and procedures specified in approved plans.

A major accomplishment of the Cost-Benefit Analysis program was the successful utilization of the technical expertise of outside contractors. This accomplishment yielded three studies which were completed by the Planning Research Corporation (PRC) and the contracting of several other projects. In addition, the Staff was called upon to contribute analytical planning papers and issue papers and to develop new sources of information for the conduct of cost-benefit analyses.

Several other studies were initiated. The Auerbach Corporation began an evaluation of the Human Resources Development Program (HRD), administered by the Bureau of Employment Security, which contains significant cost-effectiveness techniques. During the latter part of 1968, additional contracts were negotiated with the University of Wisconsin for a cost-effectiveness study of the Neighborhood Youth Corps In-School and Summer Programs; with Operations Research, Incorporated for a quantitative evaluation of the Concentrated Employment Program (CEP); and with Planning Research Corporation for the development of a program for the evaluation of the second phase of Operation Mainstream and New Careers.

In 1969, further development and improvements in the Cooperative Area Manpower Planning System will be introduced. To the extent that resources are available at the Washington level, more detailed guidance and assistance will be provided for developing State and local manpower information on which to base operating plans.

High priority will be given to guiding and monitoring contractors who are assisting the Manpower Administration in cost effectiveness analysis. Two of the three firms currently under contract will complete their studies in 1969 and thus will require considerable staff effort in interpreting findings and maximizing their usefulness for decision-making.

Staff is preparing the Manpower Administration's legislative program for the Congress, including development of specific legislative proposals and coordination of all proposals recommended by various constituent elements of the Manpower Administration. Recommendations are prepared on over 100 legislative proposals originating outside the Manpower Administration such as proposals to increase

participation by the private sector in the Nation's manpower development and training efforts. Extensive staff assistance was provided to the Secretary's Special Assistant for Legislative Affairs during Congressional consideration of the 1968 Manpower Development and Training Act Amendments.

To implement the amendments, specifications will be developed for necessary changes in the regulations regarding the Manpower Development and Training Act amendments plus issuance of policies and standards. Policy recommendations for disposition of the Manpower Development and Training Act trainee appeals will be made.

In fiscal year 1970, the focus of the Cooperative Area Manpower Planning System will be on consolidating the year-by-year advances made in the process and fully implementing Executive Order No. 11422, dated August 15, 1968 which called for cooperation in planning and carrying out comprehensive manpower programs across the country, and placed the system on a sound footing. Procedures will be further refined. Intensive work will be done with all participating agencies to further adapt their planning and budgeting procedures to the requirements of the Cooperative Area Manpower Planning System appraoch. The varied approaches of such diverse programs as Manpower Development and Training Activities, work-training under the Economic Opportunity Act, Model Cities, community economic development, etc., will be brought together and efforts made to adapt them further to the basic concepts of local initiative and State and regional review inherent in Cooperative Area Manpower Planning System.

A major program of training and technical assistance will be initiated to equip the substantial number of new staff members constituting the secretariat of the local and State coordinating committees with the skills and general orientation needed for maximum performance. This training program will include the development of training documents and arrangements for a series of training conferences for regional, State, and local staff members.

The Manpower Development and Training Activities budget request for fiscal year 1970 includes $6.2 million for a Cooperative Area Manpower Planning System. The Department of Labor provides leadership and administrative support to the Cooperative Manpower Planning System at the national level and staff support for State and local manpower coordinating committees.

With three years experience to its credit it will be possible to undertake an in-depth evaluation of the System. This evaluation will rely heavily on actual field observation and interviews. It will be possible to supplement the field work by using the materials of the Quarterly Review and Analysis System developed last year, and other regularly collected program data. Cooperative Area Manpower Planning System policies and procedures will be closely scrutinized and adjusted in consulation with all participating agencies. A comprehensive evaluation report will be prepared in cooperation with the several agencies involved.

Cost-benefit activities will continue to require the monitoring of outside contracts and analyses being conducted within the Manpower Administration. High priority will be assigned to analyses of Work Incentive Activities Program, delivery systems, and to further study of Manpower Development and Training Activities training, the United States Employment Service, and the Unemployment Insurance Program.

Policy development activities will be expanded to include more in-depth analyses of the problems of coordination between manpower programs administered by the Department of Labor and those administered by other agencies as well as coordination of various manpower programs administered by the Department itself. In addition, careful analyses of the history of additional types of manpower efforts which might be undertaken, such as tax incentives and public service employment programs, will be continued and updated. More emphasis will be placed

on the development of sound legislative proposals to improve the statutory authority for manpower programs and provide more effective technical services to Senators and Congressmen through the Department's legislative liaison offices. Continuing careful analysis of the activities of bureaus operating manpower programs is expected to result in even further unification and rationalization of administrative policies in those programs.

Analytical and staff work of the kinds required to assist the Manpower Administrator to reach sound decisions with respect to program levels, rational program mixes, effective planning systems which include a maximum degree of participation at local levels, efficient delivery systems, and improved management devices and techniques will be continued at maximum levels. Major efforts will be made in the direction of developing more precise cost and work-load estimates to serve as the basis for improved program planning and budget estimates.

Evaluation of Manpower Programs

The Office of Evaluation was established in the first quarter of fiscal year 1969, at which time the Office of Evaluation and Reports was abolished. During the last quarter of fiscal year 1968 and the first quarter of fiscal year 1969, the Office made a full transition from the development and execution of a small number of evaluation studies conducted by staff, with an occasional contracted study, to a program involving development and implementation of a much more comprehensive ongoing evaluation system covering all of the programs and activities within the Manpower Administration. Included in the comprehensive evaluation system are: the conduct of evaluation studies of a continuing and generally long-term nature, generally under contract, to determine the effectiveness and impact of manpower programs and services; the conduct of special investigations and studies of a short-term nature of individual projects or components of new programs, in which there is a special interest by policy-making officials, to determine their progress and adequacy, or problems interfering with their achieving their goals; the conduct of continuing review and analysis of program and administrative data and reports to determine overall program progress, strengths and deficiencies and to identify problem areas; oversight of the quarterly review and analysis process throughout the Manpower Administration in which a critical examination is made each quarter of what has been accomplished in terms of what has been planned and scheduled; and continual followup on significant findings and recommendations resulting from evaluation studies and review and analysis activities to determine the extent to which implementing actions have been taken and the results of those actions.

The Office of Evaluation has responsibility for the entire manpower evaluation system, portions of which previously have been within operating Bureaus. Evaluation studies have been planned to accomplish as nearly as feasible the following objectives:

Complete coverage of all significant new manpower programs;

Coverage in the essential elements of all manpower development and delivery systems operated under the jurisdiction of the Department of Labor;

Close monitoring of emerging programs and those just beginning to get underway, such as the Work Incentive Program and Job Opportunities in the Business Section;

Responsiveness of the evaluation results to both immediate and long range needs; and

Emphasis on measuring impact and effectiveness of individual programs across program lines.

A comprehensive evaluation and review and analysis program is essential in order to provide the Assistant Secretary for Manpower and other policy-making and operating officials in the Manpower Administration with continuing information and suggestions to assist them with decision on policy and program changes and on legislative proposals pertaining to the manpower programs.

The Congress, through both legislation and declaration of interest in hearings, has emphasized its requirement of continuing evaluation of manpower programs. In fiscal year 1968, requirements for evaluation were written into the Economic Opportunity Act and the Social Security Act (relating to the Work Incentive Program), and a similar requirement was approved by the conference committee considering the amendments to the Manpower Development and Training Act.

In fiscal year 1968, evaluations during the early part of the year focused primarily on selected programs and program areas. However, as the fiscal year progressed, evaluation studies and activities became more comprehensive and integrated in order to expand program coverage and to insure that consistent and valid data was forthcoming and could be analyzed in a meaningful fashion by Office of Evaluation and other staff. This was critical since, by design, several studies were being undertaken simultaneously in the same program and greater attention was given to cross-program studies and the development of a viable Manpower evaluation system. During the year, the Office of Evaluation successfully utilized the technique of joint meetings and conferences with study directors working in the same program area to share ideas and discuss common problems.

At the same time, the technique of using meetings and conferences to explain the results of evaluation findings and to stimulate corrective action reached a level in 1968 (particularly in connection with the On-the-Job Training and Concentrated Employment Program) which it had not reached before. Program evaluation precipitated development and issuance of a planning guide for Concentrated Employment Program projects, the institution of planning grants for the second round of Concentrated Employment Program contracts, and provision for widespread management and operations technical assistance to Concentrated Employment Program projects. Evaluation studies of the On-the-Job Training Program were a powerful influence in restructuring that program.

Significant action as a result of the evaluation by Office staff also occurred in connection with State and local Manpower Development and Training Act Advisory Committees and services to the Spanish-speaking clientele group. The Selective Service Rehabilitant Program was restructured after an evaluation study pointed up its weaknesses. Among other actions taken by the operating agency, was the assignment of a staff member to conduct a field followup and new, written instructions to all State agencies keyed to the major weaknesses noted in the study.

Broad-scale policy review of Operation Mainstream, undertaken as a result of an evaluation study, was in process at the end of the fiscal year. Evaluation of the Opportunity Line TV Program was the basis for guidelines to all State Employment Service for their collaboration in such programs.

As evaluation of the first round of Concentrated Employment Programs progressed, the value of reports on individual cities for pointing up needed corrective action within those cities became apparent, and the individual city reports were made available to the people operating the programs.

The comprehensive long-range evaluation studies were conducted largely under contracts resulting from competitive bidding. Representatives of agencies within the Manpower Administration as well as those in other Departments, such as Health, Education and Welfare and Office of Equal Opportunity, who are responsible for administering programs that are to be evaluated participate in the development of requests for proposals, the selection of contractors, the development of contracts, and in the review of evaluation findings and recommendations. However, the entire

evaluation program is carried out under the leadership and direction of staff of the Office of Evaluation which is also responsible for administering and monitoring all contracts and receiving, analyzing, and distributing all reports.

Since May 1968 several special investigations and studies have been completed, the most recent of which was an evaluation of Concentrated Employment Programs's Planning Grant activity, which disclosed problems of project staffing, misunderstanding as to the roles, responsibilities and authority of the Manpower Administrator's Representatives charged with overseeing the projects, need for technical assistance in the management and program areas, and other weaknesses. As a result of the study, substantive actions were taken and directives issued that had an immediate impact on ongoing projects and should prove helpful to new projects now being designed.

During fiscal year 1968, a total of 51 evaluation studies of all kinds was initiated--including 36 contractual studies and 15 staff studies. A total of 18 studies--6 contracted and 12 staff--was completed during the year. Both interim and final reports were distributed to and in many instances discussed with policy and operating officials. A total of 13 regular and special review and analysis reports was prepared, including reports on major problems and issues pointed up by the review and analysis reports.

In fiscal year 1969, substantial efforts have been directed to the consolidation, firming up, and initial monitoring of the contracts which were written in 1968. It became apparent early in fiscal year 1969 that future studies contracted out should be fewer in number, without impairing total coverage, however, in order to better insure effective monitoring and administration of the contracts, because of limited staff available for this purpose. Hence, plans for contracting evaluation studies during fiscal year 1969 call for a fewer number of total contracts to be let than in fiscal year 1968, but with as great or greater total coverage of both programs and geographic area, in order to bring the quantity of contracts into a manageable number.

It is anticipated that a total of 38 evaluation studies will be initiated during fiscal year 1969--26 contracted studies and 12 staff studies--covering major program areas in the comprehensive manpower program. It is also expected that 12 review and analysis reports, including special reports on significant problems and issues pointed up in the Quarterly Review and Analysis Reports, as well as other periodic reports will be completed, and the implementation of recommendations emanating from 22 major evaluation studies will be followed up during the course of the year.

At the beginning of fiscal year 1969, following are four examples of evaluations that were underway or contracted for:

The first and second groups of Concentrated Employment Programs, through contracts with seven private firms and two universities;

The Opportunities Industrialization System (the OIC Institute in Philadelphia and nine sample OIC's), by three firms and a university;

The Job Opportunities in the Business Sector (JOBS) Programs, by two contractors; and

The Correctional Institutional Training Program, principally through staff efforts.

In addition, various other studies were nearing completion or were in different states of planning. The most significant of these is a large retrospective study of terminees of Manpower Development and Training Activities, Special Youth Projects, Job Corps, and Neighborhood Youth Corps Out-of-School Projects. The Bureau of the Census has agreed to perform the basic design and interviewing. A new contract has been let for the study and analysis of approximately 350 on-the-job training proposals submitted by private employers in connection with the Job Opportunities in the Business Sector Program.

Examples of evaluations planned to begin for which contracts will be awarded in fiscal year 1969 are:

Continued evaluation of the Concentrated Employment and Job Opportunities in the Business Sector Programs with studies undertaken this year of proposals submitted and of training costs;

Continued evaluation of Operation Mainstream and the New Careers Program;

A large and multi-faceted study of the Manpower Development and Training Activities Program that will be handled under contract supplemented by a staff study of the role which Manpower Development and Training Activities training projects play in relation to Concentrated Employment Program, Neighborhood Youth Corps, Work Incentive Activities Program and other manpower programs.

Examples of short term staff studies contemplated for fiscal year 1969 include:

An assessment of the Manpower Administration's Equal Opportunity Program. This study was completed during the first half of the fiscal year and a comprehensive report on findings and corrective actions needed is being prepared;

An evaluation of a sample of Manpower Development and Training Activities skill centers, to be conducted jointly with staff of the Office of Education, Department of Health, Education, and Welfare;

A study of a sample of Cooperative Area Manpower Planning System Programs at State and local levels to determine major problems being encountered and corrective actions needed and to pinpoint successful operations for use as guides in other areas.

In fiscal year 1970, evaluation studies will follow the patterns of coverage and depth established for fiscal year 1969. The objectives of the program of comprehensive evaluation studies will be largely as follows:

In evaluating Economic Opportunity Act funded programs, to determine the effect of the various components and program models on institutions, communities and clients;

In evaluating other manpower programs, to determine the impact of these programs on the target populations and on communities.

As much coverage of programs will be secured as the restrictions of money, staff, and quality standards will permit.

It is planned to increase the scope and size of contracted evaluations to reduce fragmentation and increase the quality of supervision by staff. Workload will continue to be at maximum staff capacity.

Research

The staff of the Office of Manpower Research is engaged in three major activities: the conduct of internal staff research; the coordination of Departmental research activities in the field of manpower; and the administration of the external research program under the authority of three legislative acts. These Acts are Title I of the Manpower Development and Training Act (MDTA), Title I of the Economic Opportunity Act (EOA) of 1964, and the Social Security Act (SSA). Research under the Economic Opportunity Act is conducted for the Bureau of Work-Training Programs and includes the Neighborhood Youth Corps, Operation Mainstream, the Job Opportunities in the Business Sector Program, and the Special Impact Program. Under the Social Security Act, research is conducted for the Work Incentive Program.

The internal research staff performs an information and analysis function with respect to manpower for top Department executives, identifies needs and designs research to meet these needs in operating manpower programs, develops and publishes special reports on manpower problems of current interest, and prepares the Manpower Report of the President.

The coordination of manpower research is carried out in working individually with program agencies in the Manpower Administration and in the work of the Coordinating Committee on Manpower Research and the Interagency committee on Manpower Research which coordinates the research efforts of the Executive Departments with major interests in manpower research. Administration of the external research program involves program planning, reviewing and negotiating contract and grant proposals, monitoring projects, evaluating reports, and translating findings into policy and program recommendations. These functions require the staff to develop and maintain a close working relationship with both the research community and the administrators of manpower programs. The activities related to the conduct of the research require subject area specialists who can provide the professional expertise and substantive assistance that is vital for the production of high quality research. The effectiveness of the research program then depends heavily on the ability of the research staff to quickly and effectively communicate the findings and recommendations to key decision-makers within the Department, and to assist these officials in developing means for implementing the recommendations.

In 1968, accomplishments of the research staff included the completion of 22 Manpower Development and Training Act contracts and 39 small grants. At the same time, 31 new Manpower Development and Training Act and 6 Bureau of Work-Training Program contracts were negotiated, and 62 small grants were awarded.

In 1969, research activities will include: the 1969 Manpower Report of the President; memoranda for the Manpower Administrator on the implications of research (for example, a pilot study of occupational licensing which has program implications for operation of various manpower programs); studies of recent trends in migration and differential population growth for metropolitan and non-metropolitan areas; implications for manpower policy of the increase of leisure and recreational activities; the possibilities of using junior colleges for recruiting and training non-college bound youths for public service jobs; studies of means to increase the participation in the Job Opportunities in the Business Sector Program; ways to create employment opportunities for senior citizens in the mainstream program; and studies to seek ways to restore individuals to independence and strengthen the family structure.

The Office of Manpower Research is now working with Bureau of Apprenticeship and Training to develop a research design to yield the answers to such questions as how to interest new Veterans in entering Apprenticeship under the G. I. Bill, how vocational counselors in schools view apprenticeship and what effect this has on their advice to students, what kind of on-the-job instruction apprentices receive

from journeymen, and how rational are the wage-progression provisions of apprenticeship plans in today's job market. When the design has been completed, priorities will be established jointly with the Bureau of Apprenticeship and Training for individual research projects and the Office of Manpower Research will arrange for the conduct of those projects that can be undertaken with the funds made available for the purpose.

In fiscal year 1970, the general research program will remain flexible so that attention can be given to specific problem areas in order to meet emerging situations needing attention. It is planned, however, that research activities will include: the 1970 Manpower Report to the President; improvement and consolidation of manpower efforts, including the development of better means to bring the results of the various research programs to the operating agencies; studies of urban employment problems, including the processes of social change unfolding in the ghettos and other areas of the city and their implications for manpower policies and programs; the problems of transition from school to work, particularly the development of insights about the process by which young people leave school and enter the work force; the possible effects on manpower under various assumptions to economic policy and conditions; and rural employment problems including the improvement of techniques to estimate employment and unemployment in rural communities and studies to ease the adjustment problems of new immigrants to urban centers.

Experimental and Demonstration Program

The Experimental and Demonstration (E&D) Program seeks, through operation of special projects, to develop and test new ideas and techniques to meet manpower problems more effectively. The staff plans, stimulates, and negotiates contracts for such projects, supervises their operations, interprets their findings for policy purposes, and aids operating agencies in applying new techniques demonstrated as desirable.

In 1969, it is planned that the staff will develop, contract for, and direct some 75 experimental and demonstration projects, in addition to helping operating agencies utilize effectively the knowledge developed in earlier projects. Emphasis is on systematic experimentation to analyze the relative effectiveness of various manpower services, efforts to stimulate innovation to strengthen the Employment Service, minority group self-help development, employer involvement, ways to meet problems of the rural underemployed, and other special-problem groups.

In 1970, the Experimental and Demonstration Program is planned for approximately the same size as in 1969, with specific emphasis shifting as earlier findings are absorbed by established programs and attention is required by emerging new problems. The principal priorities in 1970 will be on the employment problems of urban ghetto areas which the Concentrated Employment Program and Job Opportunities in the Business Sector Program experience finds most troublesome; methods of developing improved opportunities for migrant workers; and problems of working poor, particularly on how to generate new employer programs for meeting skill needs by systematic training-upgrading for workers at bottom-level jobs.

Changes for 1970

Mandatory changes amount to ..... +$187,597

Program changes amount to ..... None
Positions ..... None

The total request for the activity of $4,808,600 for fiscal year 1970 represents a mandatory increase of $187,597 over the 1969 base of $4,621,003.

Basis for the Estimate

Staff and financial resources for this Activity are based on past experience in providing planning, research and evaluation services to the Manpower Administrator's programs.

Activity 3. FEDERAL ON-THE-JOB TRAINING SERVICES (1969, $2,164,500; Pos. 145
1970, $2,687,600; Pos. 165)

Narrative Description of the Program

The Manpower Development and Training Act on-the-job training program is designed to equip unemployed persons with entrance-level skills for immediate and continuing employability; to provide training for underemployed workers and those subject to displacement; to provide special training opportunities for workers from minority groups, disadvantaged youth and others hard to train and place; and to help relieve shortages in occupations particularly critical to defense and the economy. The Federal staff works directly with employers, management associations, labor unions, and groups such as community agencies to prepare plans, evaluate training facilities and install training programs. Programs are incorporated into contracts to reimburse employers for training costs to minimize loss to employers. Contract proposals are reviewed and negotiated; operational training is monitored for compliance with training standards and contract provisions.

A similar program is conducted to develop prime contracts with national organizations of management, labor and multiple-plant corporations for training projects in their affiliate units. Employers are provided assistance in the operation of training programs focused on the hard-core unemployed in large metropolitan areas.

Initially, the primary objective of the on-the-job training program was to upgrade individual skills to meet the labor market's skill shortages needs as well as to provide employment for individuals. The program has been expanded to seek out and provide manpower services to minority groups, youth and older workers whose rate of unemployment is higher than for other groups in the labor force. The Concentrated Employment Program initiated in 1967, and the Job Opportunities in the Business Sector Program initiated in the latter half of 1968 are the most recent approaches designed to provide training and employment opportunities to the disadvantaged.

In 1968, a total of 105,600 on-the-job-training opportunities were developed under the appropriation, "Manpower Development and Training Activities", of which approximately 900 were in the Concentrated Employment Program and 16,800 were in the Job Opportunities in the Business Sector.

Emphasis during 1968 was on developing training opportunities for the disadvantaged and moving industry into the ghetto through the Test Cities and Job Opportunities in the Business Sector Program. A total of fifty cities were selected to receive aid and to minimize employer risks in an effort to meet the problems of the hard-core unemployed in large urban areas. Twenty-three percent of these enrollees were recruited through the Concentrated Employment Program and local Employment Service offices or a combination of both.

In 1969 it is planned to provide a total of 96,940 Manpower Development and Training Act on-the-job training opportunities under the following program areas.

Training Opportunities	Cost	Program
83,240	$54,608,000	On-The-Job Training
13,700	47,950,000	Job Opportunities in the Business Sector
96,940	102,558,000	

On-the-job training programs will provide trainees with occupational training and instruction geared to promote and insure trainee employability. Federal staff efforts will be directed to monitoring and servicing new and on-going projects. The long term commitment by the President relative to the Job Opportunities in the Business Sector Program is to provide employment opportunities to 500,000 hard-core individuals by fiscal year 1971. To meet this commitment it is critical that the program be monitored in order to correct or amend program designs to meet the continually changing manpower needs. Contracts for all phases of the on-the-job program will be negotiated at both the regional and national levels and will require contracting capabilities at both levels.

Changes for 1970

Mandatory changes amount to .....$ 53,100

Program changes amount to $470,000
Positions 20

Proposal: In 1970, a slightly larger staff will perform the increased activity in developing and negotiating contracts resulting from increased levels in the following program areas:

Training Opportunities	Cost	Program
83,240	$54,608,000	On-the-Job Training
80,000	240,000,000	Job Opportunities in the Business Sector
163,240	294,608,000	

The Need: Monitoring of the on-going contracts is of vital importance in the on-the-job training and Jobs in the Business Sector Programs. It also provides a channel for on-site provision of technical assistance. Over 700 proposals were received under the 1968 phase of the Job Opportunities in the Business Sector. All proposals required detailed review and analysis in order to select those meeting program criteria. It is anticipated that three times this number of proposals will be received for review and analysis under the new 1969 program. Field staff capability must be developed in such a manner to insure that field representatives are able to service, render technical assistance and monitor the vast variety of contracts under the Job Opportunities in the Business Sector Program. The additional positions requested to support these activities will be trained to provide broad supportive assistance to project sponsors under this program. Sponsor standards and overall project operations will be raised through more intensive monitoring.

The Program: Twenty positions will be added in the field to augument the Regional Manpower Administrator's role in these programs. This will provide the focal point for utilizing the full resources of the community to recruit hard-core unemployed. The regional offices will provide the contact point for the Job Opportunities in the Business Sector program. Some of the staff will also be used in the Concentrated Employment Program area, since Job Opportunities in the Business Sector contractors will be provided recruitment, supportive services and referrals through the Concentrated Employment Program and the Employment Service. The requested increase of 20 positions will help staff to provide quality technical assistance to training programs through maximum flexibility of staff assignments; to increase the number of project officers; to increase the quality of project monitoring and to assist Regional Manpower Administrators with the on-the-job training components of the Concentrated Employment Program.

Base:
Positions: 145 Estimated Cost: $2,164,500

Additional Cost:
Positions: 20 Estimated Cost: $ 470,000

In summary, the total request for this activity of $2,687,600 for fiscal year 1970 represents an increase of $523,100 over the 1969 base of 145 positions and $2,164,500. This includes 20 positions and $479,000 of program increase offset by a non-recurring equipment decrease of $9,000 and mandatory increase of $53,100.

Basis for the Estimate

The 20 additional positions over the 145 positions in the base are needed to supplement existing staff in performing the increased activity in developing and negotiating contracts resulting from the increased program level. The position increase is not proportionate to the increase in programs. Most of the developmental and design work will have been done in fiscal years 1968 and 1969. In 1970 staff will be used extensively for project development and assistance to project sponsors. It will be possible for a large part of the increased workload to be accomplished by base staff. It is estimated, therefore, that only a nominal increase of 20 positions will be needed.

Activity 4. FEDERAL EMPLOYMENT SECURITY SERVICES (1969, $2,406,700, Pos. 185; 1970, $2,521,300, Pos. 185)

Narrative Description of Program

This program provides the employment services necessary to carry out the Department of Labor's operating responsibilities under the Manpower Development and Training Act. The United States Employment Service and its affiliated State employment security agencies provide leadership, direction, coordination and control throughout the Federal-State system. The Service develops and issues operating procedures and instructions: for determining the specific training occupations; for developing job opportunities; for identifying unemployed and underemployed persons needing training; for the recruitment, testing, counseling, selecting, referring and placing of trainees; and for determining eligibility of trainees for payment of training, transportation and subsistence allowances. The Employment Service works closely with the U. S. Office of Education, Department of Health, Education and Welfare, in the development, review and approval of institutional training projects, and with other components of the Manpower Administration in the development of on-the-job training projects.

Responsibilities with respect to on-the-job training projects include development of standards for determination of training needs, selection, certification, referral and enrollment of trainees, and determining eligibility for and payment of allowances. In both institutional and on-the-job training projects, responsibility for followup on trainees' employment experience at 30 days, three months, and six months' intervals following training also rests with the Employment Service.

The Employment Service regional office staff provides direct technical assistance to States in conducting skill surveys, in training project development, in the counseling, testing, selection and referral of unemployed and underemployed workers to training, in the followup, and in the maintenance of necessary records and reports. Regional representatives of the Service and of the Department of Health, Education and Welfare review and approve institutional training projects, including Manpower Development and Training Project components of the Concentrated Employment Program.

The Employment Service participates in the development of annual goals and guidelines for the implementation of the National Cooperative Area Manpower Planning System (CAMPS). Under this system Federal agencies with widely varying legislative authority and administrative procedures, coordinate efforts to provide maximum manpower development and related services to the community. Regional office staff provide technical assistance to the States, and participate in final review and approval of individual State plans.

In 1968, accomplishments included the approval of 114,022 institutional training opportunities with 85,000 completing training. At the time of last contact, during the first year after completion of training, 339,000 or 76 percent were gainfully employed in occupations directly related to their training or in work situations substantially improved from their pre-training experience.

Fiscal year 1968 programs included refresher training for registered nurses and training in other health occupations. Special programs were established for persons 45 and over, for individual referrals to private institutions, and part-time training to upgrade workers' skills. Also, programs to train residents of redevelopment areas; to prepare servicemen for immediate employment upon discharge; and to prepare prison inmates for gainful employment after release.

In 1969, it is planned to furnish overall direction for activities involved in providing service for training opportunities furnished through the Manpower Development and Training Activities, the Concentrated Employment Program, and the Job Opportunities in the Business Sector Program. About 65 percent of the total training effort will continue to be directed toward the ranks of the hard-core unemployed and other disadvantaged groups. The remaining 35 percent of the train-

ing effort will focus on meeting worker skill shortages. Priority will be given to selecting persons from among the disadvantaged for training in the shortage occupations.

The planning targets for the States for the skill shortage category will continue to emphasize needs for training workers in the health field, occupations providing services for children, and other vocational fields as determined by needs identified in the communities concerned.

The unemployed and the underemployed and their families, and a significant number of persons within the normal working age group and in need of jobs, but who are not in the work force constitute "the poor" in this Nation. Those who fail to seek work despite a crucial need for income include many mature women who are heads of families, youth and adults who have become discouraged with repeated failures in job hunting, and those in more sparsely populated areas. In round numbers the poor are estimated by the Office of Economic Opportunity at more than 32 million based on a sliding scale of cash incomes related to family size, age of family members and location. A survey of 1965 incomes indicated that non-white people make up a disproportionate share of the poor, 32 percent versus 12 percent of the total population. The survey revealed that the poor are disproportionately located in rural areas --39 percent compared with 30 percent of the total population. Current emphasis on assisting the disadvantaged and other special worker groups will be continued, and new techniques and approaches will be studied and utilized.

Increased emphasis will be placed on linking manpower development training with a variety of other training and work-experience programs, through means such as the Concentrated Employment Program. Another example is the Model Cities Program which is viewed as a vehicle for dealing with several major types of problems of common interest to the agencies involved in that program, including problems of housing, welfare, health, and better transportation between homes and jobs, with emphasis on manpower. The Model Cities Program must also provide maximum opportunities for employing neighborhood residents in all phases of the program and must provide enlarged opportunities for work and training. Implementation of these varied programs will involve establishment of joint operating procedures, training guides, and provision of technical assistance in developing and structuring new programs and projects.

The coordination of manpower development activities under the Manpower Development and Training Act with other training, vocational education and work experience programs will require improved information on available job opportunities by local area and occupation. The effectiveness of manpower training in terms of improving employment opportunities for disadvantaged workers, and in meeting and alleviating local skill shortages--is contingent on the timely availability and validity of information on area manpower needs and resources. Such information will also be needed to measure manpower needs in relation to 3 million new workers who will be entering the labor force for the first time in 1969 (and in each of the succeeding years in the early 1970's), and to millions of other workers who will be changing jobs as a result of shifts in the Viet-Nam situation, the general growth in the economy, or in response to technological and other industrial changes. This information on employment and training opportunities will be needed by specific occupation and individual local areas, since the matching of jobs and workers is done primarily in an occupational framework within an area.

Especially important to the effective operation of the overall program will be the implementation of new programs and techniques developed through experimental and demonstration projects. The Concentrated Employment Program initiated in 19 cities and two rural areas in the spring of 1967 serves as a testing ground to determine whether a manpower system can be integrated with the more comprehensive systems being structured in the Model Cities Program. At the same time, the

concentrated employment effort provides an excellent opportunity to integrate and operationally test the Employment Service's Human Resources Development concept.

In 1970, emphasis on assistance for the disadvantaged and other special worker groups will be continued through development and adoption of new techniques and approaches. Efforts to link manpower development training with other training and work-experience programs will be increased. It is planned to furnish overall direction for activities involved in providing service for training opportunities furnished in relation to the Concentrated Employment Program and the Job Opportunities in the Business Sector Program, as well as the Manpower Development and Training Activities Program.

Changes for 1970

Mandatory changes amount to	+$117,000
Program changes amount to	-$ 2,400
Positions	None

In summary, the total request of $2,521,300 for this activity for fiscal year 1970 represents an increase of $114,600 over the 1969 base of $2,406,700. This includes a mandatory increase of $117,000, offset by a non-recurring equipment decrease of $2,400.

Activity 5. EXECUTIVE DIRECTION (1969, $6,711,950, Pos. 377;
1970, $7,362,500, Pos. 410)

Narrative Description of Program

This activity provides for: the overall executive direction, supervision and coordination of manpower programs of the Department of Labor by the immediate Office of the Manpower Administrator, including regional manpower administrators; the staff support provided by the Office of Financial and Management Services to assist the Manpower Administrator in the achievement of an integrated national manpower program; the design, maintenance and operation of all data systems for the work and training programs of the Manpower Administration by the Office of Manpower Management Data Systems; and the preparation and dissemination of information concerning manpower activities and programs. A description of each of the subactivities follows:

(a) Office of the Administrator (1969, $889,050; Pos. 48;
1970, $919,800; Pos. 48)

Narrative Description of Program

This subactivity provides for the overall executive direction, supervision and coordination of the manpower programs of the Department of Labor. The Office of the Manpower Administrator is responsible for the supervision and direction of the Bureau of Employment Security, the Bureau of Apprenticeship and Training, and the Bureau of Work-Training Programs which administers the youth and adult Training Programs authorized by the Economic Opportunity Act and which have been delegated by the Office of Economic Opportunity to the Department of Labor. In addition, the Bureau of Work-Training Programs is responsible for the administration of the Work Incentive Program authorized under the 1967 Amendments to the Social Security Act and On-the-Job Training Programs authorized under the Manpower Development and Training Act.

In 1968, the Manpower Administration established Regional Manpower Administration Offices in eight regional locations to augment the co-ordination of manpower programs at the State and local levels.

During this year, primary attention was also devoted to developing 40 new Concentrated Employment Programs and improving staff capability to administer the programs. This included the creation and overall administration of procedures for contracting, funding, and monitoring these projects.

In addition, the response of employers to the Department of Labor's contract phase of the Job Opportunities in the Business Sector Program was significant. Indicative of this reaction, were the four hundred twenty-nine contracts negotiated under this program to provide training opportunities to 42,000 hard core unemployed individuals.

Also in 1968, seventy-five (75) cities were selected to receive Model Cities planning grants under Public Law 89-754. Technical assistance and other staff services on manpower and employment matters were furnished to these cities.

In 1969, under the Concentrated Employment Program, twenty additional areas will become fully operational. This expands the Concentrated Employment Program to cover 82 cities and rural areas for which direction and administration will be provided. Included in this year's workload will be the assessment and refunding of the first group of 22 Concentrated Employment Program projects.

During 1969, the Job Opportunities in the Business Sector Program will provide for 67,400 training opportunities -- over 50 percent more than were provided in 1968. Existing staff resources, which have not been increased to handle this added workload, will again be directed toward efforts concerning the development, review, and approval of contract proposals.

Seventy-four new cities were selected to receive Model Cities planning grants. Completed plans from cities selected in 1968 will be reviewed to ascertain their acceptability for program funding. Regional Manpower Administrator staff will be involved in all manpower program planning within the Model Cities grants.

In 1970, activities of all levels of the Administrator's Office will include:

-- evaluation and review of the 82 Concentrated Employment Programs preliminary to revewing each agreement;

-- expansion of the Job Opportunities in the Business Sector Program to provide 140,000 training opportunities - twice as many as in 1969;

-- development of manpower program components of Model City Programs approved for full funding.

Changes for 1970

Mandatory changes amount to	$36,850
Program changes amount to	- 6,100
Positions	NONE

The total request of $919,800 for this activity for fiscal year 1970 represents a mandatory increase of $36,850, over the 1969 base of $889,050, offset by a non-recurring equipment decrease of $6,100.

Basis for the Estimate

Staff and financial resources for this activity are based on Manpower Administration experience gained in past years in administering the Concentrated Employment, Job Opportunities in the Business Sector and manpower program linkage with Model Cities Programs. In addition, the experience obtained by other Manpower Administration Bureaus was utilized in determining the distribution of and the amount of resources necessary to support operations.

Activity 5 (b) Financial and Management Services (1969, $2,073,700; Pos. 154; 1970, $2,117,068; Pos. 154)

Narrative Description of Program

This subactivity provides for the activities of the Office of Financial and Management Services, which acts as a staff arm to all elements of the Manpower Administration. Responsibilities of this Office include:

Activities associated with formulation and execution of Manpower Administration budgets, specifically those associated with programs emanating from the Manpower Development Training Act and the Social Security Act;

Financial reporting and accounting control;

Promotion of sound management practices and efficient organizational relationships within the Manpower Administration;

Assistance to regional staff in negotiating and executing Manpower Administration contractual and grant agreements with local sponsors;

Developing contracting policy and procedures;

Review and approval of sponsor invoices for payment of training and enrollment costs in Manpower Administration projects;

Management of personnel services for all Manpower Administration elements, including labor relations, staff training and maintenance of personnel records;

Provision of administrative services to the Manpower Administration, including equipment procurement, property control, mail handling and related activities.

In 1968, the requirements for financial and management services expanded as several new manpower programs were implemented and as the organizational structure of the Manpower Administration was realigned.

To improve accounting, reporting and control, design of a unified accounting system was initiated. This will consolidate a variety of existing reports and produce more meaningful, timely and instructive reports for program managers. New procedures were installed to accomodate expanded workload relating to audit and forms processing of agreements with sponsors.

Other developments in the financial management of the Manpower Administration during 1968 included:

Centralization of dual communication linkages between national and field offices of the Farm Labor Service and the Bureau of Work-Training Programs into one teletype system;

Design of a personnel control system to provide current information for planning, budgeting and operating requirements.

In 1969, the Office of Financial and Management Services will be generally responsible for the activities discussed above. Most of the activities begun during 1968 (e.g. completion of the design of the unified accounting system) to improve services will be completed, and improved methods and procedures will be installed. Realignment of Manpower Administration functions has expanded the Office's responsibilities in financial accounting and contracting policies and procedures. In addition, an improved property accounting system is planned for installation this year.

The continuing workload of the Office of Financial and Management Services is not meaningfully measured by workload statistics. Some of the recurring activities which can be measured are contained in the basis for the estimate.

Changes for 1970

Mandatory changes amount to	$46,868
Program changes amount to	- 3,500
Positions	NONE

The total request for Financial and Management Services of $2,117,068 for fiscal year 1970 represents an increase of $43,368 over the 1969 base of 154 positions and $2,073,700. This includes a mandatory increase of $46,868. offset by non-recurring equipment costs of $3,500.

In 1970, no substantial changes in the quantity of services is currently projected. However, the quality of services will continue to improve as the Office consolidates much of the data handling and processing generated piecemeal over the last few years. If the previous five years may be characterized as years of expansion, fiscal year 1970 will be a year of consolidation and quality improvement in financial and management services.

Specifically, an ancillary accounting system for the Manpower Administration, proposed in 1968 and designed in 1969, should be in place in 1970. This system will substantially augment financial management information for program managers, and serve as a centralized accounting control mechanism. The review of Manpower Administration contracting procedures, begun in 1969, should result in a more uniform and less cumbersome agreement between the Manpower Administration and the sponsors of manpower programs. Other improvements in property accounting and personnel record maintenance and control should be fully in effect in 1970.

These objectives for 1970 will be accomplished without additional federal staff.

Basis for the Estimate

The estimate for this activity is based on past experience in providing financial and management services to the Manpower Administration.

Unit	Workload Measure	1968 Actual	1969 Estimate	1970 Estimate
Contracting	Contracts Reviewed and Negotiated	800	800	800
	Number of Policy/Procedural Documents Written and Reviewed	110	145	145
Finance	Accounts Serviced (Inventory)	21,100	24,600	30,000
	Desk Audits and Close-Out Actions Processed	30,031	32,500	36,000
	Contract/Agreement Close-Out Actions Processed	2,365	3,000	4,000
Budget	Budgets Prepared	19	21	21
	Budgets Reviewed and Analyzed	27	30	30
Management Analysis	Organizational Analyses Performed	35	35	35
	Special Studies and Reports	81	90	90
Personnel	Personnel Actions Processed	6,062	6,600	6,900
Administrative Services	Contracts Serviced	12,418	14,000	16,000
	Equipment, Supply and Printing Requisitions Processed	1,859	2,500	2,750

Activity 5(c) Manpower Management Data Systems (1969, $2,975,800; Pos. 123
1970, $3,546,432; Pos. 156)

Narrative Description of Program

The Office of Manpower Management Data Systems was officially established in August 1969, the Director reporting directly to the Manpower Administrator. A major element in the realignment of functions and responsibilities within the Manpower Administration, the Office brings together from the several Bureaus and Offices the staffs engaged in report design, data assembly and statistical services for all training and work experience activities.

The Office is assigned responsibility for:

-- The design, development and maintenance of all data systems for the training and work experience programs administered by the Department, including, in partnership with the Office of Financial and Management Services, combined reports on financial and program performance. The centralized system will provide information for improved management, including quantitative data for evaluation of program performance and benefits to enrollees, and make available comprehensive information on manpower programs for the Congress, officials at Federal, State and local levels, and for the public.

-- The development and maintenance of a central data bank for all Manpower Administration training and work experience programs combining financial and program data - a long-range effort.

-- The preparation and presentation of data in a timely and effective fashion, geared to the various requirements of program managers and officials at Federal, State and local levels, the Congress and the public.

-- The coordination of the content and scope of the diverse management reporting systems of the Manpower Administration (including those of the Bureau of Employment Security, such as The Employment Service Autonated Reporting System) to achieve greater clarity, consistency and comparability in reporting and to eliminate any possible duplication or redundant reports.

-- The clearance of all Manpower Administration statistical reports and surveys with the Bureau of the Budget, as required under the Federal Reports Act.

-- The furnishing of technical statistical advice and assistance in the development and appraisal of management systems and for other reports and research projects.

-- The leadership for the Department of Labor, as assigned by the Bureau of the Budget, in improving and assembling reports on all manpower programs of the Federal Government.

Background

The rapid emergence of new manpower programs, many with separate legislative and appropriation bases, and the intensification of efforts to expand the combinations of these programs to achieve more effective delivery systems for manpower services demanded a more comprehensive, better integrated and more responsive data base for effective management. Legislative enactments at the end of calendar year 1966, implemented by administrative action in the first half of 1967 began to highlight this need. Congressional Committees, the National Manpower Advisory Committee and others, critized the incompleteness and lack of consistency in certain phases of Federal manpower programs.

In November 1967, the Manpower Administrator, on an ad hoc basis, initiated steps to undertake an urgent effort to consolidate, expand and improve program management data for the Manpower Administration, securing the services of a Director on loan from the Department, and assigning two small staff units from the former Office of Manpower Evaluation and Reports which had handled reports and analysis for Manpower Development and Training Activities and provided technical statistical services.

Almost immediately thereafter enactment of the 1967 amendments to the Economic Opportunity and the Social Security Acts, assigning added programs and new responsibilities to the Manpower Administration, further underscored the necessity of achieving integrated and coordinated data systems. In December 1967, the Secretary announced plans for a broad realignment of functions and responsibilities, including provision for permanent implementation of a centralized manpower management data and reporting system.

During 1968, the ad hoc data system arrangements initiated by the Manpower Administrator were maintained with the added assignment of responsibility for the development and operation of data systems for the new programs - notably the Work Incentive and Job Opportunities in the Business Sector Programs. Current reporting systems were maintained throughout the Manpower Administration so that no hiatus in data would occur. Plans for the coordination and integration of reporting activities were formulated, some new reports were developed and installed, and detailed arrangements for the establishment of the Office of Manpower Management Data Systems were developed, culminating in its formal organization at the end of August 1968.

The design and installation of integrated data systems adequate to the requirements of large, complex and widely dispersed and diversely managed programs such as the manpower programs requires time and must be built piece by piece in an orderly sequence if it is to withstand the dynamics of change which characterize the manpower programs. The three years of data systems activity discussed in the following pages represent the beginning of development, operation and improvement commensurate with the growing maturity and sophistication of the Federal manpower programs.

In 1968, considerable progress was made in filling gaps in existing information, in improving and coordinating reports on on-going work and training programs to make them more current and more responsive to management needs and for public information. New reporting systems were developed for the first Concentrated Employment Program and for Job Opportunities in the Business Sector Program and several entirely new management data systems for new programs were designed to go into operation in fiscal year 1969. Following are some examples of 1968 accomplishments:

New current monthly reports on status of all Manpower Development and Training Act/Activities projects - separately for institutional and on-the-job training. For the first time these two programs have current information within four to six weeks on actual month-end enrollment in all Manpower Development and Training Activities projects individually as well as total enrollment to date, dropout rates and adherence to planned schedules. The summaries, by State and city, and for the United States, show trends in current enrollments in Manpower Development and Training Activities and indicate whether - and where - goals are being met and whether programs are progressing in line with plans.

Reports on characteristics of Manpower Development and Training Activities enrollees. To show the growing enrollment of the disadvantaged in Manpower Development and Training Activities Programs, a new, current quarterly summary was made of selected characteristics of new Manpower Development and Training Activities enrollees - age, sex, race, unemployment status, handicap, etc., by State. It has been used by Manpower Administration staff and State program supervisors to stimulate project operators to enroll more disadvantaged trainees where their proportion is materially below stated goals in their States.

Special Studies. An extensive in-depth study of post-training and employment and earnings of enrollees in Manpower Development and Training Activities institutional projects in 1965-66 has been completed by this office. It shows that a majority of trainees had substantially increased earnings. As a background for action under new legislation to improve employment opportunities for older workers, a special analysis was made of the participation of older workers in Manpower Development and Training Activities Programs. A review was also made of training opportunities for women in all Department of Labor work and training programs. Other special studies included an historical record of the changes in education, age, sex, race and other characteristics of enrollees; and participation of Mexican-American and of rural youth in Manpower Development and Training Activities. One of the most important developments was the revision of the form which is filled out for each individual Manpower Development and Training Activities enrollee. Questions on family income were added to conform to the new definitions of the "poor" and the "disadvantaged."

Job Opportunities in the Business Sector. Reports on employees in this new program were designed in collaboration with the National Alliance of Businessmen and with the assistance of an outside contractor. For the Department of Labor's contracts under the new type on-the-job contracts (MA-2 and MA-3) a new monthly report on number of trainees by occupation, which is also an invoice for payment of training costs, was developed. This is a new and more effective device for management.

Concentrated Employment Program. A design was developed for an improved reporting system for use in all Concentrated Employment Program reports in fiscal year 1969. Since the Concentrated Employment Program is expanding into a total of 82 areas in 1969, automatic data processing is necessary. The initial reporting system, hurriedly developed to coincide with the introduction of the program in 20 cities and 2 rural areas was a manual system. However, it provided a running account of the growth of the program, city by city, from the beginning.

Work Incentive Program. A reporting system was also designed for the Work Incentive Program. It is similar to that for the improved Concentrated Employment Program, with certain additions, so that the programming of tabulations can be more efficient and less costly.

New city and State summaries of all Manpower Administration Programs. In the past, each Manpower Training Program had been reported on separately usually with totals only for States, but not for cities or counties. Composite summaries for all Manpower Administration work and training programs were developed and are reported monthly for the 50 largest cities as well as for each State. They show authorized funds and number of training positions for all on-going work-training programs and current enrollment. These summaries provide better information on the scope and location of training activities for the public and the Congress, as well as for management. These are intended also for use by local planning groups - especially the Cooperative Area Manpower Planning Systems and Model Cities Programs to avoid the necessity for duplicate local collection of data.

Coordination of reporting systems. Greater comparability among the diverse reporting systems has been affected through extension of common definitions, codes and standards. This is especially important in connection with development of plans for Employment Service Automated Reporting System (ESARS) a vast new Federal-State Employment Service reporting system over which this office exercises general technical supervision.

About 275 proposed new or revised reporting systems, surveys or questionnaires were reviewed, and frequently modified, in this central office on behalf of the Manpower Administration and cleared for presentation to the Bureau of the Budget.

In 1969, regular programs to provide manpower data are being continued. New systems designed in fiscal year 1968 are being put into full operation as rapidly as possible. They include the following:

Reports on characteristics of applicants on the basis of the revised common-use form will be processed for enrollees in Manpower Development and Training Activities, Concentrated Employment Program and Work Incentive Program. This is being programmed as part of the long-range central data system and will involve a difficult mechanical tie-in with the earlier applicant forms for Manpower Development and Training Activities.

Monthly progress reports for the 60 new Concentrated Employment Program areas are being received and processed as rapidly as the programs become operational and will shortly be combined with reports from the original 22 Concentrated Employment Program areas - 82 areas in all.

Monthly progress reporting for the new Work Incentive Program is being introduced as each State program starts up. Initial summary reports are being produced and the system will be operational within the third quarter.

Reports on Job Opportunities in the Business Sector including all phases of contracting under this program to date - (MA-2, 3, 4 and 5) will be fully operational during this fiscal year, including revisions necessary to accommodate the new fiscal 1969 contracts under the MA-4 and 5. By December 31, 575,000 "hiring cards" had been sent to employers who pledged jobs; initial tabulations of trainees' characteristics had been given to the National Alliance of Businessmen, and the monthly invoice-performance reporting system covering over 600 contracts was operational.

Plans for improvement in quality and presentation of data include more effective presentation of information, including financial data in conjunction with program performance, assembled by city, by State, by region. For Regional Manpower Administrators and Bureau regional offices, those projects in need of attention will be shown on special lists with indications of needed action.

A more effective chain of communication to the field to provide at least limited capability for follow-through by Office of Manpower Management Data Systems to make effective use of these reports will be developed.

Improved quality of basic data. A small staff is being organized to spot-check the quality and accuracy of the basic reports coming from project sponsors. Training sessions for sponsors, especially the new Concentrated Employment Program and Work Incentive Program projects, being held with the assistance of outside contractors.

Plans for major new programs being developed for tryout in 1969 and for full operation in 1970 include:

Apprenticeship - A plan to secure, through a joint Federal-State reporting system, comprehensive statistics on apprenticeship, such as numbers, location and type of programs, trades covered, and personal characteristics of an estimated 314,000 apprentices. This information is not now available.

Results of work-training programs - Employment and earnings experience of enrollees. A new program is being developed to provide for both near-term followup--within a year--and long-term followup--e.g. over a 5-year span--on the employment and earnings records of enrollees after they leave manpower work-training programs. Such reports are regularly available at present only for Manpower Development and Training Activities. Social

Security records will be used for long-term followup. It is expected that planning and pilot studies can be completed in fiscal 1969 and their full operation will be a major project of the Office of Manpower Management Data Systems for fiscal 1970.

The groundwork for a central data bank for all work and training programs is being laid in 1969. Its effective establishment and operation will be another principal new objective of the Office of Manpower Management Data Systems in 1970. The number, size, diversity and growing inter-relationships of individual manpower programs has reached the stage where the only feasible way to manage the acquisition and processing of the enormous volume of data is the production of reports through a central data bank. Development of the data bank involves coordination of computer systems, development of compatible definitions, procedures and instructions for the intake of information on project status, program and financial performance and enrollee characteristics for each of the training and work programs. This data bank will permit the production of both single and multi-purpose reports for individual programs or combinations of programs. It will reduce duplication of input information, shorten processing time, make possible the acceptance of additional volume resulting from expanding programs with far less than proportionate increases in staff and time and permit more kinds of measures of program activity, performance and effectiveness. Program managers at Federal, State and local levels will be provided with new tools for effective monitoring of programs as well as a better basis for judging performance of the several programs in relation to costs and for future planning.

Changes for 1970

Mandatory changes amount to ..... $ 13,500

Program changes amount to $557,132

Positions ..... + 33

Proposal: To provide additional staff required for a full year's operation of the several new and improved Manpower program and management data systems being developed in 1969; to handle the substantially larger workload accompanying greatly expanded 1970 enrollments in the Job Opportunities in the Business Sector Program which will be more than double the 1969 level, the Work Incentive Program which will first be operational for a full year in 1970 and will be more than double the 1969 program, and the Concentrated Employment Program which will be operational in all 82 areas during all of 1970; to install a central data bank combining financial and program performance information for all Manpower Administration work-training programs; and to provide additional information on the work experience of "graduates" of Manpower Administration work-training programs not now available for several programs.

The Need: The additional staff is needed to produce both more accurate and more timely reports on all manpower work and training programs - individually and in combination - with needed detail for Federal, State and local levels.

The workload - both clerical and professional - will be much heavier in 1970 than in 1969 because there are three new programs - Concentrated Employment Program, Work Incentive Program and Job Opportunities in the Business Sector - which are gradually building up in volume during 1969. The new data systems reporting on these programs will therefore deal with a limited volume of reports until the end of 1969. In 1970, they will be in full-scale operation and two of them - Work Incentive Program and Job Opportunities in the Business Sector - will be expanded. Moreover, the data systems for Concentrated Employment Program and Work Incentive Program are more complex than those for the

older, single programs and require more technical and professional time to design and maintain the computer system to provide field and office supervision to secure accurate, timely data, and more clerical time to process the reports.

The coordinated central data bank - a long-range program now being developed to give faster, better detail for management of all programs - will begin partial operations late in fiscal 1969, and will require more clerical and professional time to continue its development in fiscal 1970. It will not be completed until 1971.

The new reports on post training employment and earnings of enrollees and on the apprenticeship program will need both professional and clerical support.

Eighteen additional clerical positions compared with 52 in 1969, and 15 additional professional and technical staff compared to 71 in 1969, plus added computer services, will be needed to achieve even minimum results in terms of timeliness of publication and accuracy of basic data.

The Program: In 1970, the regular manpower management data reports on established programs will be continued. The improvements being designed in 1969 will be put into operation during 1970. These improved reporting systems will be coordinated with systems for the newer Job Opportunities in the Business Sector and Work Incentive Programs whose initial reporting system designs benefitted from the Manpower Administration decision to develop a comprehensive integrated manpower program performance and financial reporting system.

Federal-State System of Apprenticeship Statistics. An improved reporting to be put into operation in 1970 is a joint Federal-State system of Apprenticeship statistics. Since the majority of registered apprentices are employed in States with Apprenticeship agencies, information about these programs will be obtained through appropriate agreements with these States.

Despite the fact that there are currently some 300,000 registered apprentices in the United States, each of whom is scheduled for an average 8,000 hours of training (a total of over 2 billion man-hours of training), little has been done to report on or evaluate this training system.

The systematic collection and analysis of significant data, such as numbers, location, and type of programs, trades covered, and personal characteristics of the apprentices, will permit more meaningful judgment and decisions about the operation of the program and will obtain facts with which to confirm or contradict current criticism.

Results of work-training programs - The greatest single gap in information on Federal manpower programs is data which describe and evaluate the effectiveness of these programs in helping trainees to get and hold jobs. In fiscal 1970, it is anticipated that reports will be made available on a systematic basis for Manpower Administration work-training programs to fill this gap.

The Manpower Development and Training Activities has had from its beginning a data reporting system which follows up on enrollees within the first year after completion of training. It has been cited by the Senate Subcommittee on Employment, Manpower and Poverty as being richer in detail than the reporting system for any other manpower program. It produces detailed data on the social and economic profile of the population served and data on post-training employment and earnings.

These data have served as the informational core of the annual reports to Congress and the public by the Department of Labor and the Department of Health, Education, and Welfare on their stewardship of the Manpower Development and Training Activities Program, and of other analytical studies. But even this system is now in need of improvement, especially for long-term followup which has become increasingly difficult to administer.

A more comprehensive followup of the Neighborhood Youth Corps of out-of-school enrollees will be implemented. In addition, systematic followup procedures will be provided for the Job Opportunities in the Business Sector.

It is planned to put into operation a series of new followup systems being designed by a joint Labor/Health, Education, and Welfare task force, which will be used, with necessary adaptations, for all work and training programs, including Concentrated Employment Program and Work Incentive Activities. The long-term followup records will be handled through the Social Security records which can provide authoritative, systematic information at a modest cost.

These data will provide a basic tool for gauging the results of training. They will be supplemented by much more detailed, sample studies conducted by intensive interviews with former trainees, being tested under the Research and Evaluation Programs.

Base:

Positions: 123 Estimated Cost: $2,975,800

Additional Cost:

Positions: 33 Estimated Cost: $ 557,132

In summary, the total request of $3,546,432 for fiscal year 1970 represents an increase of $570,632 over the 1969 base of 123 positions and $2,975,800. This includes 33 positions and $557,132 of program increase and $13,500 mandatory increase.

Basis for the Estimate

For all manpower programs, the reporting on characteristics of individuals entering or leaving the programs is expected to increase between 75 and 100 percent. The extension of reporting on followup of enrollees to programs not included will account for a portion of this increase. The volume of monthly reports on status of projects will approximately double in 1970. These increases are due in part to the enlarging size of the Job Opportunities in the Business Sector and Work Incentive Programs and the fact that the Concentrated Employment Program will be in operation in all 82 areas throughout all of 1970. The position increases requested represent an overall increase of 27 percent. The increase of 18 in clerical positions to process the incoming records and assemble and prepare the final reports and summaries from the computer runs represents a 35 percent increase compared to the nearly 100 percent increase in overall volume of reporting. The increase of 15 positions in professional and technical positions, 5 of which are for computer systems analysts to carry on the conversion to third generation computer facilities, represents a 21 percent increase.

Activity 5 (d). Reports to the Public on Manpower Programs (1969, $773,400, Pos. 52; 1970, $779,200, Pos. 52)

Narrative Description of Program

Office of Information for the Manpower Administration was established in fiscal year 1969 by coordinating the information activities of the component bureaus of the Manpower Administration. In coordination with the Office of Information, Publications and Reports in the Office of the Secretary, this office serves as: a focal point for preparation and dissemination of all news concerning Manpower activities; a central point for publication requests and for other information assistance concerning Manpower development and work-training programs; headquarters for a Manpower Community Relations Program.

In 1968, accomplishments included informing both the general public and special groups of manpower problems, programs, and accomplishments through issuances of technical and non-technical publications including the Manpower Report of the President, the Employment Service and Unemployment Insurance Reviews, a catalog of Manpower research, program statistics, and a wide variety of one-time issuances.

The Office assisted in motivating the hard-core unemployed disadvantaged youth to accept work experience and occupational training opportunities through a series of seven short occupational films, and engaged in an extremely intensified effort to help disadvantaged minorities in 42 cities prepare for apprenticeship examinations. Special promotional efforts were made to reach returning veterans to make certain of their awareness to avenues for career training and job placement.

In fiscal year 1969, it is planned to continue to inform the Nation and gain its support for Manpower programs. Plans call for phasing out periodicals oriented to single programs and audiences and initiating one overall Manpower magazine. The flow of information to the public interested in participating in Manpower training programs will be increased. Special conferences in the private sector and forums in the educational area will be held to sharpen the focus of Manpower programs aimed at private and institutional sectors. It is also planned to increase participation in conventions and national meetings to develop a greater understanding of the increasing Manpower programs, increase promotional efforts for older workers through increased participation in Senior Citizen's Month and through assisting public employment agencies to break down employment barriers for workers over 45, assist rejectees at the Armed Forces Entrance Examination Stations and intensify efforts to reach and guide disadvantaged youth into training opportunities through specially devised radio promotion.

In fiscal year 1970, plans include the establishment of "opinion reports" that will provide the Manpower Administration with public, private sector, and news media opinions and attitudes on a regional and national basis. The report will assist in the identification of gaps in the manpower programs.

Issuances of the results of manpower research and experimentation will be stepped up, since many of the more important long-range projects will have been completed. A major effort will be made to increase circulation and utilization of the Manpower Magazine and the Manpower Report of the President.

Changes for 1970

Mandatory changes amount to	$5,800
Program changes amount to	None
Positions	None

Basis for the Estimate

The estimate for this activity is based on past experience in providing reports to the public on manpower programs. Current statistics and data which will be made available by the Central Manpower data system will enable this office to increase its number of issuances with existing staff.

DISTRIBUTION OF FIELD STAFF

Supervising Offices	1969 Professional	1969 Clerical	1969 Total	1970 Professional	1970 Clerical	1970 Total
Atlanta, Georgia	19	6	25	20	6	26
Boston, Massachusetts	20	5	25	21	5	26
Chicago, Illinois	26	9	35	30	10	40
Washington, D. C.	11	7	18	13	7	20
Dallas, Texas	19	6	25	20	6	26
Kansas City, Missouri	19	8	27	20	8	28
New York City, New York	17	9	26	19	11	30
Philadelphia, Pennsylvania	5	2	7	5	2	7
San Francisco, California	23	7	30	26	9	35
Seattle, Washington	3	1	4	3	1	4
Total Field Staff	162	60	222	177	65	242

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation $11,474,500

The estimate for 1970 of $11,474,500 provides for 1,024 positions and 949 man-years of employment, of which $54,700 represents costs of 5 man-years of temporary and intermittent employment.

The increase of $877,450 over 1969 includes $404,650 for mandatory items to provide for full year cost of pay increases effective July 14, 1968 and to provide full funding of past-year pay costs. There is a program increase of $472,800 for 53 additional full-time positions representing a net of 48 man-years of employment

Personnel benefits $ 857,200

The estimate of $857,200 provides for an increase of $67,350 which includes a program increase of $35,000 and $32,350 for mandatory for full year cost of pay increases effective July 14, 1968 and full funding of past year costs. The breakdown of costs is as follows:

	1969	1970	Change
Retirement	$683,000	$735,000	$52,000
Group Life Insurance	33,000	36,700	3,700
Health Benefits	48,500	53,500	5,000
FICA	15,000	17,400	2,400
Incentive Awards	2,350	3,000	650
Subsistence, temporary expenses and real estate allowances due to Public Law 89-516	8,000	11,600	3,600
Total	$789,850	$857,200	$ 67,350

Travel and transportation of persons $ 792,900

The estimate of $792,900 for 1970 provides a program increase of $56,000. A detailed breakdown is as follows:

	1969	1970	Change
Number of travelers			
Departmental and field	375	390	15
Committee and consultants	150	150	---
Total number of travelers	525	540	15
Number of days traveled			
Departmental and field	14,200	15,490	1,290
Committees and consultants	1,180	1,180	---
Total number of days traveled	15,380	16,670	1,290
Estimated cost			
Departmental and field	$671,900	$727,900	$56,000
Committees and consultants	65,000	65,000	---
Total estimated cost	$736,900	$792,900	$56,000

Transportation of things $ 60,500

The estimate of $60,500 for 1970 provides for a program increase of $11,000. There are 25 household goods moves estimated for 1969. The estimate for 1970 includes an increase of $27,400 for an estimated 31 household goods moves at an average cost $880, related to filling the 53 new positions requested estimated to involve official station transfer. A detailed breakdown is as follows:

	1969	1970	Change
Shipments of publications, exhibits, supplies and materials	$27,500	$33,100	$ 5,600
Movement of household goods	22,000	27,400	5,400
Total	$49,500	$60,500	$11,000

Rent, communications, and utilities $ 337,568

There is an increase of $ 84,418 of which $45,000 represents program increases for 53 new positions requested in 1970 and $39,418 represents mandatory change for costs of Federal Telecommunications Services. The breakdown is as follows:

	1969	1970	Change
Rental of space (53 new positions)	$ 22,000	$ 52,000	$30,000
Rental of equipment	70,400	76,400	6,000
Communication services, including telephone toll calls, teletype and telegrams	60,000	66,000	6,000
Federal Telecommunications Services	70,750	110,168	39,418
Paid Offical Mail	30,000	33,000	3,000
Total	$253,150	$337,568	$84,418

Printing and reproduction $ 329,100

The estimate of $329,100 for 1970 provides a program increase of $45,000. The breakdown is as follows:

	1969	1970	Change
Forms and schedules	$ 70,000	$ 82,000	$12,000
Envelopes and Letterheads	20,000	23,000	3,000
Publications and reports	194,100	224,100	30,000
Total	$ 284,100	$ 329,100	$45,000

Other services $ 3,310,932

The estimate of $3,310,932 provides for an increase of $310,629 which includes a program increase of $326,332 and a mandatory decrease of $15,703 of unobligated Federal Salaries and Expenses funds carried into 1970. The breakdown of costs is as follows:

	1969	1970	Change
Presidential Committees	$ 75,000	$ 75,000	---
Nation-wide training projects and evaluation studies	535,000	535,000	---
Machine tabulations, automatic data processing, accounting and auditing services	1,535,000	1,710,000	$175,000
Miscellaneous services, including moving, maintenance, machine repairs, expenses for employee training, etc	241,100	253,932	12,832
Working Capital Fund	598,500	737,000	138,500
Unobligated FY 1968 Federal Salaries and Expenses Fund	15,703	---	-15,703
Total	$ 3,000,303	$ 3,310,932	$ 310,629

Services of other agencies $21,030,000

The estimate of $21,030,000 provides for a net mandatory decrease of $30,929 for which the breakdown is as follows:

	1969	1970	Change
Experimental and demonstration projects	$15,000,000	$15,000,000	---
Manpower research program	3,800,000	3,800,000	---
Mobility and Bonding Supplemental	2,230,000	2,230,000	---
Unobligated fiscal year 1968 funds for Title I program carried into fiscal year 1969	117,929	---	-$117,929
Total	$21,147,929	$ 21,030,000	-$117,929

Supplies and materials $ 79,900

The estimate of $79,900 provides a program increase of $8,000 for desk top supplies, subscriptions, envelopes and duplicating supplies.

Equipment $ 137,400

The estimate provides for a net increase of $16,000. There is a program increase of $37,000 for the purchase of furniture and equipment items for 53 new positions in 1970, at an average cost of $698 per position, and a decrease of $21,000 for non-recurring costs related to 50 positions added in 1969.

SUMMARY OF NEW POSITIONS

Activity 3. FIELD OFFICES	Number	Grade	Amount
Manpower Development Specialists	4	GS-14	$ 67,784
Contract Specialists	3	GS-13	43,227
Manpower Development Specialists	3	GS-12	36,522
Contract Specialist	1	GS-12	12,174
Manpower Development Specialists	3	GS-11	30,609
Manpower Development Specialist	1	GS- 9	8,462
Contract Specialist	1	GS- 6	6,321
Secretaries	4	GS- 5	22,928
Total	20		$228,027
Activity 5. DEPARTMENTAL			
Supervisory Manpower Analyst	1	GS-15	$ 19,780
Manpower Analysts	2	GS-14	33,892
Computer Systems Analysts	2	GS-13	28,818
Manpower Analyst	1	GS-13	14,409
Computer Systems Analysts	2	GS-12	24,348
Manpower Analyst	1	GS-12	12,174
Statistician	1	GS-12	12,174
Manpower Analysts	2	GS-11	20,406
Computer Programmer	1	GS-11	10,203
Computer Programmer	1	GS- 9	8,462
Manpower Analyst	1	GS- 7	6,981
Secretaries	3	GS- 6	18,963
Statistical Assistants	13	GS- 5	74,516
Clerks	2	GS- 4	10,290
Total	33		$295,416
Grand Total	53		$523,443

WEDNESDAY, MARCH 5, 1969.

BUREAU OF APPRENTICESHIP AND TRAINING

WITNESSES

HUGH C. MURPHY, ADMINISTRATOR
GEORGE SABO, DEPUTY ADMINISTRATOR
RALPH E. FRENCH, DIRECTOR, OFFICE OF ADMINISTRATION
JOSEPH J. McNULTY, CHIEF, DIVISION OF BUDGET
ARNOLD R. WEBER, ASSISTANT SECRETARY FOR MANPOWER
CONRAD M. JONES, DIRECTOR, OFFICE OF BUDGET POLICY AND REVIEW

BUREAU OF APPRENTICESHIP AND TRAINING, SALARIES AND EXPENSES

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Permanent positions	4,997	5,482	5,196
Other personnel compensation	24	24	24
Total personnel compensation	5,021	5,506	5,220
Personnel benefits: Civilian employees	394	432	409
Travel and transportation of persons	338	379	379
Transportation of things	7	14	14
Rent, communications, and utilities	197	101	193
Printing and reproduction	27	28	28
Other services	272	340	340
Supplies and materials	13	29	29
Equipment	13	17	17
Total obligations	6,282	6,846	6,629

PERSONNEL SUMMARY

Total number of permanent positions	520	520	490
Average number of all employees	510	495	466
Average GS grade	9.4	9.4	9.4
Average GS salary	$10,530	$11,307	$11,200

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Training promotion and service to industry	5,931	6,464	6,247
2. Administration and management services	343	382	382
Total program costs, funded	6,274	6,846	6,629
Change in selected resources [1]	8		
Total obligations	6,282	6,846	6,629
Financing:			
Comparative transfer to other accounts	1,974	2,569	
Unobligated balance lapsing	3		
Budget authority	8,259	9,415	6,629
Budget authority:			
Appropriation	8,267	9,055	6,629
Transferred to other accounts	−8	−3	
Appropriation (adjusted)	8,259	9,052	6,629
Proposed transfer from other accounts for pay increases		363	
Relation of obligations to outlays:			
Obligations incurred, net	8,256	9,415	6,629
Obligated balance, start of year	670	589	965
Obligated balance, end of year	−589	−965	−450
Adjustments in expired accounts	−134		
Outlays	8,203	9,039	7,144

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1967, $227,000; 1968, $235,000; 1969 $235,000; 1970, $235,000.

Mr. FLOOD. Now we have the Bureau of Apprenticeship and Training, Department of Labor. The principal witness is Mr. Hugh C. Murphy, the Administrator.

Is there anybody that you want to introduce?

Mr. MURPHY. My deputy, Mr. George Sabo.

Mr. FLOOD. How long have you been around?

Mr. SABO. With the Bureau 22 years.

Mr. FLOOD. A new man.

Mr. SABO. Yes.

Mr. MURPHY. Mr. Ralph E. French, our administrative officer.

Mr. FLOOD. How long have you been around?

Mr. FRENCH. 27 years.

Mr. MURPHY. And Mr. Joe McNulty, our budget officer.

Mr. FLOOD. You, Mr. Murphy, are far from new to this committee but there might be someone who reads this who doesn't know you as well as we do, so we will place your biographical sketch in the record.

The biographical sketch follows:)

HUGH C. MURPHY, ADMINISTRATOR, BUREAU OF APPRENTICESHIP AND TRAINING

Hugh C. Murphy was appointed Administrator of the Bureau of Apprenticeship and Training, U.S. Department of Labor on August 3, 1964.

He is a native of New York City and a former apprentice and journeyman bricklayer. He joined the Bureau in 1946 as a field representative, rose to New York State Supervisor in 1952, and was appointed Regional Director for the New York-New Jersey area in 1959.

Mr. Murphy joined the national office of the Bureau in 1962 as an Assistant Administrator in charge of the Office of Industry Promotion.

As Administrator, he directs a nationwide organization created by Congress in 1937 to promote and help develop formal apprenticeship programs. Its apprenticeship and training activities have been expanded to oversee the on-the-job training provisions of the Manpower Development and Training Act of 1962 and to foster equal employment opportunity in all of the programs under the Bureau's direction.

Before joining the Bureau, he was chairman of the apprenticeship committee for Bricklayers Local 34 in New York City as well as of the State Conference of the Bricklayers, Masons and Plasterers International Union. He still holds membership in the Bricklayers Local No. 34, New York.

He attended Fordham Preparatory School and Mechanics Institute of New York and is a member of the American Society of Training Directors.

During World War II, Mr. Murphy served in a naval construction battalion on Iwo Jima and Guam.

He is a member of the American Legion and the American Apprenticeship Round Table.

Mr. Murphy and his wife, Grace, have three children, Laura, Hugh and Lawrence. They make their home in Arlington, Va.

Mr. FLOOD. You have a statement, Mr. Murphy. You are no beginner here. How do you wish to proceed?

Mr. MURPHY. It is rather lengthy. I have a little briefing of it; if I may submit the statement for the record, Mr. Chairman.

Mr. FLOOD. Suppose you do that.

(The statement follows:)

STATEMENT BY HUGH C. MURPHY, ADMINISTRATOR, BUREAU OF APPRENTICESHIP AND TRAINING

Mr. Chairman and members of the committee, I wish to thank the committee for this opportunity to appear on behalf of the Bureau of Apprenticeship and Training to support its budget for fiscal year 1970.

The national apprenticeship program, a joint activity of management, labor and government, is uniquely qualified to play a role in the dual tasks of develop-

ing skills to meet the Nation's industrial manpower needs and preparing workers for successful careers. Industry's need for skilled manpower, fortunately, can be matched by workers' need for worthwhile, well-paying employment. The national apprenticeship and training program has achieved some success in this matching process, but the problem requires continuing attention.

I am pleased to be able to report that the number of apprentices who participated in the national apprenticeship program increased during 1968 as it has each year since 1962. I am disappointed that the increase was not greater.

In 1968, we promoted and developed over 3,000 new apprenticeship programs, and 289,000 apprentices participated in Federal and State registered programs. We maintained service to cover 107,000 participating employers and more than 6,000 participating unions, involving over 18,000 apprenticeship programs. More than 6,200 equal opportunity field reviews were completed. Applications from 34,000 persons, including 9,844 minorities, were filed with the Employment Service Apprenticeship Information Centers. A total of 6,180, of which 1,038 are minorities, were accepted for apprenticeship. These Centers are jointly administered by the employment service and the Bureau. The Bureau serviced and monitored 36 Outreach contracts. The rate of nonwhite apprentice accessions reached 6 percent, more than double the rate of previous years.

In 1969, apprentice participants will total about 301,000, and 2,400 new programs will be promoted and developed. Technical assistance will increase to cover an estimated 20,000 programs due in part to demand for information and help regarding the GI bill. Apprenticeship Information Center referrals to sponsors will be over 22,000. An additional 14 Outreach programs will be installed, and a total of 50 will be monitored.

Our 1970 request, totaling $6,629,000, is $217,000 and 30 positions less than the comparatively adjusted 1969 appropriation.

As a result, some new programs which we otherwise would plan to develop during 1970 will be delayed. This will, of course, reduce the number of opportunities for employment in apprenticeship. New programs will total about 2,300 in 1970 and participants in all on-going and new programs will total 314,000.

With reductions in our resources in 1969 and 1970, we must apply our staff and time to the highest priority activities. Here is an outline of our program priorities for 1969 and 1970.

Program priorities

1. Promotion and attainment of equal opportunity in apprenticeship and training:
   - Promote equal employment opportunity.
   - Improve apprenticeship applicant resources.
   - Assist in ghetto skill training programs.
   - Improve job site training.
2. Expansion of apprenticeship opportunities—
   - In growth and emerging trades.
   - In defense plants.
   - In government installations.
   - For women.
3. Improvement and maintenance of apprenticeship programs:
   - Promote industry training funds.
   - Update programs.
   - Improve organization and administration.
4. General promotion and public relations:
   - Stimulate industry to adopt or expand apprenticeship programs.
   - Create awareness of apprenticeship among youth.
   - Improve status of skilled occupations.
   - Improve public awareness of apprenticeship.

Equal opportunity in apprenticeship and training

Efforts to advance employment and training opportunities for minorities are focused on three major areas of activities.

First, field reviews of Federal registered apprenticeship programs to check compliance with provisions of 29 CFR, part 30, the Secretary of Labor's regulations prohibiting discrimination in selection practices and operation of apprentice programs.

Apprenticeship information centers are the second area for the promotion of apprenticeship opportunities. The work is accomplished with unions, employer associations, joint apprenticeship committees, and minorities organizations by changing attitudes and beliefs which stand in the way of apprenticeship for minorities. The work also includes coaching young people to be better able to deal with application, testing and interviewing procedures.

Apprenticeship outreach programs constitute a third area. These are federally financed programs conducted by organizations such as the Workers Defense League, Urban League, building trades councils, etc. The program purpose is to recruit minority applicants for apprenticeship programs mainly in the construction industry, put the applicants through programs of special preparation and help them meet program qualifications and get ready for entrance examinations and interviews. Bureau staff provides promotional and technical assistance service to the programs, and monitors the contract awarded by the Government for training costs.

Expansion of apprenticeship opportunities

Emerging industries will be examined and where feasible, occupations will be identified as apprenticeable such as, for example, the process operator trade in the petrochemical industry approved in 1968. More training openings for women will be promoted in such trades as cosmetology, bookbinder, and dental technician. The vast potential for training in defense and government installations will be tapped more vigorously.

Improvement and maintenance of apprenticeship programs

We believe that the elements of apprenticeship are classic—that they are as fundamental and correct today as in the past. However, modernization of apprenticeship without destroying its elements is desirable.

Improved organization and administration of programs by employers and unions will be stressed in 1970.

Two principal challenges remain: shortages of qualified apprentice applicants in many trades, and the need for more apprentice openings.

We will work to enhance skilled trades careers in the eyes of youth—white and black—as opposed to the more easily acquired but unskilled dead end jobs.

Improvement in the quality of worksite instruction will be promoted among employers and unions to facilitate learning and decrease dropout rates.

Recent amendments to vocational education legislation administered by the Department of Health, Education, and Welfare permit financial support of training in any nonprofessional, noncollege occupation. The training may take place in industry, institutions or other appropriate places. The Bureau will cooperate with the administrators of this program to promote assistance to private industry for apprenticeship and journeyman upgrading training.

I am confident we can continue to progress in all of these areas, working with industrial management, labor, and vocational education.

General Statement

Mr. Murphy. I am, of course, delighted to be with you again, Mr. Chairman and members of the committee.

Let me just say the national apprenticeship program is a joint activity of management, labor, and Government, and it is truly qualified to play a role in the dual tasks of developing skills to meet the Nation's industrial manpower needs and to prepare workers for successful careers.

I am pleased to be able to report to you that the number of apprentices who participated in the program during 1968 increased again, as it has each year since 1962. However, I am disappointed that the increases were not greater.

During 1968, we developed over 3,000 new apprenticeship programs, and during that year almost 290,000 apprentices participated in State and Federal programs.

We provided service to about 107,000 participating employers, and more than 6,000 participating unions. More than 6,000 equal opportunity field reviews were completed. We received applications from 30,000 persons, including pretty close to 10,000 minorities. These applications were filed with the Employment Service Apprenticeship Information Centers. A total of 6,180, of which 1,038 are minorities, are now accepted in the apprenticeship program.

The apprenticeship information centers I refer to, Mr. Chairman, are jointly administered by the Employment Service and our Bureau.

OUTREACH PROGRAM

The Bureau has also serviced and monitored Outreach programs in 36 cities.

Mr. FLOOD. Outreach?

Mr. MURPHY. This is a term, it is unfortunate perhaps. The number of outreach programs presently in existence which BAT is servicing and monitoring is approximately 50.

Mr. FLOOD. Do you know what Outreach is, Mrs. Reid?

Mrs. REID. No.

Mr. FLOOD. Give us a paragraph for the record.

Mr. MURPHY. This is the approach. A contract is given to an organization—it may be a building trades council, it can be an Urban League in a city, it can be a combination of groups—and this outreach program is descriptive in that it is truly that; they go out into the community and endeavor to recruit minority youngsters into primarily building trades. The apprenticeship establishment has been in some instances accused of discriminatory practices because of this program.

I would be less than candid, Mr. Chairman, if this did not occur in some instances. But truly, and I am quite proud to report, the building trades are making an effort to recruit black and other minorities into their crafts.

Mrs. REID. Where do they go? How do they do this?

Mr. MURPHY. By an approach to organizations in the community, NAACP, churches, organizations, parent-teachers, et cetera, and they endeavor to recruit youngsters who will apply themselves to craft training. At the present time these programs are primarily for building trades. There are some others, machinists and other trades being utilized.

Mrs. REID. Do you plan to go into other areas?

Mr. MURPHY. If the funds are available from my good friend Dr. Weber.

Mr. FLOOD. Mr. Murphy comes to the Department from organized labor, a member of the Bricklayers Union himself, and I believe your brother is still president.

Mr. MURPHY. Yes, sir.

Mr. SMITH. The Manpower Training project and others have outreach programs?

Mr. MURPHY. Yes.

During 1969 apprentice participants will total about 301,000, and we anticipate 2,400 new programs will be developed. Technical assistance will increase to cover an estimated 20,000 programs due in part to the demand of GI training.

Apprentice information center referrals will increase to about 22,000 and, as I indicated already, there are 50 outreach programs in existence at the present time.

Our 1970 request, Mr. Chairman and members of the committee, totals $6,629,000, which is $217,000 below last year's request and 30 positions less than the 1969 appropriation. As a result, some of our new programs will have to be delayed a bit.

PROGRAM PRIORITIES

Here is an outline of our program priorities for 1969 and 1970:

Promotion and attainment of equal opportunity in apprenticeship and training, expansion of apprenticeship opportunities for both males and, I have to defer to Mrs. Reid, females.

Improvement and maintenance of apprenticeship programs and general promotion and public relations efforts to advance employment and training opportunities for minorities are focused on three major areas; first, the outreach program; second, compliance with provisions of title 29, part 30 of the Code of Federal Regulations; and third, the apprentice information centers which are a source of information and referrals to job interviews.

Emerging industries are being examined and where feasible occupations will be identified as apprenticeable. More training openings for women will be promoted and the vast potential for training in defense and government installations will be tapped vigorously.

We believe that the elements of apprenticeship are classic. However, modernization of apprenticeship without destroying its elements is desirable.

Two principal challenges remain: the shortages of qualified apprentice applicants in many, many trades, and the need for more apprentice openings.

We will work to enhance skilled trade careers in the eyes of youth, both black and white.

Improvement in the quality of work site instruction will be promoted among employers and unions more vigorously and the Bureau will cooperate with the administration of the amended vocational education program to promote assistance to private industry for both apprenticeship and journeymen upgrading training.

STAFFING REDUCTIONS

Mr. FLOOD. I understand they are giving you a bad time down there.

Mr. MURPHY. No. We bounce back, Mr. Chairman.

Mr. FLOOD. Resilient?

Mr. MURPHY. Yes.

Mr. FLOOD. I notice you have lost 178 jobs to the Office of Manpower Administrator. How do you feel about that?

Mr. MURPHY. This was of course a transferral of a function we performed under the MDTA, namely OJT functions. That was transferred in December of 1967 by former Secretary Wirtz to the Bureau of Work Training Programs. As a result there were 157 positions, Mr. Chairman, that went with that transfer.

In addition to the 157, 21 positions were transferred to the Office of Manpower Administrator.

Mr. FLOOD. That is a big chunk.

Your justifications also state, and I quote you:

"Reduction in the number of new apprenticeship programs permits a reduction of 30 positions and $308,539."

That is a reduction from whatever is left of your budget?

Mr. MURPHY. Yes.

Mr. FLOOD. This is a switch. This committee is very much in favor of economy. I have been talking to the Administrator all day about this problem, but why is there a reduction in the apprenticeship program?

Mr. MURPHY. The outgoing administration—this is the Johnson budget, Mr. Chairman, the outgoing administration——

Mr. FLOOD. This is the only budget we have.

Mr. MURPHY. In addition, these gentlemen have been around for years and I have been around the Bureau for a few years, and although I decry this cut in our program I, like you, sir, am a good soldier and I abide by decisions of higher authority.

Mr. FLOOD. We are constantly reading about the need for trained manpower in many, many fields. We get it here all the time. Yet the apprenticeship program is being reduced. Does not this apprenticeship system meet our needs today, or what?

Mr. MURPHY. It does not, in my estimation, Mr. Chairman, at the present rate we are progressing. I can remember back a couple of years telling you and your fellow members that we ought to have about 750,000 apprentices in training in the vast economy that we are engaged in.

Mr FLOOD. If you want to say something, go ahead, Mr. Weber.

Mr. WEBER. I have one comment to make about my understanding of what is happening to apprenticeship activity in general.

Beyond some of the activities which were associated with the Bureau itself, the Manpower Administration and other parts of this program have been funding preapprenticeship training, which I understand does not come directly under our shop, but through the Workers Defense League in New York and in other places, which has developed some effective techniques for reaching some of the hard core youth through the Urban Leagues, and indeed through the AFL–CIO itself through its LEAP program.

So in part the apparent drop in apprenticeship activities associated with BAT proper has to be balanced against the fact that promotional and preapprenticeship training have been taking place in other parts of the program.

And of course, one thing we are very anxious to do, or I am, is to make sure we have all of these ducks in a row and they are all honking in the same direction.

ADAPTABILITY OF APPRENTICESHIP CONCEPT TO NEW OCCUPATIONS

Mr. FLOOD. We have been very excited about it here for some time in the committee.

Is this apprenticeship concept applicable only to the older trades, printing, cabinetmaking? Could this be used to meet manpower needs in some of these new long-haired, fancy hardware technical fields?

Mr. MURPHY. Yes, it can be and is applicable.

There is one occupation that was just recently approved by the Federal Committee on Apprenticeship, chemical process operator for the petrochemical industry. Of course we do not have too many trades emerge over the years, but in the last few years there have been some, Mr. Chairman. There is of course the old tradition of the bricklayer, the machinist, the diemaker, et cetera.

Mr. FLOOD. There are new horizons opening and you are aware of them?

Mr. MURPHY. Yes.

Mr. FLOOD. This is no closed shop?

Mr. MURPHY. No, the electronics field has been developing new techniques and the innovations there have been really fantastic.

Mr. FLOOD. Suppose you list a half dozen of the new ones for the record.

Mr. MURPHY. We shall be delighted to do that, Mr. Chairman.

(The information follows:)

NEW APPRENTICESHIP OCCUPATIONS

Among 30 new apprenticeable occupations, the following six are representative of skills which depart sharply from the traditional trades:

Chemical process operator.
Helicopter mechanic.
Aerospace mechanic.
Mechanical electrical or cryogenic equipment operator.
Electronic technician (electromechanical computer repairer).
Radiographer (industrial).

APPRENTICESHIP PROGRAMS IN GERMANY

Mr. FLOOD. This has concerned me for a number of years. Other countries, such as Germany, make such a great big thing out of these apprenticeship programs to produce skilled manpower, and I often wonder why we do not.

Mr. MURPHY. We have a completely different culture here, Mr. Chairman, as far as our young people are concerned. I had a wonderful, exhilarating experience of spending a week or two in Germany and Sweden a couple of years ago.

Mr. FLOOD. They are pretty good too.

Mr. MURPHY. In Germany the population, my figures will be round and probably off, but say is 53 million people. At that time—in 1966—they had 1.3 million apprentices. So I say their culture is different. I saw 13- and 14-year-old youths who had already embarked on their apprenticeship. In this country we just do not do this. It just is not our way.

Mr. FLOOD. Is that good or bad?

Mr. MURPHY. In my estimation it is not good.

Mr. FLOOD. You are reciting the facts. Is it good or bad?

Mr. MURPHY. I am only one individual concerned with the program, and in my estimation it is not good, no. I think there are a lot of youngsters, and I have a couple of my own who are in college, and one of them ought to be laying bricks.

Mr. FLOOD. A lot of kids do not want to go to college. This stuff of keeping up with the Joneses.

Mr. WEBER. May I introduce a few comments on the German situation?

Mr. FLOOD. Sure.

Mr. WEBER. I think it is interesting to note that in a way there is less there than meets the eye. They have over 400 apprenticeable trades involving many occupations we would not call a trade; for example, a clerk in a market or a clerk in an office. And if you look in

detail at the figures, you will find that 12 of these trades include more than 75 percent of the apprentices. So thay have a lot of empty boxes there that were established traditionally 40 or 45 years ago and which really are not used.

The second thing which Mr. Murphy touched on is the whole structure of the transition from school to work. It is different in Germany in particular from the United States. In Germany it is interesting to note the last time I looked a couple of years ago the mandatory school age as prescribed by federal statute was 14. That means a kid only had to go to school to 14, and then he could go into an apprenticeship training program, which is really half school and half work and might involve a little training.

Incidentally, this is one of the ways they keep their unemployment rates down. These kids are not really employed in the American sense. Whereas what we do, we say you go to school and then go out on the labor market and go to work; they have there a long transitional period.

Mr. FLOOD. Is it bad or good?

Mr. WEBER. It is bad, and the Germans themselves, the West Germans, are trying to change it. Because what it does, it keeps significant components of their labor force, young workers, in a state of chronic underemployment and in many instances really does not equip them for true trades as our apprenticeship program does.

Mr. FLOOD. Are we not filling this gap a little bit with what we did know as junior college, and now generally called community college?

Mr. WEBER. Absolutely; yes. But I think it is important to keep in mind those differences in their approach to it and ours.

Mr. MURPHY. Yes. They have salesgirls who are deemed apprentices. This is really what makes the large group of apprentices in Germany.

NEED FOR EXPANSION IN APPRENTICESHIP PROGRAMS

Mr. FLOOD. Now your justification says that "despite the rise in apprenticeship opportunities over the past several years, the number of registered completions of apprenticeship, averaging 26,000 annually, falls far short of the annual replacements of skilled workers who retire or who die."

What do we do about that?

Mr. MURPHY. This is why we really have been stepping up our promotional efforts. We have got to change the image that a lot of people have, that trade training is a menial task.

Mr. FLOOD. Let me ask you the next question and you can handle them both at once. This bothers me a great deal in my own district.

I cannot understand why we have never been able to get through to the business people, the manufacturers, and industrialists in areas like mine, a distressed economic area for 25 years because of these mines. Now we have come back and we are over the hump. But according to one of your surveys, only one out of five business establishments conducts organized training.

What incentives do business establishments have to conduct these programs? How can more of these people, I do not mean just in my

district, be encouraged to do this? Can you require them to do so? Should you? You cannot, can you?

Mr. MURPHY. I think not.

Mr. FLOOD. How do you get them into these programs? What is the matter?

Mr. WEBER. This is just a matter of conjecture because I do not think we know, but there are two problems. One is the length of apprenticeship, and the other is what the cost of going into an apprenticeship program means to the apprentice.

In the old days when a kid did not have a prospect of going to school or going out and finding another job, going into a 5-year apprenticeship program was not a very costly thing to him. Now during an era of full employment where there are other educational opportunities of some kind, an apprenticeship program is not a desirable thing because it costs them something.

Mr. FLOOD. This is organized training, not necessarily an apprentice program.

Mr. WEBER. What happens first of all, our educational level is higher. We have an average education now of 12 years. It is a little over 12 years and, interestingly enough, it is slightly higher for women than it is for men.

Mr. FLOOD. And the IQ's have gone up?

Mr. WEBER. That is right. And also, a lot of companies have training on the job by having you go through a sequence of jobs as in an automobile plant. Of course that is another factor the division of labor.

TRAINING OF DIESEL MECHANICS

Mr. FLOOD. That raises this question: Up the street from me is an express company, a big express company. I called up the owner a month ago and wanted to get a kid a job. He wanted a job learning how to drive the big over-the-highway tractor trailers. The owner said send him up. He said, by the way why can we not have in these vocational schools, that you have so much to say about, a technical training course in diesel mechanics. Apparently there is a real shortage of diesel mechanics.

Mr. WEBER. The machinists have a program for diesel.

Mr. FLOOD. Where? In Canada? Why can you not have one wherever you want it?

Mr. SABO. There are approximately right now, as far as truck mechanics, apprentices are concerned, 2,000 unfilled vacancies.

Mr. FLOOD. Diesels?

Mr. SABO. Including diesels, yes. It is a dirty job, a most difficult job to recruit. The International Association of Machinists put three full-time people on going out and seeking and finding qualified applicants.

Mr. FLOOD. These vocational training schools do not give the courses? They are not in the curriculum?

Mr. MURPHY. With the new amendment, Mr. Chairman, and you are well aware of it, they sure hope to develop this with additional funds.

Mr. FLOOD. I wanted the record to emphasize the particular need for these people in automotive mechanics generally and more specifically in the area of diesels. Really here is a guy who knows, so it must be so.

TRADE UNION ATTITUDE TOWARD APPRENTICESHIP PROGRAMS

I was going to ask you about the extent that the trade unions are doing anything to expand their apprenticeship training programs. Do any of them try to restrict these programs?

Mr. MURPHY. No, Mr. Chairman. Without exception, I can report to you.

Mr. FLOOD. You ought to know.

Mr. MURPHY. The unions have full realization of their responsibility and they are doing things.

Mr. FLOOD. We had our doubts a few years ago.

Mr. MURPHY. I know.

Mr. FLOOD. We had reason to.

Mr. MURPHY. I can report the Carpenters International Union, for instance, have embarked on a program with the aid of MDTA. They are stepping up their apprentice program. They are embarked on prejob or preapprentice programs we have talked to you about, and it is really a fine approach to get the kid acclimated to the tools of the trade, the work of the trade, and go out on the job and become part of the apprentice program and learn the craft right on the job.

PARTICIPATION OF WOMEN IN APPRENTICESHIP PROGRAMS

Mr. FLOOD. Mrs. Reid?

Mrs. REID. I know in reviewing last year's hearings before this committee that you indicated only 430 women were participating in apprentice programs. Has this number increased?

Mr. MURPHY. It has, but very slightly.

Mrs. REID. It was 430.

Mr. MURPHY. We have at the present time in the Federal workload—I must distinguish between the Federal workload which is solely ours and the private sector. We have at the present time 647. So there is no dramatic increase. I would estimate, and it would be a "guesstimate," it would be a little better than a thousand females in apprentice opportunities.

Mr. FLOOD. Is that good?

Mr. MURPHY. No. Again, certainly there are marvelous opportunities for women who would be interested in the various crafts. Again we go to the electronic industries where they have the versatility and the patience and all that to be in drafting programs.

Mr. FLOOD. Especially the younger people. I understand if you are over 35 they will not hire you in some of these places because of the dexterity problem.

Mr. MURPHY. We have a woman working full time on our staff in our national office. We are hopeful of increasing this activity because we do believe, and I meant it sincerely, not just because you are a member of the committee, Mrs. Reid—I have felt for several years there were vast opportunities for women to take a look at that.

I happen to live in Arlington and they have there a beauty parlor school. Women go there and pay to become operators. I think of some wonderful opportunities where they could be acquiring knowledge and earning at the same time. You know apprenticeship pays the trainee.

Mrs. REID. Are they aware of the opportunities?

Mr. MURPHY. We have the same old problem of getting our image projected when everybody else wants to promote their image, the colleges and so on.

School counselors are wonderful people, but they are so inundated with work the first thing they tell the kids is that the only way to a career is college.

Again I have to go back, Mr. Chairman, if you do not mind. As I told you, I am a bricklayer, my father was a bricklayer, my grandfather was a bricklayer. I have two sons and I have a brother and he was a bricklayer and he has one son. None of the three boys are bricklayers. The pattern is broken.

Mr. FLOOD. And it is not a bad job.

Mr. MURPHY. It is a wonderful job. I mean it.

Mr. Weber, do not take this literally or seriously, but if I have to go back to laying bricks again, I am still in halfway decent shape.

Mr. FLOOD. I mean as far as hours.

Mr. MURPHY. I do not do it now, but I think it is a wonderful trade. I can take you back to New York and the last time I walked up Fifth Avenue I pointed to a building where I worked. There it is. I did it almost 30 years ago and it is still visible and good work, too.

Mrs. REID. Thank you.

SKILLED OCCUPATIONS IN SHORT SUPPLY

Mr. MICHEL. Last year your shop provided for the record a list of skilled occupations in short supply, and I simply would like to have that list updated, with any special note of substantial change.

(The information follows:)

SKILLED OCCUPATIONS IN SHORT SUPPLY

The following skilled occupations are noted by the Bureau of Employment Security as being in short supply. All of those listed as such a year ago continue to be in short supply. The few which have been added are identified by an asterisk (*):

Aircraft electrician
Aircraft and engine mechanic
Automobile mechanic
Bricklayer
Draftsman, electrical/electronic
Draftsman, mechanical
Electrical repairman
Electrician
Electronics mechanic
Engineering and scientific technician (electrical/electronics, mechanical, industrial, chemical laboratory)
Machinist
Pipefitter, ship
Refrigeration and air-conditioning mechanic
Sheet metal worker
Tailor and dressmaker
Tool and die maker
TV service and repairman
*Transportation equipment repairman (Body repairman, welder, sheet metal worker)
*Stationary engineer
*Roofer
*Cook and baker

Needs for structural workers listed at the public employment service offices in the 77 reporting areas on September 1, 1968, reached the highest level since the start of the quarterly surveys 2 years earlier. The 9,000 job listings for carpenters, brick masons, plumbers, roofers, electricians, construction and maintenance painters, and construction laborers were significantly above the level of the previous September 1. Also on the rise were employer needs for some 8,000 transportation equipment bodymen, welders, tinsmiths, and sheet metal workers. Evidencing stringencies for qualified workers who could meet existing skill and experience requirements, 53 percent of all unfilled openings for structural workers were hard to fill, compared to 44 percent, a year earlier.

DISADVANTAGED IN APPRENTICESHIP PROGRAMS

Mr. MICHEL. What is the percentage of disadvantaged persons that you get into apprenticeship programs?

Mr. MURPHY. Statistics on disadvantaged persons in the apprenticeship program, or entering the program, are not available. Other manpower programs such as NYC, CEP, and JOBS obtain characteristics of trainees in connection with contracts awarded to employers as partial reimbursement of training costs.

Since few apprenticeship programs are assisted by Federal contracts, it is known that they enroll a lower percentage of disadvantaged but actual data are not collected.

Mr. MICHEL. What is the percentage of Negroes in this program?

Mr. MURPHY. Negroes represent 3.9 percent of the total of 162,125 registered apprentices in the federally-serviced programs as of January 1, 1969. The January 1, 1968 figure was 3.3 percent. All minorities, including Negroes, constitute 6.5 percent of the registered apprentices in the Federal workload.

Mr. MICHEL. That is all, Mr. Chairman.

Mr. FLOOD. Thank you, Mr. Murphy. You are perhaps the most enthusiastic witness that comes before this subcommittee, and, I am sure, one of the most sincere.

Mr. MURPHY. Thank you, Mr. Chairman, very much.

JUSTIFICATION MATERIAL

BUREAU OF APPRENTICESHIP AND TRAINING

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970
Appropriation or estimate	[illegible]	[illegible]
Amount reserved under P.L. 90-364	- [illegible]	-
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)	+ 56,000	---
Proposed transfer from other accounts for pay increase (P.L. 90-206, E.O. 11413 effective July 14, 1968 1/	+ 363,000	---
Comparative transfer to Office of Manpower Administrator	- 2,569,000	---
Non-recurring rental costs transferred to GSA	- [illegible]	---
Appropriation or estimate, revised	6,845,839	[illegible]

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1969 Pos.	Amount	Estimate, 1970 Pos.	Amount	1970 Change Pos.	Amount
1. Training promotion and service to industry	497	$6,463,739	468	$6,247,000	-29	[illegible]
2. Administration and management services	23	382,100	22	382,000	-1	[illegible]
Total obligations	520	6,845,839	490	6,629,000	-30	[illegible]

1/ Manpower Development and Training Act... $ 8,000
Bureau of Employment Security..... 142,000
Wage and Hour Division..... 213,000

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1969	Estimate, 1970	1970 Change
Total number of permanent positions	520	490	- 30
Average number of all employees	495	466	- 29
11 Personnel compensation	$5,505,500	$5,220,000	-$285,500
12 Personnel benefits	431,639	408,600	- 23,039
21 Travel and transportation of persons	378,600	378,600	---
22 Transportation of things	14,500	14,500	---
23 Rent, communications, and utilities	101,200	192,900	+ 91,700
24 Printing and reproduction	27,900	27,900	---
25 Other services	331,500	331,500	---
Services of other agencies	8,600	8,600	---
26 Supplies and materials	29,400	29,400	---
31 Equipment	17,000	17,000	---
Total obligations	6,845,839	6,629,000	- 216,839
Working Capital Fund items included above	(251,900)	(251,900)	(---)

SUMMARY OF CHANGES

	Pos.	Amount
1969 Enacted Appropriation	698	$9,055,000
Amount reserved under P.L. 90-364	--	-50,000
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)	--	+50,000
Proposed transfer from other accounts for pay increase costs (P.L. 90-206, E.O. 11413 effective July 14, 1968) 1/	--	+363,000
Comparative transfer to Office of Manpower Administrator	-178	-2,569,000
Non-recurring rental costs transferred to GSA	-	-3,161
1969 Appropriation, revised	520	6,845,839
1970 Estimate	490	6,629,000
Total Change	-30	-216,839
Mandatory Items: (page BAT 6)		
Increases:		
Net additional penalty mail costs	--	+5,500
Net additional costs for Federal Telecommunications Systems services	--	+86,200
Sub-total, Mandatory Items	--	+91,700
Program Items:		
Decreases:		
Reduction in the number of new apprenticeship programs permits a reduction of (30 positions and $308,539 personal services)(BAT page 11)	-30	-308,539
Total Change	-30	-216,839

1/ Manpower Development and Training Act $ 8,000
Bureau of Employment Security 142,000
Wage and Hour Division 213,000

MANDATORY CHANGES BY ACTIVITY

	Net Additional Penalty Mail Costs	Net Additional Cost for Federal Tele-Communications System Services	Total
Activity I	+$5,400	+$81,200	+$86,600
Activity II	+ 100	+ 5,000	+ 5,100
Total	+$5,500	+$86,200	+$91,700

MANDATORY CHANGES FOR 1970

Increases:

To provide for net additional penalty mail costs	$ 5,500
To provide for net additional costs for Federal Telecommunications System services	86,200
Total	$91,700

PROGRAM CHANGES BY ACTIVITY

	11 Personnel Compensation	12 Personnel Benefits	Total
Activity I	-$280,500	-$22,839	-$303,339
Positions	- 29	---	- 29
Activity II	- 5,000	- 200	- 5,200
Positions	- 1	---	- 1
Total	-$285,500	-$23,039	-$308,539
Positions	- 30	---	- 30

Activity 1. TRAINING PROMOTION AND SERVICE TO INDUSTRY (1969, $6,463,739, Pos. 497; 1970, $6,247,000, Pos. 468)

Narrative Description of the Program

This program provides for the development, expansion and improvement of apprenticeship and other forms of training in industry. Assistance is given to management and unions in identification of need for apprenticeship and in development of programs tailored to meet skill requirements. Technical information on training methods, public training facilities, and successful systems are made available to companies in all industries. Guidance is also provided on establishing in-plant training organizations, staffs and training budgets. Advisory services on solving problems of apprenticeship administration are also provided. Where collective bargaining is practiced, management and unions are brought together jointly to install and sponsor skill development.

Industry's need for highly skilled workers and the individual's need for self-sufficiency through education, training, and employment opportunities demand an intensified Federal promotional effort and investment through the National Apprenticeship Program. President Johnson attested to industry's vital contribution on the field of training when he said in his Manpower Message to the Congress that "As the demand increases for workers with special skills, we should take positive steps particularly to encourage private job training efforts."

Education and training for jobs in industry take many forms in the United States. So far as training-within-industry is concerned, serious consideration must be given in our manpower deliberations and decisions to the results of planned, systematic training through apprenticeship versus the picking up of skills through hit-or-miss job experience. Government and industry must treat this matter with concern. Denial of a full and fruitful opportunity and environment to acquire industrial skills and jobs with a real future has caused much of the frustration of the nation's disadvantaged population. The employee, the employer and the economy all lose when the employee does not have the opportunity to become a skilled tradesman through apprenticeship but rather must pick up the skills over a long period of time.

Craftsmen who are products of apprenticeship attain a recognized level of competence and a wage comparable to that status after 4-5 years of formal training. In comparison the individual who must pick up a trade at random without benefit of structured training schedule, usually takes at least twice the time to reach a similar level. This represents a waste of human and other resources since it denies the individual better use of his time on the job, lengthens the time it takes him to reach his potential skill, productive level and earning power.

Finding, motivating, and guiding potential apprentices into apprenticeship programs continues to be a problem that requires more action and broader cooperation. Federally-supported affirmative action programs mainly directed at minorities, are needed in many areas to reach more youth and attract them into preparatory programs which will result in careers as skilled workers.

Despite the rise in apprenticeship opportunities over the past several years, the number of registered completions of apprenticeship, averaging 26,000 annually, falls far short of the annual replacement of skilled workers who retire or die. In addition, the expanding economy and new technologies create ever-rising demands for well-trained craftsmen. Projections of employment opportunities favor skilled workers. Nearly all of the blue collar increase in 1967 (300,000) was accounted for by craftsmen. The increase for professional and technical workers, a category that covers many skilled occupations was 570,000 for the same year, the largest increase on record.

National projections of skilled worker requirements prepared by the Bureau of Labor Statistics indicate a rise from 9.2 million in 1965 to 11.4 million in 1975. The table below gives the projections arranged in major groups:

Skilled Worker Requirements - 1965-1975
(In Thousands)

	Employment 1965	Employment 1975	Career Openings 1965-1975		
			Total	New Jobs	Death and Retirement
Craftsmen, foremen, Kindred Workers, all industries	9,220	11,400	4,040	2,180	1,860
Major building trades, all industries	2,690	3,080	960	390	570
In construction industry	(1,915)	(2,175)	(670)	(260)	(410)
Mechanics and repairmen	2,335	3,295	1,390	960	430
Machining operations	640	730	230	90	140
Printing craftsmen, except bookbinders	290	290	55	0	55
Other	2,000	2,380	785	380	405
Foremen not elsewhere classified	1,265	1,625	620	360	260

A survey "Training of Workers in American Industry," Bureau of Apprenticeship and Training, revealed that only 1 of 5 establishments conducts organized training. Several analyses have shown that promotion and technical assistance by government does induce numerous employers and unions to undertake systematic training in industry. (For example, there is a direct ratio between the number of State and Federal apprenticeship field representatives and the number of apprentices per 100,000 industrial employees). See "Monthly Labor Review," June 1964.

Eighteen States employ apprenticeship field staffs:

Arizona, California, Colorado, Connecticut, Florida, Hawaii, Louisiana, Massachusetts, Minnesota, Montana, New York, North Carolina, Oregon, Rhode Island, Vermont, Virginia, Washington, and Wisconsin.

Federal resources are needed to supplement these efforts and to support the entire program in the remaining States.

The Nation's human resources are our most precious resource. Growth and prosperity within our society demand that those resources be wisely nurtured and used. The counseling and preparation of our youth for their working careers is most critical to their fullest possible individual growth and to national well-being.

The accreditation awarded an apprentice upon completion of training - Certificate of Completion - is valued just as much by him as a degree from college.

Apprenticeship and training representatives develop and maintain close, supportive relationships with other manpower programs and involved agencies at all levels to help insure balanced training and employment programs that most effectively meet individual needs and potential. This coordinative relationship embraces programs such as the Concentrated Employment Program, Model Cities, Neighborhood Youth Corps, Job Corps and Inter-Agency planning activities under the Cooperative Area Manpower Planning System. The law authorizes allowances to veterans enrolled in Federal or State-approved apprenticeship programs, and veterans separated from the armed services are assisted in securing benefits available under the new GI Bill. The Bureau cooperates with Department of Defense PROJECT TRANSITION aimed at providing training and educational opportunities for servicemen to prepare them for civilian employment.

In 1968, accomplishments were:

(a) The development with industry of 3,029 new apprenticeship programs providing new slots for 16,322 apprentices (3,000 programs were planned).
(b) The development with industry of 444 new skill improvement programs providing new slots for 12,346 trainees (400 programs were planned).
(c) Completion of 6,251 equal opportunity reviews of apprenticeship programs ---reflects an agressive effort to improve apprenticeship opportunities for minority group members, and manifests a 6% rate of non-white apprentice accessions. The accession rate of Negroes in registered apprenticeship programs is double that of previous years.
(d) Maintenance of service to—

107,963 participating employers
6,054 participating local unions
18,738 apprenticeship programs
503 skill improvement programs

(e) With the assistance of State Apprenticeship agencies achieved an increase of 10,400 apprentices in training at end of year, from 211,000 to 221,400. (An increase of 9,000 was planned.)

(f) Provision of technical services and monitoring to 36 OUTREACH programs.

(g) Apprenticeship Information Centers operated and funded by State employment security agencies were assisted by Bureau of Apprenticeship and Training staff in 30 locations which include four new Centers opened during the year. Following counseling, testing and screening services, 21,968 persons were referred to apprenticeship sponsors and 6,178 were accepted and placed, including 1,036 minority members.

In 1969, the Bureau plans to place its major emphasis on the promotion of apprenticeship openings in private industry on an equal opportunity basis. As one facet of this program, employers in or near ghetto areas will be persuaded to hire and accept more of the disadvantaged in their training programs.

The field staff will concentrate on the promotion of apprenticeship opportunities where needs are greatest and most urgent as measured by high unemployment and skill shortages. The Bureau will cooperate with industry, labor, other government agencies, and community organizations in furthering activities having apprenticeship potential such as programs directed toward slum rehabilitation and construction of new housing, the establishment of new industries more convenient to inner city residents, and Model Cities projects.

An estimated 301,400 apprentices will participate in Federal and State registered programs in 1969 and 32,000 will reach completion. New apprentices will total about 80,000 including many veterans taking advantage of the training benefits available under the new GI Bill. Technical assistance to industry will increase in response to the demand for information and help regarding the GI Bill.

Efforts will be intensified among employers, unions, and joint apprenticeship committees to ensure that equal opportunity principles and practices are followed. The Bureau will continue to work with the Apprenticeship Information Centers - information clearing houses established in key industrial areas.

Another significant area of emphasis will be the local joint committees on apprenticeship which play a critical foundation role in maintaining and expanding apprenticeship programs. They are responsible for apprenticeship quality and quantity in their trade areas, and have the leverage for making affirmative action a reality in thousands of communities.

Joint Labor-management committees are the bulwark of apprenticeship activities at the local level and play a major role in the promotional efforts to increase openings and provide them on an equal opportunity basis. An expansion of these

committees from the current level of 6,054, (Bureau workload only) is essential to apprenticeship's growth and vitality.

Although the administration of the on-the-job training program under the Manpower Development and Training Act has been transferred from the Bureau of Apprenticeship and Training to the Bureau of Work-Training Programs, Bureau of Apprenticeship and Training still has responsibility for servicing and supervising On-the-Job Training programs involving apprenticeable occupations. These On-the-Job Training programs include the OUTREACH projects administered by the Workers Defense League, various union organizations and other groups, and the Labor Education Advancement Program of the National Urban League.

Areas where OUTREACH programs have been set up include Harlem and Bedford-Stuyvesant in New York City, Westchester County, N. Y., Buffalo, Newark, Washington, D. C., Cleveland, Baltimore, Detroit, Los Angeles, Gary-Hammond, Phoenix, Oklahoma City, Dayton, Tulsa, Denver, Atlanta, Dallas, Pittsburgh, Knoxville, Albuquerque, San Antonio, Chicago, St. Louis and East St. Louis, Columbus, Ohio, Jacksonville, Florida, Minneapolis-St. Paul, Houston, Salt Lake City, Milwaukee, Oakland, Philadelphia, Trenton, Miami, Colorado Springs, and Pueblo.

The Building Trades Department, AFL-CIO has endorsed OUTREACH type programs and is promoting their adoption by affiliated unions. Bureau of Apprenticeship and Training will install and monitor for compliance with training standards and contract terms approximately 50 OUTREACH contracts during 1969.

Another approach to the minorities problem mentioned above is found in the Apprenticeship Information Centers program. Apprenticeship and Training Representatives and Industrial Training Advisors will provide technical advice and assistance to all centers during 1969. The centers help give apprenticeship career opportunities an added visibility in the communities by making information about apprenticeship available to individuals, employers and others.

The Bureau will move ahead vigorously to implement the objectives developed in early 1969 as program priorities. The overall mission and functions were studied by an internal Bureau task force which recommended a redirection of our work based on national employment and training urgencies to which the apprenticeship program will be directed. Those objectives and their priority are as follows:

PROGRAM PRIORITIES

1. PROMOTION AND ATTAINMENT OF EQUAL OPPORTUNITY IN APPRENTICESHIP AND TRAINING
   - Promote equal employment opportunity
   - Improve apprenticeship applicant resources
   - Assist in ghetto skill training programs
   - Improve job site training
2. EXPANSION OF APPRENTICESHIP OPPORTUNITIES
   - In growth and emerging trades
   - In defense plants
   - In government installations
3. IMPROVEMENT AND MAINTENANCE OF APPRENTICESHIP PROGRAMS
   - Promote industry training funds
   - Update programs
   - Improve organization and administration
4. GENERAL PROMOTION AND PUBLIC RELATIONS
   - Stimulate industry to adopt or expand apprenticeship programs
   - Create awareness of apprenticeship

A statistic with employment and training implications and one that holds promise for greater realization of the Nation's equal opportunity aspirations concerns women. They now number 37% of the work-force. A prime objective of the Bureau in 1969 is to explore occupations not now recognized as apprenticeable and expand the list of apprenticeable trades to include those suitable to the training and employment of women, particularly in the growing health care and white collar fields. Formal training within industry in such job areas will establish career positions through job and training standards that will gain recognition and acceptance throughout the industry.

The Bureau will place stronger emphasis during 1969 on Federal government installations to establish apprenticeship programs in the required trades and have them registered under Federal standards. A review of the Department of the Navy apprenticeship program for civilian employees at 48 installations indicated it meets Federal standards. The program was registered during calendar year 1968. Full participation in the National Apprenticeship Program by all sectors of the Federal establishment employing skilled workers will be very helpful in our efforts with private industry.

Bureau of Apprenticeship and Training services will be provided 20,262 apprenticeship accounts and 1,239 skill improvement accounts. About 11,171 technical man-days will be assigned to field reviews of 10,965 apprenticeship programs to check compliance with 29 CFR Part 30, the Secretary of Labor's regulations prohibiting discrimination in selection practices and operation of apprentice programs. This is more than double the number of compliance reviews carried out in FY 1968. There has been a rise in the number of minorities entering apprenticeship programs.

The Bureau will continue to work with the Department of Housing and Urban Development programs such as the urban renewal projects to clear and rehabilitate slums and the Model Cities Program. These will develop new employment and training opportunities for the disadvantaged. High priority will be given to activities with industry and labor through already-established joint labor-management apprenticeship committees in furthering the training of residents through apprenticeship in the building trades.

In stimulating improvement and maintenance of apprenticeship programs, the Bureau will continue emphasis on accelerated advancement, reduced training terms, systematic program financing, and employment of full-time program directors by private trust funds. Expansion of the list of recognized apprenticeable occupations will also receive emphasis.

In 1970, it is planned to develop 2,300 new apprenticeship programs and 600 skill improvement programs. Promotional emphasis will be in line with the program priorities adopted early in 1969 (page BAT-10).

Allocation of technical field man-hours will be approximately as follows:

Program Area		Percentage of Total Man-Hours
Apprenticeship		80%
Equal Employment Opportunity	44%	
Promotion	24%	
Review	20%	
Account Servicing	12%	
Develop and Install	12%	
Administration	8%	
Promotion	4%	

Program Area	Percentage of Total Man-Hours
Skill Improvement	5%
International	1%
General Administration	10%
Overall Promotion	4%
	100%

The Bureau's planning and control system will be fully installed before the end of fiscal 1969 and in 1970 will:

(1) ensure that each apprenticeship and training representative is thoroughly briefed on the exact requirements of his job and that successive levels of supervision and staff units can plan for and provide the necessary support;

(2) ensure the integration of Bureau planning with other programs of the Department of Labor;

(3) provide data for budgetary purposes;

(4) assist in long-range strategic planning and in the development of guidelines for providing future services in accordance with the Bureau's mission;

(5) provide supervisors with better means to:

(a) plan the work to be done, appropriately schedule work and optimally deploy manpower for its accomplishment;

(b) manage by "exception" as key problem areas are indentified wherein corrective action should be taken;

(c) improve future planning efforts by furnishing more meaningful data on past performance.

The planning and control system will enable management to identify the workload necessary to accomplish the overall mission and goals and relate the workload to the capacity of available staff.

It is estimated that apprentice participants (in State and Federal workloads) will rise to 314,400, up 13,000 from 1969. Apprentice completions will rise to 35,000 up 3,000 from 1969. Apprentice accessions will rise to 82,000 up 2,000 from 1969. Apprentices in training at end of year will reach 242,400, continuing the rise which began in 1962.

These developments will assist in meeting national needs for craftsmen, especially in shortage occupations such as tool and die making. It is planned to increase the percentage of non-white accessions above the 6% achieved in 1968.

Workload Statistics
(In Thousands)

	Actual			Estimate	
	1966	1967	1968	1969	1970
New apprenticeship programs developed	1.4	2.9	3.0	2.4	2.3
Apprentice participants	250.1	278.0	289.2	301.4	314.4
Apprentice accessions	77.0	82.0	78.2	80.0	82.0
Apprentice completions	25.0	28.0	30.0	32.0	35.0
Apprentices in training end of year	196.0	211.0	221.0	232.0	242.4
Skill improvement programs installed	0.8	1.0	0.4	0.7	0.6
Skill improvement trainee participants	15.0	18.0	18.0	25.0	25.0

Changes for 1970

Mandatory changes amount to (page BAT - 6)	+$ 86,600
Program changes amount to	- 303,339
Positions	- 29

Reduction in the number of new apprenticeship programs results in a reduction of 29 positions and $303,339. However, the total number of apprentice participants, accessions, and completions are expected to increase due to increased openings in already established programs stimulated by a prosperous economy, the growing need for skilled workers, and the promotional stress on providing equal opportunity for minorities in career occupations.

Activity 2. ADMINISTRATION AND MANAGEMENT SERVICES (1969, $382,100, Pos. 23; 1970, $382,000, Pos. 22)

Narrative Description of Program

This program provides for the over-all planning, direction, coordination and evaluation of Bureau policies and programs. Also included are the development and implementation of administrative and management plans, policies and procedures in the area of budget and fiscal administration, organization management, management analysis, and office services.

In 1968, staff training related to modifications in the Bureau's work planning and reporting system was conducted in a series of multi-regional conferences. Financial management accomplishments included participation with the Department in the development of the Department wide cost accounting system, and implementing and adapting the system to the particular needs of the Bureau.

In 1969 and 1970, it is planned to continue to provide over-all program planning and policy development as well as administrative services for a nationwide network of the national apprenticeship and training program.

Changes for 1970

Mandatory changes amount to (page BAT - 6)	+$5,100
Program changes amount to	- 5,200
Positions	- 1

DISTRIBUTION OF FIELD STAFF

Supervising Offices	1969			1970		
	Profes-sional	Clerical	Total	Profes-sional	Clerical	Total
Atlanta, Ga.....	27	20	47	24	19	43
Boston, Mass.....	19	14	33	17	14	31
Chicago, Ill.....	62	46	108	60	45	105
Dallas, Texas.....	28	21	49	26	20	46
Kansas City, Mo.....	36	26	62	34	25	59
New York City, N.Y....	24	17	41	21	16	37
Philadelphia, Pa.....	35	26	61	32	25	57
San Francisco, Calif..	17	12	29	16	11	27
Seattle, Wash.....	14	11	25	13	10	23
Total Field Staff..	262	193	455	243	185	428

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation $5,220,000

The estimate for 1970 provides for 490 full-time positions and 466 man-years. Field offices are allocated 407 man-years and the national office is allocated 59 man-years. The net decrease of $285,500 and 30 positions from fiscal year 1969 results from the reduction in the number of new apprenticeship programs.

Personnel benefits $408,600

The estimate reflects a net decrease of $23,039 from fiscal year 1969. This results from the reduction of 30 positions below the current base.

Travel and transportation of persons $378,600

The estimate for 1970 is the same as 1969 and provides per diem, transportation, mileage and parking costs for regular travel for employees as indicated below:

	1969	1970	Change
Number of travelers	303	303	--
Number of days traveled	11,100	11,100	--
Subsistence and per diem	$151,500	$151,500	--
Mileage and transportation costs	207,500	207,500	--
All other transportation costs	19,600	19,600	--
	$378,600	$378,600	--

Transportation of things $14,500

The estimate for 1970 is the same as 1969 and provides $5,500 for shipment of supplies, printed materials, visual aids and equipment; and $9,000 for movement of household goods for 9 official station changes at $1,000 per move.

	1969	1970	Change
Shipment of supplies, etc.	$ 5,500	$ 5,500	--
Household moves	9,000	9,000	--
	$14,500	$14,500	--

Rent, communications and utilities $192,900

The estimate for 1970 is a mandatory increase of $91,700 over 1969 which provides $86,200 for Federal telecommunications services, and $5,500 for penalty mail.

	1969	1970	Change
Rentals	$ 24,400	$ 24,400	$ --
Communications services including teletypes and telegrams, toll calls and telephone service	21,100	21,100	--
Federal telecommunications service	28,700	114,900	+ 86,200
Paid official mail	27,000	32,500	+ 5,500
	$101,200	$192,900	+$91,700

Printing and reproduction $27,900

The estimate for 1970 is the same as 1969 and provides for promotional material.

	1969	1970	Change
Administrative forms	$ 2,000	$ 2,000	--
Publications	25,900	25,900	--
	$27,900	$27,900	--

Other services $340,100

The estimate for 1970 is the same as 1969 and covers costs as indicated below:

	1969	1970	Change
Contractual services	$ 50,900	$ 50,900	--
Repairs and services	15,000	15,000	--
Miscellaneous services, including employee training and conference rooms	13,700	13,700	--
Services of other agencies:			
U.S. Civil Service Commission and Public Health Service	8,600	8,600	--
Working Capital Fund	251,900	251,900	--
	$340,100	$340,100	--

Supplies and materials $29,400

The estimate for 1970 is the same as 1969 and provides for such purchases as indicated below:

	1969	1970	Change
Desk top supplies, subscriptions, envelopes and duplicating supplies	$29,400	$29,400	--
	$29,400	$29,400	--

Equipment $17,000

The estimate for 1970 is the same as 1969 and covers the following:

	1969	1970	Change
Necessary visual aid training equipment, replacement of worn-out equipment	$17,000	$17,000	--
	$17,000	$17,000	--

THURSDAY, MARCH 6, 1969.

BUREAU OF EMPLOYMENT SECURITY

WITNESSES

ROBERT C. GOODWIN, ADMINISTRATOR
ARNOLD R. WEBER, ASSISTANT SECRETARY FOR MANPOWER
J. N. PEET, MANPOWER ADMINISTRATOR
W. R. CURTIS, DEPUTY ADMINISTRATOR
CHARLES E. ODELL, DIRECTOR, U.S. EMPLOYMENT SERVICE
PHILIP T. LAWLOR, DIRECTOR, OFFICE OF BUDGET ORGANIZATION AND MANAGEMENT, U.S. EMPLOYMENT SERVICE
FOREST L. MILLER, DIRECTOR, UNEMPLOYMENT INSURANCE SERVICE
FRANK SHIRK, ASSISTANT DIRECTOR FOR STATE OPERATIONS, UNEMPLOYMENT INSURANCE SERVICE
JACK S. DONNACHIE, DEPUTY DIRECTOR, OFFICE OF FARM LABOR SERVICE
EDWARD L. OMOHUNDRO, CHIEF, VETERANS EMPLOYMENT SERVICE
MICHAEL J. NASTICK, CHIEF, DIVISION OF APPROPRIATIONS AND FEDERAL FISCAL ACTIVITIES
CONRAD M. JONES, DIRECTOR, OFFICE OF BUDGET POLICY AND REVIEW

UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

PROGRAM AND FINANCING (In thousands of dollars)

	1968 actual	1969 estimate	1970 estimat
Program by activities:			
1. Payments to Federal employees	47,040	33,200	51,400
2. Payments to ex-servicemen	58,195	42,053	64,400
Total obligations	105,235	75,253	115,800
Financing:			
Comparative transfer to other accounts	1,776	.....	.....
Unobligated balance lapsing	520	.....	.....
Appropriation available from subsequent year	−16,947	.....	.....
Appropriation available in prior year	2,416	16,947	.....
Budget authority (appropriation)	93,000	92,200	115,800
Relation of obligations to outlays:			
Obligations incurred, net	107,011	75,253	115,800
Obligated balance, start of year	20	.....	.....
Receivables in excess of obligations, start of year	.....	−37	.....
Receivables in excess of obligations, end of year	37	.....	.....
Adjustments in expired accounts	−40	.....	.....
Outlays	107,028	75,216	115,800

TRADE ADJUSTMENT ACTIVITIES

PROGRAM AND FINANCING (In thousands of dollars)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Trade adjustment allowances	1,649	1,200	1,027
2. Trade adjustment activities, State administration	127	100	73
Total program costs, funded—obligations	1,776	1,300	1,100
Financing: Comparative transfer from other accounts	−1,776		
Budget authority (appropriation)		1,300	1,100
Relation of obligations to outlays:			
Obligations incurred, net		1,300	1,100
Adjustments in expired accounts	−2		
Outlays	−2	1,300	1,100

LIMITATION ON GRANTS TO STATES FOR UNEMPLOYMENT COMPENSATION AND EMPLOYMENT SERVICE ADMINISTRATION

OBJECT CLASSIFICATION (In thousands of dollars)

	1968 actual	1969 est.	1970 est.
Personnel compensation:			
Permanent positions	2,029	2,450	2,488
Positions other than permanent	7	7	7
Other personnel compensation	49	55	55
Total personnel compensation	2,085	2,512	2,550
Personnel benefits: Civilian employees	155	183	187
Travel and transportation of persons	17	26	26
Rent, communications, and utilities	267	272	272
Printing and reproduction	20	25	25
Other services	219	238	238
Supplies and materials	17	24	24
Equipment	1	5	5
Grants, subsidies, and contributions	552,749	600,800	627,507
Administrative expense included in schedule for fund as a whole	−555,530	−604,085	−630,834
Total obligations			

PERSONNEL SUMMARY

Total number of permanent positions	290	290	290
Full-time equivalent of other positions	.9	.9	.9
Average number of all employees	266	280	280
Average GS grade	8.3	8.3	8.3
Average GS salary	$8,432	$8,991	$9,202

PROGRAM AND FINANCING (In thousands of dollars)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Unemployment insurance service	243,979	258,761	258,205
2. Employment service	283,607	305,993	316,341
3. Administration and management	27,944	27,331	38,288
4. Contingency fund		12,000	18,000
Total obligations	555,530	604,085	[1] 630,834
Financing:			
Receipts and reimbursements from: Federal funds	−12	−12	−12
Unobligated balance lapsing	1,414		
Limitation	556,932	604,073	630,822

[1] Legislation will be proposed to permit quarterly tax collection. If approved, the additional revenues will be available to finance increased administrative costs after an appropriate increase in the limitation.

BUREAU OF EMPLOYMENT SECURITY, SALARIES, AND EXPENSES

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Permanent positions	12,672	15,040	14,738
Positions other than permanent	73	4	4
Other personnel compensation	66	112	112
Total personnel compensation	12,811	15,156	14,854
Personnel benefits: Civilian employees	988	1,134	1,111
Travel and transportation of persons	858	1,014	978
Transportation of things	51	51	51
Rent, communications, and utilities	481	381	450
Printing and reproduction	313	183	183
Other services	1,377	1,951	1,951
Supplies and materials	60	27	27
Equipment	23	66	53
Grants, subsidies, and contributions	75	100	100
Administrative expense included in schedule for fund as a whole			−19,758
Total obligations	17,037	20,063	

Personnel Summary

Total number of permanent positions	1,292	1,356	1,328
Full-time equivalent of other positions	4	1	1
Average number of all employees	1,198	1,255	1,236
Average GS grade	9.8	9.8	9.8
Average GS salary	$11,235	$12,077	$12,306

GENERAL FUND APPROPRIATION

PROGRAM AND FINANCING

[In thousands of dollars]

	1968 actual	1969 estimate	197 estimate
Financing:			
Comparative transfer to other accounts	2,534	2,717	
Unobligated balance lapsing	96		
Budget authority	2,630	2,717	
Budget authority:			
Appropriation	2,630	2,900	
Transferred to other accounts		−41	
Appropriation (adjusted)	2,630	2,859	
Proposed transfer to other accounts for pay increases		−142	
Relation of obligations to outlays:			
Obligations incurred, net	2,534	2,717	
Obligated balance, start of year	1,592	1,493	1,398
Obligated balance, end of year	−1,493	−1,398	−1,393
Adjustments in expired accounts	−37		
Outlays	2,596	2,812	5

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1967, $696,000; 1968, $699,000; 1969, $699,000; 1970 $699,000.

TRUST FUND LIMITATION

PROGRAM AND FINANCING

[In thousands of dollars]

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Unemployment Insurance Service	3,559	4,316	4,187
2. U.S. Employment Service	10,397	11,987	11,887
3. Administration and Management Service	1,205	1,713	1,650
4. Farm labor contractor registration activities	208	250	250
5. Admission and employment in agriculture of nonimmigrant aliens	961	1,015	1,015
6. Admission and employment of immigrant aliens	704	782	769
Total program costs, funded	17,034	20,063	19,758
Change in selected resources [1]	3		
Total obligations	17,037	20,063	19,758
Financing:			
Receipts and reimbursements from—			
Federal funds	−82	−118	−118
Trust funds	−17,990	−20,073	
Proposed increase due to civilian Pay Act increases		−865	
Comparative transfer to other accounts	1,035	993	
Budget authority (trust fund limitation)			19,640

REVOLVING FUND FOR ADVANCES TO EMPLOYMENT SECURITY ADMINISTRATION ACCOUNT, UNEMPLOYMENT TRUST FUND

PROGRAM AND FINANCING

[In thousands of dollars]

	1968 actual	1969 estimate	1970 estimate
Program by activities: Loans to Employment Security Administration account (costs—obligations)	264,696	311,912	340,912
Financing:			
Receipts and reimbursements from trust funds:			
Loans repaid	−264,696	−311,912	−340,912
Revenue	−3,271	−4,000	−4,150
Unobligated balance available, start of year	−308,641	−311,912	−340,912
Unobligated balance available, end of year	311,912	340,912	345,062
Budget authority (appropriation)		25,000	
Relation of obligations to outlays: Obligations incurred, net	−3,271	−4,000	−4,150
Outlays	−3,271	−4,000	−4,150

Biographical Sketch of Principal Witness

ROBERT C. GOODWIN

Robert C. Goodwin, Administrator, Bureau of Employment Security, U.S. Department of Labor.

Mr. Goodwin was born in Payette, Idaho, June 8, 1906. He is a graduate of Whitman College, Walla Walla, Wash., from which he also holds an honorary doctor of laws degree. He took graduate work in public administration at the University of Cincinnati.

He began his career in Employment Security in 1930, as a supervisor in the Cincinnati Public Employment Service. In the following years he served as director of the Hamilton County Ohio Department of Public Welfare; then, as regional director of the Social Security Board, and regional director of the War Manpower Commission, both in Cleveland.

He came to Washington in 1945 as Executive Director of the War Manpower Commission, later serving as Director of the U.S. Employment Service, before assuming his post as Administrator of the Bureau of Employment Security in 1948.

Mr. FLOOD. We have with us today Mr. Robert C. Goodwin, Administrator of the Bureau of Employment Security.

Mr. Goodwin, I see you have a statement. How do you wish to proceed?

Mr. GOODWIN. We have four different items, Mr. Chairman. It has been suggested that we start with unemployment compensation for Federal employees and ex-servicemen.

Mr. FLOOD. What is the next?

Mr. GOODWIN. Trade adjustment activities.

Mr. FLOOD. We should not have much trouble with either of those, should we?

Mr. GOODWIN. They are comparatively small.

Mr. FLOOD. How do you want to attack it?

Mr. GOODWIN. I would like to insert the formal statement into the record to give the basic points involved.

Mr. FLOOD. Proceed.

UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

(The statement follows:)

GENERAL STATEMENT OF THE ADMINISTRATOR

BUREAU OF EMPLOYMENT SECURITY UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

Mr. Chairman and members of the committee, in successive programs beginning with the Servicemen's Readjustment Act of 1944, the Federal Government has provided the protection of unemployment insurance to ex-servicemen following their discharge from the armed services under conditions other than dishonorable. In 1958 this protection was made a permanent addition to title XV of the Social Security Act (now title V of the U.S. Code). Federal civilian workers, likewise, have been afforded this protection since 1955.

Generally, the benefits provided are paid to ex-servicemen and former Federal civilian workers in accordance with the unemployment compensation law of the State to which the Federal wages are assigned. These State laws govern the amounts as well as the qualifying and eligibility requirements for receipt of the benefits. The temporary protection afforded to ex-servicemen and former Federal civilian employees is similar to the protection that is available to workers in private industry against the risks of involuntary unemployment.

For fiscal year 1969, Congress appropriated $128,200,000 (including a recently enacted supplemental of $36 million) for the payment of benefits to ex-servicemen and former Federal civilian employees. Since benefits totalling about $17 million were paid in fiscal year 1968 from an advance against the 1969 appropriation, the funds available to finance these benefits in 1969 total about $111,200,000.

For fiscal year 1970 the estimate before you is that the cost of benefits that will be paid to ex-servicemen and former Federal civilian employees will amount to $115,800,000. Of this total $64,400,000 would be required for the ex-servicemen's program and $51,400,000 for the former Federal civilian employees' program. The $115,800,000 estimated for the two programs is approximately $4,500,000 greater than the amount estimated to be paid in fiscal year 1969. This increase is accounted for by higher weekly benefit amounts resulting from liberalization of State laws to keep pace with wage increases and from pay raises approved for both military and civilian Federal employees.

Thus, the budget request assumes that the number of weeks compensated in fiscal 1970 will be about the same as that experienced in 1969. The number of military and civilian separations are also expected to remain at approximately the current level during 1970.

To insure that payments will not be interrupted if the 1970 appropriation proves insufficient, language should again be included to permit funds from the subsequent fiscal year to be used, if needed, after March 31, 1970, in the event that time will not permit obtaining a supplemental appropriation from Congress. This provision constitutes a major improvement in the financing of these programs and proved to be a major factor in preventing a suspension of benefit payments to claimants during the last 2 weeks of fiscal year 1967 when appropriated funds were $2,400,000 less than the actual benefit payment expenditures. It also may be necessary to utilize this provision for fiscal year 1969 needs. We earnestly request that the same provisional language be included for the 1970 appropriation. As you know, these benefits are mandatory under title V of the U.S. Code and moneys appropriated by the Congress for this purpose cannot be used for any other activity.

Mr. Chairman, this concludes my statement on the request for unemployment compensation for former Federal civilian employees and ex-servicemen. The budget request is for $115,800,000, which compares with the $111,253,479 available for fiscal year 1969.

General Statement

Mr. Goodwin. Mr. Chairman and members of the committee, we have had this program, as you know, for a good many years now. Since 1944, the Federal Government has provided the protection of unemployment insurance to ex-servicemen following their discharge from the armed services. In 1958, this protection was made a permanent addition to title XV of the Social Security Act. Federal civilian workers, likewise, have been afforded this protection since 1955.

Generally, the benefits provided are paid to ex-servicemen and former Federal civilian workers in accordance with the unemployment compensation law of the State to which the Federal wages are assigned. The protection is similar to that which is available to workers in private industry and in general follows the provisions of the State law.

For fiscal year 1969, Congress appropriated $128,200,000. That includes a recently enacted supplemental of $36 million.

Mr. Flood. By "recently" in that case, you mean just a few weeks ago.

Mr. Goodwin. Yes, sir.

Since benefits totaling about $17 million were paid in fiscal year 1968 from an advance against the 1969 appropriation, the funds available to finance these benefits in 1969 total about $111,200,000.

Let me say here, Mr. Chairman and members of the committee, we appreciate very much the expedition of the supplemental.

For fiscal year 1970, the estimate before you is that the cost of benefits that will be paid to ex-servicemen and former Federal civilian employees will amount to $115,800,000. Of this total, $64,400,000 would be required for the ex-servicemen's program and $51,400,000 for the former Federal civilian employees' program.

The $115,800,000 estimated for the two programs is approximately $4,500,000 greater than the amount estimated to be paid in fiscal year 1969. This increase is accounted for by higher weekly benefit amounts resulting from liberalization of State laws to keep pace with wage increases.

The budget request assumes that the number of weeks compensated in fiscal 1970 will be about the same as that experienced in 1969. The number of military and civilian separations are also expected to remain at approximately the current level during 1970.

We would like to urge that the language which you have put in the bill in prior years, the last couple of years, should be included again. This permits the payments that come after March 31 of the fiscal year to be paid out of the following year's appropriation if current funds are not sufficient. This is a necessary device and reduces the need for supplementals. We think that it should be continued.

Mr. Chairman, this concludes my statement on the request for unemployment compensation for former Federal civilian employees and ex-servicemen. In summary, the budget request is for $115,800,000, which compares with $111,253,479 available for fiscal year 1969.

Mr. FLOOD. There is really no administrative control over these expenditures except for determining each man's eligibility. Is that about it?

Mr. GOODWIN. That is right, Mr. Chairman. The bill has to be paid, and there is no administrative control over it.

INADEQUACY OF ESTIMATES

Mr. FLOOD. Why have the estimates been so bad in the last few years? I mean bad. Is it because of the State people, or what?

Mr. GOODWIN. No. I think several people have to share the blame, Mr. Chairman. For fiscal 1969 our original estimate was off substantially.

Mr. FLOOD. Suppose you place a table in the record for 1968, 1969, and 1970, showing the Department's request to the Budget Bureau, then what the Bureau of the Budget allowed, and then the actual expenditures for 1968, and the very latest estimate for 1969 and 1970.

Mr. GOODWIN. I would be glad to do that.

(The information follows:)

UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

History of estimates, fiscal year 1968, 1969, 1970

[In millions of dollars]

Fiscal year 1968:		
Original estimate:		
Department request to the Bureau of the Budget	$65.0	
Bureau of the Budget allowance	65.0	
Congressional action		$65.0
Supplemental estimate:		
Department request to the Bureau of the Budget	28.8	
Bureau of the Budget allowance	28.8	
Congressional action		28.0
Total appropriated		93.0
Less transfer to trade adjustment activities		−1.8
Less advance to 1967		−2.4
Plus advance from 1969		+17.0
Total available		105.8
Obligations		105.3
Fiscal year 1969:		
Original estimate:		
Department request to the Bureau of the Budget	92.2	
Bureau of the Budget allowance	92.2	
Congressional action		92.2
Supplemental estimate:		
Department request to the Bureau of the Budget	52.0	
Bureau of the Budget allowance	36.0	
Congressional action		36.0
Total appropriated		128.2
Less advance to 1968		−17.0
Total available		111.2
Present estimate of needs		131.2
Fiscal year 1970:		
Department request to the Bureau of the Budget		132.5
Bureau of the Budget allowance		115.8
Present estimate of needs		135.0

Mr. GOODWIN. The problem we got into this year, when we did not have sufficient funds to reach the last quarter, would have been avoided if the supplemental we submitted had not been cut so drastically. The original estimate was too low. We were off because we did not fully anticipate the number of returning veterans. Our error was almost entirely——

Mr. FLOOD. You had a lot of company.

Mr. GOODWIN. We did have some company.

Mr. FLOOD. The Bureau of the Budget is the real culprit, isn't it?

Mr. GOODWIN. As I say, I think several have to share this. They caused the problem, I think it would be fair to say, in terms of our not being able to get into the last quarter of this year.

Mr. FLOOD. There is no doubt about it.

Mr. GOODWIN. We knew our error early last year and submitted a supplemental which was cut drastically.

REASONS FOR CHANGE IN ESTIMATES

Mr. FLOOD. Mr. Shriver?

Mr. SHRIVER. Are there likely to be any changes brought about by new State laws that will affect this estimate?

Mr. GOODWIN. The State laws are constantly changing.

Mr. SHRIVER. Have you enough increase here for that?

Mr. GOODWIN. We do not have enough in this to meet what we think will be the total need next year. This point was made by Mr. Weber yesterday, I believe. However, the deficiency does not result from State law changes. Our estimates on the increases that grow out of changes in State laws are pretty good, and we are able to provide for this factor.

Mr. FLOOD. There are certain people on the floor who will question us, you know.

Mr. GOODWIN. I know.

Mr. FLOOD. They know just as well as we do what the answer is, but they will make a point of questioning us on the floor. Can you add any further explanation?

Mr. GOODWIN. I think the best explanation we have of it is that we have not been able to get firm figures on the number coming our of the armed services. Conditions change and Defense Department policies change. It does not take very much change of this kind to throw our figures off.

Mr. WEBER. Mr. Chairman, if I may interject, there seems to have been in the last year or so a significant drop in the reenlistment rate in the military services, and I would suspect that is the increment in terms of the servicemen who are eligible.

Mr. FLOOD. I think you are right about that.

Mr. WEBER. It is hard to predict at this point.

Mr. FLOOD. That is right.

Mr. SHRIVER. You still think it necessary to include the language we have had in the past?

Mr. GOODWIN. That is true.

Mr. FLOOD. Mr. Smith?

USE OF STATE ESTIMATES

Mr. SMITH. To what extent do you in making your estimate secure and consider estimates made by the States?

Mr. GOODWIN. We base this on the best estimate we can get on the number coming out of the armed services and the number who will be released from the Federal service who will be seeking benefits or be entitled to benefits. Then, based on our experience on changes made in State laws from year to year, we estimate how much the average weekly benefit will be increased in the next year and other types of changes that may be made in State laws which will bring about increased costs.

Mr. SMITH. Do each of the States make an estimate?

Mr. GOODWIN. We do not get an individual estimate of how many veterans will receive benefits in the States. We make that estimate here ourselves.

Mr. FLOOD. Sometimes the States are late in communicating with you, too, on anything.

Mr. GOODWIN. Yes, but I do not think that would be pertinent in this particular problem, because the States do not have the basic information that is needed.

Mr. SMITH. In the welfare field, for example, they merely total them up, but you do not secure such estimates from States?

Mr. GOODWIN. Not in this particular estimate.

Mr. FLOOD. This is different from public assistance. You do this one at the national level yourself. Isn't that so? This is different from the reports we get on public assistance from the States. This one you do.

Mr. GOODWIN. Yes, sir, Mr. Chairman. These two programs are Federal programs. They operate under Federal law. The States operate as agents for the Federal Government. They are different from the regular unemployment insurance programs which operate under State law. In this case the States operate as agents of the Federal Government.

Mr. SMITH. That is all, Mr. Chairman.

Mr. FLOOD. Mr. Michel?

Mr. MICHEL. I think you have probably covered it. All I was really interested in, Mr. Chairman, is the question which you probably have asked with respect to why these estimates have been so god-awful. Here we are on this side trying to do our best to give people in all the departments sufficient money to gather information and furnish us with good figures upon which to make our best judgment, and then we find our estimates are so bad. That prompts our colleagues to inquire of us, "Aren't you fellows looking at these things close enough to come up with a better figure in the first place? I thought you were immune from having the wool pulled over your eyes."

Mr. FLOOD. This is very embarrassing on the floor.

Mr. GOODWIN. I said while you were out of the room, Mr. Michel, that the original appropriation for fiscal 1969 was off about $40 million. We knew that before Congress adjourned last year. We knew it last summer. We came in with a supplemental which would have taken care of the problem. If that supplemental had passed, we would have been short about $2 million, which could have been taken out of the advance and not seriously impair the need for fiscal 1969. It was cut drastically and, therefore, we ended up with this problem.

SHORTAGE IN 1970 ESTIMATE

Mr. MICHEL. While we are on this subject, you have the figure here, for example, in the 1970 estimate, of $115,800,000, and that will not come anywhere near hitting the mark; will it?

Mr. GOODWIN. We believe now it will be about $20 million short.

Mr. MICHEL. Including what you will have to pay out for 1969?

Mr. GOODWIN. Your question was directed to 1970?

Mr. MICHEL. I am reading from the estimates here in the justifications.

Mr. GOODWIN. Our estimates are that we are short about $20 million for 1969 and about $20 million for 1970.

Mr. MICHEL. In other words, instead of $115 million, it really ought to be $155 million.

Mr. GOODWIN. That is right, assuming $20 million is advanced to 1969.

Mr. MICHEL. Now its this kind of situation, that puts us in a bad light. Our colleagues ask, "What is the matter with you fellows on the Appropriations Committee? I thought you were supposed to be holding down expenditures, but here are some more add-ons. We know it is an obligation we have to meet. Why don't you come up with the right figure in the first place so it doesn't put us in such a miserable position of having to carry the water for increases which you knew about all the time?"

Mr. GOODWIN. This budget is under review now by this administration. Mr. Weber may want to say something about it. There is a possibility that we will be back for additional money this year.

AVERAGE LENGTH OF UNEMPLOYMENT COMPENSATION FOR VETERANS

Mr. MICHEL. One final question. Do you note any extended period of time for the returning veterans being on unemployment compensation as distinguished from those returning veterans, let us say, of the Korean war and World War II? Now we are at a time of, I think we call it, peak employment, and you would think normally a young man coming out of service would get right on the job because jobs are available. There were times when you would rather stay in the service because you weren't so sure you could get a job when you got out, although in my class I know we were anxious to get out and get started to school again. I recall fellows at the end of World War II, who for at least 60 days were running down to draw that unemployment compensation when they got out of the service.

Mr. GOODWIN. The average period of unemployment compensation for veterans is quite short, only 5 or 6 weeks. When you consider the adjustment of a fellow coming out of the service and looking around, not taking just the first job—which may not be a particularly good one—that is not a very long period. I do not know offhand how it compares with the Korean period.

Mr. FOREST L. MILLER. I do not have figures on the post-Korean period but it is certainly much shorter than World War II.

Mr. GOODWIN. We will get some figures on that.

Mr. MICHEL. I would be interested in it. Could you spell out what the average length of time would be for Federal employees?

Mr. GOODWIN. It is a little higher for that group.

Mr. FOREST L. MILLER. It runs about 9 weeks for Federal employees.

Mr. MICHEL. Comparatively speaking, you are talking about twice as long a period as for veterans. How about an average figure exclusive of veterans?

Mr. GOODWIN. Industrial workers now?

Mr. MICHEL. Yes.

Mr. GOODWIN. It is 5.5 weeks.

Mr. MICHEL. That is all, Mr. Chairman.

(The information requested follows:)

AVERAGE DURATION PER SPELL OF UNEMPLOYMENT, UNEMPLOYMENT INSURANCE PROGRAMS FOR EX-SERVICEMEN

Program	Calendar year	Duration per spell (weeks)
Servicemen's Readjustment Act (World War II veterans)	1946	9.4
	1947	8.1
Unemployment compensation for veterans (Korean veterans)	1952	7.7
	1960	.....
Unemployment compensation for ex-servicemen	1966	6.0
	1967	5.5
	1968	5.8

Mr. FLOOD. Have you any questions, Mrs. Reid?

Mrs. REID. What is the current ratio of unemployment between male and female workers?

Mr. GOODWIN. I do not recall that figure.

Mr. FOREST L. MILLER. I am not real sure. I can supply it.

Mr. GOODWIN. It is a little higher for females, but how much I do not recall.

Mr. MICHEL. You mean in the entire work force?

Mrs. REID. Yes.

(The information requested follows:)

CURRENT RATIO OF UNEMPLOYMENT—MALE AND FEMALE

The seasonally adjusted unemployment rate nationally was 3.3 percent in February 1969. The rate for men 16 years and over was 2.6 percent and the comparable rate for women was 4.5 percent. There were 1,283,000 men and 1,344,000 women unemployed at that time.

TRADE ADJUSTMENT ACTIVITIES

Mr. FLOOD. All right, let us get to the trade adjustment activities.

(The statement follows:)

STATEMENT OF THE ADMINISTRATOR

BUREAU OF EMPLOYMENT SECURITY TRADE ADJUSTMENT ACTIVITIES

Mr. Chairman and members of the committee, under title III of the Automotive Products Trade Act of 1965, and under title III of the Trade Expansion Act of 1962, the Federal Government has provided the protection of unemployment insurance in the form of adjustment allowances to eligible dislocated workers. These allowances are paid by the State employment security agencies under agreement with the Secretary of Labor.

The temporary protection provided to the dislocated workers is similar to the protection that is available to workers in private industry against the risks of involuntary unemployment. However, the benefit formula produces a higher weekly benefit amount and substantially more potential weeks of duration for these beneficiaries than for State unemployment insurance beneficiaries.

Since, under existing legislation, no new petitions can be accepted after June 30, 1968, the funds requested for 1970 can only be used to pay allowances to those eligible workers who will carry over entitlement. For 1970 we estimate that the cost of adjustment allowances to be paid dislocated workers will amount to $1,027,000 while the administrative expenses of State employment security agencies to make these allowance payments will amount to $73,000. These allowance payments are mandatory under current legislation and moneys appropriated by the Congress for this purpose cannot be used for any other activity.

Mr. Chairman, this concludes my statement on the request for funds for the Automotive Products Trade Act. The budget request is for $1,100,000, which compares to $1,300,000 for fiscal year 1969.

GENERAL STATEMENT

Mr. GOODWIN. Mr. Chairman and members of the committee:

Under title III of the Automotive Products Trade Act of 1965 and under title III of the Trade Expansion Act of 1962, the Federal Government has provided the protection of unemployment insurance in the form of adjustment allowances to eligible dislocated workers. These allowances are paid by the State employment security agencies under agreement with the Secretary of Labor.

Again, the States in this case act as the agent for the Department of Labor.

Mr. FLOOD. This is phasing out. When will it be completely phased out?

Mr. GOODWIN. There is a potential for about 4 more years.

Mr. FLOOD. Is there?

Mr. GOODWIN. Yes, although no new ones can come into the program. They could not come in since June 30, 1968, that is no new petitions could be filed since that date. Mr. Miller might give you the details of the steps that make it possible for them to come in any time within those 4 years.

Mr. MILLER. Mr. Chairman, under the provisions of the statute, a person who is adversely affected under the Automotive Products Trade Act has 2 years within which to file a claim. If he files a claim and is eligible, he has generally 2 years within which to draw his benefits. So, running from June 30, 1968, the maximum potential period would take us to June 30, 1972, I believe, a 4-year period.

Mr. FLOOD. Very well.

Mr. GOODWIN. For 1970, we estimate that the cost of adjustment allowances to be paid for dislocated workers will amount to $1,027,000, while the administrative expenses of State employment security agencies to make these allowance payments will be about $73,000. These payments are also mandatory, Mr. Chairman, and we have no leeway on them.

This concludes my statement, and I shall be glad to answer any questions on this request.

POSSIBILITY OF FURTHER REDUCTION IN ESTIMATE

Mr. FLOOD. Your reduction from 1969 is only 15 percent. June 30, 1968, was the cutoff date. It seems to me the costs would go down faster than that. Can you not get jobs for these people? Won't they go to work? What is the reason?

Mr. GOODWIN. Frankly, there is a possibility the cost will be substantially less than this. We are talking about a little over a million dollars here, but it is possible that it could be no more than half that.

The reason we are reluctant to make a further cut in the estimate at this time is that we have not been quite sure about what might develop in the automobile industry. This is where most of this comes from. It does not take very much to eat that million dollars up very quickly. We have left it at this figure. Again, this item is being re-

viewed by the new administration, and there is a chance of making a further reduction in it.

Mr. FLOOD. Is any serious effort or attempt being made to extend the cutoff date for applications? Is anybody trying?

Mr. GOODWIN. There has been a legislative proposal. It has not gotten through the initial steps so far. Is that correct, Mr. Miller?

Mr. MILLER. That is true.

Mr. GOODWIN. The legislation has not even been reported out of committee.

Mr. FLOOD. You estimate the obligations for fiscal 1969 at $1,300,000. How much did you use during the first half of the year?

Mr. GOODWIN. Less than half of it.

Mr. FLOOD. Mr. Michel?

Mr. MICHEL. I do not think we need to explore it any further.

GRANTS TO STATES FOR UNEMPLOYMENT COMPENSATION AND EMPLOYMENT SERVICE ADMINISTRATION

Mr. FLOOD. Now we shall go to Grants to States.

Mr. GOODWIN. If it meets with your approval, I will submit this statement for the record. It is a little longer.

(The statement follows:)

STATEMENT OF THE ADMINISTRATOR

BUREAU OF EMPLOYMENT SECURITY GRANTS TO STATES FOR UNEMPLOYMENT COMPENSATION AND EMPLOYMENT SERVICE ADMINISTRATION

Mr. Chairman and members of the committee, the total estimate of administrative costs to operate the employment security system in the States is $667,750,000 for fiscal year 1970. Total program requirements amount to $36,928,000 more than is available under current law. The budget before you, therefore, requests $630,822,000, the amount which can currently be funded from collections under the Federal Unemployment Tax. Proposed legislation has been submitted to provide for the difference.

The budget before you is an increase of $26,749,000 over the 1969 limitation and provides $7,899,000 for mandatory needs and program increases totalling $18,850,000.

Before I discuss the 1970 program in detail I would like to make a brief statement on the economic conditions which influence the estimate.

BUDGET ASSUMPTIONS

As the members of this committee are well aware, the nature and volume of employment security activities are in part dependent upon changes in economic conditions, for the country as a whole, and within each State and local labor area.

We assume that during fiscal year 1970 economic activity will be increasing, but at a more gradual pace than we experienced in calendar year 1968. Total civilian employment is assumed to be rising enough to absorb the increase in the civilian labor force and growing worker productivity. As a result, total unemployment, for the year as a whole, is expected to average about the same volume as in fiscal year 1969, which is estimated at 3.0 million.

Insured unemployment, it is estimated, will edge up to an average weekly volume from 1.1 million to 1.15 million for the year as a whole, while the rate of insured unemployment will remain at about 2.2 percent, the same rate experienced in the first half of this fiscal year (seasonally adjusted).

Accompanying the growth in total employment, it is assumed that there will be an increase in employment in those establishments covered by State unemployment insurance laws. This increase is estimated at well over 1.0 million.

Employment service activities will also be influenced by economic changes as the continued expansion in employment will provide job openings and aid placement activities. At the same time, however, shifts in public and private spending

will have varying impacts on States and communities. As a result, some employment offices will be deeply involved in recruitment activities for industries, while others may have problems of developing job opportunities for a surplus of workers in some occupations and some areas.

MANDATORY INCREASES FOR FISCAL YEAR 1970

Our total need for mandatory items is a net increase of $38,227,000. The budget before you, however, covers only $7,899,000 of that need, the amount that can be provided under current legislation. The $7,899,000 provides for funding on a full year basis of positions approved last year for our management improvement effort requiring $2,124,000. Rent increases total $2,547,000. Mandatory items relating specifically to unemployment insurance are estimated to cost $5,228,000 and I will comment further on these later. The gross mandatory need is decreased by a reduction of $2 million in the budgeted base provision for supplies and equipment. This reflects anticipated savings resulting from authority granted State employment security agencies by the General Services Administration to purchase through Federal supply sources.

The additional $30,328,000 in mandatory needs is included in the request under proposed legislation.

UNEMPLOYMENT INSURANCE

Mr. Chairman, our request for State unemployment insurance operations provides for mandatory increases because of growth in the coverage of the program and changes in State laws, as well as a small increase to cover workload volumes. The increases are offset by anticipated savings through higher productivity.

It is expected that in fiscal year 1970 the number of employers subject to State unemployment insurance taxes will increase by 53,000. The assumed growth in the economy and increase in employment, will, it is expected, bring 20,000 employers into the State unemployment insurance system. An additional 33,000 are expected to become subject to the State laws as the result of recent State legislation extending coverage to smaller employers. We are requesting $1,770,000 to meet the workload associated with these increases in coverage.

Claims-taking and processing workloads are also expected to rise in fiscal year 1970, as the average weekly volume of insured unemployment under State laws rises by about 50,000 above that estimated in the fiscal year 1969 budget. The budget includes $3,458,000 for this added workload.

Our 1970 estimates of unemployment insurance workloads are very conservative and minor changes in economic conditions could result in heavier volumes of claims activities than we have provided for in this request. Consequently, we have asked for an additional contingency amount of $6 million for a total contingency fund of $18 million. This amount, added to that which may be available from normal budgetary adjustments, should be adequate to take care of contingency needs in 1970.

Before leaving the subject of the unemployment insurance service I would like to add one comment. The charts on pages 15, 16, and 21 through 24 of the grants budget show that over the 7-year period from 1963 to 1970 the program will have achieved an average annual increase in productivity per man-year of 2 percent in tax administration and 5 percent in handling worker's wage records. Productivity has been maintained or improved slightly in claims-related workloads, even through the low unemployment levels make it very difficult to maintain the same efficiency which is possible with higher workloads.

The budget under proposed legislation requests funds for a modest expansion of efforts now underway to provide more effective interviewing of claimants and and assistance in their return to employment.

EMPLOYMENT SERVICE

The Federal-State employment service system is continuing the redirection of program emphasis and resource utilization initiated in recent years toward improving services to those with the most severe disadvantages. As the labor force grows it tends to absorb first those best qualified occupationally, leaving a greater proportion of occupationally disadvantaged in the remaining group of unemployed workers and potential labor force participants. At the same time, critical shortages of individuals with scarce skills impede not only productivity but, frequently, industry's ability to absorb the disadvantaged at lower skills.

The employment service must serve and accommodate the problems of both workers and employers. This means not merely matching available experienced workers to job vacancies but also working with the hard-core unemployed, new labor force entrants and the underemployed to help them find and qualify for job opportunities that will enable them to participate more fully in the Nation's affluence. Where qualified workers are not available, employers are assisted in making maximum use of manpower resources by making available information they can use in modifying hiring specifications which screen out many job seekers who are able to do the work involved, by assisting in restructuring jobs so they can be performed by available workers and by providing occupational information and technical assistance useful in upgrading present employees for hard-to-fill vacancies thereby creating other vacancies requiring lesser skills for which applicants are available.

Included in the more than 11 million job applications expected to be processed by the public employment service will be some 1.7 million older workers (45 years of age and over), 4.5 million youth under 22 years and over 600,000 physically or mentally handicapped individuals. The majority of applicants drawn from these groups require special attention and employability development efforts before they can be placed in jobs satisfying both to themselves and to their employers. There are many additional active and potential job seekers who have been denied full participation in the work force for a variety of reasons, such as obsolescence of skills, limited education and training, isolation from job opportunities because they live in declining areas (both rural and in the inner areas of our cities), discrimination on the basis of race or ethnic origin, and disengagement resulting from frustration with repeated failure in their past efforts to improve their lot. Each of these groups is a segment of the total potential work force with which we must be concerned in our efforts to develop our human resources.

We are requesting $6,500,000 for the job bank. The job bank program will assist us in more speedily matching up the available job seekers with the manpower needs of employers in 36 of the largest metropolitan areas in the Nation. The job bank is a computer-assisted system whereby each participating agency, both public and private can feed unfilled job openings into a central computer. At the end of each day these are fed in, updated and printed out as a master list of unfilled jobs of which multiple copies are distributed to participating agencies and various outreach and local points daily. All referrals to openings on the list during the day are controlled through a central telephone unit. A pilot project conducted in Baltimore has successfully demonstrated that these procedures will reduce the number of contacts with employers to obtain job openings; virtually eliminate overreferrals and uncoordinated employer contacts, which tend to alienate employers; and expose each order to a maximum number of job-ready as well as disadvantaged workers. The job bank provides a greater body of job orders and openings than the agency has ever been able to establish and sustain in the past, permits extensive decentralization of employment service staff into the neighborhoods where the problem populations live, produces current and useful management information and does so without significant increases in job development and placement staff. It represents a first step forward in implementation of the 1968 amendments to the Manpower Development and Training Act calling for the development of a nationwide computer-assisted job matching system.

SERVICES TO VETERANS

During 1968, a total of 1,830,100 veterans, including 156,400 disabled veterans, visited the local public employment offices. They were placed in 1,163,500 nonagricultural jobs. More than 179,000 veterans were counseled regarding such matters as choosing an occupation with a promising future. We anticipate an increase during the current year and in 1970, in these activities because of the increasing number of returning veterans. This year, for the first time since the end of the Korean conflict, nearly a million servicemen (950,000) will return to civilian life. The State employment services are taking the initiative to contact these veterans—by letter, telephone call, or personal visit—as soon as they return to their home communities. In 1968 the local offices contacted 566,000 returning veterans to explain various benefits, particularly those related to jobs and job training.

During the remainder of 1969 and 1970 increased emphasis will be placed on counseling and placing disabled veterans, as well as expanding job information programs for all veterans. This will include information about the critical need for more workers in such public service fields as manpower services, health services, teaching, and protective services.

FARM LABOR SERVICE

Mr. Chairman, I should like to turn now to farm labor operations. Fiscal year 1968 was another year of significant progress toward greater reliance on our domestic labor force. The weather adversities which in 1966 and 1967 created such imbalances in the peak seasonal labor demands did not recur in fiscal year 1968 and for the first time in recent years agricultural labor needs approached a degree of normalcy. If I may depart for a moment from fiscal year comparisons, Mr. Chairman, I should like to call attention to the fact that in calendar year 1968 supplemental foreign agricultural workers were used in only three crops and the number admitted dropped to 13,323 from the 23,603 admitted in 1967. This, of course, is a significant reduction from the 200,000 foreign workers used in 1964. More significantly, for the first time since 1942 there were no Mexican contract workers used in the United States for an entire year. This is a tremendous achievement, and while our State agency farm people did an outstanding recruitment job, this could not have come about without the determination of the individual growers to depend exclusively on our domestic workers to get the crops harvested.

Mr. Chairman, these activities illustrate the tremendously important role performed annually by the Federal-State employment service system in meeting the Nation's seasonal agricultural needs. However, the recruitment of seasonal workers is only a part—although an important part—of the services performed by State agencies. Farms continue to become fewer and larger, and mechanization continues to encompass more and more of the farm tasks historically performed by hand labor. The demand for skilled year-round workers increases each year and the problems of recruitment and training become more complex. The similarity between some farm skills and many of the nonagricultural occupations makes it more difficult to attract and retain skilled workers on the farm. The Bureau and the States have continued in fiscal years 1968 and 1969 to develop worker training courses to help meet the need for increased skills and we expect to further expand our efforts in this area during 1970. We expect also to continue to expand and emphasize our efforts to improve worker-employer relationships through farm foreman training programs and worker prejob orientation sessions. These activities are beneficial toward stabilizing both the seasonal and nonseasonal work force and there is increasing evidence of improved employer and worker relationships, reduced turnover, and better working conditions in all of the areas where these courses have been conducted.

Mr. Chairman, under proposed legislation, we are requesting $5 million to make a beginning in extending the full range of manpower services to rural areas.

ADMINISTRATION AND MANAGEMENT

In my last two appearances before this committee I have reported in considerable detail on five management improvement programs which the Bureau has been promoting with full cooperation of State employment security agencies. These five programs are very much interrelated, but each is distinct, focusing on several management functions, and involving different organizational elements. I should like to give a progress report on these five improvement programs.

First, we have introduced some new concepts of planning and budgeting, designed to assure a more unified and coordinated effort to resolve the major employment security problems currently confronting the Nation. Improvements introduced have included: the establishment of national employment security program objectives; the identification of employment security program needs at the State level, in the light of the national objectives; the development of plans of service to meet the defined needs of each State; the translation of those plans of service into a budget request; the allocation of funds based on approved plans of service; and the measurement of performance against the objectives established in local and State plans of service.

Through this new approach, program plans can be directed to problems determined to require priority treatment, fund allocations can be related to program requirements at the local and State level, and accomplishment of the budgeted plans of service can be measured. Plans of service adjustments necessitate budget adjustments, thus giving the plans some characteristics of a contract, and making them a viable management tool.

This new planning-budgeting system was used for the first time in fiscal year 1968 at the State level. In fiscal year 1969 the system was extended to the local level so that planning as well as fund allocations would relate to specific local operating needs.

Second, work has gone steadily forward throughout fiscal 1969 on an "Employment Security Automated Reporting System" (ESARS). As the program title implies, this is a reporting system designed to furnish uniform management information needed for decisionmaking at every level of administration in the Federal-State employment security system, using electronic data processes and equipment. The developmental and testing work on the system is being done primarily in three pilot States—Texas, Oregon, and Vermont. During fiscal year 1969 these pilot States installed the system and tested its effectiveness and efficiency. Major modifications, primarily in terms of simplified processes, resulted from the experience of these pilot States. The redesigned system will be ready for exportation in the next few months. Nationwide implementation is scheduled for fiscal 1970.

Third, a uniform accounting system has been developed with technical assistance of a private contractor, and installed during fiscal 1969 in three model States—Pennsylvania, Oregon, and Rhode Island. The system utilizes automatic data processes and is based on accrual accounting principles. The system includes property accountability and the determination of costs by program, appropriation, and cost center. The system provides employment security managers at all levels with comprehensive information on the costs of doing business. With accounting systems developed for use in a large, medium, and small State, work is now underway to organize the installation into phases or parts. Thus, portions of the system can be progressively installed at the same time by all States, without losing the uniformity of the total system in every State when full implementation is completed.

An intensive training program on the cost accounting system and its automation has been developed and will be provided in 1969 to all State agencies. After this training in 1969 and during fiscal year 1970 all State agencies will implement some part or parts of the total system.

Fourth, joint Federal-State participation produced the structure of an evaluation system that is being implemented during calendar year 1969. The system uses evaluation tools that collect data and record observations for analysis and comparison with criteria, standards, and plan of service objectives. Evaluation techniques have been developed for both program operations and administrative management functions. The system also appraises the adequacy of plans of service in identifying local needs and the effectiveness of management planning to meet these needs.

State agencies will use the techniques to evaluate themselves, but their evaluation programs will be monitored and reviewed by bureau representatives to assure that each State's efforts are adequate and effective. Data from the cost accounting system and the automated reporting system will supply essential data and information for use in the evaluation process. In turn, the evaluation system will be used as one means of reviewing accomplishment on the State's Plans of Service, and as an indicator of "things that need to be done" to improve current operations, and for inclusion in the following year's plans of service.

Fifth, we have an intensive effort going on in the automation of employment security operations. This is a truly Federal-State cooperative program, being guided by a Federal-State steering committee, with close collaboration between Federal and State automatic data processing technicians. A variety of experimental and developmental projects are underway. These include developmental, experimental, or testing activities on: comprehensive ADP installations in three model States—Michigan, Florida, and Utah—where the objective is to apply maximum feasible automation to employment security operations; matching men and jobs; automated search processes to locate job or training opportunities in line with an individual's potential; automated systems to locate workers in one or many labor areas to meet employer needs; collection and transmission of information to direct the migration of agricultural workers from labor supply States to demand States; the development of computer-assisted job banks to collect and disseminate job opening information to community agencies capable of reaching and referring applicants; the use of automation to locate jobs, particularly for the disadvantaged, in a major metropolitan area (New York, Connecticut, and New Jersey); new and faster methods of determining eligibility of unemployment insurance claimants, issuing payments, and performing other related unemployment insurance operations, and diverse projects in a number of States where ADP applications are being made to replace manual methods.

Significant progress has been made in fiscal year 1969 in the newest, most complex, and probably most important area—the use of automation in matching men and jobs and locating jobs for those with limited qualifications or no skills.

In Utah, the automated system of matching men and jobs is in operation and shows great promise. We hope to begin exportation of this model system to other States within the next few months. As I mentioned earlier, the computer-assisted job bank is in operation in Baltimore and we hope to install this system in at least 36 of the major metropolitan areas in fiscal year 1970.

Some of the other programs I mentioned are already underway. For example, States are not planning and programing at the local level in the plans of service and will be carrying out full-blown self-evaluation programs within the next 6 to 9 months. In addition, in fiscal year 1970 we will complete nationwide implementation of the automated reporting system and install major parts of the cost accounting system in all States. To continue productive efforts in the unfinished parts of the management improvement program and implement those systems that have been developed in fiscal 1969 or will be completed in fiscal year 1970, we are requesting $10,350,000.

It should be noted that the budget outlays for automatic data processing activities are not without some compensating returns. As noted earlier, our fiscal year 1970 request shows a $4,000,000 savings to reflect reductions in unemployment insurance costs resulting from automation efforts started in prior years.

Mr. Chairman, this concludes my statement on Grants to States for Unemployment Compensation and Employment Service Administration. The budget request under current law is for $630,822,000, and includes 290 Federal positions for the U.S. Employment Service for the District of Columbia, which compares to $604,073,000 and 290 Federal positions for fiscal year 1969.

General Statement

Mr. Goodwin. I would like to cover the major points in the statement.

The total estimate of administrative costs to operate the Employment Security System in the States is $667,750,000 for fiscal year 1970. The total program requirements amount to $36,928,000 more than is available under the current law—in other words, more than we are permitted to use from the 0.4 percent tax. The budget before you, therefore, requests $630,822,000, the amount which can currently be funded from collections under the Federal unemployment tax. Proposed legislation has been submitted to provide for the difference. The budget before you is an increase of $26,749,000 over the 1969 limitation, and provides $7,899,000 for net mandatory needs and net program increases totaling $18,850,000.

As you know, the budget varies depending on economic conditions. I would like to indicate very briefly what the assumptions were that went into the development of this particular budget.

Mr. Flood. As of last October?

Mr. Goodwin. No. I would say December.

Employment Assumptions

We assume that during fiscal year 1970 economic activity will be increasing, but at a more gradual pace than we experienced in calendar year 1968. Total civilian employment is assumed to be rising enough to absorb the increase in the civilian labor force and growing worker productivity. As a result, total unemployment, for the year as a whole, is expected to average about the same volume as in fiscal year 1969, which is estimated at 3.0 million.

Insured unemployment, it is estimated, will edge up from an average weekly volume of 1.1 million to 1.15 million.

The rate of insured unemployment will remain at about 2.2 percent, which is the same rate experienced in the first half of this fiscal year.

We are assuming also that there will be an increase in employment in firms that are covered by State unemployment insurance laws. We will have above a million more people covered under unemployment insurance laws than we had before.

Mr. MICHEL. Which brings it up to a total of what?

Mr. GOODWIN. 53.7 million.

The employment service activities will also be influenced by economic changes. There will be expansion in some parts of the economy and contraction in others. We always have that sort of thing. In this kind of period, unemployment insurance operates principally with respect to that type of unemployment. That is why the average period of unemployment is comparatively low compared with some year like 1961, for instance, when we had considerably more unemployment.

Our total need for mandatory items is a net increase of $38,227,000. However, the budget before you covers only $7,899,000 of that need, which is the amount that can be provided under current legislation. The $7,899,000 provides for funding on a full-year basis of positions approved last year for our management improvement effort, which requires $2,124,000.

Rent increases total $2,547,000. Mandatory items relating specifically to unemployment insurance are estimated to cost $5,228,000 and I will comment further on these later. The gross mandatory need is decreased by a reduction of $2 million in the budgeted base provision for supplies and equipment. This reflects anticipated savings resulting from authority granted State employment security agencies by the General Services Administration to purchase through Federal supply sources. This is generally a good deal cheaper than if purchased through the sources available to them in the State.

The additional $30,328,000 in mandatory needs is included in the request under proposed legislation. If the legislation is passed by the Congress, then we would expect to be back with a request for the additional $30,328,000 in mandatory requirements.

UNEMPLOYMENT INSURANCE

Mr. Chairman, our request for State unemployment insurance operations provides for mandatory increases because of growth in the coverage of the program and changes in State laws, as well as a small increase to cover workload volumes. The increases are offset by anticipated savings through higher productivity.

It is expected that in fiscal year 1970 the number of employers subject to State unemployment insurance taxes will increase by 53,000; 20,000 of those will come through growth in the economy, and an additional 33,000 will come from changes in the State laws.

Claims-taking and processing workloads are also expected to rise slightly in fiscal year 1970, as the average weekly volume of insured unemployment under State laws rises by about 50,000 above that estimated in the fiscal year 1969 budget. The budget includes $3,458,000 to meet this added workload. The number of claims under the programs for ex-servicemen and Federal civilian employees will be 20 percent higher than that contained in the current 1969 appropriation but it is important to note that the projected claims levels for 1970 is the same as we now anticipate for 1969.

CONTINGENCY FUND

Our 1970 estimates for unemployment insurance workloads are very conservative and even minor changes in economic conditions could result in heavier volumes of claims activities than we have provided for in this request. Consequently, we have asked for an additional contingency amount of $6 million for a total contingency fund of $18 million. This amount, added to that which may be available from normal budgetary adjustments, should be adequate to take care of contingency needs in 1970.

Mr. FLOOD. Why do you need this additional contingency amount of $6 million?

Mr. GOODWIN. Because our estimates are conservative and if we get any increase in unemployment, we would not have enough money to handle the administrative expense. We need the additional $6 million for that purpose. We may not use it. If the economy continues as we have estimated, then we will not use it.

Mr. FLOOD. Contingency fund is a bad term around here.

Mr. GOODWIN. This committee, though, Mr. Chairman, you will recall, is chiefly responsible for our getting this contingency fund.

Mr. FLOOD. We gave it to you several years ago.

Mr. GOODWIN. You not only put it in there, this grew out of some of our experience with supplementals, you will recall. We could not estimate what would happen in the economy, and if unemployment increased beyond our estimate, we had to come back for a supplemental.

Mr. FLOOD. Yes. I remember.

PRODUCTIVITY IMPROVEMENTS

Mr. GOODWIN. Before leaving the subject of the unemployment insurance service I would like to add one comment. The charts on pages 15, 16, and 21 through 24 of the grants budget show that over the 7-year period from 1963 to 1970 the program will have achieved an average annual increase in productivity per man-year of 2 percent in tax administration and 5 percent in handling worker's wage records. Productivity has been maintained or improved slightly in claims-related workloads, even though the low unemployment levels make it very difficult to maintain the same efficiency which is possible with higher workoads.

Mr. FLOOD. They are good looking charts.

Mr. GOODWIN. Yes. They do show an improvement in efficiency in handling the problem. Most of that comes about, Mr. Chairman and members of the committee, through the wider application of automatic data processing equipment. I think there may be a few other factors in there, but that is the most important one.

Mr. FLOOD. And you are better able to handle the beast now?

Mr. GOODWIN. Yes.

EMPLOYMENT SERVICE

I would like to make a few points on the employment service budget.

The Federal-State employment service system is continuing the redirection of program emphasis and resource utilization initiated in recent years toward improving services to those with the most severe disadvantages. We are endeavoring to meet the problems of the more severely disadvantaged people in the work force and we have been redirecting our activities in that direction. The employment service must, however, continue to serve and accommodate the problems of both workers and employers. We have been trying to meet the problems of employers and help them in the recruitment of workers, but we have redirected our efforts, principally in the last 2 or 3 years, to doing a better job for the disadvantaged.

Included in the more than 11 million job applications expected to be processed by the public employment service will be some 1.7 million older workers (45 years of age and over), 4.5 million youth under 22 years and over 600,000 physically or mentally handicapped individuals.

Mr. FLOOD. That 600,000 are what we call in the semantics the "can't work" people?

Mr. GOODWIN. No. These are the ones that require special placement in order to work. This may include someone who lost an arm and can't do a certain kind of work but can do another kind of work.

Mr. FLOOD. They are certainly not in the category of "won't work"?

Mr. GOODWIN. No; not this group, they certainly are not.

We are continuing to work with those who have been denied full participation in the work force for a variety of reasons, such as obsolescence of skills, limited education and training, isolation from job opportunities because they live in declining areas (both rural and in the inner areas of our cities), discrimination on the basis of race or ethnic origin, and disengagement resulting from frustration with repeated failure in their past efforts to improve their lot. Each of these groups is a segment of the total potential work force with which we must be concerned in our efforts to develop human resources.

JOB BANK

We are requesting $6,500,000 for the Job Bank. The Job Bank program will assist us in more speedily matching up the available job seekers with the manpower needs of employers in 36 of the largest metropolitan areas in the Nation. Mr. Weber discussed this in his testimony yesterday.

Mr. FLOOD. And you are asking for 403 additional positions besides the $6.5 million. That is for the Job Bank in the 36 cities?

Mr. GOODWIN. That is right. Funding for the 403 positions is included within the $6.5 million.

Mr. FLOOD. Has the Job Bank been tested out? How does it work?

Mr. GOODWIN. It has been tested in Baltimore and it works very well.

Mr. FLOOD. Have you any proof of its effectiveness?

Mr. GOODWIN. Well, it is a Job Bank. That means all the orders filed by employers in Baltimore, either with the employment service

or the other cooperating agencies, go into the computer. It is printed out at night, and copies of this list are made available to the placement people in the employment service and also to the social agencies that are working with the disadvantaged.

Mr. FLOOD. And you say it is effective?

Mr. GOODWIN. Yes, it is effective. It has increased by 50 percent the number of disadvantaged placed. It did not dramatically increase the total placement, but it has other values that are extremely important. We had many complaints from employers in Baltimore before the Job Bank was started. They were solicited, some said, by 15 or 20 agencies in the Baltimore area in a matter of a few weeks. That has been eliminated. There is a control point where a telephone check will reveal what action has been taken, whether a person has been referred, and that check is made before a person is referred. This has eliminated that problem with the employers and the Baltimore community is enthusiastic about it. It has done a good job. We are proposing to extend this in 1970 to 36 of the largest metropolitan areas in the Nation. Mr. Odell is here and he may want to add something. He is the Director of the U.S. Employment Service.

Mr. ODELL. I don't think I have much to add except to say that this system really was installed because employers in Baltimore had in effect told the mayor's committee on employment and training opportunities for the disadvantaged that if something was not done to stop literal harassment for employment that they were going to boycott all the public agencies. This was set up to control this job solicitation.

Mr. FLOOD. And you have every reason to believe in the 36 other cities there is that type of situation?

Mr. ODELL. There is precisely that situation, and State administrators are standing in line to have a system of this kind installed.

Mr. FLOOD. In other words, we will have another revolution?

Mr. ODELL. I think it constitutes a quiet revolution in that we are able to move our professional people into neighborhood locations. We are in 15 locations in Baltimore with only two requiring rental space, the rest are in volunteer space, and all of them have a crack at exposing these people to job opportunities. We have a daily availability list of training opportunities as well as job opportunities.

Mr. WEBER. It might be noted that the installation of the Job Bank might be viewed as the beginning of a matching system where you go one step beyond job orders.

Mr. FLOOD. I think you covered that pretty well.

SERVICES TO VETERANS

Mr. GOODWIN. Mr. Chairman, I would like to say a few things about services to veterans.

During 1968, a total of 1,830,100 veterans, including 156,400 disabled veterans, visited the local public employment offices. They were placed in 1,163,500 nonagricultural jobs. More than 179,000 veterans were counseled regarding such matters as choosing an occupation with a promising future and other things they were concerned about. Activities with veterans have been increasing due to the increasing number of veterans returning. This year, for the first time since the

end of the Korean conflict, there will be almost 1 million servicemen coming out of the service; 950,000 is the estimate of the number who will return to civilian life. The State employment services are taking the initiative in contacting these veterans when they come out, either by telephone or letter or by visiting them.

Mr. FLOOD. How do they know they are coming out?

Mr. GOODWIN. We get the names and addresses of these people from the Department of Defense when they come out of the service. These are distributed to the State agencies and they make the followup. Most of these fellows coming out do not have too big a problem in locating employment, and therefore not a large percentage of them use the service. Some of them need it pretty badly and it adds up to a sizable total in the number of placements we made last year. This figure, I think, is going up from the estimates we have.

In 1968, in this contact program that I mentioned, the local offices contacted 566,000 returning veterans, so it is a sizable operation.

FARM LABOR SERVICE

I would like to talk a little about the farm labor service.

Fiscal year 1968 was another year of significant progress toward greater reliance on our domestic labor force. We didn't have some of the problems of weather that we had in the last 2 years in those areas where they use a large number of workers in agricultural work, and foreign agricultural workers were used in only three crops in 1968.

Mr. FLOOD. What about the Caribbean people coming to Florida? Are they still coming there as citrus workers?

Mr. GOODWIN. They are still being used in apple harvesting on the east coast. The biggest single use is in the sugarcane fields in Florida.

Mr. FLOOD. Not citrus?

Mr. GOODWIN. No. They did not use any last year. They used to use quite a number but they used none last year. The year before they would have gotten by without using foreign workers except they had that hard freeze and in order to harvest quickly we authorized a little less than 2,000. The total number admitted dropped last year to 13,323 foreign agricultural workers, and the year before it was 23,603. So there was a significant drop. Last year was the first time since 1942 that there were no Mexican contract workers in the United States. This is quite an achievement. Part of this is due to the development Mr. Weber talked about yesterday, the development of machinery. A large number of them had been used in the tomato harvest in California and that is heavily mechanized now.

Mr. FLOOD. Hasn't the Mexican Government in recent years been frowning on their coming here?

Mr. GOODWIN. They had quite an adjustment when this program was stopped because it was the second largest source of dollars for them. The first was tourism and this was second. But Mexico has never liked the program really, I think, because it does something to their pride to have their people come in for that type of work. They have been glad, I think, to see it go although they have a problem in adjusting to the fewer dollars coming into Mexico.

While we are on the farm problem, the demand for skilled year-round farmworkers increases each year and the problems of recruit-

ment and training become more complex. We have the problem Congressman Smith mentioned yesterday or the day before on wages earned, even though those wages have been going up. As a matter of fact, they have been doing pretty well percentagewise on a comparative basis with the other parts of the economy in the last few years, but the problem is they got such a late start that they never caught up.

We have been working on programs to improve worker-employer relationships through farm foreman training programs and worker prejob orientation sessions. These have been very helpful in reducing turnover. This is one of the things, Mr. Chairman, that the citrus people in Florida did. They, on our recommendation, put in a system of preinduction training, a program for training their foremen, and they cut the turnover way down. That is why they have been able to meet their labor demands without foreign workers.

Under the proposed legislation which is not before you, we are asking for $5 million, if we ever get up here with it, to begin to extend the full range of manpower services to rural areas.

MANAGEMENT IMPROVEMENT

On administration and management, we talked with you the last 2 years on management improvement programs. We have had five programs in management improvement. They are interrelated and I would like to give you a brief report on where we are on these. Some of the five have been mentioned and discussed to some extent in the last couple days. First we have the new concepts involved in plans of the service.

Mr. FLOOD. Of course you have 758 jobs in management improvement this year.

Mr. GOODWIN. Yes.

Mr. FLOOD. What increase in productivity are you projecting in direct relationship to that?

Mr. GOODWIN. We don't really have a figure on that yet but it will do two things. It will greatly increase the efficiency of the operation of the State and local offices and we are going eventually to pick up the kind of savings that we are now getting in unemployment insurance. We have had the automatic data processing system operating in unemployment insurance for some years and although you do not get savings the first 2 or 3 years when you put in such a system, you do pick them up later. One reason we are reluctant at this point in time to estimate what the savings will be is that we are being asked to take on certain additional functions as well.

Mr. FLOOD. I was speaking specifically to the increased productivity in direct relationship to the 758 jobs.

Mr. GOODWIN. We will not get it in 1970 but in future years we expect to get some reductions. There are some social values in this too that lead to fiscal savings.

For instance, someone came up with an estimate of what would be saved on the automatic data processing for matching job orders and workers that we are proposing to extend to all the States. If this cuts down by one-tenth of 1 percent on the time necessary to make the placement, we would save $600 million.

Mr. WEBER. That is in wages on lost productivity.

Mr. GOODWIN. Yes, most of this would be on wages that would be saved. There would also be a saving in unemployment insurance of about $45 million. This kind of saving is very real and we think extremely important.

In addition to that, eventually we think there will be savings in the administrative budget for the State personnel that operate the system. This is the kind of saving we have been getting in unemployment insurance.

INCREASE IN STATE SALARY RATES

Mr. FLOOD. That brings up an old chestnut, our old friend, the perennial request for funds needed to cover the increase in State salary rate. I couldn't find that in the justifications. Is it there and I just missed it?

Mr. GOODWIN. Yes, it is there.

Mr. FLOOD. I will bet it isn't.

Mr. GOODWIN. The item is in our proposed legislation budget, and it amounts to $23,015,000 for the salary part. The benefits that go with it are $4,139,000. This is not in the budget that is before you now.

Mr. FLOOD. I can't think of a better reason I could not find it. It just ain't there. All right.

ESARS MANAGEMENT INFORMATION SYSTEM

Mr. GOODWIN. We have in the management improvement program the employment security automated reporting system, designed to give uniform management information.

Mr. FLOOD. Designed to what?

Mr. GOODWIN. To give uniform management information.

Mr. FLOOD. What is its value?

Mr. GOODWIN. Its value is to give management the data it needs in order to ascertain if they are attaining their goals, what the high cost areas are, and what steps need to be taken.

Mr. FLOOD. That is what is known as the employment security automated reporting system or ESARS and it calls for 239 jobs?

Mr. GOODWIN. Yes, this is part of that increase.

Mr. FLOOD. I hope you are right.

Mr. GOODWIN. We also have in this increase the accounting system which is part of the management improvement effort and the automatic data processing system to match jobs with applicants, the so-called Utah project.

Mr. FLOOD. Will this save on personnel employment? Will it be a money saving?

Mr. GOODWIN. It will do both but it will not produce savings in the first 2 or 3 years. Actually, it will cost more the first 2 years.

Part of this package is also an evaluation system. The last item is the automation system for matching men and jobs.

UTAH JOB MATCHING EXPERIMENT

Mr. FLOOD. I don't see any place in this record so far where you have explained the Utah experiment. Tell us what it does.

Mr. GOODWIN. Simply, it takes the applications of people looking for work and puts them on the computer from throughout the State. The jobs are put on the computer and the applications are put on the computer. Basically we use the dictionary of occupations code.

Mr. FLOOD. That is the one you mentioned you just came back from visiting?

Mr. GOODWIN. Yes. We believe it will do the job more efficiently, it will do it faster, and it will do it more accurately and will expose applicants to a wider range of opportunities. We are proposing to extend this. We want to study it more and make sure we have all the bugs out of it, but we are certain enough that it is a workable scheme that we are sure we can go ahead with it if we have the money.

PROPOSED LEGISLATION

Mr. FLOOD. You say this request is almost $37 million less than the amount needed but due to the limitation in the law that is all you can ask for?

Mr. GOODWIN. Yes.

Mr. FLOOD. What is your request for a change in authorization? How are you and Mr. Mills and Mr. Byrnes getting along with regard to it?

Mr. GOODWIN. The prior administration sent up a bill that would go to quarterly collection of the four-tenths of 1 percent tax. The effect of that would have been to add one-quarter's collection to the money that was available for 1970. When we discussed it with Mr. Mills and some of the employer representatives, there was the feeling that that should not all be done in 1 year, that it should be collected one-third the first year, one-third the second, and one-third the third year.

Mr. FLOOD. Do you have a visceral sensation that Mr. Mills and Mr. Byrnes might look on it with favor?

Mr. GOODWIN. Yes; we have reason to believe they will. Mr. Mills indicated he would consider trying to get the legislation through quickly if there was no substantial opposition to it. Mr. Weber has cleared it with some of the employer representatives, I have talked to some of them, and as of now we have reason to believe that there will not be substantial opposition to it.

Mr. FLOOD. You are deferring, until the proposed supplemental comes along, a very much larger amount for the Employment Service than for the Unemployment Insurance Service. Why didn't you cut back in the regular budget on a pro rata basis?

Mr. GOODWIN. Well, I think that what we have submitted to you is based upon the assumption and the conclusion that we must in some way get the additional $36 or almost $37 million. If that doesn't happen for any reason, I think we are going to have to take a new look at whatever you give us of the $630 million, because it is quite apparent, I think, that some of these costs will have to be met. You mentioned a while ago, for instance, the increase in salary.

Mr. FLOOD. At the State level.

Mr. GOODWIN. At the State level; yes, sir. It might be possible to postpone increases in some States, but in other States they are mandatory by law and the only alternative under those circumstances within the State is to reduce employment.

ESTIMATED NUMBER OF STATE EMPLOYEES

Mr. FLOOD. On page 7 in the 1970 estimates you show 728 additional State employees. Does that include the supplemental? If it does not include the supplemental, how many more will you have in the supplemental?

Mr. GOODWIN. It does not.

Mr. FLOOD. Then let's go to part 2 of the questions. How many more jobs will you ask for in the supplemental?

Mr. GOODWIN. 479.

Mr. FLOOD. You have an increase of about 10 percent in the number of employees in the Federal Unemployment Insurance Service. How did you estimate the increase in workload?

Mr. MILLER. That is in response to the higher number of weeks compensated, Mr. Chairman.

Mr. FLOOD. Do you have a figure on the increase in workload?

Mr. MILLER. Yes; we do have such a figure and we can supply it for the record.

(The information follows:)

UCFE–UCX ADMINISTRATION

The 1969 "Grants" appropriation allowed 755 positions to process claims for 2,056,000 compensable weeks. The 1970 request is for 823 positions to process claims for 2,458,000 compensable weeks. This represents an increase of 9 percent in positions against a 20-percent increase in workload.

Mr. FLOOD. You have 26,000 State employees in the unemployment insurance program.

Mr. GOODWIN. Yes.

RATIO OF ADMINISTRATIVE COSTS TO BENEFITS PAID IN UNEMPLOYMENT INSURANCE AND SOCIAL SECURITY

Mr. FLOOD. What is the ratio of administrative costs to the benefit payment in the program? You used to volunteer this at one time. Do you want to supply that?

At the same time, compare that with social security.

Mr. CURTIS. Yes, sir.

(The information follows:)

RATIOS OF ADMINISTRATIVE COSTS TO BENEFITS PAID IN UI AND OASI

Unemployment insurance administrative costs were 10.7 percent of benefits paid in 1968. The Social Security Administration estimates that 1968 administrative costs for old-age and survivors insurance were approximately 2 percent of benefits paid.

Rather substantial differences are inherent in the nature of the two programs. The major differences are:

1. UI costs include the costs of tax collection activities and the employer experience rating systems. These make up about one-third of the total costs. For OASI, tax collection costs charged by Internal Revenue Service are a much lesser part of total costs because returns are combined for income tax withholding and the insurance contributions and there is no experience rating.

2. Old-age and survivors claims are for extended periods, literally for the life of the claimant where old-age annuities are concerned. Because the UI program is designed to replace a portion of wage loss during periods of temporary unemployment, new UI claims apply to a 1-year period. The average amount of benefits paid per new UI claim processed is $320. In 1968, the Social Security Administra-

tion paid out $5,700 in benefits for each new claim processed. The limited period to which a UI new claim determination applies results in a much higher workload relative to the amount of benefits paid.

3. To provide prompt payment of cash to the unemployed and to assure a close and continuing check on their availability for work, UI benefits are paid weekly and claimants are required (with some exceptions) to file weekly claims. Old age and survivors insurance benefits are paid on a monthly basis. The average UI payment in 1968 was $41; the average old age and survivors insurance check was for $164. Thus, the weekly base of the UI program also results in a higher workload in relation to the dollars paid out.

4. Eligibility for receipt of UI benefits is subject to a greater number of restrictions than is true for OASI benefits. Over one-sixth of the current UI administrative costs are related to contested claims and appeals which arise out of those restrictions.

5. OASI has been an expanding program. The number of beneficiaries increased by 50 percent from 1960 to 1968 and the dollars of benefit payments doubled. UI benefits declined from $3.9 billion in 1961 to less than $2.2 billion in 1968. However, the administrative overhead and the tax collection activities of the UI program required a relatively constant staff while the costs of salaries and supplies and services increased sufficiently to offset a reduction of 8,000 positions in the total staff used in the program.

6. A part of the current UI costs in any year must be related to the goal of the UI program of serving as a firstline of defense against economic declines and of accumulating and maintaining reserves in times of prosperity. For this reason and because of fixed costs noted above the ratio of administrative costs to benefits will vary with the level of unemployment. It has ranged from 6 percent in 1961 to 11.6 percent in 1967. For the period from 1961 through 1968 it has averaged 8.5 percent.

Mr. GOODWIN. Let me just say on that, if I may, that these percentages will be up from what they were because the benefits have been going down. This would not be true in social security. The benefits last year were under $2 billion and they have been up as high as almost $4 billion.

Mr. FLOOD. You are asking $1.8 million for the growth in the unemployment insurance program, $3.5 million for increase in claims workload. Again, are you projecting any improvement in employee productivity?

Mr. GOODWIN. Yes, we have $4 million in the budget for improvement in productivity on unemployment insurance.

Mr. FLOOD. Mr. Michel?

EFFECTS OF REVENUE AND EXPENDITURE CONTROL ACT

Mr. MICHEL. Mr. Goodwin, how did the Revenue and Expenditure Control Act affect your shop, if at all?

Mr. GOODWIN. We were required to make reductions to conform with the formula that was in that law, and we did reduce our employment. Do you have a figure on that, Mr. Curtis?

Mr. CURTIS. Yes. It had, I think, two effects on us: One, we had $267,000 of administrative money placed in reserve. We were unable to recruit or hire for the first 6 months of the fiscal year.

Mr. MICHEL. Give me some specifics. How many people in your shop were subject to this act?

Mr. GOODWIN. I think what you want here is the extent of reductions. Is that right?

Mr. MICHEL. Yes. Give me a figure at the beginning of the year and what it showed the first of 1968. Talk about the first 6 months of the fiscal year in which the act was in effect.

Mr. CURTIS. I do not have it here. We will provide it for the record.

Mr. MICHEL. All right. I want a good, bona fide figure.

Mr. FLOOD. Actually, it will be under "Salaries and expenses," will it not?

Mr. CURTIS. Yes.

(The information requested follows:)

BUREAU OF EMPLOYMENT SECURITY, SALARIES AND EXPENSES

Effect of expenditure control on employment

Actual employment June 30, 1968	[1] 1,402
Actual employment December 31, 1968	1,284
Change	−118

[1] Includes 53 personnel later realined to the Manpower Administration. These staff are not reflected in the Dec. 31, 1968 figure, thus the decline on a comparable basis is 65.

Mr. MICHEL. My next question then is, that there have been some reductions and you say you have a more efficient and better operating shop today than you had a year ago.

Mr. GOODWIN. I did not say that.

Mr. MICHEL. You never said that?

Mr. GOODWIN. No.

Mr. FLOOD. I tried my best to get him to say something about it. You got further than I did.

Mr. MICHEL. Did it put a crimp in your operations?

Mr. GOODWIN. Yes, I think it did. I think it showed up in some less effective work in the Bureau.

Mr. MICHEL. When you talk about increased productivity per man or per employee, do you also take into account the additional aids he might be given by way of a computer assist?

And then, of course, I am thinking in terms of the far more outlandish sums of Federal moneys that go into providing him with the tools. We are glad to see a more efficient operation but, by the same token, we always hear so much in these hearings in terms of savings and savings, but there is never a reduction in money asked for. That is where it really reflects itself in something positive so far as we are concerned.

You have come in this year and you have requested less than what you requested last year. That to me represents a saving. We have really made some improvements in the operation.

Mr. GOODWIN. There are some very important factors to consider, such as increases in salaries and increases in other services that go into the budget. I was looking at some figures on ourselves the other day. This is the "Grants to States" appropriation, and during fiscal 1968 and 1969 our budgets went up—in 1968 the net increase was $32,932,000 and in 1969 it was $47,141,000. Every nickel of that was to meet net mandatory increases. In other words, salaries, rents and items of that kind.

The total budget in 1968 was almost $557 million and in 1969 it was over $604 million. It gives you a picture on the percentages that are involved.

We are caught in the increased costs of doing business. We simply have not had any program increases in those 2 years. We have made shifts within the appropriation in order to provide funds for management improvement.

STATE AND FEDERAL EMPLOYMENT 1965–70

Mr. MICHEL. Would you supply for the record the number of employees in your shop for the last 5 years, at the beginning of the fiscal year, going back about 5 years?

Mr. GOODWIN. Do you want State employees? We have both State and Federal.

Mr. MICHEL. I want them both.

Mr. GOODWIN. Yes.

(The information follows:)

POSITIONS AUTHORIZED FOR THE BASIC EMPLOYMENT SECURITY PROGRAM, FISCAL YEAR 1965 THROUGH FISCAL YEAR 1970

Fiscal year	Bureau of Employment Security, salaries and expenses	Grants to States for unemployment compensation and Employment Service Administration
1965	1,421	57,226
1966	1,599	61,650
1967	1,597	58,279
1968	1,572	58,440
1969	1,646	59,164
1970 (estimate)	[1] 1,328	[2] 60,371

[1] Decline from 1969 results from (1) a transfer of 290 positions to the appropriation for the Office of the Manpower Administrator and (2) a program reduction of 28 positions.
[2] Includes 479 positions to be requested under proposed legislation.

NUMBER OF JOB PLACEMENTS

Mr. MICHEL. In those figures which you cite of placements in the Employment Service—do we have that in the record?

Mr. GOODWIN. The figure I use is in the record.

Mr. MICHEL. Does that reflect repeaters?

Mr. GOODWIN. Yes.

Mr. MICHEL. How does it reflect it? Does it mean that if there are 10 repeaters five times, you have 50 job placements?

Mr. GOODWIN. We have some analysis of this and I think Mr. Odell could talk to this point.

Mr. ODELL. We have attempted to interpret or really to test out by local office and State checks what the extent of repeater business is across the system. On a national workload of about 6 million placements a year, we figure that somewhere in the neighborhood of one-third of those represent repeaters. The rest of them are individuals placed.

I am saying that about 4 million of those would be individuals placed, and the other people might have been placed two or three or four times during the year.

Mr. FLOOD. Is that a very shocking figure?

Mr. ODELL. I do not think so. I think it is a lot better than it was because we have been attempting to cut down on the amount of essentially day-haul repeater placement business, and of course all of you know that, for example, one of the big areas has been in the field of domestic placement. This is no longer a significant volume of business because the people are not there who will take the jobs.

Mr. MICHEL. I can appreciate it would be natural for the Service to have a total figure to indicate how effective the Service is, and therefore justify whatever sums are requested. But it does, you will have to agree I am sure, make a lot of difference as to whether or not this is one final placement or whether somebody is out there spinning his wheels placing a fellow 10 times because he did not get it done right the first time.

We would hope, of course, the ultimate would be achieved and that all of these 6 million you talk about held their jobs forever until they wanted to retire. I realize this is unrealistic.

Mr. GOODWIN. I would like to point out in connection with this that the new reporting system I referred to, the ESARS system——

Mr. MICHEL. What is the frequency of those?

Mr. GOODWIN. They will be at different periods. Some of them we get on a monthly basis and——

Mr. MICHEL. Is that in being yet?

Mr. GOODWIN. No; it is not.

Mr. MICHEL. And it will go into effect roughly when?

Mr. GOODWIN. Our objective is to have it in effect by the end of next fiscal year.

Mr. CURTIS. January 1 next year.

Mr. MICHEL. January 1, 1970?

Mr. CURTIS. Yes.

Mr. MICHEL. In how many cities?

Mr. GOODWIN. All States. This is on a statewide basis. The important difference here is that all we have had up to now has been what we call activity reports, placements, so many counseling interviews, and so on. In the ESARS system we are looking at it in terms of the individual so that we will have all of the characteristics data that is needed, like the fellow's education and experience and this sort of thing, along with what has happened to him, where he was referred, what the results were, the training or employment, whatever it is.

ESARS will make it possible, since it will all be on computers, to analyze the problems more effectively. It will define just exactly what the problem is and we do not get that from the kind of statistics we gather now.

PRIORITY AREAS IN JOB PLACEMENT ACTIVITIES

Mr. MICHEL. If there is a philosophy that guides your shop to determine priorities, where would those priorities be in the work force, to first get the unskilled working, the skilled, semiskilled, college graduate, professional?

The thing I am getting at is, I get the distinct impression that the more educated we become, the more we ought to be able to find a job for ourself and that the obligation of the Government is to assist those who do not have that capacity or capability. But I get more and more the feeling, with a circular like I see here from Maryland, for example, relative to recruitment of people off the college campuses, that there is a disproportionate amount of your budget out in the various States going to this kind of recruitment as against concentration on the priority areas.

Mr. GOODWIN. We have been moving very definitely in the direction of our priority being for the disadvantaged. We have had a policy now for several years of discouraging the college placement type thing and we have an agreement with the college placement council which really means that we do not seek that business. This reverses the trend that existed 6 or 7 years ago. There is some college placement work being done in a few States, but not very much.

Mr. ODELL. May I add a comment?

In connection with our allocation of resources to the States in the last fiscal year, where we were faced with a modest cut in both the basic grant budget. We are reviewing here and in the support staff in connection with the Manpower Development and Training Act, we not only used a plan of service system of reviewing State budgets, but because we were saying that they ought to be moving resources and staff in the direction of concentration on the poor and the disadvantaged, we were asked to tell them what they ought to cut out.

Their question to us was, you tell us to cut but you do not tell us what to cut and therefore we are embarrassed and confused. We specifically directed cuts in certain areas of activity, not in terms of dollar amount of personnel but in terms of program categories.

I would be glad to, if Bob thinks it appropriate, furnish for the record a copy of that bulletin because it gets specifically at what you are talking about.

Mr. MICHEL. Fine.

(The information follows:)

U.S. DEPARTMENT OF LABOR,
MANPOWER ADMINISTRATION,
BUREAU OF EMPLOYMENT SECURITY,
Washington, D.C., October 14, 1968.

To: All State employment security agencies
Subject: Results of National Office Review of State Employment Service Plans of Service and Guidelines for Implementation
References: 1. GAL's 1145, 1193, and 1230. 2. *ES Manual* Part IV, Chapter 6000
Purpose: To provide information on results of plan of service review, allocation decisions, and guidelines for further action required by State agencies relating to State employment service operations.

This GAL relates specifically to the State plans of service submitted in accordance with the Employment Service planning guidelines and program emphasis contained in GAL No. 1193 and should be considered in the context of those instructions and in the further context that the plan of service is the justification and support of the fiscal year 1969 budget request.

In considering State agency budget requests, all plans of service were carefully reviewed by both the appropriate regional office and the national office. The review was carried out by three teams composed of representatives from each major Office of the USES with the participation of other staff members familiar with specific phases of operations. The teams were headed by representatives from the Office of Budgeting, Organization and Management who served as coordinators and provided the channel through which overall coordination and consistency of approach among the three teams was achieved.

During the review of plans of service, additional information was requested from the appropriate regional office, and most States, to obtain clarification of specific items submitted and to further assure consistency of review among all States. Only a few States were excepted from some kind of inquiry. Some inquiries were more detailed than others depending upon the content of the plan originally submitted.

State agencies' responses were fully considered in arriving at decisions concerning each State's plan of service. Regional offices have also reviewed State proposals and submitted their recommendations, which were considered in the final review process

Since the plan of service is intended to be based on the utilization of all resources, the source of funds is really of secondary importance. Nevertheless, GAL No. 1230 was issued to provide understanding of the current status of the two major ES funding sources, title III grants and MDTA, because of overall reductions required from both of these funding sources as a result of congressional action.

In addition to these overall reductions, certain shifts among goal areas were considered necessary by the review teams in order to sharpen the thrust of the National and State-by-State effort toward providing employability and placement services for the poor as well as for those whose family income is close to the poverty line. Consequently, two concurrent actions were taken in the review process: (1) a reduction in overall resources to accommodate congressional budget cuts, and (2) a shift in resources among goals and activities to increase emphasis on employability development as well as individualized job development and placement. These changes have been suggested either on the basis of planned accomplishment with current level of resources now available to the State or on the basis of the State's proposed use of additional resources.

However, in any redirection of effort, or, in any reduction of resource levels, the following points are considered of fundamental importance:

1. Veterans are accorded preference by law and no redirection or shifting of staff emphasis should cut into the level of staffing required to provide priority services to veterans seeking employment service assistance. Special attention should be given to reaching and serving those veterans who, in particular, need employability development services.

2. UI claimants who are not job ready and who need positive assistance in getting and holding a new job (estimated to be about one in five of the claims load nationally) should be provided with whatever assistance they need from the employment service. Redirection of staff should be undertaken in such a way as to assure these claimants the employability development services they require to obtain suitable employment.

3. Some of the CEP and WIN clients will be among those who have customarily used the employment service. In addition, these programs will undoubtedly bring new applicants into the system who will require special services, such as orientation, coaching, intensive counseling, job development and followup not customarily provided to job-ready applicants. For this purpose, additional funding for CEP and WIN has been sought and is being provided in most States and communities to meet these additional demands on the employment service. In fact, a total of about 4,100 new ES positions are available to provide these services under the CEP and WIN programs in fiscal year 1969. Therefore, in many States and localities the additional funding for CEP and WIN should serve to cushion the loss of staff due to the reduction in title III and MDTA funds.

The purpose of the redirection effort is to encourage State agencies to devote more of their resources to the basic concept of human resources development for those applicants, including veterans and claimants, who need help the most. Job development and placement services are an integral part of this effort. So, too, is the continuance of a carefully planned and redirected employer relations program.

It will be argued that the employment service cannot emphasize service to the disadvantaged without alienating employers. With the increasing concern and commitment from the employer community, as represented by the NAB-JOBS program and the widely publicized efforts to recruit and train the hard-core unemployed and underemployed reported in special publications and conferences of the chamber of commerce, the National Association of Manufacturers, the National Industrial Conference Board, and the American Management Association, it is expected that employers will appreciate and applaud our efforts to reach and serve the hard-core unemployed more effectively. Reluctance or resistance on the part of the employment service to support this effort wholeheartedly will most likely be interperted by industry and the general public as a failure to support national policy and program direction enunciated by the Congress and the exective branch and supported by NAB. This new emphasis should, therefore, be taken into account in our employer relations, job development and placement efforts, and we should be encouraging employers and unions to consider the full range of applicant supply who become available through the CEP, WIN, and other employability development programs. We should also be offering our assistance in the restructuring and modification of jobs to permit the hiring of more disadvantaged and minority job seekers.

In recommending shifts of resources among goals every effort has been made to avoid making reductions in an arbitrary manner or in a manner which requires curtailing, or perhaps eliminating, certain services. Therefore, the national office has developed a listing of program areas where, in our judgment, services can and should be curtailed, restructured or even eliminated. While a consistent nationwide effort is expected in these programs areas it is recognized that States may find it necessary to make different applications of these suggestions based on their individual needs. States are encouraged to suggest additional or alternative program areas which could help achieve the needed redirection and submit these to the appropriate regional office with a copy to the national office (attention EB). It is also recognized that many of the changes cannot be made overnight, but this is no excuse for not beginning to move positively toward redirection of effort and resources.

The considerations for changes listed below are suggested for implementation to accommodate redirection and reductions. To the extent that these suggestions are not consistent with present manual requirements, such requirements are suspended until new instructions are issued.

1. Adopt the intensive service approach in "mainstream" placement offices to provide individualized job development and placement services to applicants encountering difficulty in finding a job. Provide necessary staff for this purpose by careful review of staffing and workloads in industrial-occupational placement units with the intention of streamlining these operations and reassigning staff so released.

2. Service to the disadvantaged and others needing employability services should be restructured to assure primary emphasis on results in terms of suitable employment. This will require the application of the caseload approach for interviewers and counselors and development of improved job market information for guidance of the disadvantaged. It will also require added effort in scheduling work to obviate peaks that interfere with effective accomplishment. Followup actions should be a part of regular operations to determine the extent to which services provided to applicants have met their needs and have resulted in a satisfactory employment outcome. Therefore, an application should not be made inactive until full and complete service has been provided. Routine use of validity periods to cancel applications should be discontinued.

3. Reception, intake, application-taking and interviewing procedure should be carefully reviewed to eliminate all actions or recording of information not essential to providing service to job-ready applicants to assist them in obtaining employment.

4. Full-functioning placement service for fully qualified and job-ready professional applicants should be shifted to an information-type service whereby comprehensive and meaningful job market information would be provided to such applicants to enable them to conduct an informed, independent search for employment. The emphasis in professional placement should be shifted to those who really need intensive services to get and hold a job such as older workers and members of minority groups. Consideration should also be given to the extension of this type service on an experimental basis to job-ready clerical, sales, and skilled applicants. There should be further curtailment of ES staff resources devoted to special activities such as nurses registry, teacher placement, and convention placement services and the associations serving such workers should be asked to make a greater contribution of voluntary resources to help the ES to carry on such services. It follows that increased emphasis must be given to the development, organization, and dissemination of comprehensive and meaningful job market information for job-ready applicants in all categories.

5. Staff devoted to testing job-ready applicants should be sharply reduced by eliminating the routine testing of experienced or vocationally trained applicants, or routine testing of employer-referred persons as part of an employer's hiring process. Applicants for apprenticeship are not considered job ready.

6. Eliminate outstationing of staff who provide services to job-ready applicants. More specifically, eliminate outstationing at such locations as colleges, union halls, employer establishments and schools, directed primarily at the recruitment and placement of job-ready applicants. The assignment of ES staff for the purpose of the routine registration of UI claimants at itinerant points should be carefully assessed with the view toward elimination. This action does not preclude the temporary outstationing of ES staff when required in mass layoff situations.

7. The use of counseling staff for services to nondisadvantaged applicants should be kept to a minimum. This action should result in the shift of counseling staff to meet priority needs of the disadvantaged and those on the borderline of poverty. Such shifts have been made in State-by-State allocations by approving counseling positions under goal I (employability development) and by shifting them from goal II (employer relations and placement). The need for followup services to assure satisfactory job adjustment for applicants who have received employability and job development services was recognized in this shifting of resources from goal II to goal I.

8. Staff commitments in Statewide programs for registration, counseling and testing in schools should be curtailed and redirected to serve those young people who really need such assistance, including the disadvantaged, the dropouts and young people without specific vocational plans or training. Further guidelines for such redirection will be released soon. If schools want to test and counsel large groups of students for vocational guidance purposes, arrangements should be made to release the GATB and necessary training materials to the schools for such purposes.

9. Interarea recruitment activities and related exchange of job orders or other communications should be restricted to (a) direct clearance between local offices, (b) positive recruitment by employers, and (c) periodic brief reports summarizing occupational shortages and surpluses by location. These reports will be consolidated and issued by the BES national office at frequent intervals to provide a national guide to direct recruitment and labor mobility efforts. A revised procedure to accomplish this will be issued in the immediate future.

10. The main thrust of employer relations activity should be devoted to job solicitation, obtaining changes in hiring requirements, and the promotion of additional job opportunities for veterans, claimants, minority group members, the disadvantaged, and other unemployed workers who are facing long term problems in getting and holding a job. Employer promotion should be accomplished primarily through telephone, mail, and publicity media. Routine visits to employers should be held to a minimum.

11. Casual labor or other offices which exist primarily for the convenience of employers should be closed unless the retention of such offices can be justified specifically on their value as a source of outreach or a genuine need for such services in the community. They should not be continued simply because they can produce high levels of activity.

12. Consolidate separate offices such as Youth Opportunity Centers, Adult Opportunity Centers or others providing limited service or serving special groups wherever the establishment or retention of such offices has resulted in duplication of effort, overlapping responsibilities and unnecessary levels of supervision. Such action should be taken to improve agency capability (a) to coordinate and provide needed employability development and placement services, and (b) to provide *all* applicants *full* consideration for *all* types of job opportunities and reasonable accessibility to *complete* manpower service facility.

13. Reexamine the current organizational structures of State, district, area, and local offices and make necessary changes in supervision, functional assignments, and support staff to achieve maximum use of available resources. This should include study of the feasibility of combining small offices having limited capability with larger offices having greater service capability, serving a larger area.

14. State reporting systems should be revised and streamlined to reduce the reporting workload (i.e., fiscal, statistical, etc.) at all levels in the system. The BES national office plans to streamline the ES–212 report (Nonagricultural Placements) by requesting minimum essential information for national reporting purposes. The ES–209–Y (Report of Services to Youth) has been eliminated. A thorough review of national office reporting requirements is being made with a view toward elimination of other less essential items. State agencies should conduct similar reviews of reports which they may have required in the past which are no longer essential to effective operations.

At an early date, State agencies will be informed of the level of resources that will be allocated to them for the remainder of this fiscal year. The staff allocations for the employment service will be specific by goal areas and by activities within each goal area. The tabulations sent to States will carry a brief description of the reasons for changes from the original request. All actions taken have been predicated on each agency's individual plan of service, national program emphasis, desired shift of effort, as well as the broad guidelines outlined above. State agencies are requested to review these allocations from the standpoint of their ability to perform and accomplish their goal objectives during this fiscal year.

When the allocations are received, appropriate amendments to the plan of service should be prepared and revisions made to the exhibit D series to show revised staffing and amended objectives and estimated activity levels. Exhibit E should also be revised to show shifts in staff by goals and location. These amendments and revisions should be submitted through usual channels with two copies to the regional office and six copies to the BES national office, (attention EB).

If the allocations transmitted to the States present problems which will inhibit accomplishment of overall objectives, these matters can be negotiated with the appropriate regional office which in turn will keep the BES national office informed. Since the plan of service is intended to provide the basis for self-appraisal of local office performance and for regional and national office monitoring of State performance, it is vital that all levels of operation in the system be kept informed of the results of changes and modifications.

To further your understanding we call attention to the following basic considerations:

1. All actions taken in connection with the plan of service relate to the goal and activity definitions set forth in chapter 6000, part IV, *ES Manual*.

2. We expect that positions allocated will be used to carry out the plan of service as amended and finally approved. Under the plan of service concept the primary consideration is the attainment of the goal objectives, rather than attainment of certain levels of activity. This provides an opportunity for each State to utilize staff in keeping with their specific needs. Operating experience and subsequent appraisal will dictate the kinds and levels of activity that should be performed.

3. Under the plan of service concept all resources under the administrative supervision of the employment service are to be planned for and included. This includes the use of resources funded through non-bureau channels such as those involved in the work incentive program (WIN), or those funded under a contract with CEP's. Therefore, when State agencies undertake new WIN, CEP or other contractual arrangements which make additional resources available, amendments to the plan of service should be made as provided in the plan of service guidelines included in GAL 1193.

Sincerely yours,

ROBERT C. GOODWIN,
Administrator.

Mr. ODELL. We cut heavily into professional and college placement and placement for the so-called job-ready where our function is essentially one of moving people back and forth because we are serving an employer's particular interest in a particular person.

I really think this has taken hold. I think it comes hard in some places where the view of the system is that unless it can compete pretty much as a high-class professional, executive, head hunting operation, it really is not competitive in doing its job. So it makes it more difficult for us in the States and working with employers, but I really think there is a commitment in this program to move heavily in this direction.

DESIRABILITY OF U.S.E.S. RECORDS BEING MADE AVAILABLE TO PRIVATE AGENCIES

Mr. MICHEL. Do you think there is any merit in making the U.S. Employment Service's records relating to unemployed persons available to private employment agencies who have job possibilities for these people?

Mr. GOODWIN. I think one problem we would run up against immediately is the confidentiality of the record of the individual. We have policies which protect the employer from making his records available, and we have the same ones for applicants. We do make available to the private employment agencies our labor market information, and they have been using that increasingly. I think if we were

to turn the records over to a profitmaking organization we would have to get the consent of the people involved beforehand. I do not think it would be appropriate for us to do that unless we have the consent of the people involved.

Mr. ODELL. There are instances, Mr. Michel, where an organization like Manpower, Inc., or Overload are charging fees to employers, not to individual applicants, where State agencies have agreed to cooperate in recruitment. There is, however, a national regulation which says that you cannot and should not as a matter of policy refer to agencies where the applicant is required to pay the fee. And that is essentially the difference here. Where the employer is paying the fee or where it is a nonprofit agency, we are making referrals. This is a routine of doing business in many States at the present time.

PROFESSIONAL PLACEMENT OFFICES

Mr. MICHEL. One more question on that professional side.

Do you actually have any offices in the country called professional placement offices?

Mr. GOODWIN. Yes.

Mr. MICHEL. How many?

Mr. ODELL. Three years ago there were 10. Some have recently closed down and there are now actually seven so identified. They are all in major cities. Others of them; for example Chicago, are being converted, trying to convert those offices essentially into information centers rather than placement centers.

We have a demonstration going on here in the District of Columbia where the bulk of the traffic in the office is really referred to job lists which are set up as a semiautomated information system. They determine whether suitable jobs are available and make their own entrance to the employer without us being involved as the middleman in the process at all. We would like to see the whole professional placement business or the great bulk of it move in that direction.

We have also cut down on a good bit of our convention placement business, which is directed to professional associations and groups. We are saying, in effect, we would like to serve and help, but we are not going to provide large cadres of temporary personnel to man the operation, the onsite operation. You are going to have to man it yourself.

Mr. MICHEL. Let me have in the record the cost of running those seven professional shops in the last fiscal year and what is expected and what is earmarked for those seven specific shops in the 1970 budget. Then we will have a little something to go back to next year and see what progress has been made in phasing that out if that is an eventual objective—whether or not it is on the increase or wane.

Mr. ODELL. I think we could furnish this information, Mr. Michel, and we will. I would make only one point about it and that is that there are some professional, managerial, technical, and scientific personnel who really need help and cannot afford to get it. I am thinking of the older displaced manager who was caught up in a merger, the engineer or scientist or technician who has kind of eroded away in terms of his technical competence and skill where an intervention

from a public agency at no direct cost to him I think is justified. It is in this area that we are reluctant to simply say shut up shop, because there is a group here that needs help. Women reentering the job market, who have college training or have had work skills, may need this kind of help. Under our basic mandate, the Wagner-Peyser Act, I do not think we can deny service to those people, or should. Veterans are a priority group in our system and we have to serve them if they ask for help.

Mr. MICHEL. I still want it in the record, and it just may serve to put some people on notice that our first obligation here, I think, is to those who just do not have the wherewithal to make it for themselves. I am sure there may be some exceptions in this group of professional people, but in the main I think we have got to be pretty much in agreement they have the resources and wherewithal to make it on their own.

And if we are so strapped and hurting to do what we have to do for those who have to be helped, then let's zero in and set a system of priorities.

(The information appears at page 315.)

Mr. WEBER. I just had a few supplementary comments to make which were generally in accordance with what Mr. Odell said.

One I do not think we can count out this large white-collar group, because longrun statistics clearly indicate this is the growth sector of the labor force and to the extent that we count them out, and they now almost constitute 50 percent of the labor force. The Employment Service will be withdrawing from a large segment which also has need in terms of finding the best job that they possibly can when they are unemployed, both for the purposes of the jobseeker and for the purposes of the economy itself.

Secondly, I would like to indicate that up to this point another index that you might use is the proportion of total placements in a particular occupational labor market which is made by the Employment Service. It is my understanding that the so-called penetration rate in the white collar and professional sector is something like 5 percent, that is only 5 percent of the total number of job connections that are made for these occupations are carried out by the Employment Service. So this is a case that 95 percent are finding their own way and we would tend to deal with problem groups.

A third consideration, one of the problems the Employment Service has always had, and I have seen it from the outside recently, is how to break this chain—employers do not list their good jobs with the Employment Service because they do not think the Employment Service has good people. So if you focus exclusively on disadvantaged, that would tend to reinforce their view. To the extent that you get some good jobs, you get some good applicants, you get more job orders listed, you can then better serve the disadvantaged people themselves through the Employment Service. So it is sort of a complicated issue that goes to various aspects of operations.

Mr. MICHEL. While you are inserting that information in the record, and since it is only seven offices so designated around the country as professional offices, also include in that compilation for each of

those offices the number of placements of the last 2 years by each of those offices in the professional ranks.

(The information follows:)

PROFESSIONAL PLACEMENT OFFICES

Of an original 10 offices whose operations were devoted exclusively to professional placement activities, seven are presently in operation. The offices in Houston and Dallas, Tex., and Detroit, Mich., have been closed.

The following table gives expenditure information, new applications and placements for fiscal years 1968, 1969, and projected expenditures for fiscal year 1970 for the seven professional offices currently in operation.

DATA FOR PROFESSIONAL OFFICES OF THE USES

Offices	Cost			New applications		Placements	
	Fiscal year 1968	Fiscal year 1969 estimated	Fiscal year 1970 projected	Fiscal year 1967	Fiscal year 1968	Fiscal year 1967	Fiscal year 1968
Boston, Mass.	416,152	344,453	345,000	10,698	9,433	[1] 18,973	[1] 19,214
District of Columbia	309,668	342,127	263,000	7,152	7,362	[1] 11,656	[1] 11,402
Chicago, Ill.	562,480	502,418	427,000	12,868	15,210	2,925	2,955
San Francisco, Calif.	583,995	525,305	447,000	28,770	28,222	2,752	2,738
Newark, N.J.	227,405	204,665	174,000	7,322	7,129	4,809	4,463
New York City, N.Y.	1,409,000	1,600,000	1,200,000	35,862	37,581	[1] 85,832	[1] 83,691
White Plains, N.Y.	112,500	111,000	94,000	3,571	3,727	1,164	1,072
Total	3,621,200	3,629,968	2,950,000	106,243	108,664	128,111	125,535

[1] Includes repetitive placements of nurses, made through the operation of a nurses register by the Employment Service

Mr. ODELL. Professional managerial placement constitutes 4 percent of our total placement load, just as an indication of the relative size and scope.

BUDGET INCREASES AND DECREASES BY STATE

Mr. MICHEL. Have we had set out in the record yet the increases in the past year by States that have been authorized or legislated?

Mr. GOODWIN. The increase in the total budget? Salaries?

Mr. MICHEL. Salaries and, on the other side, the benefits paid. Have we had that, Mr. Moyer?

Mr. MOYER. No.

Mr. MICHEL. Could we put that in the record?

Mr. CURTIS. Yes.

Mr. MICHEL. They changed in the last year in several cases with respect to increased benefits paid.

Would it be too much trouble to include that figure of increased salary?

Mr. CURTIS. No; that is easy.

Mr. MICHEL. Include that since you have room for several columns.

That is all, Mr. Chairman.

(The information follows:)

STATEWIDE COMPENSATION PLAN INCREASES AS OF MAR. 11, 1969—FISCAL YEARS 1968 AND 1969

	Fiscal year 1968		Fiscal year 1969	
	Cost per position for fiscal year 1968	Cost per position annualized	Cost per position for fiscal year 1969	Cost per position annualized
Alabama	121	242	199	281
Alaska	796			
Arizona [1]	46	364		
Arizona [2]	51	257		
Arkansas	66	264	[1] 103	[1] 310
California	386	386	444	444
Colorado	600	600	386	386
Connecticut appeals	[3] 1,181	1,043		
Connecticut	[3] 882	588		
Delaware			330	330
District of Columbia [1]	177	354	380	395
District of Columbia [2]	170	340	352	352
Florida	340	340	[1] 164	[1] 221
Georgia	0	0	250	350
Hawaii				
Idaho	513	630	169	197
Illinois	760	780	[1] 490	[1] 1,177
Indiana	[3] 506	502	150	150
Iowa			[1] 57	[1] 131
			253	263
Kansas	141	348		
Kentucky	163	214	[1] 132	[1] 265
			140	142
Louisiana	340	1,130		
Maine	334	671		
Maryland	861	951		
Massachusetts	19	32	[1] 774	[1] 838
Michigan	450	450	481	481
Minnesota	760	760		
Mississippi	219	239	535	634
Missouri	19	45	406	431
Montana				
Nebraska	268	357	172	284
Nevada	684	684	[1] 221	[1] 663
New Hampshire	500	500		
New Jersey	259	271	515	398
New Mexico			940	1,027
New York	202	812	[1] 182	[1] 330
North Carolina	413	424	[1] 284	[1] 568
			4	6
North Dakota				
Ohio	603	603		
Oklahoma	342	674	560	787
Oregon	701	707	[1] 67	[1] 200
Pennsylvania			23	23
Rhode Island				
Rhode Island treasury				
South Carolina	352	361	95	95
South Dakota	418	501	838	838
Tennessee	331	361	289	289
Texas	929	1,115	200	240
Utah	369	369	128	224
Vermont				
Virginia			245	294
Washington	158	0	[1] 186	[1] 447
			93	93
West Virginia			146	146
Wisconsin	225	226	279	279
Wyoming			386	386
Guam				
Puerto Rico			347	347
Virgin Islands			722	722

[1] Estimated.
[2] Unemployment insurance.
[3] Cost per position for fiscal year 1968 includes retroactive amounts, which are not included in the annualization figure.

CHANGES IN MAXIMUM UNEMPLOYMENT INSURANCE WEEKLY BENEFITS BY STATE LEGISLATIVE ACTION, 1967–69

	Maximum weekly benefit amount, Jan. 1, 1967 [1]	Maximum weekly benefit amount, Jan. 1, 1968 [1]	Maximum weekly benefit amount, Jan. 1, 1969 [1]
Alabama [2]	38	42	44
Arizona	43	----------	50
Arkansas [3]	39	41	44
Colorado [3]	53	54	57
Connecticut [2]	50–75	60–90	70–105
District of Columbia [3]	[1] 57	[1] 60	[1] 63
Florida	33	40	----------
Georgia	43	45	----------
Hawaii [3]	66	68	72
Idaho [3]	50	51	53
Indiana	40–43	40–52	----------
Iowa [3]	50	53	55
Kansas [3]	51	53	55
Kentucky [3]	45	47	49
Louisiana	45	----------	50
Maine [3]	45	47	49
Maryland	50	----------	56
Massachusetts [3]	50–(1)	54–(1)	57–(1)
Michigan	43–72	46–76	----------
Minnesota	47	50	----------
Mississippi	30	----------	40
Missouri	45	53	----------
Nebraska	40	44	----------
Nevada	41–61	43–63	----------
New Hampshire	49	54	----------
New Jersey [2]	50	62	65
New Mexico	36	40	----------
New York	55	----------	65
North Dakota [3]	47	48	49
Ohio [4]	42–53	47–66	----------
Oklahoma	32	38	----------
Oregon	44	49	----------
Pennsylvania	45	----------	60
Puerto Rico [3]	20	31	33
Rhode Island [3]	48–60	51–63	53–73
South Carolina [3]	42	44	46
South Dakota	36	39	41
Tennessee	38	42	----------
Texas	37	45	----------
Utah [3]	50	51	----------
Vermont [3]	47	50	53
Virginia	42	----------	48
West Virginia [2]	35	45	47
Wisconsin [3]	59	62	64
Wyoming [3] [4]	48	49	51

[1] When 2 amounts are given, higher includes dependents' allowances. District of Columbia, has the same maximum with or without dependents. Massachusetts maximum augmented payment is not known since such augmentation is limited only by the claimant's average weekly wage.
[2] Although two changes are shown, legislation was enacted in 1967 only.
[3] Indicates change in weekly benefit amount resulting from operation of "flexible maximum" enacted prior to 1967.
[4] In Ohio and Wyoming, maximum amount for interstate claimants may be less than that shown.

Mr. FLOOD. Mr. Shriver?

EFFECT IF PROPOSED LEGISLATION WERE NOT ENACTED

Mr. SHRIVER. You were talking about the proposal to institute quarterly collections of Federal unemployment tax. What would be the practical effect if that legislation for quarterly collection of Federal unemployment tax accounts were not passed?

Mr. GOODWIN. If it is not passed we are limited in the amount of money for State grants to the $630 million that I referred to earlier. In other words, all the tax will produce for State grants for 1970 is the $630 million. I think you probably remember that this comes about because the tax base has not been changed since it was passed in 1939. At that time the tax base was $3,000 and represented about 98 percent of wages. It now represents less than 50 percent of wages. The only increment we are getting now is growth in the labor force. We do get additional funds for the additional people that go to work, but most of them are getting $3,000 or more so that there is no increase there. As wages go up, there is no increase.

BASIS FOR ESTIMATE OF INSURED UNEMPLOYMENT

Mr. SHRIVER. On page 12 of the justification book, you talk about the increase in insured unemployment in fiscal 1970. I am wondering what statistics you base that assumption upon.

Mr. GOODWIN. This is a very small increase and it is based upon some of the developments in the last year. The estimate is 1.1 million to 1.15 million insured unemployed.

Mr. SHRIVER. Where do you get that?

Mr. GOODWIN. The best evidence we have of this is the experience during the past 6 months.

Mr. FLOOD. Would not increased coverage be it?

Mr. GOODWIN. That is a separate item.

Mr. MILLER. That is part, sir. The volume of insured unemployment actually for the last 3 years has been running at 1,150,000. Some years it was higher than that, some years a little lower, but with so little variance it would round to 1,150,000. So what we are really talking about in this budget request is elevating the base from 1.1 million to 1.15 million, which was experience and which was financed out of the contingency fund in the past.

Mr. GODWIN. It will be our experience for 1969.

Mr. MILLER. It was experience in 1968 and 1967 and 1966.

NEW PROCEDURES FOR ASSISTING CLAIMANTS IN FINDING EMPLOYMENT

Mr. SHRIVER. On page 19 of the justifications you say that new procedures for assisting claimants in finding employment will be developed and tested in several State agencies. What procedures do you have in mind?

Mr. MILLER. We are talking about an experiment that we have been running in about 10 different States on a very modest scale. We are trying to supply our claims interviewers with better labor market information; so that for the job-ready claimant we can direct his search for work and thereby, hopefully, shorten the duration of his unemployment and relieve the trust fund from the necessity of paying benefits beyond the period that is absolutely required.

Mr. SHRIVER. A little while ago there was further discussion of the job bank proposal and it was mentioned that 36 cities were going to be added to the experiment.

Mr. GOODWIN. That is what is requested for fiscal 1970.

Mr. SHRIVER. How did you select the 36 cities?

Mr. GOODWIN. Mostly by size.

Mr. SHRIVER. The 36 largest cities?
Mr. GOODWIN. It is almost that, yes.
Generally, it represents cities of a million or more.
Mr. ODELL. Two of the cities which made application——
Mr. SHRIVER. They make application?
Mr. ODELL. Because there is a supplementary budget request involved and we have to review a proposal and authorize the funding of it. Two of the cities in the present round of extension happen to be under a million or more in size of standard metropolitan statistical areas. Those are Portland and Hartford. But in our extension we are targeting in on the very large cities because this is where the very large and complex problem is.
Mr. SHRIVER. Have you put those cities into the record?
Mr. GOODWIN. We were asked to yesterday and we said we would.
Mr. SHRIVER. That is all.
Mr. MICHEL. Mrs. Reid?
Mrs. REID. I do not have any questions.

PROPORTION OF EMPLOYMENT SERVICES FOR WOMEN

Mr. ODELL. On Mrs. Reid's previous question, I was checking our facts here on the proportion of total activities which go to women in the system, and roughly about 45 percent of all of the applications for work that go into the Employment Service are from women, and about that same proportion in placement activities. That gives you some idea of where they fit. I would like to go back and check the most recent data on employment and unemployment and see how that stacks up with it. That is roughly what is happening to women.
Mrs. REID. I would appreciate any information you could supply.
(The following was subsequently submitted:)

NEW APPLICATIONS AND PLACEMENTS—MALE AND FEMALE

For calendar year 1968, new applications filed with the Employment Service totaled 10,367,000, of which 45.4 percent were female. Nonagricultural placements for the same period totaled 5,733,000, of which 40 percent were female.

SALARIES AND EXPENSES

Mr. FLOOD. The next item is the Bureau of Employment Security, "Salaries and expenses." Please proceed, Mr. Goodwin.

GENERAL STATEMENT

Mr. GOODWIN. Mr. Chairman and members of the committee, the fiscal year 1970 estimate for operation of the Bureau of Employment Security is $19,640,000. This is a net decrease of $305,000 under the adjusted appropriation for fiscal 1969. Program changes consist of a reduction for nonrecurring equipment of $13,000 and the elimination of 28 positions and $361,500 from our base program. There is a small mandatory reduction of $100 for the employees compensation fund. We have only one increase item—a mandatory need for $69,600 to meet increased costs of the Federal Telecommunications System. All other mandatory items, such as within-grades and annualization of

the 1969 pay increase, will be absorbed in fiscal year 1970. I would like to call to your attention that the total estimate is financed from the trust fund. I should also point out, Mr. Chairman, that the adjusted level for the current year is significantly lower than that enacted in the 1969 appropriation. Adjustments to the appropriation—primarily transfer of staff to the appropriation for the Office of the Manpower Administrator—have reduced the 1969 program to 1,356 positions and $19,945,000. This compares to 1,646 positions and $22,973,000 appropriated.

I might just say very briefly, although we are not asking for additional funds, that we will be concerned largely with carrying out the Federal responsibility in connection with the unemployment insurance program and the Employment Service on those programs that I referred to in discussing the "Grants to States" budget.

First, in both programs we will be putting a lot of attention on the management improvement activity that I referred to and in the case of the Employment Service, we will be giving primary emphasis to redirecting our efforts toward the disadvantaged.

I think, Mr. Chairman, that covers the highlights of what we are asking for here. I will insert my prepared statement.

(Prepared statement follows:)

STATEMENT OF THE ADMINISTRATOR, BUREAU OF EMPLOYMENT SECURITY

SALARIES AND EXPENSES

Mr. Chairman and members of the committee, the fiscal year 1970 estimate for operation of the Bureau of Employment Security is $19,640,000. This is a net decrease of $305,000 under the adjusted appropriation for fiscal 1969. Program changes consist of a reduction for nonrecurring equipment of $13,000 and the elimination of 28 positions and $361,500 from our base program. There is a small mandatory reduction of $100 for the employees compensation fund. We have only one increase item—a mandatory need for $69,600 to meet increased costs of the Federal Telecommunications System. All other mandatory items, such as within-grades and annualization of the 1969 pay increase will be absorbed in fiscal year 1970. I would like to call to your attention that the total estimate is financed from the trust fund. I should also point out, Mr. Chairman, that the adjusted level for the current year is significantly lower than that enacted in the 1969 appropriation. Adjustments to the appropriation, primarily transfer of staff to the appropriation for the Office of the Manpower Administrator, have reduced the 1969 program to 1,356 positions and $19,945,000. This compares to 1,646 positions and $22,973,000 appropriated.

Although we are not requesting any program expansion in the budget estimate, I believe that a brief statement about our 1970 plans at the Federal level would be of interest to the committee.

Unemployment insurance

The unemployment insurance service has made significant progress in its efforts to develop improved management in the State operations of the program, in developing and testing concepts and techniques for more meaningful interviews of claimants, in work on improved methods of operation and in strengthening research capabilities in State agencies.

The management system has progressed to the point where the States have just completed evaluations of their performance against nationwide criteria of effectiveness and are now in the process of analyzing shortcomings, developing plans for overcoming them and establishing objectives for their operations in fiscal year 1970 which will serve as justification for the grants budgets to be submitted this spring.

There remains, however, a considerable set of tasks to round out a fully effective management system for the unemployment insurance program. The criteria of effective performance will have to be refined on the basis of data reported in

the States' evaluations and by cost-effectiveness analyses. Productivity standards are needed to provide a foundation for determining acceptable costs for effective operations. The elements of the system so far developed provided only for setting agencywide objectives and budgets. Each State will need a system for setting more detailed objectives and budgets for the various elements of their organizations, and they should be provided with rather comprehensive guides for developing their internal management systems. Some work is underway in most of these areas, and we expect to continue work on them in fiscal 1970.

Employment Service

The U.S. Employment Service will continue to provide national leadership, direction and coordination of the operations of public employment service offices. As a result of the reorganization of the U.S. Employment Service in 1968 and 1969 to realine staff resources in terms of high priority manpower programs, it is anticipated that these objectives can be achieved. Principal staff emphasis will be placed on four major areas of activity:

First, guiding and monitoring the execution of State plans of service. Second, guiding and assisting the States to provide the type of intensive services to individuals necessary to assist them in attaining a permanent place in our productive economy. Third, meeting the increasing demands for technical assistance in the development and implementation of new and expanding programs, many of which are financed and operated by or in conjunction with agencies other than the Bureau. These include the concentrated employment program, job opportunities in the business sector, comprehensive work and training program, work incentive, model cities, and similar programs. Fourth, meeting the need for better manpower and employment information which is required in planning, developing, and carrying out programs.

Farm Labor Service

In the agricultural sector, the Bureau's Farm Labor Service will continue to concentrate efforts to meet the needs of farmworkers and employers. This work involves numerous program evaluations and technical assistance in different locations, all with the purpose of improving our on-going services to the agricultural public. Additionally, the Bureau's farm staff will continue to emphasize and encourage more skill training programs and expand its program of helping improve worker-employer relationships in fiscal 1970 through foreman training and worker prejob orientation. This program is meeting with a gratifying response from farm management.

In respect to rural manpower programs, our objective is so to organize our existing resources as to provide the most effective manpower services possible to the rural areas of our Nation. We expect these actions to broaden the opportunity for full employment in both farm and nonfarm work in rural areas. No additional resources are being requested at this time for this expanded rural manpower program. However, in fiscal year 1970 we will begin to address ourselves to the broader rural manpower aspects and it may be necessary next year for us to ask for additional resources. This will, of course, be dependent on our experience in 1970.

Administration and Management

Attainment of employment security goals depends in great measure on the leadership and support provided to the State agencies by the Bureau of Employment Security in the administration and execution of employment security programs. It was in recognition of the Federal responsibility that the Bureau began a couple of years ago to plan and implement five interrelated efforts to improve administrative management in State employment security agencies.

The five action-courses pursued by the Bureau involved (1) developing and giving effect to a system of planning, programing and budgeting, through State plans of services; (2) installing a uniform cost accounting system; (3) developing a comprehensive management information system for all decisionmaking levels, both Federal and State; (4) developing and installing a program evaluation system; and (5) achieving the greatest practical use of automatic data processing technology in employment security operations. These management improvement programs were initiated in order to update and automate our management and operating systems. The general designs of the systems were provided by well-known management consultants assisted by Bureau staff.

While benefiting greatly from the cooperative effort with the State partners on these management improvement programs, the Bureau's work has been increased by our responsibility to provide the coordination and technical assistance required in the implementation effort.

The Bureau is now trying to redirect its staff resources in such a way as to carry on the five management improvement programs described to you despite the loss of 28 positions in fiscal 1970.

With less staff in fiscal 1970 the Bureau realizes that we must make certain vital programs are given priority in the assignment of resources if we are to achieve the ultimate goal of realizing maximum improvements in the effectiveness and efficiency of the employment security system.

Mr. Chairman, Mr. Omohundro, of the Veterans Employment Service, is here and will make a statement if the committee wishes. This concludes my statement on Bureau of Employment Security, salaries and expenses. The budget request is for $19,640,000 and 1,328 positions, which compares to $19,945,000 and 1,356 positions for fiscal year 1969.

VETERANS EMPLOYMENT SERVICE

Mr. GOODWIN. Mr. Omohundro, of the Veterans Employment Service, is here.

Mr. FLOOD. We have his statement. We will put that in the record.

(Prepared statement follows:)

STATEMENT OF THE CHIEF, VETERANS EMPLOYMENT SERVICE, BUREAU OF EMPLOYMENT SECURITY

SALARIES AND EXPENSES

Mr. Chairman and members of the committee, except for the Veterans' Administration, the Department of Labor administers more veterans' benefits than any other Federal agency. In fiscal year 1968, for example, 1,830,100 veterans, including 156,400 disabled veterans, visited the local offices of the State employment service and applied for employment assistance. This represents a substantial increase over recent years. The local offices placed these veterans in 1,163,500 nonagricultural jobs. During the year the local offices counseled 179,300 veterans about such matters as choosing an occupation and determining the kind of training which is most advantageous for a physically disabled veteran. In addition, the State employment services outstationed 20 veterans employment representatives in 20 new veterans assistance centers established by the Veterans' Administration in major cities. Between establishment of the centers in February 1968 and the end of November, these representatives advised 25,200 young returning veterans about their future employment prospects. Career military retirees represent the oldest group of returning veterans. In 1968, the State employment service conducted 510 employment briefing sessions at the military bases for 27,000 of these career military men who were scheduled for separation.

The great majority of the 950,000 veterans who will return to civilian life in 1969 are in the 20–24 age group. These young men who have given so much deserve the best possible employment assistance when they return. The State employment service has taken the initiative to contact returning veterans by letter, telephone or personal visit as soon as they return to the local community. More than 566,000 returning veterans were contacted during fiscal year 1968 in order to explain the various available benefits, particularly in the area of employment and job training.

In 1969, the State employment services will intensify their programs of contacting, counseling, and job placement for all veterans, including veterans currently returning to civilian life. At the same time, we plan to encourage civic organizations and other service groups to consider starting their own programs for veterans. The Veterans Employment Service recently cooperated with the U.S. Jaycees, which made assistance to returning veterans a national program this year. Jaycees sent program material concerning assistance to veterans to 6,000 chapters.

In 1970, service to disabled veterans will receive major attention. During the January 1966 through June 1968 period, almost 57,000 servicemen received disability separations, and recent trends show an increasing rate of such separations. Many wounded veterans will complete their rehabilitation and seek jobs in 1970. The counseling and individual job placement work which they need will be the meticulous, all-out service which these veterans deserve, without consideration as to the time required. We also plan to augment job market information services for returning veterans to include information about critical employment fields which are in short supply of workers, such as manpower services, health occupations, teaching, and protective services.

Mr. Chairman, this concludes my statement. The budget request is for $2,093,000 and 144 positions which compares to $2,087,000 and 144 positions for fiscal year 1969.

VETERANS ORGANIZATIONS OPINION OF BUDGET

Mr. FLOOD. There is only one question I have to ask you.

Insofar as all the veteran organizations are concerned, are they reasonably satisfied with the budget as sent up?

Mr. GOODWIN. They are, I would say, very well satisfied with the operation of the Veterans Employment Service. There has been some——

Mr. FLOOD. Suppose we have Omohundro answer that himself, the veterans people are dealing with him in this thing.

Mr. OMOHUNDRO. I am sure, Mr. Chairman, the——

Mr. FLOOD. Within the rule of reason, are they satisfied?

Mr. OMOHUNDRO. Within the rule of reason, they are satisfied with the funding of the Federal end of the Veterans Employment Service but not within the rule of reason with respect to grants to States for services being rendered to veterans in the local public employment offices.

Mr. FLOOD. You mean with the budget?

Mr. OMOHUNDRO. Right.

PLACEMENT ASSISTANCE FOR VETERANS AND RETIRING DEFENSE PERSONNEL

Mr. FLOOD. I also happen to be on the Defense Appropriation Subcommittee. What are you doing to help the Defense people in what I think is a very admirable program, "project referral," for those who have served enough years to retire, and do retire, but want some kind of employment. It was announced by Secretary Clifford just a couple of months ago.

First say for the record in a paragraph what is the program.

Mr. GOODWIN. The program has as its purpose to take the people that are coming out of the service and to try to help them get employment, primarily in other Department of Defense work or in other Government work.

Mr. FLOOD. As I understood it, it would even take in a lot of bird colonels. They used to give them a cocktail party, say goodby. Now they are trying to help them if they want a job.

Mr. GOODWIN. I think they would not be really a part of this particular program, as I understand it. The objective is to help those who are coming out of the service and to help the agencies that are in need of that kind of personnel.

Part of this goes to a program the Civil Service Commission has under way with the Department of Defense which makes some concessions in terms of the educational requirements and perhaps other factors for employment in the public service. In other words, they are waiving certain of the requirements they have had for veterans. These veterans coming out of the servie are put in touch with those opportunities by this particular program.

Mr. Omohundro has been working with them on this program, and I think he might want to say something about it.

Mr. FLOOD. Do you wait until they are out, or do you get in touch with them at the camp?

Mr. OMHUNDRO. No, sir; they wait until they are out and at home. This is called the VEVER program—Vietnam era veterans employment referral program. It is administered by the Department of Defense. They have, similar to what we have, a job bank, in Dayton, Ohio. Every Vietnam veteran who is separated may go to any military installation and fill out an application for employment. This application is fed into he computer at Dayton. At present, the computer matches the veteran's skills with jobs whlch are primarily Federal positions with Department of Defense installations scattered throughout the United States, as well as jobs with several other Federal agencies. Most of the positions are transitional appointments in grades GS–1 through GS–5, but some in skill-shortage occupations are at higher levels.

Mr. FLOOD. Somebody tells them this? They are actually told about it?

Mr. OMOHUNDRO. Yes, sir; they are told about it at the separation center. That is one phase of it.

The other phase is for transitional appointments. The Department of Defense is cooperating with the Civil Service Commission, the Post Office Department, the Department of Agriculture, and other Federal agencies that are willing to take young men with less than 13 years of education; in other words, a high school education and perhaps a half-year of college. The agencies give them transitional appointments without competitive grading in the regular civil service examination, if one is required, although the veteran must make a passing score. He must also agree to pursue a course of education tied in with his job.

The veteran has 10 months from the time of separation to apply to the Department of Defense for these jobs.

Mr. FLOOD. What do you think about it?

Mr. OMOHUNDRO. I can see advantages to the Department of Defense in trying to fill skill-shortage vacancies in installations throughout the United States. I can see definite advantages to sending these men who qualify for transitional appointments to other agencies.

Mr. FLOOD. You do not have any information on it, of course, directly so far?

Mr. OMOHUNDRO. No, sir. The Department of Defense has not brought us into it, other than furnishing the State employment security agency a biweekly list of their shortage occupations. So, if the State employment security agencies throughout the country have Vietnam era veterans registered who could fill these positions, they would be referred to the Defense installation.

Mrs. REID. What is that called?

Mr. OMOHUNDRO. The Department of Defense calls it the VEVER program, the Vietnam era veterans employment referral program.

EFFECT OF REORGANIZATION AND ECONOMY DRIVE ON BUREAU

Mr. FLOOD. We had your friend Murphy up here from the Bureau of Apprenticeship and Training, and we had the impression the Department was pretty rough on his program the last year or so. It looks like you are in somewhat the same position. First you lose part of your staff to the Office of Manpower Administrator, and then the 1970 budget, you tell us, cut you back 28 positions. Is that economy, or is the workload going down?

Mr. GOODWIN. On the first item, this represents a transfer of positions and functions. Under those circumstances, it does not create special problems. We have a few instances where not all of the functions were actually transferred. In other words, we were expected to carry on certain things with our remaining personnel. That has created problems in trying to work those out.

There were 105 in the regular budget, and then there were—what was it on the MDTA?

Mr. CURTIS. 105 is the total in the realinement.

Mr. GOODWIN. Then we had a group in the MDTA who were transferred from our budget——

Mr. CURTIS. 185.

Mr. GOODWIN (continuing). From our budget into the Manpower budget. No problem is represented there. As I understand it, the Bureau will continue to have the services of that group, but the budget is carried with the rest of the Manpower budget.

The 28 represents a cut for fiscal 1970.

Mr. FLOOD. Why? Economy, or the workload went down?

Mr. GOODWIN. Economy. This is part of the economy program. This is our share of it.

FEDERAL TELECOMMUNICATIONS SYSTEM SERVICE COSTS

Mr. FLOOD. You are asking for an increase of $69,660 for what you call net additional cost for Federal Telecommunications System service. We see this in many other offices. What are these services? How do you calculate these costs? Have you any control over the costs? What is the service, in the first place?

Mr. GOODWIN. The service is a long distance telephone service that is available throughout the Government. As I understand it, the GSA assesses a cost to the Department of Labor based upon workload.

Mr. FLOOD. You have no control over the cost.

Mr. GOODWIN. No, we have no control over it. The Department does not have any control over it. We do not have any control over the distribution.

Mr. FLOOD. The figure we have is $69,600. That is just the increase. What is the total cost? Whether you control it or not, we would like the figure.

(The information follows:)

FEDERAL TELECOMMUNICATIONS SYSTEM COSTS

	Fiscal year 1969	Fiscal year 1970 increase	Fiscal year 1970 total
Bureau of Employment Security	$85,000	$69,600	$154,600
Total, Department of Labor	487,071	376,815	863,886

REGISTRATION OF FARM LABOR CONTRACTORS

Mr. FLOOD. You had some problems with the program to register farm labor contractors during the first couple of years of the program. You touched on that lightly. What were those problems, and how are things going on now?

Mr. GOODWIN. We had problems getting them to come in and register. We felt a good many of them were continuing to operate, but did not register under the law. The figures have been going up on registration. We think most of them now are registering.

Jack, do you have the figures?

Mr. DONNACHIE. Registrants covered under the act have increased from 2,000 to 3,000 in the past 2 years.

Mr. FLOOD. You are doing all right now?

Mr. DONNACHIE. We estimate we are now covering a quarter of a million workers through the benefits of this act.

Mr. FLOOD. Now on the problems of agricultural workers, do you have any serious problems in connection with your activities in authorizing the use of foreign agricultural workers? For instance, that West Virginia case on page 38. Employed 395 in 1968 but only 354 were authorized. How in the world did that happen? That is West Virginia, on page 38. I was surprised at that.

Mr. DONNACHIE. That may be an error. The employment should not have exceeded the authorized number. The employment will be less.

Mr. FLOOD. Check and see if that is an error.

Mr. GOODWIN. I am sure we can insert an explanation.

(The information requested follows:)

EXPLANATION OF DEVIATION BETWEEN NUMBER AUTHORIZED AND NUMBER EMPLOYED FOR WEST VIRGINIA AND VIRGINIA

The figures in the number authorized column for Virginia and West Virginia are incorrect; the correct figure for Virginia is 979, for West Virginia 336, making the total number authorized 35,643.

The number of foreign workers employed in West Virginia exceeded the number authorized because of three growers who owned orchards in both Virginia and West Virginia. The workers for these growers were housed in Virginia and were counted as part of the Virginia authorization. However, they were allowed to work both on the portion the three growers' orchards that were in West Virginia and the portion that lay in Virginia. At the time of peak employment, which occurred on the same date in both States, most of the workers for these growers were working on the West Virginia side. They were counted only as part of the West Virginia employment and there is no duplication with any part of the Virginia peak employment. Similarly, there is no duplication in the Virginia and West Virginia authorization figures. The workers are counted only in the Virginia authorization figure.

ADMISSION OF IMMIGRANT ALIENS FOR EMPLOYMENT

Mr. FLOOD. What are the trends with regard to the numbers and types of employment in connection with the admission of immigrant aliens under the 1965 amendments to the Immigration and Nationality Act? We had admonitions of dire consequences. What are the trends in the numbers and the types of employment?

Mr. GOODWIN. In fiscal 1967, we processed a total of 134,000 applications. This went up in fiscal 1968 to 161,527.

Mr. FLOOD. What kind of jobs? Pick out a couple and give us a table with the whole thing.

Mr. GOODWIN. For 1968, we had 47,431 in the professional, technical, and managerial grouping. We had 8,788 in clerical and sales. We had in service 47,991, and 40,061 of them were live-in maids. We had 1,251 farming, fishing, and forestry. We had 16,129 in machine trades. I will not read all these small ones.

Mr. FLOOD. Put the balance of that table in the record at this point.

Mr. GOODWIN. Yes, sir.

(The table follows:)

NUMBER OF ALIEN WORKERS APPROVED FOR PERMANENT EMPLOYMENT BY OCCUPATIONAL CATEGORY, FISCAL YEARS 1967-68 [1]

Occupational category	Number of workers			
	Fiscal year 1967	Fiscal year 1968	Increase	Percent change fiscal years 1967-68
Total	116,499	141,827	+25,328	+21.7
Professional, technical and managerial	43,137	47,431	+4,294	+10.0
Clerical and sales	4,033	8,788	+4,755	+117.9
Service	37,030	47,991	+10,961	+29.6
(Service live-in maids)	(32,583)	(40,061)	(+7,478)	(+23.0)
Farming, fishing, forestry	1,038	1,251	+213	+20.5
Processing	1,876	1,303	−573	−30.6
Machine trades	15,991	16,129	+138	+.9
Benchwork	6,741	7,487	+746	+11.1
Structural work	5,801	9,487	+3,686	+63.5
Other	852	1,960	+1,108	+130.0

[1] Includes alien workers certified for permanent employment by the Immigration and Naturalization Service and the U.S. consular offices on the basis of schedules promulgated by the Department of Labor.

Mr. FLOOD. Generally speaking, am I right in thinking that there isn't any very significant change in the basic part of your activities dealing with the States on the employment and unemployment programs?

Mr. GOODWIN. Yes, you are. We have the changes that we have discussed here today on redirection of program, but the basic——

Mr. FLOOD. But they are not significant?

Mr. GOODWIN. They are significant, but the basic relationship between the Federal Government and the States has not changed.

Mr. FLOOD. Mrs. Reid?

ASSISTANCE OF PRIVATE ORGANIZATIONS IN VETERAN PLACEMENT

Mrs REID. Thank you, Mr. Chairman. I have just one question I would like to ask Mr. Omohundro.

On page 2 of your statement you talk about your hope of encouraging civic organizations and other service groups to consider starting their own programs to counsel returning veterans. I just wondered how much progress had been made in this area.

Mr. OMOHUNDRO. We have been fairly successful with other organizations, such as the U.S. Junior Chamber of Commerce which I mentioned in my statement. For example, many chapters of the Rotary, Kiwanis, and Lions, in their weekly or biweekly luncheons, have been inviting a few of the recently returned Vietnam veterans

to be their guests. These young men are looking for work. A thumbnail sketch is made of the veteran's work background and military experience. It is mimeographed and set at the plate of each one of the members attending the luncheon. Before the formal proceedings of the luncheon start, the president introduces the guest of the organization and tells the membership, "We have a capable young veteran here looking for work. If any of you are interested, contact the local State employment service office."

We have been successful in placing a lot of veterans through such organizations.

Also, as you know so well, Mr. Chairman, the American Legion, the Veterans of Foreign Wars, the DAV, and AMVETS have been very helpful to us in reaching recently separated veterans who are living in remote areas, explaining to them the various benefits that they are entitled to, including those concerned with employment and job training.

Mrs. REID. Do you feel this would eventually substantially reduce your costs, or is this merely a way to improve your reaching the returning veteran?

Mr. OMOHUNDRO. We think it is an additional way to reach the veterans so they will be apprised of all the benefits that they are entitled to, whether it is education or rehabilitation or whether they are seeking information on a home loan.

I know we have heard in the past from many World War II veterans and Korean veterans that they did not know about all the benefits which were available to them. No one had explained it adequately. We are trying to provide information about all of these available benefits, particularly benefits administered through the local public employment offices. We are trying to make that community agency a one-stop service where a veteran can be registered for either employment or job training.

Mr. FLOOD. We have been at this since World War II, and we never have been able to get the information to the kids at the separation centers for some reason. They tell us the program. They show us pictures. The fellows go back and lecture. It sounds perfect. But for some reason they do not get through to these kids. They do not get it. They want to know about civil service. I say to them, "Didn't they tell you this at the separation center?" Well, they did or they forgot about it or they don't know. There is an awful hole there someplace.

Mr. GOODWIN. Their mind is on something else—getting out.

Mr. OMOHUNDRO. We tried experiments at the Oakland Army Terminal where men are separated from the South Pacific. They complete their separation processing in 4 hours. It is difficult to provide them with concrete information in 4 hours. This is the reason we are asking all the civic organizations and all the veterans' organizations to cooperate with the local employment offices in reaching these men after they return to their homes.

Mrs. REID. I hope you do continue to emphasize this.

That is all, Mr. Chairman.

Mr. FLOOD. Thank you very much.

JUSTIFICATION MATERIAL

UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970
Appropriation or estimate.....	$92,200,000	$115,800,000
Advance to prior year.....	-16,946,521	--
Estimated program supplemental.....	36,000,000	--
Appropriation or estimate, revised.....	111,253,479	115,800,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1969	Estimate, 1970	1970 Change
1. Unemployment Compensation for Federal Employees.....	$49,400,000	$51,400,000	+$2,000,000
2. Unemployment Compensation for Ex-servicemen.....	61,853,479	64,400,000	+ 2,546,521
Total obligations.....	111,253,479	115,800,000	+ 4,546,521

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1969	Estimate, 1970	1970 Change
13 Benefits for former personnel.....	$111,253,479	$115,800,000	+$4,546,521
Total obligations.....	111,253,479	115,800,000	+ 4,546,521

SUMMARY OF CHANGES

	Amount
1969 Enacted Appropriation	$92,200,000
Advance to prior year	-16,946,521
Estimated program supplemental	36,000,000
1969 Appropriation, revised	111,253,479
1970 Estimate	115,800,000
Total Change	+ 4,546,521

Mandatory Items

Increases:

To provide for a higher average weekly benefit amount for unemployment compensation for Federal employees	+ 2,000,000
It is estimated that the average weekly benefit amount will be $46.00 in fiscal year 1970, $1.80 higher than currently estimated for fiscal year 1969. This reflects the civilian pay increases and the increases in the State unemployment insurance maximum weekly benefit amount. (Page 9)	
To provide for a higher average weekly benefit amount for unemployment compensation for ex-servicemen	+ 2,546,521
It is estimated that the average weekly benefit amount will be $46.50 in fiscal year 1970, $1.90 higher than estimated for fiscal year 1969. This reflects the military pay raise and the increases in the State unemployment insurance maximum weekly benefit amount. (Page 9)	
Total Change	+ 4,546,521

MANDATORY CHANGES BY ACTIVITY

	To provide for higher average weekly benefit amount
Activity 1	+$2,000,000
Activity 2	+ 2,546,521
Total	+ 4,546,521

Activity 1. UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES (1969, $49,400,000; 1970, $51,400,000)

Narrative Description of Program

This program provides for payment of unemployment compensation to unemployed Federal employees under Title XV of the Social Security Act, as amended. The program started on January 1, 1955. The claims of unemployed Federal employees are processed by State unemployment insurance agencies on the same basis as claims of other unemployed workers whose employment is covered under the State unemployment compensation law. In the Virgin Islands benefits are paid in accordance with the provisions of the District of Columbia unemployment compensation law. Under this program Federal funds are allocated to the States, which act as agents for the Federal government, for the payment of benefits.

Change for 1970

	1968	1969	1970	Change
Increase in average weekly benefit amount....	$42.27	$44.20	$46.00	+$2,000,000

The civilian pay increase, effective July, 1969, and the expected actions by State legislatures increasing maximum weekly benefit amounts for unemployment insurance benefits would result in a higher estimated average weekly benefit amount for fiscal year 1970. (Page 9)

Activity 2. UNEMPLOYMENT COMPENSATION FOR EX-SERVICEMEN (1969, $61,853,479; 1970, $64,400,000)

Narrative Description of Program

This program provides for unemployment compensation for ex-servicemen to be administered similarly to the program of unemployment compensation for civilian employees of the Federal government under Public Law 848 of the 85th congress, approved August 28, 1958, which amended title XV of the Social Security Act. A claim for benefits by an eligible ex-serviceman is processed under the unemployment insurance law of the State in which he first files his claim after his most recent release from active service.

Change for 1970

	1968	1969	1970	Change
Increase in average weekly benefit amount...	$42.68	$44.60	$46.50	+$2,546,521

The military pay increase, effective July 1969, and the expected actions by the State legislatures increasing maximum weekly benefit amounts for unemployment insurance benefits would result in a higher estimated average weekly benefit amount for fiscal year 1970. (Page 9)

Explanation of Computation of Federal Unemployment Compensation Benefits

	Federal Employees			Ex-servicemen		
	Weeks Compensated	Average Weekly Benefit Amount	Amount[1]	Weeks Compensated	Average Weekly Benefit Amount	Amount[1]
1966	1,070,389	$39.58	$44,325,825	1,282,411	$37.87	$49,843,523
1967	935,410	40.99	39,273,500	924,692	41.35	38,585,620
1968	1,086,354	42.27	47,273,866	1,357,733	42.68	58,476,478
1969	729,200	44.20	33,200,000	932,400	44.60	42,053,479
Proposed Supplemental	356,800	44.20	16,200,000	439,600	44.60	19,800,000
1970	1,086,000	46.00	51,400,000	1,372,000	46.50	64,400,000

[1] The total benefits paid exceed the computation of weeks compensated times average weekly benefit amount by the amount of an adjustment factor which encompasses supplemental and joint benefits with other programs and extended duration benefits which are not included in the count of weeks compensated. In fiscal years 1969 and 1970, the adjustment factor is three percent for Unemployment Compensation for Federal Employees and one percent for Unemployment Compensation for Ex-servicemen.

Benefits Paid for Unemployment Compensation
for Unemployed Federal Workers and Ex-servicemen

Fiscal Year 1968

	Federal Employees	Ex-Servicemen	Total
July	$ 2,758,703	$ 3,119,586	$ 5,878,289
August	3,694,287	4,497,677	8,191,964
September	3,104,644	3,733,695	6,838,339
Total 1st quarter	9,557,634	11,350,958	20,908,592
October	3,276,210	3,552,335	6,828,545
November	3,617,552	3,983,548	7,601,100
December	3,763,811	4,644,834	8,408,645
Total 2nd quarter	10,657,573	12,180,717	22,838,290
January	4,892,255	6,937,648	11,829,903
February	5,066,826	6,744,730	11,811,556
March 1/	3,360,637	4,317,675	7,678,312
Total 3rd quarter	13,319,718	18,000,053	31,319,771
April 2/	6,068,098	7,652,967	13,721,065
May	3,995,506	4,744,809	8,740,315
June	3,674,337	4,546,974	8,221,311
Total 4th quarter	13,737.941	16,944.750	30,682,691
Total for year	$47,272,866	$58,476,478	$105,749,344

1/ Excludes $4.171,008 benefits due after exhaustion of regularly appropriated funds for fiscal year 1968.

2/ Includes $4,171,008 retroactive benefits due March and paid in April out of $28,000,000 supplemental appropriation.

Note:	UCFE-X Expenditures from fiscal year 1968 Appropriation	$88,857,444
	UCFE-X Expenditures from advance from fiscal year 1969 Appropriation	16,891,900
	APTA Expenditures from fiscal year 1968 Appropriation	1,726,696
	APTA Expenditures from advance from fiscal year 1969 Appropriation	54,621
	Advance to fiscal year 1967 from fiscal year 1968 Appropriation	2,415,860
	Total obligations	$109,946,521

Benefits Paid for Unemployment Compensation
for Unemployed Federal Workers and Ex-Servicemen

Fiscal Year 1969 Revised Estimate

	Federal Employees	Ex-Servicemen	Total	Original Estimated Total
July[1/]	$ 3,771,624	$ 5,332,990	$ 9,104,614	$ 6,100,000
August[1/]	3,816,021	5,926,806	9,742,827	8,500,000
September[1/]	3,332,769	5,127,520	8,460,289	7,100,000
Total 1st quarter[1/]	10,920,414	16,387,316	27,307,730	21,700,000
October[1/]	3,708,432	5,216,121	8,924,553	7,200,000
November[1/]	3,713,575	5,342,390	9,055,965	8,000,000
December[1/]	4,405,377	7,311,350	11,716,727	9,500,000
Total 2nd quarter[1/]	11,827,384	17,869,861	29,697,245	24,700,000
January	5,052,202	6,596,302	11,648,504	9,600,000
February	4,800,000	5,500,000	10,300,000	10,000,000
March	5,000,000	5,500,000	10,500,000	11,000,000
Total 3rd quarter	14,852,202	17,596,302	32,448,504	30,600,000
April	4,300,000	3,900,000	8,200,000	5,000,000
May	3,900,000	3,200,000	7,100,000	4,900,000
June	3,600,000	2,900,000	6,500,000	5,300,000
Total 4th quarter	11,800,000	10,000,000	21,800,000	15,200,000
Total for year	$49,400,000	$61,853,479	$111,253,479[2/]	$92,200,000

1/ actual experience
2/ Only $75.253,479 is presently available for FY 1969 benefits, because $16,946,521 was used to finance benefits at the end of FY 1968.

Benefits Paid for Unemployment Compensation
for Unemployed Federal Workers and Ex-servicemen

Fiscal Year 1970 Estimated

Month	Federal Employees	Ex-servicemen	Total
July	$ 3,900,000	$ 5,500,000	$ 9,400,000
August	4,000,000	6,100,000	10,100,000
September	3,400,000	5,400,000	8,800,000
Total 1st quarter	11,300,000	17,000,000	28,300,000
October	3,800,000	5,400,000	9,200,000
November	4,100,000	5,500,000	9,600,000
December	4,300,000	5,600,000	9,900,000
Total 2nd quarter	12,200,000	16,500,000	28,700,000
January	5,200,000	5,600,000	10,800,000
February	5,000,000	5,400,000	10,400,000
March	5,200,000	5,500,000	10,700,000
Total 3rd quarter	15,400,000	16,500,000	31,900,000
April	4,500,000	5,000,000	9,500,000
May	4,200,000	4,800,000	9,000,000
June	3,800,000	4,600,000	8,400,000
Total 4th quarter	12,500,000	14,400,000	26,900,000
Total for year	$51,400,000	$64,400,000	$115,800,000

TRADE ADJUSTMENT ACTIVITIES

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970
Appropriation or estimate.....	$1,300,000	$1,100,000
Appropriation or estimate, revised.....	1,300,000	1,100,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation 1969	Estimate, 1970	1970 Change
1. Trade adjustment allowances.....	$1,200,000	$1,027,000	-$173,000
2. Trade adjustment activities, State administration.....	100,000	73,000	- 27,000
Total obligations.....	1,300,000	1,100,000	- 200,000

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1969	Estimate, 1970	1970 Change
41 Grants, subsidies and contributions..	$1,300,000	$1,100,000	-$ 200,000
Total obligations.....	1,300,000	1,100,000	- 200,000

SUMMARY OF CHANGES

1969 Enacted Appropriation	$1,300,000
1970 Estimate	1,100,000
Total Change	- 200,000

Mandatory Item:

Increase:

To provide for a higher average weekly allowance payment to workers	+ 40,000

The average weekly allowance will be $76.70 in fiscal year 1970, $2.95 higher than currently estimated for 1969. (page APTA-8)

Sub-total, Mandatory Item	+ 40,000

Program Items:

Decreases:

Reduction due to fewer number of claimants	- 213,000

No new petitions were accepted after June 30, 1968, under existing legislation; therefore, allowances will be paid to approximately 1,095 eligible workers in fiscal year 1970 compared to payments to 1,320 workers in fiscal year 1969 (page APTA-9).

Reduction due to decrease in administration costs	- 27,000

Reduction due to fewer direct hours for Unemployment Insurance activities (page APTA-11).

Sub-total, Program Items	- 240,000
Total Change	- 200,000

MANDATORY CHANGES BY ACTIVITY

	To provide for a higher average weekly allowance payment to workers
Activity 1	+$40,000
Activity 2	--
Total	+ 40,000

PROGRAM CHANGES BY ACTIVITY

	41 Grants, subsidies and contributions
Activity 1	+$213,000
Activity 2	- 27,000
Total	- 240,000

Activity 1. TRADE ADJUSTMENT ALLOWANCES (1969, $1,200,000; 1970, $1,027,000)

Narrative Description of Program

The activity provides for assistance to workers in the form of weekly adjustment allowances to employees partially or totally separated from firms which make products affected by the operation of the United States-Canadian Automotive Agreement.

Trade adjustment assistance is payable under certain conditions to workers who lose their jobs as a result of an increase in imports. Such payments are made in accordance with the provisions of Title III of the Trade Expansion Act of 1962 (19 U.S.C. 1901-1991).

The Automotive Products Trade Act of 1965 (19 U.S.C. 2001-2032) implements an agreement between the United States and Canada for the free trade in automotive products between the two countries. In order to provide adjustment assistance to workers who lose their jobs due to the working of the agreement, the provisions of Title III of the Trade Expansion Act were made applicable. These provisions provide that the Secretary of Labor "...shall pay or provide such assistance to applicants who are so entitled..." and indicated the manner in which this shall be accomplished. The Automotive Products Trade Act established new and special standards, including detailed economic criteria for determining the cause of the dislocation, and for establishing the eligibility of firms and/or workers for this assistance.

Worker adjustment assistance benefits will be paid to automotive workers under Automotive Products Trade Act in accordance with the adjustment assistance provisions of the Trade Expansion Act. No new petitions can be accepted after June 30, 1968, under existing legislation.

Changes for 1970

Mandatory changes amount to..... +$ 40,000

Program changes amount to..... +$213,000

Basis for the Estimate

Computation of Allowances for Fiscal Year 1970

Determinations:	Number of Workers	Avg. Duration	Avg. Wkly. Allow.	Total Cost
1967	235	4	$76.70	$ 72,000
1968	340	11	76.70	290,000
1969	300	15	76.70	345,000
1970	220	19	76.70	320,000
Total.....	1,095			$1,027,000

The mandatory change of approximately $40,000 results from the increase in the average weekly allowances from $73.75 in 1969 to $76.70 in 1970, applied to the 13,360 weeks compensated in 1970. The increase of $2.95 in weekly allowances result in the fact that average manufacturing wage is estimated to increase from $114 in 1969 to $119 in 1970, thus increasing the maximum possible weekly payment from $74.10 in 1969 to $77.35 in 1970.

The weekly trade readjustment benefit rate is derived in accordance with the provisions of the Trade Expansion Act. The maximum rate is 65 percent of the average weekly manufacturing wage as determined by the Bureau of Labor Statistics

annually. Eligible workers are paid at 65 percent of the average weekly manufacturing wage or 65 percent of their own wages whichever is the lower amount.

The program decrease of $213,000 results from a decrease of 225 workers compensated from the 1969 estimate of 1,320 workers. The reduction of 225 workers times 12.8 weeks compensated times the average weekly allowance of $73.75 equals approximately $213,000. Trade adjustment allowances may be paid to an eligible worker for up to 52 weeks in a two-year period after he qualifies. An additional 13 weeks may be paid to persons over age 60. Also persons in training may be paid up to 26 weeks more than the basic 52 weeks and the eligible period for people in training is extended to three years.

Thus the preceding table shows that during fiscal year 1970, 235 workers who were determined eligible in fiscal year 1967 will draw an average of four weeks of benefits at the 1970 average weekly benefit rate of $76.70. Similarly 340 workers determined eligible in 1968 will receive an average of 11 weeks in 1970, 300 workers determined eligible in 1969 will receive 15 weeks of trade readjustment benefits in 1970 and 220 persons newly found eligible in 1970 will receive an average of 19 weeks of trade readjustment allowances in that year.

During fiscal years 1966, 1967 and 1968 petitions had been certified for allowances to be paid to workers for the following companies:

Chevrolet Assembly Plant	N. Tarreytown, New York
Fisher Body	N. Tarreytown, New York
Fram Filter Co.	Birmingham, Alabama
Fisher Body Works	Grand Rapids, Michigan
Rockwell Standard Corp.	Adrian, Michigan
Eaton Yale and Towne Inc.	Detroit, Michigan
Chrysler Jefferson Plant	Detroit, Michigan
Gabriel Shock Absorber Co.	Cleveland, Ohio
American Motors Corp.	
Milwaukee Body Plant	Milwaukee, Wisconsin
American Motors Corp.	Kenosha, Wisconsin
Borg-Warner Corp.,	Detroit, Michigan
Long Manufacturing Division	
Condenser Department	
Oil Cooler Department	
The Ford Division	Pennsauken, New Jersey
Eaton Manufacturing Co.	Lackawanna, New York

Activity 2. TRADE ADJUSTMENT ACTIVITIES, STATE ADMINISTRATION (1969, $100,000; 1970, $ 73,000)

Narrative Description of Program

This program provides for the services by the State Employment Security agencies in the administration of the worker adjustment assistance provisions authorized by the Automotive Products Trade Act of 1965. To provide these services requires the State Employment Security agencies to investigate worker employment histories in order to determine worker entitlement to adjustment assistance allowances; to administer the payment of allowances; to determine if there were refusals to accept training without good cause thus causing workers to lose their eligibility for allowances; to make weekly certification for training; to process and make payments of subsistence and travel expenses; to consult trainee and training facility concerning termination of training; to determine whether a weekly training payment should be denied; to prevent, detect and collect overpayments by examining the records of each separate payment; to prosecute for fraud; to furnish information for the annual report on activities under the Act; and to furnish information for investigation of anticipated economic impacts of other agreements contemplated under Section 202 of the Act.

In addition, the State Employment Security agencies furnish employment services in the local offices of the State affected for the workers estimated to be found eligible for adjustment assistance. State agencies promote new job opportunities and provide specialized placement services. Specialized and intensive counseling, testing and placement services are utilized to reduce reliance on trade adjustment benefits and to return adversely affected workers to full employment as quickly as possible. All efforts are made to locate suitable employment affording a reasonable expectation of long-term duration either in the area of residence or in another area within the United States.

Changes for 1970

Mandatory changes amount to..... $ NONE

Program changes amount to.....-$27,000

Basis For The Estimate

	Workload	Unit Time	Hours
Number of Determinations.....	220	1 hour	220
Number of Payments.....	13,360	3/4 hour	10,020
Total Payment Processing.....			10,240
Employment Service Activities			
Counseling, Testing, Refferal to Employment or Training.....	285	4 hours	1,140
Total Direct Hours.....			11,380
Overall Administration			
Includes training, procedures development, evaluation and overall supervision			
15% of direct hours.....			1,700
Total Hours.....			13,080
Cost per hour.....			$ 5.55
Total cost of State Administration, 1970.....			$73,000

Administrative expenses of State Employment Security agencies in connection with trade adjustment assistance are estimated to be $73,000. This will include the cost of determining work eligibility and payment of allowances; counseling, testing, referral and placement services and general staff training, procedural development and overall program administration. The increase of $.75 in the estimated cost per hour for 1970 over the $4.80 estimated for fiscal year 1969 covers increases in State-wide salary rates and fringe benefits. The funds will be distributed to State agencies in proportion to each State's share of the trade adjustment assistance activity during the year.

LIMITATION ON GRANTS TO STATES FOR UNEMPLOYMENT COMPENSATION AND EMPLOYMENT SERVICE ADMINISTRATION (TRUST FUND)

FINANCING OF ADMINISTRATIVE COSTS

Funds for the administration of the employment security program in the States are provided by collections under the Federal Unemployment Tax Act (FUTA) during the fiscal year. Total program requirements amount to $36,928,000 more than is available under existing authority. Proposed legislation for the Unemployment Trust Fund, if approved, will provide for the difference.

Unemployment Trust Fund Availability - Fiscal Year 1970

	Existing Legislation	Proposed Legislation 1/	Total Availability
Federal Unemployment Tax Act collections	$665,000,000	$278,000,000	$943,000,000
Needs for Federal activities:			
Bureau Salaries and Expenses	19,640,000	--	19,640,000
Federal Administrative Costs	10,388,000	--	10,388,000
Interest	4,150,000	--	4,150,000
Grants program	630,822,000	36,928,000	667,750,000
Total requested	665,000,000	36,928,000	701,928,000
Surplus	--	241,072,000	241,072,000

1/ Legislation will be proposed to institute quarterly collection of Federal Unemployment Tax Account taxes beginning with the first quarter of calendar year 1970; to provide for a carryover of $100,000,000 of 1970 tax collections to 1971; and to make such carryover funds available for appropriation for Grants to States for Unemployment Compensation and Employment Service Administration in 1971.

If the proposed legislation for the Unemployment Trust Fund is approved the total 1970 program level for Grants to States for Unemployment Compensation and Employment Service Administration will be:

	1970 estimate existing legislation	1970 estimate proposed legislation	1970 estimate total program
1. Unemployment insurance service.....	$260,163,000	$13,551,000	$273,714,000
2. Employment service.....	313,298,000	22,007,000	335,305,000
3. Administration and management.....	39,361,000	1,370,000	40,731,000
4. Contingency fund.....	18,000,000	--	18,000,000
Total obligations.....	630,822,000	36,928,000	667,750,000

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970
Limitation or estimate.....	$604,073,000	$630,822,000

OBLIGATIONS BY ACTIVITY

Description	Limitation, 1969 Amount	Estimate, 1970 Amount	1970 Change Amount
1. Unemployment Insurance Service:			
a. State Unemployment Insurance Service.....	$227,212,000	$227,886,000	+$ 674,000
b. Federal Unemployment Insurance Service.....	7,256,000	7,810,000	+ 554,000
c. Administration and Management.....	24,293,000	24,467,000	+ 174,000
2. Employment Service:			
a. Youth services.....	73,523,000	73,523,000	--
b. Farm.....	20,000,000	20,000,000	--
c. Other.....	180,603,000	187,058,000	+ 6,455,000
d. Administration and Management.....	31,855,000	32,717,000	+ 862,000
3. Administration and Management.....	27,331,000	39,361,000	+ 12,030,000
4. Contingency.....	12,000,000	18,000,000	+ 6,000,000
Total obligations.....	604,073,000	630,822,000	+ 26,749,000

POSITIONS BY ACTIVITY

Description	Limitation, 1969 Pos.	Estimate, 1970 Pos.	1970 Change Pos.
1. Unemployment Insurance Service:			
a. State Unemployment Insurance Service.....	22,728	22,746	+ 18
b. Federal Unemployment Insurance Service.....	755	823	+ 68
c. Administration and Management.....	2,430	2,430	--
2. Employment Service:			
a. Youth Services.....	6,616	6,616	--
b. Farm.....	2,021	2,021	--
c. Other.....	18,683	19,046	+ 363
d. Administration and Management.....	3,075	3,115	+ 40
3. Administration and Management.....	2,856	3,095	+ 239
Total Positions.....	59,164	59,892	+ 728

OBLIGATIONS BY OBJECT

	Appropriation, 1969	Estimate, 1970	1970 Change
District of Columbia Employment Service			
Total number of permanent positions....	290	290	--
Positions other than permanent.....	1	1	--
Average number of all employees.....	280	280	--
11 Personnel compensation.....	$2,512,000	$2,550,000	+$ 38,000
12 Personnel benefits.....	183,000	187,000	+ 4,000
21 Travel and transportation of persons.....	26,000	26,000	--
23 Rent, communications, and utilities.	272,000	272,000	--
24 Printing and reproduction.....	25,000	25,000	--
25 Other services.....	48,000	48,000	--
Services of other agencies.....	190,000	190,000	--
26 Supplies and materials.....	24,000	24,000	--
31 Equipment.....	5,000	5,000	--
Other States			
41 Grants, subsidies and contributions.	600,788,000	627,495,000	+ 26,707,000
Total obligations.....	604,073,000	630,822,000	+ 26,749,000
Working Capital Fund items included above	(29,000)	(29,000)	(--)

SUMMARY OF CHANGES

	Pos.	Amount
1969 Limitation	290	$604,073,000
1970 Estimate	290	630,822,000
Total change	--	26,749,000

Mandatory Items: (Page 11)

Increases:

To provide funds to finance management improvement functions for a full year		+ 2,124,000
To provide for growth in program coverage and changes in State unemployment compensation laws		+ 1,770,000
Tax and wage record workloads are expected to increase because of growth due to the expansion of the economy as well as actions taken by State legislatures. Subject employers will increase from 2,619,000 in 1969 to 2,672,000 in 1970; and covered workers will increase from 51,900,000 in 1969 to 53,700,000 in 1970.		
To provide for higher unemployment insurance claims workloads		+ 3,458,000
State average weekly insured unemployment level will rise from 1.1 million in 1969 to 1.15 million in 1970, and weeks compensated for former Federal employees and ex-servicemen will be 2,458,000 in 1970.		
To provide for increased rents for local offices		+ 2,547,000
During fiscal year 1969 annual rents increased in local offices by $1,763,000. Not all of these increases were effective for the full year in 1969. $625,000 of the 1969 increases will be paid in fiscal year 1970. The cost of rental increases in 1970 is expected to be $1,922,000.		
Sub- total, increases		+ 9,899,000

Decrease:

Reduction in equipment and supplies		- 2,000,000
Sub-total, Mandatory Items		+ 7,899,000

Program Items:

Increases:

To improve communication coordination and cooperation among public and private manpower service agencies in 36 larger metropolitan areas - "Job Bank" (page 33)	+ 6,500,000
To continue automation efforts in employment security programs and development of a comprehensive management reporting system including cost accounting (page 38)	+ 10,350,000
To provide for an increase in the Contingency Fund (page 42)	+ 6,000,000
Sub-total, increases	+ 22,850,000

Decrease:

Increased automation of routine clerical tasks and other reductions in unemployment insurance service operating costs (page 19)	- 4,000,000
Sub-total, program items	+ 18,850,000
Total Change	+ 26,749,000

MANDATORY CHANGES BY ACTIVITY

Activity	Increase For Management Improvement Activities	Growth In Unemployment Insurance Program Coverage	Increase In Un-Employment Insurance Claims Workload	Increase In Rents	Reduction In Equipment And Supplies	Total
	Amount	Amount	Amount	Amount	Amount	Amount
Activity 1	---	+$1,770,000	+$3,458,000	+$1,098,000	-$924,000	+$5,402,000
Activity 2	+$605,000	---	---	+1,288,000	-1,076,000	+817,000
Activity 3	+1,519,000	---	---	+161,000	---	+1,680,000
Activity 4	---	---	---	---	---	---
Total	+2,124,000	+1,770,000	+3,458,000	+2,547,000	-2,000,000	+7,899,000

EXPLANATION OF MANDATORY CHANGES FOR 1970

Mandatory Increases

The net mandatory increase for fiscal year 1970 is estimated at $7,899,000. Of this amount $5,228,000 is related specifically to unemployment insurance functions.

Explanation of mandatory increase for full-year costs of management improvement positions..... +$2,124,000

All of the 758 new management improvement positions approved for fiscal year 1969 were filled after the beginning of the fiscal year. However, these positions are expected to be filled for the full year in fiscal year 1970. Of the total amount, $1,885,000 is for personal services; $239,000 is for personnel benefits.

Increase due to normal growth in program coverage and changes in State Laws..... $1,770,000

170 positions and $1,770,000 will be required due to an expected increase in tax and wage benefit workloads caused by the expansion of the economy, as well as actions taken by State legislatures bringing more employers and workers under the system. The subject employers will increase from 2,619,000 in 1969 to 2,672,000 in 1970 (page GRANTS-15), and wage items will increase from 171,000,000 in 1969 to 178,000,000 in 1970 (page GRANTS-16).

In addition to the above, other significant legislative changes were made. The most significant of these were: (1) Minnesota changed its operations to a request reporting system, which requires employers to furnish wage and separation information upon a claimant's filing of a claim; (2) New Jersey changed its formula for determining maximum benefit entitlement, which now requires more detailed examination of claims.

Distribution of Added Positions

	Tax Functions	Benefit Functions	Total Positions
Expansion in the economy	+56	---	+56
Changes in State laws	+57	+57	+114
	+113	+57	+170

Increase due to higher unemployment insurance claims workloads..... $3,458,000

The economic assumptions underlying this budget anticipate that insured unemployment will average 1.15 million per week in fiscal year 1970, slightly higher than provided in the base appropriation for 1969. The average rate of insured unemployment is estimated at 2.2 percent, the same as the base appropriation in 1969. This results in approximately 56,400,000 continued claims.

The insured unemployment level will result in 10,970,000 initial claims, reflecting an assumed duration rate per spell of unemployment of 5.4 weeks. It is estimated that contested claims will be at the rate of 65 per 1,000 claimant contacts and the volume of appeals will be about 7 per 100 contested claims, the same as experienced in 1968.

The 1969 base appropriation for benefits to former Federal employees and ex-servicemen and for the attendant administrative costs was based on the payment of benefits for 2,056,500 compensable weeks of unemployment. For 1970, based on higher separation rates, compensable weeks are estimated at 2,458,000, an increase of 401,500.

Based on time/workload factors it is estimated that 416 positions and $3,458,000 will be required to administer the increase in workload, including 68 positions and $554,000 to administer the Federal programs.

Mandatory increase due to higher rents for local offices..... $2,547,000

Rented quarters are occupied by 2,443 local Employment Service and Unemployment Insurance Service offices. Two types of Employment Security offices that do not pay any rental costs are mobile offices, such as trailers, and offices which are in buildings that the State agency owns. During fiscal year 1969 rents increased in 510 local offices by $1,763,290. Not all of these rental increases were effective for the full year. The full-year cost of the 1969 rent increases is $2,388,290. Rents are expected to increase in 1970 at approximately the same rate as in 1969. The cost of these rental increases is expected to be $1,922,000 in 1970. Full-year cost of 1969 increases added to the estimated 1970 cost of rental increases totals $2,547,000.

Fiscal Year 1970 Cost of 1969 Annualization and 1970 Increases

Alabama	$ 10,650
Alaska	8,385
Arizona	175
Arkansas	- 1,066
California	177,150
Colorado	5,954
Connecticut	50,074
Connecticut Appeals	2,500
Delaware	-0-
District of Columbia ES	470
Florida	21,883
Georgia	13,986
Hawaii	- 3,495
Idaho	490
Illinois	86,560
Indiana	5,525
Iowa	26,576
Kansas	23,877
Kentucky	31,752
Louisiana	- 2,325
Maine	4,289
Maryland	5,116
Massachusetts	70,273
Michigan	62,816
Minnesota	11,510
Mississippi	15,342
Missouri	38,415
Montana	- 11,675
Nebraska	3,956
Nevada	- 4,565
New Hampshire	8,468
New Jersey	265,993
New Mexico	23,665
New York	965,089
North Carolina	47,417
North Dakota	-0-
Ohio	69,519
Oklahoma	7,591
Oregon	28,157
Pennsylvania	201,562
Puerto Rico	70,973
Rhode Island	13,083
South Carolina	9,632
South Dakota	13,201
Tennessee	7,283
Texas	35,000
Utah	50,603
Vermont	9,876
Virginia	3,562

Virgin Islands	7,817
Washington	18,688
West Virginia	27,115
Wisconsin	2,499
Wyoming	5,609
Total	$2,547,000

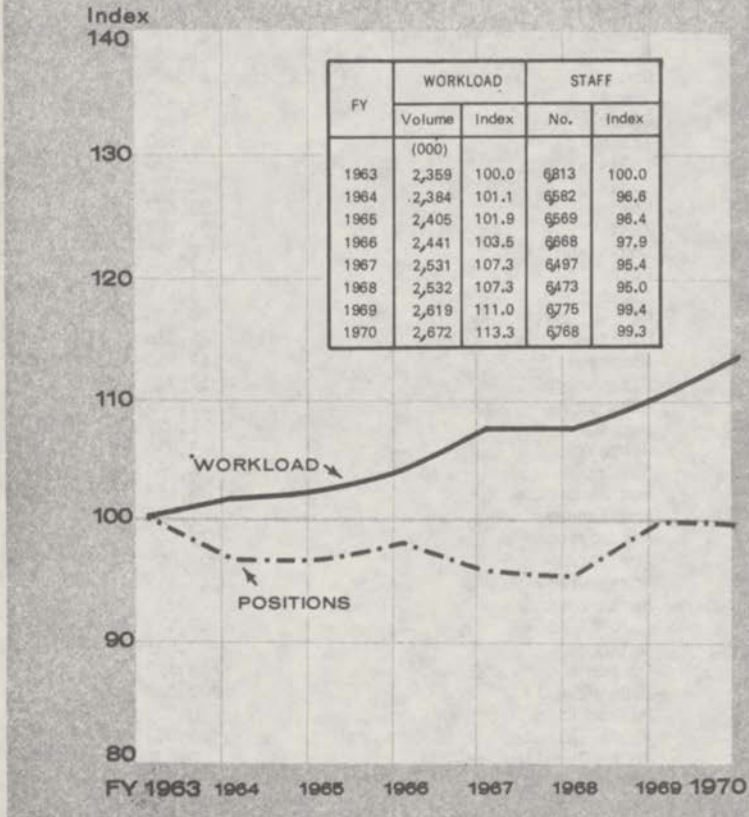
Explanation of mandatory decrease for supplies and equipment..... -$2,000,000

This decrease results from arrangements for State agencies to purchase from the General Services Administration at lower cost.

Total Mandatory..... $7,899,000

SUBJECT EMPLOYERS

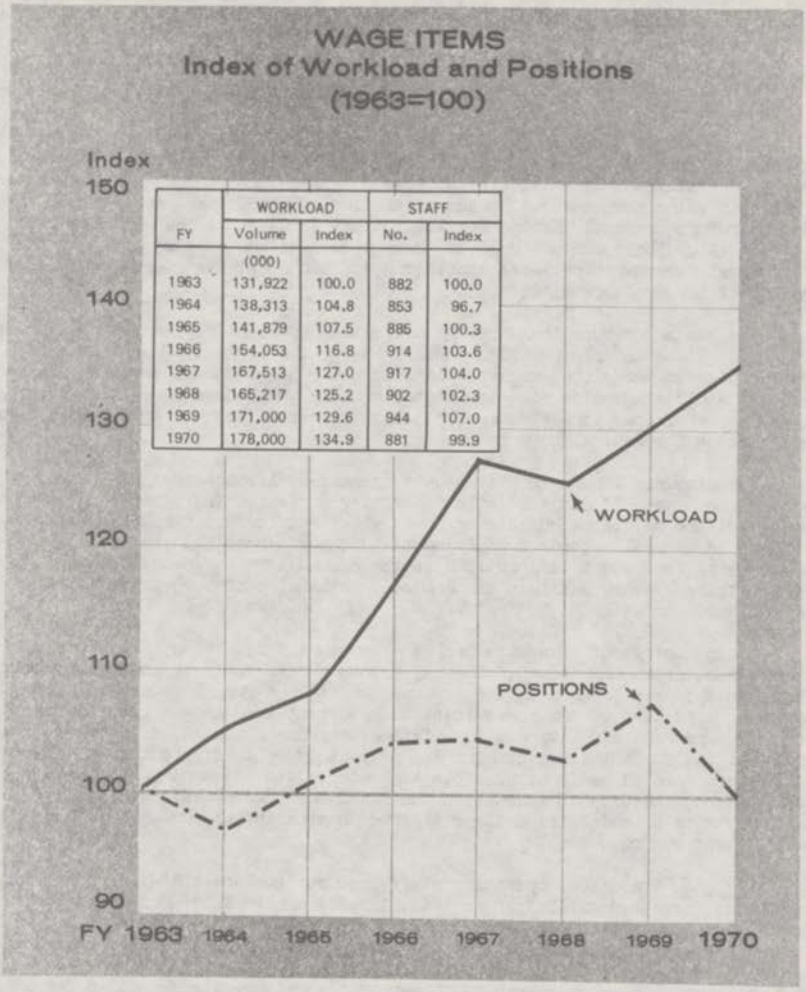
Index of Workload and Positions
(1963 = 100)



FY	WORKLOAD		STAFF	
	Volume (000)	Index	No.	Index
1963	2,359	100.0	6813	100.0
1964	2,384	101.1	6582	96.6
1965	2,405	101.9	6569	96.4
1966	2,441	103.5	6668	97.9
1967	2,531	107.3	6497	95.4
1968	2,532	107.3	6473	95.0
1969	2,619	111.0	6775	99.4
1970	2,672	113.3	6768	99.3

WAGE ITEMS
Index of Workload and Positions
(1963=100)

FY	WORKLOAD		STAFF	
	Volume	Index	No.	Index
	(000)			
1963	131,922	100.0	882	100.0
1964	138,313	104.8	853	96.7
1965	141,879	107.5	885	100.3
1966	154,053	116.8	914	103.6
1967	167,513	127.0	917	104.0
1968	165,217	125.2	902	102.3
1969	171,000	129.6	944	107.0
1970	178,000	134.9	881	99.9



PROGRAM CHANGES BY ACTIVITY

Activity	41 Grants, subsidies, and contributions Amount	Total Amount
Activity 1.....	-$4,000,000	-$4,000,000
Activity 2.....	6,500,000	6,500,000
Activity 3.....	10,350,000	10,350,000
Activity 4.....	6,000,000	6,000,000
Total.....	18,850,000	18,850,000

Activity 1. UNEMPLOYMENT INSURANCE SERVICE (1969, $258,761,000; 1970, $260,163,000)

Narrative Description of Program

This program provides for administration of the State unemployment insurance programs which have been enacted pursuant to the Social Security Act and the Federal Unemployment Tax Act. The program operates through a Federal-State partnership in which the expenses of administration of the State laws are borne by the Federal government. Except for limited standards in the Federal laws, the States develop their own programs and have wide latitude in administering them. The Federal government provides leadership and technical assistance, and oversees the use of the funds granted.

The two major functions are the collection of taxes from employers who are subject to State unemployment insurance laws and the payment of unemployment compensation to unemployed workers eligible under State unemployment insurance laws. The State agencies also administer locally the federally-enacted programs for payments of unemployment compensation to ex-servicemen and to former civilian employees of the Federal government.

Unemployment insurance serves as a counter-cyclical mechanism in the national economy. It dampens inflationary tendencies during periods of high employment and maintains purchasing power when unemployment strikes. Even when business is generally good, unemployment insurance serves, at the local level, to restore wage loss due to disruptions in the community's business activity. The program thus helps to maintain the economic well-being of both the workers and the business community.

The unemployment insurance program temporarily maintains income for individuals who become unemployed. Loss of a job, particularly if it results in prolonged unemployment, can mean the impoverishment of a worker and his family. By restoring a portion of the wages lost, unemployment insurance helps to prevent this. The program adds support to existing programs designed to increase job opportunities for the disadvantaged in our society by identification of employability problems as early as possible and referral to the Employment Service. Through jobs, the disadvantaged earn the right to unemployment benefits and a greater chance of maintaining their improved status in the work force when unemployment occurs.

In 1968, the direct operating staff required to handle claims processing workloads, increased slightly over 1967, largely due to increases in workloads. The chart on page GRANTS-20 reflects the change in the four major unemployment claims workloads from the levels of fiscal year 1963 to the average for the 12 months ending June 30, 1968. Initial claims, filed at the beginning of a period of unemployment, have decreased by 30 percent; continued claims, filed for each week of unemployment, have decreased by 37 percent; contested claims, in which the claimant's eligibility is subject to question on the basis of the reason for his unemployment, decreased by 27 percent; and appeals, formal hearings on issues of claimant's eligibility, decreased by 20 percent. Despite the slight increase in staff in 1968, since 1963 the direct operating staff has declined by 30 percent.

The charts appearing on pages GRANTS-21 through 24 reflect indices of the relative changes in workloads and in the number of positions required for each of the major processes for fiscal years 1963 through 1970. Despite the normal expectations of higher unit costs at lower volumes, the reduction in staff has been nearly proportionate to the declines in workload.

Two further items should be mentioned regarding these major workloads. Continued claims have increased slightly over 1967 and initial claims have decreased. The other item worth noting is the increase in the appeals workload, where the ratio of appeals to contested claims has risen from 6.59% in 1967 to 7.00 % in 1968.

A five percent increase was achieved in the number of tax audits. Control of tax collections has improved so that the number of delinquent employers and new unpaid tax liability declined by 8.5 percent and 15.6 percent, respectively, to 170,190 delinquent employers and $7,974,000.

In 1969, it is planned to increase efforts to improve the management of the unemployment insurance operation. This will include a nationwide series of self-evaluations by State agencies and an identification of problem areas through analyses by the agencies of those areas which did not achieve the prescribed level of performance. In addition, summary tables will be prepared stating agency-wide objectives, proposed actions to deal with problems revealed by the self-evaluations, and related budget requirements for fiscal year 1970. Continuous review of operations by management analysts to achieve more efficient and economical administration, accompanied by analytical studies to refine performance measures and standards, will be undertaken.

Considerable time will also be devoted to analyzing claimant data to identify reasons for unemployment and for claimants' exhausting benefit entitlement. New procedures for assisting claimants in finding employment will be developed and tested in several State agencies.

Changes for 1970

Mandatory changes amount to (Page GRANTS-11)	+$5,402,000
Program changes amount to	-$4,000,000
Positions	+ 86

Reduction Due to Increased Automation

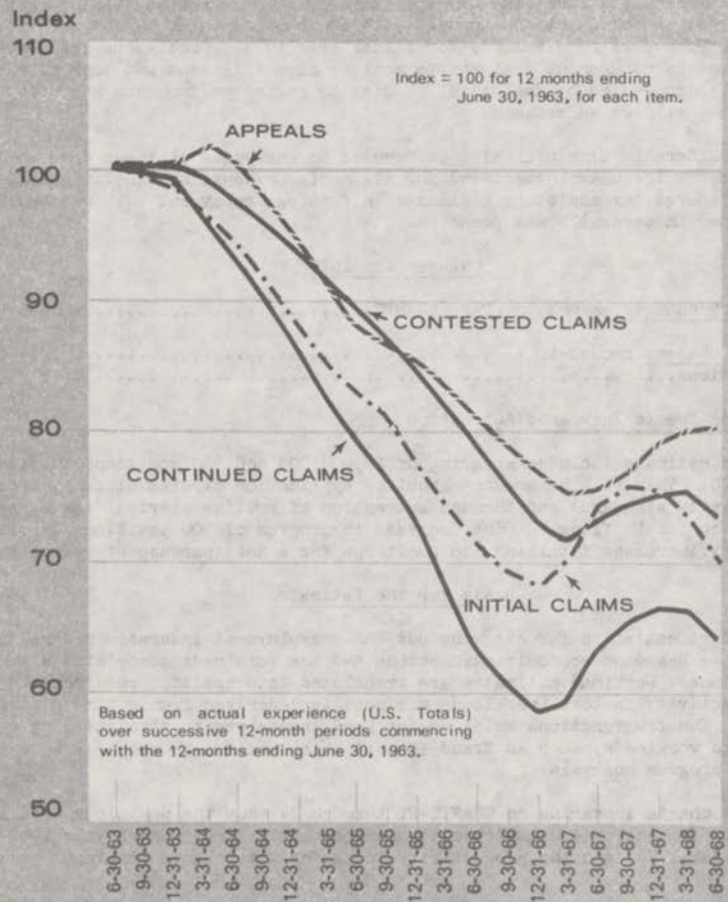
The estimate includes a saving of $4,000,000 and 500 positions in fiscal year 1970. This will be brought about by application of statistically determined productivity standards and through automation of routine clerical tasks, particularly in local offices. (The decrease in program of 500 positions is offset by mandatory increases totalling 586 positions for a net increase of 86 positions).

Basis for the Estimate

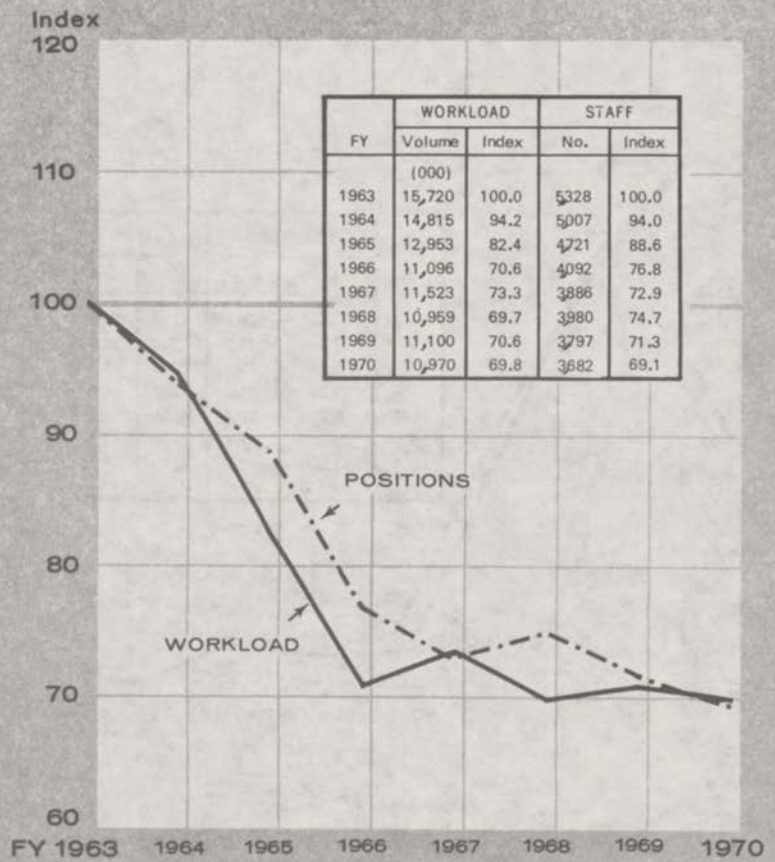
Budget estimates for carrying out the unemployment insurance program in the States are based on economic assumptions and the workloads associated with the assumptions. Workload estimates are translated into position requirements by use of productivity factors (workloads per position) derived from a time distribution system. The few functions which do not lend themselves to straight-line correlation with workloads, such as fraud investigation and management, are budgeted through program analysis.

The charts appearing on GRANTS-21 through 24 show the positions used and estimated for selected unemployment insurance activities, fiscal year 1963 through fiscal year 1970, and the productivity index for the related workload.

INDEX OF UNEMPLOYMENT INSURANCE OPERATIONS CLAIMS PROCESSING WORKLOADS

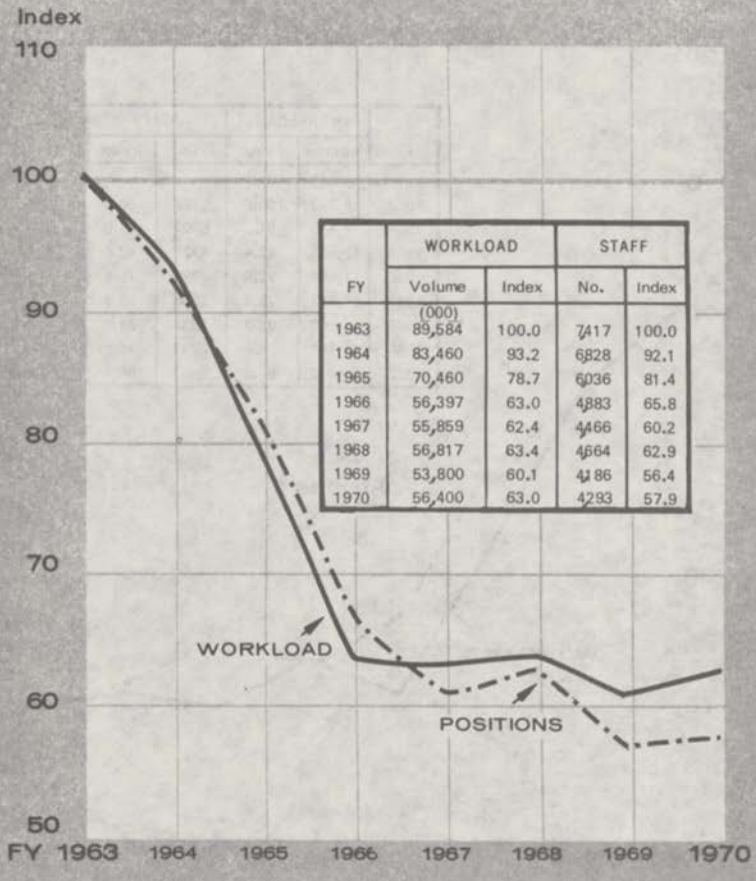


INITIAL CLAIMS
Index of Workload and Positions
(1963=100)



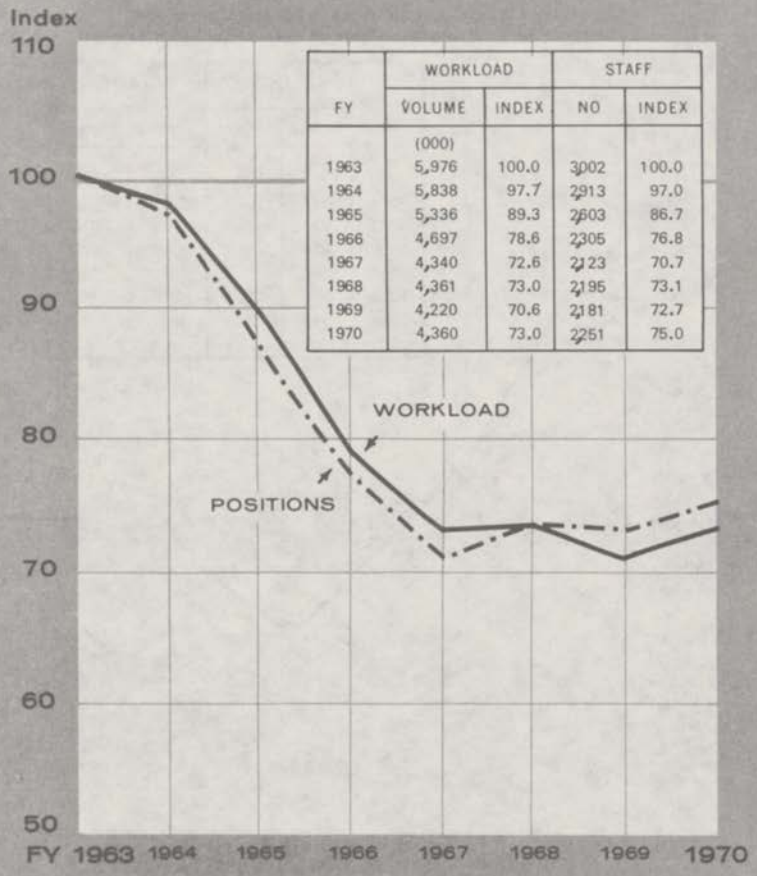
FY	WORKLOAD		STAFF	
	Volume (000)	Index	No.	Index
1963	15,720	100.0	5328	100.0
1964	14,815	94.2	5007	94.0
1965	12,953	82.4	4721	88.6
1966	11,096	70.6	4092	76.8
1967	11,523	73.3	3886	72.9
1968	10,959	69.7	3980	74.7
1969	11,100	70.6	3797	71.3
1970	10,970	69.8	3682	69.1

CONTINUED CLAIMS
Index of Workload & Positions
(1963 = 100)



FY	WORKLOAD		STAFF	
	Volume (000)	Index	No.	Index
1963	89,584	100.0	7417	100.0
1964	83,460	93.2	6828	92.1
1965	70,460	78.7	6036	81.4
1966	56,397	63.0	4883	65.8
1967	55,859	62.4	4466	60.2
1968	56,817	63.4	4664	62.9
1969	53,800	60.1	4186	56.4
1970	56,400	63.0	4293	57.9

CONTESTED CLAIMS
Index of Workload and Positions
(1963=100)

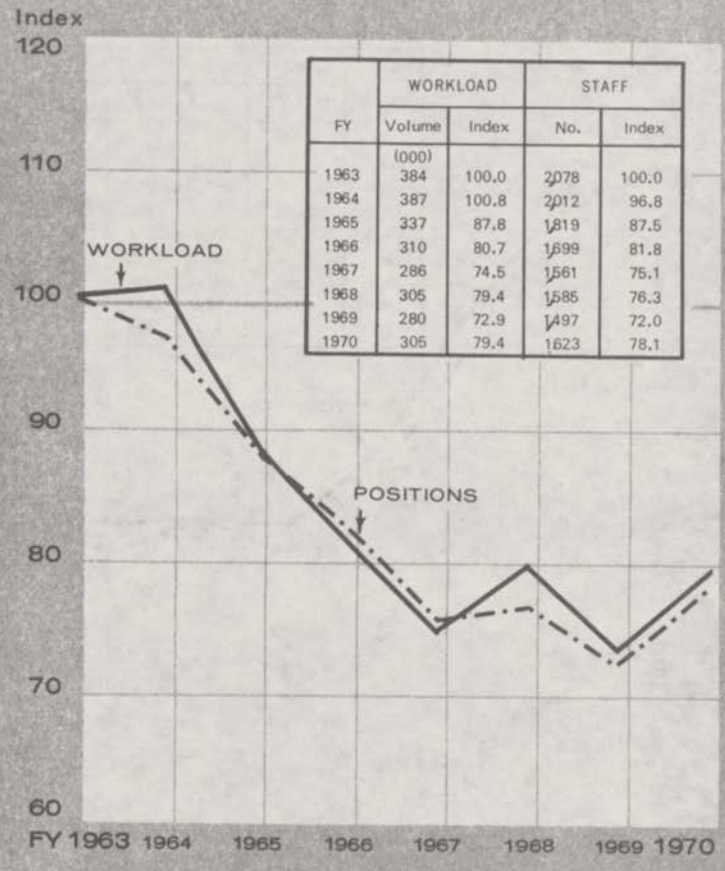


FY	WORKLOAD		STAFF	
	VOLUME	INDEX	NO	INDEX
	(000)			
1963	5,976	100.0	3,002	100.0
1964	5,838	97.7	2,913	97.0
1965	5,336	89.3	2,603	86.7
1966	4,697	78.6	2,305	76.8
1967	4,340	72.6	2,123	70.7
1968	4,361	73.0	2,195	73.1
1969	4,220	70.6	2,181	72.7
1970	4,360	73.0	2,251	75.0

APPEALS

Index of Workload and Positions

(1963 = 100)



FY	WORKLOAD		STAFF	
	Volume (000)	Index	No.	Index
1963	384	100.0	2078	100.0
1964	387	100.8	2012	96.8
1965	337	87.8	1819	87.5
1966	310	80.7	1699	81.8
1967	286	74.5	1561	75.1
1968	305	79.4	1585	76.3
1969	280	72.9	1497	72.0
1970	305	79.4	1623	78.1

Activity 2. EMPLOYMENT SERVICE (1969, $305,981,000, Pos. 290;
1970, $313,298,000, Pos. 290)

Narrative Description of Program

This program provides for the administration of State agencies affiliated with the United States Employment Service which constitutes the Federal-State employment service system.

This system comprises a nationwide network of more than 2,400 local offices administered by State agencies under Federal leadership with funds provided by Federal grants. Each local office operates as the manpower service center of the community and is concerned with finding jobs for workers seeking employment; recruiting workers to fill employers' job openings; providing specialized services to job applicants who encounter serious difficulties in the competitive job market; providing job market information to all users of such information; and cooperating with other government agencies and local groups to resolve the manpower problems of the area.

Major emphasis is placed on providing specialized services to applicants who encounter serious difficulties in the job market. This group comprises the disadvantaged; the long-term unemployed and underemployed; and the young and the old; and those who are inhibited by lack of education, experience, skill or opportunity. It includes those who may be discriminated against because of color or race, and those who are hampered by any of a variety of mental, physical or other handicaps.

Special attention is given to the employment problems of veterans as well as to those who are not accepted either as volunteers for military service or for induction by the Selective Service System.

To provide workers and employers with a basis for making sound employment decisions and to facilitate other basic operations, local offices collect and interpret information regarding current and anticipated employment and turnover data. They prepare estimates of future occupational demand and supply emphasizing the effects of automation, technological change, and other industrial innovations. Job opportunity information is secured to more effectively match men and jobs, and area employment and unemployment information is prepared for use in planning, developing and carrying out action programs, and for area economic analysis.

Local offices also provide other services to employers, such as job analysis; aptitude and proficiency testing; and assistance in establishing in-plant training. They cooperate with community organizations seeking to expand employment opportunities through the formulation and execution of plans to develop an area's economy, and maintain formal arrangements for the exchange of services and employment information with the vocational schools, vocational rehabilitation, anti-poverty and other agencies.

In addition, the system of local employment offices provides a special, complete placement service to workers and employers in the agricultural and woods industries. Specifically, the local offices recruit and place year-round farm and woods workers; help farmers meet critical, seasonal labor needs by organizing "day-haul" programs for youth and others not normally in the farm work force, including college and high school youth, Reservation Indians and Puerto Ricans; recruit and arrange the movement of migratory farm workers from "supply" to "demand" areas and to specific jobs; help migratory farm workers increase their annual earnings by the orderly scheduling of worker groups to successive seasonal farm jobs in different locations; and determine the need for training in farm and woods skills, recruit potential trainees and place them upon graduation. Local offices also cooperate with State and community organizations in programs seeking to improve the welfare of migrant farm workers and their families.

Employment Service

There have been major shifts in emphasis toward improving services to the

severely disadvantaged and insuring maximum utilization of the Nation's manpower resources.

Specialized services provide a variety of activities designed to meet the employment assistance needs of the disadvantaged as effectively as possible. The nature of those activities is described in the following paragraphs:

Outreach, which is conducted mainly in urban areas and in cooperation with such organizations as the Urban League, Community Action agencies, welfare, and other social service agencies, is designed to make contact with those who do not come into local offices on their own initiative, to explain the services available to them, and to persuade them to take advantage of that assistance. To the extent possible, outreach is carried on by workers who are indigenous to the areas served, since such workers have demonstrated a high degree of effectiveness.

Orientation is an activity designed to help bridge the gap between the non-motivated and the motivated individual. This activity embodies informing, testing, evaluating potential skills, and, if indicated, further testing. It is a prevocational and/or pre-employment experience designed to meet the needs of a selected group of individuals awaiting referral to training or placement, or who are in need of special assistance in matters of self-evaluation and preparation for work.

Coaching is an innovative method of working with the disadvantaged. The coach supplements and assists the professional counselor, employer relations representative, or job developer. He also contributes a unique service of his own. In brief, coaching is a support effort designed to see disadvantaged individuals through the employability development and job adjustment processes. Today's programs for the hard-core unemployed frequently have placed a participant in the "foreign" atmosphere of a factory or office without the reassuring influence and support of one who understands him, with whom he can relate, share his fears, and serve as a model for success. The coach fills this need because he is drawn from the culture of the participant. Experience shows that without such help, the participant often reverts to those habits which are self-destructive in a work environment - tardiness, absenteeism, resignation.

Work samples are standardized job performance tasks designed to assess the capabilities of applicants for training and job placement. The work sample technique as an alternative to paper and pencil testing, is appropriate for any applicant as a simulated job tryout experience, but is particularly useful with disadvantaged individuals. Work sampling as developed by Jewish Employment and Vocational Service of Philadelphia, is a two-week assessment period during which the individual samples 27 job tasks. The job tasks simulate functions for various levels of complexity in various industrial areas. The work sample performance is carefully observed for development of a comprehensive evaluation report on each applicant, describing his work skills, attitudes, interests and motivation.

Follow-up services are those provided to applicants who are waiting for training courses, who are in courses or who, having completed courses, are waiting placement. The services consist of continued counseling, and referral to basic and remedial education and related health and other services. Applicants may also require temporary jobs. They often need job preparation and guidance such as advice on the fundamentals of finding and holding a job and the development of good work habits. Follow-up in this area is of major importance because it is at this point, waiting for referral to job or to training and going for interviews, that most dropouts occur.

Post-placement follow-up is the process of helping the hard core unemployed adjust to the job, to co-workers, and to move from an entry level to a better position. It is concerned with the reactions of employers to the trainees and the reaction of the trainee to the job. Establishment of rapport is often achieved best by the use of indigenous workers (coaches), who have

a genuine understanding of employer work rules and to the necessity to observe them.

A pre-professional job series is being developed in order to provide poor and otherwise disadvantaged people the opportunity to work in the employment service system, to assume greater responsibilities and to advance depending upon their potential.

Community resources for health, day care, etc. available to support the many individuals being served by manpower programs are being marshalled to the maximum extent to render all possible assistance to the disadvantaged. The Employment Service system is addressing itself much more vigorously and intensively to this task.

The shifts in program emphasis made it necessary to regroup and simplify the manner in which allocations are made and resources are utilized.

A revised budget structure was developed and is based on these two principles:

That each State shall prepare a Plan of Service which describes the manner in which the State proposes to use all the positions allocated for employment service activities and the results it expects to achieve. The plan includes a background statement on the economic situation in the State and takes into consideration urban and rural economic development, transportation facilities, housing, health facilities, groups requiring manpower services, kinds of services required and resources available from other agencies or groups which can assist in alleviating manpower problems. Employment service planning is coordinated with the planning of other agencies through the Cooperative Area Manpower Planning System (CAMPS).

That the Plan of Service will cover four program areas which consist of two basic programs, a third basic and supporting program and an area of administrative activities necessary to support the first three. These are Employability, Employer Relations and Placement, Manpower and Employment Information, and Administrative and Technical Support.

This plan eliminates fragmented allocations for a wide variety of special but frequently overlapping purposes, such as services to various applicant groups based on age, race, physical disability and the like. Services to such groups will continue to be emphasized. However, they will be reported by means of the present statistical reports and other workload accomplishment reports.

Employability Development

This basic program area is related to identifying and reaching out to those individuals not readily employable, and providing the kinds of assistance, including intensive counseling, testing, referral to training and other support services, necessary for them to become productive members of the work force and of society. 5,664 State agency positions were devoted to this program area during fiscal year 1968. This staff was supplemented by resources from Manpower Development and Training Activities and other Manpower Administration programs as well as those of other agencies.

In 1968, significant among the accomplishments was the provision of services including referral to jobs, for an estimated 3.5 million individuals. Of this total an estimated 1.75 million individuals were placed. An estimated 40 percent of placements were members of minority groups.

In 1969 it is planned to continue:

Helping job seekers, most of whom are disadvantaged and have serious employability problems, to prepare themselves for jobs.

Providing specialized services to minorities, youth, older workers, and handicapped persons.

Providing employment services to residents of smaller communities and rural areas by closer cooperation with "farm oriented offices and units."

Developing occupational tests and related techniques which will provide the information needed to improve employability development and placement services for disadvantaged job seekers.

Working more closely with community and other local groups in an effort to provide as coordinated and broad a base of services as possible to those in need of help.

Through joint employment service, employer and community action, it has been demonstrated that difficult-to-place individuals can be brought into the mainstream of American society. Furthermore, cost benefit analyses of employment services to youth and older workers have demonstrated that these activities result in high payoffs to society, with benefit-cost ratios ranging between 1.5:1 and 2.8:1 for youth and 2.1:1 and 2.2:1 for older workers. Benefit-cost ratios are related to estimated payoff in an eight week period. A recent study by the Vocational Rehabilitation Administration concluded that the total investment in rehabilitation services for a placed handicapped worker is repaid in four years by his participation in society as a tax paying member of the Nation's work force.

During fiscal year 1969 an estimated 6,807 State agency positions will be assigned to this program.

Employer Relations and Placement

This program area is related to meeting the employment needs of job-ready individuals and the manpower needs of employers.

Our Nation's manpower problems require that goverment and industry share the responsibility of remaking jobs to fit people and working with people to enable them to fill jobs.

Business and industry provide the major share of the job opportunities. Job development for people not having the training and/or experience needed for maximum job performance is not easy. Employers must be persuaded to reverse past policy and hire the hard-to-employ. Concrete examples of programs which meet this need are the National Alliance of Businessmen-Job Opportunities in Business Sector Program and the Plans for Progress organization made up of about 441 major industrial firms. Another encouraging development is that certain long-time critics of Federal social programs, namely industry and trade associations, are now urging businessmen to become involved in efforts to aid in the development of the employability of people.

The Federal-State employment service provides guidance and advice on hiring policies and job development and training programs for dealing with those inadequately educated or prepared for employment to an increasing number of employers, both large and small. Local employment service offices continue to report increasing employer, union, and community cooperation in the restructuring of jobs and elimination of unrealistic hiring practices.

In 1968, 905,000 visits to employers and 1,032,000 telephone contacts were made. The number of employers served by the Employment Service has been growing each year.

Placement (non-agricultural) totalled 5,934,000; job referrals 12,[illegible],000; and application interviews and reinterviews 13,672,000. Among the services received by individuals were 2.3 million counseling interviews and over 2 million tests.

Another responsibility of the Employment Service, created by the 1965 Amendments to the Immigration and Nationality Act, is to expedite the entry of aliens possessing skills currently in short supply or those whose education and talent will be advantageous to the United States, and to prevent adverse effect on

resident workers resulting from admission of aliens without usable skills. The number of immigration certifications processed in fiscal year 1968 was 144,970.

The "Job Bank" concept, more fully described on page GRANTS-33, was developed in a pilot project designed to facilitate communication and coordination with all community agencies involved in "worker/job" matching aspects of manpower problems. This approach is responsive to urban employment problems by permitting a more applicant oriented approach to employment service operations and better coordination of community action in employment and manpower problems.

During 1968, 11,662 State agency positions were assigned to the Employer Relations and Placement Program.

In 1969 it is planned to:

Continue job development and placement services to assist job seekers, especially the disadvantaged, in finding employment, and employers in obtaining the work force they require; and,

Meet job-finding needs of the growing numbers of veterans seeking employment service assistance, particularly those that are handicapped, and to improve the quality of service provided.

To serve a growing number of applicants during fiscal year 1969 (10.5 million in fiscal year 1968 and an estimated 10.7 million in 1969), a great many of whom will have special job-finding problems, the Employment Service proposes to:

Concentrate contacts with about 1 million establishments having a wide range and large number of potential jobs, particularly at entry levels, and promote cooperative programs with industry and other organizations to hire and train disadvantaged job seekers; reassess hiring requirements; and modify job content.

Emphasize placement services for job seekers experiencing difficulty in obtaining employment; the disadvantaged; and individuals completing manpower training; and provide placement assistance for unemployment insurance and welfare clients.

Participate in community employment development activities to minimize unemployment problems due to mass layoffs, plant closings, and cutbacks in defense-related industries, and to assist community manpower planning.

Undertake to meet increased immigration workloads on a more timely basis.

An estimated 10,526 State agency positions will be assigned to this program area in 1969.

Manpower and Employment Information

A cornerstone of the Manpower and Employment Information program is the development of labor area information. During fiscal year 1968 data on more than 700 labor areas were developed and will be reported on a regular basis.

In 1968, to strengthen labor area reporting, emphasis had been given to providing technical assistance to State agencies. Regional and State meetings were held for training State employees. In addition, both regional and State staff members met in Washington to discuss particular problems related to labor area reporting. It was found that this was an effective method of disseminating knowledge to regional and State personnel.

Economic data for States and areas within the Cumberland Plateau Region of Appalachia were provided to the Interagency Coordinating Team of the President's Committee on Manpower. In addition, data on States and areas were provided to the Office of Regional Development and Planning and to the Appalachian Regional

Development Commission. Employment market information relating to occupational shortages and surpluses has been provided quarterly to the Secretary of Labor. Development of special industry studies was undertaken to provide basic data needed for local manpower action programs and eight industries were surveyed.

During fiscal year 1968 staff members of the employment service monitored every substantial dislocation of workers resulting from cutbacks in employment in Department of Defense and Atomic Energy Commission installations in order to assure prompt service to dislocated workers. In addition, the Employment Service has provided information from a special analysis of 216 areas on the impact of defense related activities on the economies of the areas to the Department of Defense. Approximately 1,475 State agency positions have been assigned to this program area.

In 1969, plans call for the development and dissemination of job market information at local, State, and national levels for use in planning employment service operations, developing training programs, implementing community employment, and other manpower development and utilization activities for manpower planning by employers' and for providing Employment Service offices with the data needed to serve as community manpower information centers. To achieve this goal, it is planned to:

Continue a program to provide information on current and anticipated job opportunities.

Stress the development of techniques for measuring unemployment and underemployment in small areas and rural poverty districts and improve techniques for estimating unemployment in States, cities and counties.

Provide local employment information in forms readily usable by individuals at all educational levels.

Within available resources, undertake special research in occupational analysis to develop techniques and information needed to identify, restructure and expand job opportunities for persons with limited education and experience; to identify and analyze emerging occupations, changing job duties and employer specifications; and to identify and group job skills and knowledge required for use in developing vocational training and education curricula.

Approximately 1,513 State agency positions have been assigned to this program area.

Administrative and Technical Support

This support area comprises those activities that insure effective planning, direction and execution of programs to achieve Employment Service goals. These activities include management and supervision; staff services of program specialists; career development and training; and miscellaneous office services.

During the past two fiscal years complete revision was made of the budget structure and time distribution system for State Employment Service agencies. The reports will be in the same format.

In brief, the overriding goal is to modernize management of the Employment Service system, This involves designing, testing and installing a new integrated system for planning and measuring program and office achievement, based upon adequate management information, automatic data processing capability, fiscal management, evaluation; and, development of management policies which will facilitate decentralization of responsibility. To increase staff capability and reduce costs of turnover, particular emphasis will be given to improving staff recruitment, training and retention.

In 1968, development work on an integrated management information system continued. The system is also designed to provide data on staff utilization;

cost of services to various employer and worker groups; the degree to which program goals and objectives are realized; and to obtain information on alternative methods of rendering services.

During fiscal year 1968, work to improve the management of State and local offices was extended and accelerated. It involves the continuing participation of State agency management specialists, both independently and in cooperation with national and regional office staff, in the following major management improvement areas: providing training and guidance in installing other new and improved management and supervisory tools and techniques; and maintaining a program of evaluations of local and State administrative offices, including follow through on recommendations for improvements. During fiscal year 1968, 6,590 State agency positions were assigned to the Administrative and Technical Support category.

In 1969, improvement of the management of State and local offices will be further extended and accelerated as the staff involved gains competence. Effort toward development and implementation of a computer-assisted placement operation in jobs and training will be stressed. An estimated 6,453 State agency positions will be assigned to this support area in 1969.

Services to Veterans

In 1968, 1,830,100 veterans applied for employment assistance at the State employment service local offices, an increase of 67,200 over the previous year. This figure includes 156,400 disabled veterans. The heavy veteran workload in the local offices also is shown in the following data for fiscal year 1968: nonagricultural job placements of veterans, 116,100; and contacts of recently separated veterans to offer service and explain benefits, 566,400. During the year 179,300 veterans received one or more employment counseling interviews, concerned with such matters as choosing a future occupation and determining job requirements which are compatible with physical disabilities.

In February 1968 the State employment service outstationed 20 Veterans Employment Representatives in 20 new United States Veterans Assistance Centers established by the Veterans Administration in major metropolitan areas. Between establishment of the Centers in February and the end of November 1968, these representatives provided employment counseling and information to 25,200 veterans. Job placement of these veterans was accomplished by direct referral from the Veterans Assistance Centers or referral from the nearest public employment office. In 1968, the State employment service also provided formal employment briefing sessions on military installations to 27,000 senior career military men scheduled for separation.

In 1969, the State employment service will give particular attention to employment counseling and job placement assistance for new veterans. The Department of Defense recently revised upward, to 950,000, its estimate of the number of servicemen who will return to civilian life in 1969. The State employment service will contact them by letter, telephone, or personal visit upon their return home, to offer the services of the local office and explain all available employment benefits.

A major increase in employer contacts on behalf of individual veterans is planned. At the present time about 50 percent of the individuals separated from military duty choose to continue their education under the GI Bill. Employment Service counselors often are instrumental in persuading veterans to go to school under the GI Bill. For the remaining 50 percent who seek immediate employment, the public employment service plans to increase the number and quality of counseling interviews and employer contacts. Employment Service counselors and interviewers will continue to be outstationed at selected United States Veterans Assistance Centers where particular attention is given to returning veterans who have not completed high school.

In 1970, services to handicapped veterans will receive major emphasis. Large numbers of servicemen who are wounded in Vietnam, and whose lengthy rehabilitation was completed in a military or Veterans Administration hospital, will seek jobs that year. Thoughtful counseling and individual job placement efforts are planned.

There also will be an augmentation of job market information and information about important fields of work which are in short supply of workers.

Another category requiring specialized employment services is the older worker veteran. Some Korean War veterans and the World War II veterans are in or approaching the older worker category. In addition, each year, from 50 to 60 thousand career military men retire from service. Re-entering the labor market as older workers, many of these veterans need orientation of employment possibilities under their new status. Also, employer contact is needed to promote consideration of older workers and to inform the employer of the applicability of military experience to civilian jobs.

Farm Labor Service

In 1968, accomplishments included agricultural job placements of 4,600,000 of which 3,978,570 were specifically in seasonal farm activities.

The number of agricultural placements reflect an increase of 455,000 over the 1967 level. A good portion of this was due to late row-crop harvesting in several States. This was attributable to adverse weather in the spring of 1967 and subsequent replanting. In the ordinary course, most of the crops involved would have been harvested by the end of June 1967, but conditions moved this action forward into fiscal year 1968.

The "Michigan Experiment" was initiated in eleven States in 1968. This project is intended to aid the mobility of migrant farm workers by keeping them informed of crop conditions and job needs as they move from "supply" States to the "demand" State, Michigan. Through the use of computerized data, transmitted over a telecommunication system, migrant crews are directed to labor demand areas, while being discouraged from making unrewarding job-hunts in areas with surplus workers or without labor needs. Continuous contact with migrant crews as they move to job commitments made by Michigan growers has resulted in a material increase in job-claiming crews that finally show up.

A table showing an analysis of workers assisted follows:

Seasonal Workers

Adult workers recruited and placed locally	289,000
Youth workers recruited and placed locally	158,000
Migratory workers in continental U. S. (Mostly from southeastern and southwestern States, Ozarks and Appalachian areas)	156,000
Reservation Indians (Mostly Oklahoma, Navajo, Papago and Sioux Tribes)	36,000
Puerto Ricans, recruited in Puerto Rico	20,000

Other Farm Workers

Regular (year-round) workers recruited locally and intra-area	50,000
Miscellaneous, short-term (non-crop) workers	222,000
Total	931,000

It is of particular note that of the seasonal farm workers, roughly 684,000 or 74 percent are estimated to be from economically disadvantaged families. The youth program was participated in by all States. Summer earnings in the farm youth program were known to contribute significantly toward high school and college expenses. In many instances, there was evidence of summer employment being strongly motivated by impoverished family circumstances and the need to "help out".

In 1969, the basic farm program will be carried out at approximately the same level as in 1968. In the area of regular (year-round) farm workers, the need for higher workers skills is increasing. Workers with skills continue in short supply

and recruitment is correspondingly slower. While some needs have been successfully met through formal (Manpower Development and Training Act) training, great effort is required, particularly for dairy workers in the major milkshed areas of the country.

During the first half of fiscal 1969 the Michigan experiment will be thoroughly evaluated, and subsequently readied for extension to other major agricultural States. This latter action is expected to occur in fiscal year 1970.

Changes for 1970

Mandatory changes amount to (Page GRANTS-11)	+$ 817,000
Program changes amount to	+$6,500,000
Positions	+ 403

Job Banks

Proposal: To improve communication between, and coordination and control of all elements of all cooperating agencies, providing employment and manpower services in 36 of the largest metropolitan areas.

The Need: Large cities present many of the Nation's major problems in meeting the manpower needs of the disadvantaged, the hard core unemployed and underemployed. They also pose the most difficult problems of coordination of job-finding and job placement effort, since numerous community agencies are engaged in this effort in addition to the multi-office employment service organization. Employers have strongly protested that they are constantly harassed by the uncoordinated contacts of many different agencies seeking job opportunities for the disadvantaged.

The Program: The Job Bank concept responds to the problem of uncoordinated job-finding and job placement effort by providing a current listing of unfilled job orders to all cooperating community agencies and all employment service offices and outreach locations, and by coordination of all referral activity through a central control unit.

Briefly, the concept consists of each participating community agency feeding into a central computer all job openings not filled on the day of receipt; consolidating a master list of unfilled jobs ("Job Book") and updating and printing out the list each night by means of the computer; multiple copies of the consolidated list which are sent to participating agencies and various outreach and local office points daily; and controlling by a central telephone control unit all referrals to openings on the list.

These procedures will reduce the number of contacts with employers to obtain job openings, virtually eliminate over-referrals which tend to alienate employers, expose each order to a maximum number of potential workers and most importantly, expose each applicant to a maximum number of available jobs.

The Job Bank concept will be extended to include 36 of the larger cities which will have Concentrated Employment Programs by the end of fiscal year 1970. To accomplish this will require 403 positions plus $2,313,000 for computer rental and duplicating and communication services.

Base:

Positions: -- Estimated Cost: $ --

Additional Cost:

Positions: 403 Estimated Cost: $6,500,000

Basis for the Estimate

In fiscal year 1970 the Employment Service will be the prime deliverer of manpower services. The substance of this is reflected in the multitude of problems facing the Employment Service.

The increasing population and labor force growth, especially among youth, the dislocations of mature workers resulting from changing technologies and plant relocations, together with pressure for in-depth services to the disadvantaged, will result in an increased demand for public employment office services in fiscal 1970.

For fiscal 1970, the "Job Bank" will be made operational in 36 Concentrated Employment Program cities. Experience in Baltimore where the "Job Bank" concept was developed has been that it helps to solve various problems that exist in urban centers in the following manner: it is responsive to the urban employment problems by providing needed information to and from a central point; it is responsive to the problem of coordination of community action in employment and manpower problems particularly in efforts to reduce multiple agency contacts with employers; and it facilitates a more applicant-oriented approach to employment service operations. The estimate of resources required is based on the experience gained in the Baltimore project.

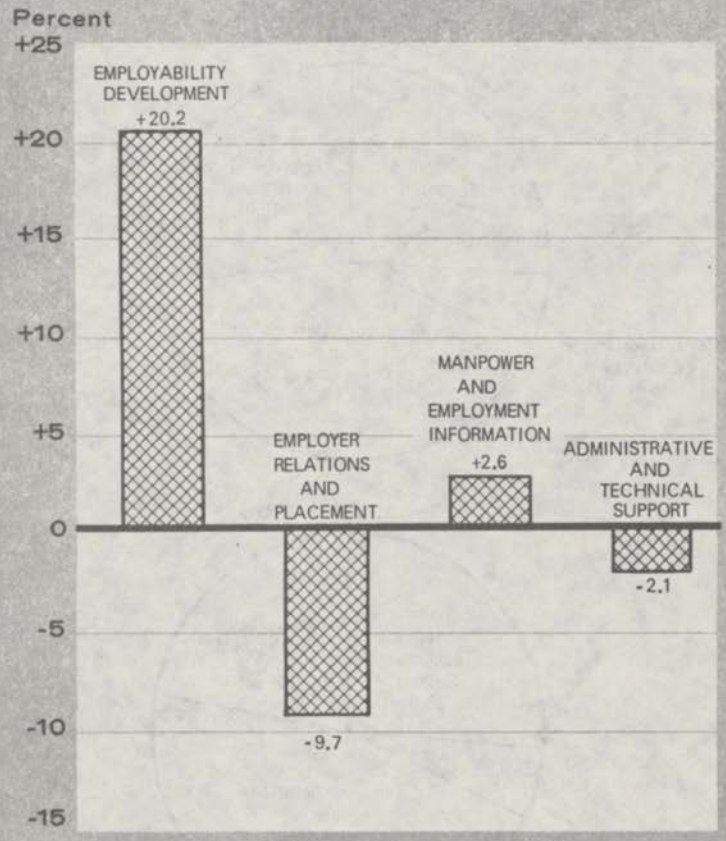
Employment service workloads are reflected in the following table:

EMPLOYMENT SERVICE WORKLOADS
(In thousands)

Basic Workload	1967 actual	1968 actual	Percent change from 1967	1969 estimate	1970 estimate
New applications.....	10,604	10,517	-0.8	10,719	11,019
Counseling interviews.....	2,114	2,286	8.1	2,337	2,437
Individuals tested.....	2,073	2,004	-3.3	1,774	1,794
Placements, nonagricultural.....	6,331	5,934	-6.3	5,528	5,628
Placements, agricultural...	4,145	4,600	11.0	5,100	5,200

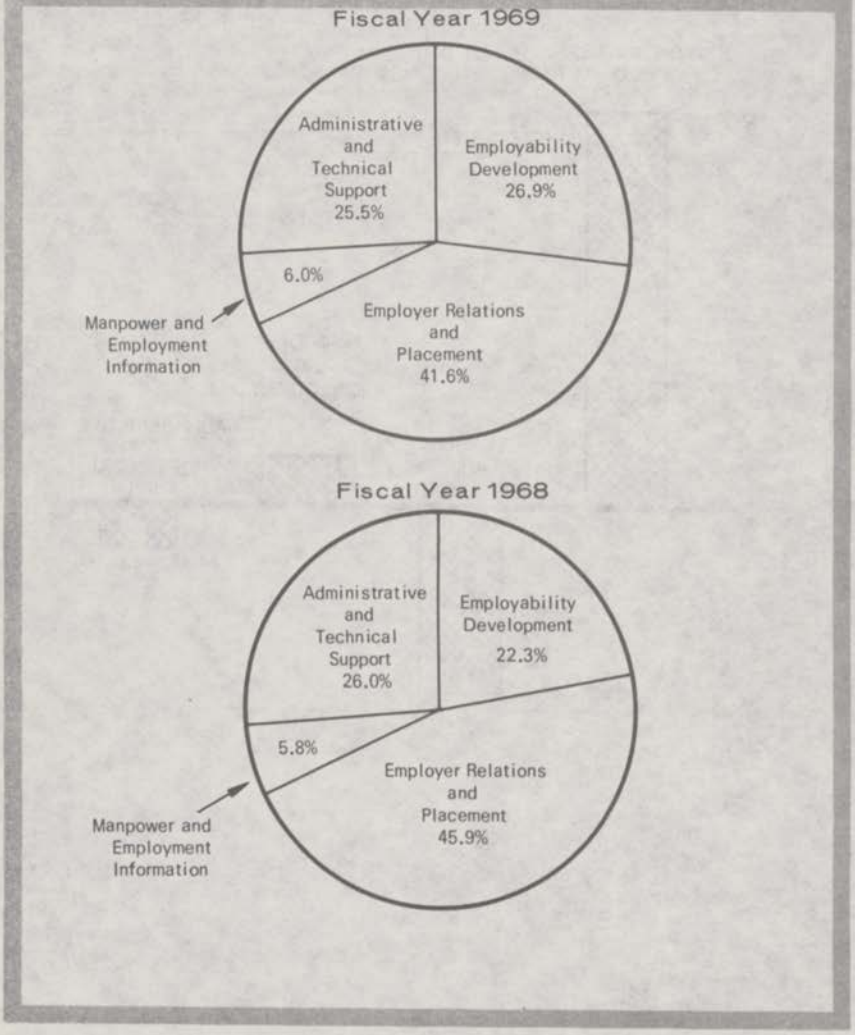
Changes in program design between 1968 and 1969 are shown by the charts on pages GRANTS-35 and 36.

PERCENT OF CHANGE WITHIN PROGRAM AREAS FROM FY 68 TO FY 69 OF TITLE III EMPLOYMENT SERVICE DIRECT RESOURCES



PERCENTAGE DISTRIBUTION OF TITLE III EMPLOYMENT SERVICE DIRECT RESOURCES TO PROGRAM AREAS

FISCAL YEARS 1968 AND 1969



Activity 3. ADMINISTRATION AND MANAGEMENT (1969, $27,331,000; 1970, $39,361,000)

Narrative Description of Program

This activity provides the executive leadership and administrative support services for the employment assistance and income maintenance programs carried out by State agencies. It develops, coordinates, and promulgates plans, policies, and procedures necessary to attain national and State program objectives. It executes and administers agreements to carry out Federal programs; prepares and submits budget requests supported by Plans of Service and other appropriate justification; directs and supervises the execution of the approved budget and related programs; identifies the need for legislative authority and develops appropriate proposals; and allocates resources within the agency. It also evaluates administrative performance in the State and local offices; directs the collection and dissemination of economic and statistical data of value in the operation of the program; accounts for the expenditure of funds and costs of operations; and prepares and transmits required fiscal and statistical reports. Relationships are maintained with other State agencies, labor, management, and the public; and centralized services in such activities as personnel administration, administrative and business management, staff training, and automatic data processing are provided.

In 1968, accomplishments were primarily related to comprehensive changes in management concepts as recommended by the Cresap, McCormick and Paget Study.

Recommendations in that study recognized the need for an improved management system. Planning recommendations called for the development of a Plan of Service to provide a basis for establishing objectives, mapping out a course of action to attain objectives, setting up milestones for measuring progress, and translating the plan into budgetary needs.

Also recommended was the design and establishment of an information system to provide employment security managers and supervisors at all levels with effective, timely information for use in making management decisions. This system, which was in the design stage in fiscal year 1968, has three major components; an automated reporting system; a cost accounting system; and a comprehensive evaluation system.

The Department of Labor contracted with Touche, Ross, Bailey and Smart to develop a cost accounting system which would provide uniform and accurate costs for program administration and operation. Pennsylvania, Oregon and Rhode Island were selected as test States in this effort. The contractor worked in these agencies to determine the needs of local and State central office managers and identify some of the individual State agency administrative and legal requirements which must be considered in the system design. The system was tentatively blueprinted by June 30, 1968, and plans were made for a fiscal year 1969 test of the system in the three States.

Evaluation techniques applicable to overall administration and operations were developed by State agency and Bureau employees for Employment Service, Unemployment Insurance and Administration and Management functions. Under the evaluation system a local office is evaluated by State central office specialists, with Federal monitoring of the effectiveness of the self-evaluation,and Federal participation in remedial actions.

In 1969, the Plan of Service concept which was introduced in fiscal year 1968 for management purposes is to be extended to local offices for subsequent consolidation into a statewide plan.

In 1969 the automated reporting system is being tested in three State agencies--Texas, Oregon and Vermont. The system will be perfected in these States in fiscal year 1969 and will be ready for expansion to all State agencies by June 30, 1969.

The accounting system will be tested and installed in Pennsylvania, Oregon and Rhode Island, by December 30, 1968. Preparatory to the Nationwide application of the new system, three employees from each State will attend a two-week training session in the second half of the fiscal year to learn the new accounting system and implementation procedures; also, two automatic data processing technicians from each State agency will attend one-week training sessions to learn about the programs and systems which were developed by the contractor as correlative parts of the cost accounting system.

The evaluation system will be introduced in the State agencies in fiscal year 1969. During fiscal year 1970, the evaluation program should become fully operative throughout the Nation.

Changes for 1970

Mandatory changes amount to (Page GRANTS-11) ..... +$ 1,680,000

Program changes amount to ..... +$10,350,000
Positions ..... + 239

Proposal: To direct continued effort towards the development and implementation of: a comprehensive management information system; three comprehensive and complete Automatic Data Processing installations in Michigan, Florida and Utah; and adequate data processing capabilities in State agencies to assure their effective participation in Nationwide efforts directed toward improvements in program planning, evaluation and administration.

The Need: Increasing demands are being placed on the State agencies for more current and detailed information to plan, operate and evaluate programs to meet manpower problems. At the same time manpower problems are becoming more complex, requiring many manpower programs and cooperative arrangements involving joint action and sharing of resources and information by several governmental agencies. Increased emphasis needs to be placed on the development and implementation of computer-assisted placement systems to match workers and jobs, and on the provision of capability to exchange information in automated form quickly and economically within, and among the States, and between the Bureau and the States, to improve program management.

The Program: Major effort by Administration and Management elements will be directed towards increasing the automatic data processing capabilities in the States. In order to realize full value from efforts to automate, the States must have the sophisticated automatic data processing machinery that can produce the desired output and personnel who have received specific and detailed training in the operation of the automated systems.

As the chart on page GRANTS-40 shows, 30 State agencies will have capability to implement a comprehensive automated management system in fiscal year 1970. This is an increase of 15 States over fiscal year 1968. If these States do not obtain the necessary equipment and trained manpower they will be forced to contract outside the employment security system for computer services, resulting in higher costs and less efficiency.

The comprehensive management information system has two distinct but interdependent components: the Employment Service automated reporting system, and the cost accounting system.

The automated cost accounting system will depend on the automated reporting system for activity measurements on which costs are computed. In turn, the cost accounting system will produce outputs showing what the key statistical measures of services rendered mean in terms of costs incurred, thus providing a basis for cost/benefit analyses.

The accounting system will collect costs by geographic area and provide information on the amounts of Federal funds being expended in cities and counties throughout the country. It will collect activity costs by applicant charactertics

enabling analyses of costs for serving different clientele segments. Actual costs of serving older workers can be used to estimate the cost of future plans to serve more of those whose skills have become outdated and who are more difficult to employ because of their age.

Base:
Positions: 1,470 Estimated Cost: $14,018,000

Additional Cost:
Positions: 239 Estimated Cost: $10,350,000

Basis for the Estimate

The estimate of 239 positions and $10,350,000 for the program increase is based on the following:

NONPERSONAL SERVICES COSTS ASSOCIATED WITH THE IMPLEMENTATION OF THE COST ACCOUNTING AND EMPLOYMENT SECURITY AUTOMATED REPORTING SYSTEMS IN STATE AGENCIES

Number of States	Item	Estimated Cost
24	Data Processing Contracts with Service Bureau (1,560 hours computer time x $65 per hour x 24 States).....	$2,434,000
25	Additional overtime computer rental (1,320 hours computer time x $20 per hour x 25 States).....	660,000
10	Computer Programming Contracts ($40,000 per State x 10 States)..	400,000
All	Optical Mark Reader Forms.....	750,000
All	Communications.....	50,000
All	ADP Supplies (paper, punched cards, magnetic tape, etc.).....	700,000
	TOTAL Nonpersonal Services.....	$4,994,000

FOR MODEL STATE SYSTEMS

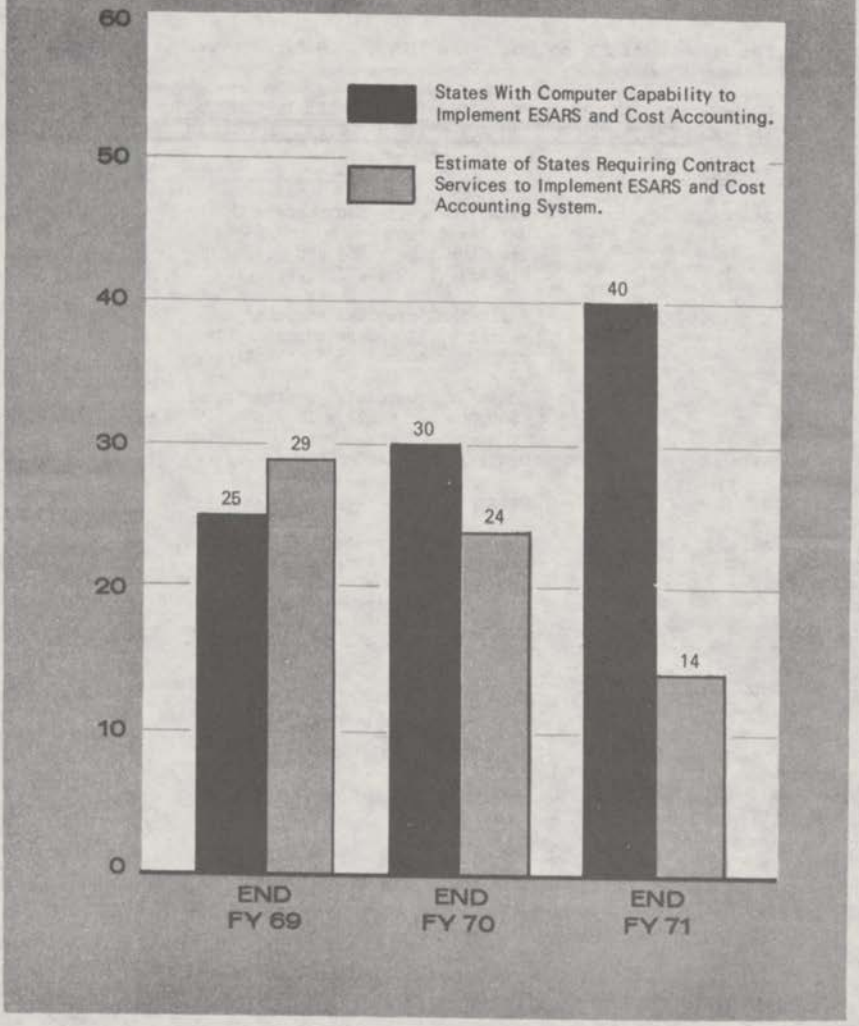
State	Positions	Cost
Michigan	73	$ 974,000
Florida	43	793,000
Utah	23	421,000
	139	$2,188,000

FOR PROJECT LOOPS, FOR IMPROVING TECHNICAL ADP STAFFS AND EQUIPMENT CAPABILITIES IN REMAINING STATE AGENCIES

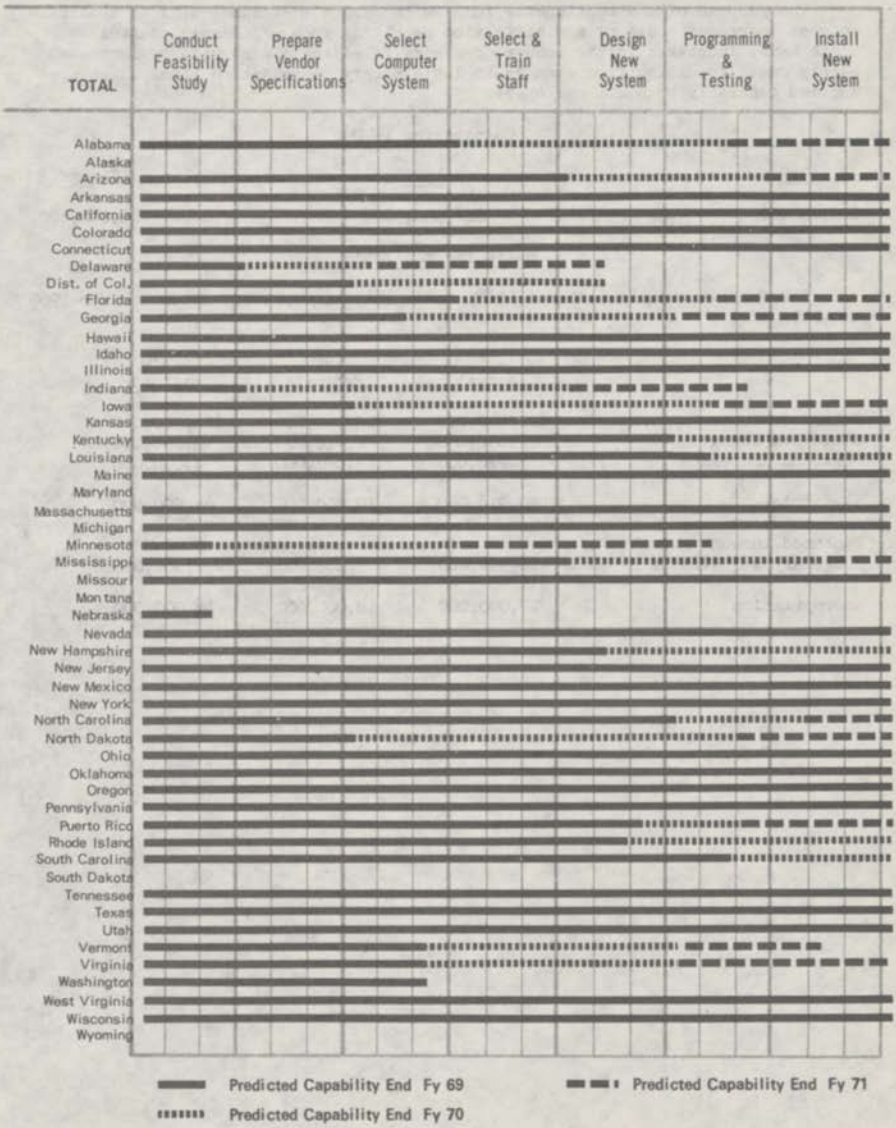
100 positions.....	$1,039,000
Nonpersonal Services.....	2,129,000
TOTAL	$3,168,000

Position requirements are based on existing automatic data processing staff capability and the contractor's estimates of manpower required to make the systems operational.

CHART DEPICTING COMPUTER AUTOMATED CAPABILITY TO IMPLEMENT ESARS AND COST ACCOUNTING SYSTEMS



STATE BY STATE COMPUTER CAPABILITY TO IMPLEMENT AUTOMATED ESARS AND COST ACCOUNTING SYSTEMS



Activity 4. CONTINGENCY FUND (1969, $12,000,000; 1970, $18,000,000)

Narrative Description of Program

The purpose of the contingency fund is to assure that funds will be available to meet increased costs of administration resulting from unforeseen changes in State Laws, increases in the number of claims filed and claims paid or increased salary costs resulting from changes in State salary compensation plans which are applied generally to State employees.

Changes for 1970

1969	1970	Change
$12,000,000	$18,000,000	+$6,000,000

Basis for the Estimate

The following table reflects 1968 contingency earnings and estimates for 1969 and 1970.

	1968 Actual	1969 Estimate	1970 Estimate
Salary Increases	$21,842,000	$13,165,000	$18,500,000
State Law Changes	1,856,000	2,468,000	3,000,000
Workload Increases	7,220,000	3,867,000	4,000,000
Total	30,918,000	19,500,000	25,500,000
Financed through normal budgetary adjustments	-18,918,000	- 7,500,000	- 7,500,000
Appropriation	12,000,000	12,000,000	18,000,000

Comparison of Personal and Non-personal Services
for Fiscal Years 1967, 1968, 1969 and 1970
(dollars in thousands)

	1967 Actual	1968 Actual	1969 Estimate	1970 Estimate	Change Between 1969 and 1970
Personal services costs	$371,060	$407,865	$431,704	$439,058	+$ 7,354
Retirement and contributions	42,639	47,202	53,184	54,157	+ 973
Total personal services cost	413,699	455,067	484,888	493,215	+ 8,327
Travel	8,997	8,969	9,503	9,972	+ 469
Rents - premises	37,821	38,806	41,421	43,968	+ 2,547
Communication services	7,402	7,280	7,312	7,858	+ 546
Heat, light, & water	3,639	3,856	4,028	4,168	+ 140
Printing & binding	455	480	516	1,002	+ 486
Repairs & alterations premises	2,193	1,052	1,020	1,468	+ 448
Outservice training	3,425	2,579	2,490	2,545	+ 55
Supplies	7,571	7,200	6,876	8,801	+ 1,925
Equipment purchases	4,181	1,546	812	817	+ 5
Rents - equipment	8,201	8,668	12,358	16,844	+ 4,486
Repairs & alterations equipment	844	910	793	1,712	+ 919
Miscellaneous, total	12,754	8,633	8,356	8,502	+ 146
Sub-total	97,483	89,979	95,485	107,657	+ 12,172
Postage	9,158	10,472	11,700	11,950	+ 250
Total non-personal services cost	106,641	100,451	107,185	119,607	+ 12,422
Unobligated balance	3,660	1,414	--	--	--
Contingency	--	--	12,000	18,000	+ 6,000
Total	524,000	556,932	604,073	630,822	+ 26,749

Explanation of personal service cost increase for 1970..... +$7,354,000

$4,048,000 is needed for unemployment insurance workload and law changes. $1,885,000 is required for the funding of the management improvement full-year costs; $4,977,000 is needed for the 642 new program increase positions. This is offset by a decrease in unemployment insurance personal services of $3,556,000.

Explanation of fringe benefit cost increase for 1970..... + 973,000

Unemployment insurance workload and positions to administer changes in State laws will need $555,000. Management improvement (full year basis) positions will require $239,000. The remainder of the increase, $623,000, is required for new positions. There is a decrease of $444,000 due to unemployment insurance ADP conversion.

Explanation of non-personal service cost increase for 1970..... + 12,422,000

Of the total increase for 1970, $2,797,000 is for 1969 base positions: $2,547,000 is for mandatory rental increases and $250,000 is a mandatory postage increase. $11,250,000 is required for new program positions. $88,000 provides for new unemployment insurance workload positions and $287,000 is for unemployment insurance law change positions. There is a decrease of $2,000,000 in supplies and equipment purchases.

Explanation of contingency fund increase for 1970..... + 6,000,000

The estimated increase in the contingency fund is to assure that funds will be available to meet increased costs of administration resulting from contingency needs above the estimated level.

Total change for fiscal year 1970..... +$26,749,000

BUREAU OF EMPLOYMENT SECURITY, SALARIES AND EXPENSES

AMOUNTS AVAILABLE FOR OBLIGATION

	1969 Trust Fund	1969 General Revenue	1970 Trust Fund	1970 General Revenue
Appropriation or estimate...	$20,073,000	$2,900,000	$19,640,000	$ ---
Amount reserved under P.L. 90-364.....	---	-267,000	---	---
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)..	---	125,000	---	---
Proposed increase in limitation for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968).....	865,000	---	---	---
Comparative transfer to Office of Manpower Administrator, Salaries and Expenses.....	-993,000	-2,716,703	---	---
Non-recurring rental costs transferred to GSA.....	---	- 41,297	---	---
Appropriation or estimate, revised.....	19,945,000	---	19,640,000	---

OBLIGATIONS BY ACTIVITY

	Appropriation Revised, 1969 Pos.	Appropriation Revised, 1969 Amount	Estimate, 1970 Pos.	Estimate, 1970 Amount	1970 Change Pos.	1970 Change Amount
1. Unemployment Insurance Service.....	280	$4,316,000	269	$4,187,000	-11	-$129,000
a. Unemployment Insurance	163	2,472,400	160	2,441,000	- 3	- 31,400
b. Administration & Management.....	52	914,400	50	890,600	- 2	- 23,800
c. Regional Offices.....	65	929,200	59	855,400	- 6	- 73,800
2. U.S. Employment Service..	817	11,869,000	806	11,769,000	-11	- 100,000
a. U.S. Employment Service	291	4,399,400	284	4,320,200	- 7	- 79,200
Regional Offices....	176	2,525,100	176	2,538,300	--	+ 13,200
b. Farm Labor Service....	90	1,147,800	88	1,125,800	- 2	- 22,000
Regional Offices....	56	746,200	56	751,200	--	+ 5,000
c. Veterans Employment Service.....	144	2,087,000	144	2,093,000	--	+ 6,000
d. Administration & Management.....	60	963,500	58	940,500	- 2	- 23,000
3. Administration & Management.....	123	1,713,000	118	1,650,000	- 5	- 63,000
a. Office of the Administrator.....	55	786,900	53	760,100	- 2	- 26,800

	Pos.	Amount	Pos.	Amount	Pos.	Amount
b. Administration & Management.....	68	926,100	65	889,900	- 3	- 36,200
4. Farm Labor Contractor Registration Activities.....	14	250,000	14	250,000	--	--
a. State Administration.	--	100,000	--	100,000	--	--
b. Federal Administration.....	14	150,000	14	150,000	--	--
5. Admission & Employment in Agriculture of Non-Immigrant Aliens.....	63	1,015,000	63	1,015,000	--	--
6. Admission & Employment of Immigrant Aliens.....	59	782,000	58	769,000	- 1	- 13,000
Total obligations.....	1,356	19,945,000	1,328	19,640,000	-28	-305,000

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1969	Estimate 1970	1970 Change
Total number of permanent positions.....	1,356	1,328	- 28
Positions other than permenent.....	1	1	
Average number of all employees.....	1,255	1,236	- 19
11 Personnel compensation.....	$15,156,100	$14,853,800	-$302,300
12 Personnel benefits.....	1,134,200	1,111,400	- 22,800
21 Travel and transportation of persons.....	1,014,300	977,800	- 36,500
22 Transportation of things.....	51,500	51,500	---
23 Rent, communications and utilities.....	380,700	450,300	+ 69,600
24 Printing and reproduction....	182,600	182,600	---
25 Other services.....	1,055,500	1,055,500	---
Services of other agencies..	777,300	777,300	---
26 Supplies and materials.....	26,800	26,800	---
31 Equipment.....	66,000	53,000	- 13,000
41 Grants, subsides & contributions.....	100,000	100,000	---
Total obligations.....	19,945,000	19,640,000	- 305,000
Working Capital Fund items included above.....	(997,800)	(997,800)	(---)

SUMMARY OF CHANGES

	Trust Fund		General Revenue		Total Estimate	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1969 Enacted Appropriation.....	1,437	$20,073,000	209	$2,900,000	1,646	$22,973,000
Amount reserved under P.L. 90-364.....	--	--	--	- 267,000	--	- 267,000
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413 effective July 14, 1968).....	--	--	--	125,000	--	125,000
Proposed increase in limitation for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968).....	--	865,000	--	--	--	865,000
Comparative transfer to Office of Manpower Administrator, Salaries and Expenses.....	- 81	- 993,000	-209	- 2,716,703	-290	- 3,709,703
Non-recurring rental costs transferred to General Services Administration.....	--	--	--	- 41,297	--	- 41,297
1969 Appropriation revised.....	1,356	19,945,000	--	--	1,356	19,945,000
1970 Estimate.....	1,328	19,640,000	--	--	1,328	19,640,000
Total Change.....	- 28	- 305,000	--	--	- 28	- 305,000

Mandatory Items (Page10)

Increase:

Net additional cost for Federal Telecommunications Systems services.....	--	+ 69,600	--	--	--	+ 69,600

Decrease

To reduce the level of contributions to the

Federal Employee's Compensation Fund.....	--	-	100	--	--	--	-	100
Sub-total, Mandatory Items.....	--	+	69,500	--	--	--	+	69,500
Program Items								
Decreases:								
Non-recurring equipment costs for new positions in 1969 (Page 11)	--	-	13,000	--	--	--	-	13,000
Increased productivity permits a reduction of 28 positions ($325,000 personal costs; $36,500 non-labor costs) (Page 11).....	- 28	-	361,500	--	--	- 28	-	361,500
Sub-total, decreases	- 28	-	374,500	--	--	- 28	-	374,500
Sub-total, program items.....	- 28	-	374,500	--	--	- 28	-	374,500
Total Change.....	- 28	-	305,000	--	--	- 28	-	305,000

MANDATORY CHANGES BY ACTIVITY

	Increase in Federal Telecommunication System		Contributions to FEC Fund		Total	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Activity 1.....	--	$16,000	--	$ --	--	$16,000
Activity 2.....	--	47,000	--	- 100	--	46,900
Activity 3.....	--	6,600	--	--	--	6,600
Total.....	--	69,600	--	- 100	--	69,500

MANDATORY CHANGES FOR 1970

Increases:

Net additional cost for Federal Telecommunications Systems Services	+$ 69,600

Decreases:

To reduce the level of contributions to the Federal Employees' Compensation Fund	-$ 100
Total	+ 69,500

PROGRAM CHANGES BY ACTIVITY

	11 Personnel Compensation		12 Personnel Benefits		21 Travel & transportation of persons		31 Equipment		Total	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
Activity 1..		-$117,000		-$ 9,000		-$16,100		-$ 2,900	-11	-$145,000
Activity 2..		- 120,000		- 9,100		- 12,600		- 5,200	-11	- 146,900
Activity 3..		- 52,800		- 4,100		- 7,800		- 4,900	- 5	- 69,600
Activity 6..		- 12,500		- 500		--		--	- 1	- 13,000
Total.....		- 302,300		- 22,700		- 36,500		- 13,000	-28	- 374,500

Activity 1. UNEMPLOYMENT INSURANCE SERVICE (1969, $4,316,000, Pos. 280; 1970, $4,187,000, Pos. 269)

Narrative Description of Program

This program provides for: (1) leadership and technical assistance to all States in the development, financing and administration of their unemployment insurance laws covering over 53 million workers; (2) determinations as to whether State unemployment insurance laws and their administration meet requirements for Federal Unemployment Tax Act offset credits and for administrative grants under the Social Security Act; (3) determining the amounts to be granted to each State for administration of its unemployment insurance law; and (4) supervising performance of State agencies as agents for payments to individuals under title XV of the Social Security Act (former civilian employees of the Federal government and ex-servicemen) and allowances under the Automotive Products Trade Act.

In 1968, major accomplishments in the modernization of the Federal-State unemployment insurance were:

Revised a listing of the goals of the unemployment insurance program. The statement lists what the program is trying to achieve, both as to substance and administration;

Revised a statement of principles for setting criteria of successful performance of basic unemployment insurance operations, establishing measures of performance and setting individual State objectives for achieving successful performance;

Initiated analytical studies (using the principles mentioned above) in the States with the objective of establishing criteria of performance;

Started the development of guides for the preparation of Plans of Service as a basis for the operation of broad management control systems. The plans will include agencywide objectives, proposed actions to deal with problems revealed by self evaluations and related budget requirements.

Provided out-service college level training, through several universities, for State agency local office managers, management analysts and Unemployment Insurance Directors in the new management techniques;

Further developed the application of new ADP techniques in unemployment insurance operations. Substantial progress was made in the Massachusetts Agency with the installation of fully automatic processing of benefit payments. Basically, this involves on-the-spot payment of unemployment insurance benefits by writing checks in local offices under control of a central computer. It operates much the same as do the computerized airline reservation systems. This was undertaken to relieve local office claims interviewers of clerical burdens so they can concentrate on dealing with people rather than forms and files. The Worcester pilot office is fully automatic and payments are being made on the spot through direct communication with the State office. Terminals have been installed in 15 other local offices and training is in progress for full operation in these offices.

Successful installation of benefit procedures utilizing automatic data imprinter devices in the claims filing process have been completed in Indiana and New York. The Bureau has informed all State agencies of the results.

Guidance and assistance were given to all States establishing and realigning organization patterns to better accommodate effective, direct line supervision over the claims functions in local offices as well as staffing arrangements which provide more flexibility for varying staff needs. During fiscal year 1968, five States were converted to claims control centers to provide more efficient staff utilization in wide geographic areas of moderate population density. Each center is staffed with a basic cadre of highly skilled unemployment insurance personnel. In addition to providing claims service for the immediate vicinity in which located, the centers also provide service, as needed, to other smaller outlying areas where claims service can be justified but which will not support the maintenance of claims offices. Depending upon the volume of claims activity, other points served are operated on a full time or part time basis.

Additional emphasis was given to accelerating the claimants return to gainful employment through the coordinated use of manpower services and claims interviewing procedures. Tests and developmental work were begun in nine States on new claims interview procedures to find a more constructive approach by the claims interviewer toward the worker's needs for reemployment.

Continued assistance was rendered to the States in the installation of a quality control program developed by the national office for adjudication of contested claims. In 1968, the program was introduced in Connecticut, New Hampshire, Florida, South Carolina and Minnesota. By the end of the fiscal year, all but a few States had installed or were in the process of installing this quality control program.

A national plan was developed for coordinated research in unemployment insurance to provide a sound factual basis for the Bureau's national program planning, as well as for the States' needs in developing legislative improvements. A Handbook of Unemployment Insurance Program Research was issued to the States to provide them with guidelines for conducting unemployment insurance research in coordination with the national plan to gain maximum value for interstate exchange and comparison.

In line with the national plans concentrated efforts were made with the States to:

establish the continuous wage and benefit history method in more States;

compile available data from claims and employment service records to develop preliminary facts on characteristics of exhaustees;

conduct developmental studies for the analysis of claimants on the basis of reasons for unemployment;

study the feasibility of extending coverage to farm workers.

Work was continued with the States and the Internal Revenue Service to obtain data to strengthen the collection of FUTA revenue. All State agencies have completed preparation and transmission of data to the Internal Revenue Service on employers who appear, from their State records, to be subject to the Federal Unemployment Tax, but for whom the Internal Revenue Service has not submitted requisitions for certification of off-set credits for tax on 1966 wages. A total of 158,364 employers have been listed as falling within this category. Although the results and analysis of this study are not yet available, Internal Revenue Service has identified some areas of FUTA administration which appear to require remedial action.

Completed the revision of half of the statutory language of the "Draft Bill for State Employment Security Legislation". The draft bill contains a current compilation of recommended policies and provisions for improving State unemployment insurance laws. It incorporates concrete suggestions for improvements, draft language, and rationale for the suggestions, and supporting data.

In 1969, it is planned to:

Maintain the efforts of 1968 to improve State agencies' management of their operations with the following objectives:

Completion of the first nationwide round of self-evaluations by State agencies;

Refinement of performance measurements and standards based on results of the evaluations and a series of analytical studies by State agencies which are now in progress;

Refinement of evaluation techniques based on first round experience;

Completion and release of instructions to States for preparation of summary plans stating agencywide objectives, proposed actions to deal with problems revealed by self-evaluations and related State budget requirements for fiscal year 1970;

Continued work on guides for a comprehensive system for use by State agencies in managing unemployment insurance operations.

Continue development of standards and techniques for determining availability for work so as to provide constructive assistance to claimants in their efforts to find employment and improve coordination of employment services and unemployment insurance claims actions.

Continue the coordination of State unemployment research with respect to further testing of methods for the analysis of claimants by reasons for unemployment; compiling data to analyze reasons for claimants exhausting their benefit entitlement; and studying the feasibility of extending coverage to farm workers.

Complete efforts to improve cooperation between State agencies and the Internal Revenue Service in enforcement of both the Federal Unemployment Tax Act and the State Unemployment Insurance Tax Provisions.

In 1970, emphasis will be placed on:

Coordinating and synthesizing results of experimental efforts to improve service to claimants by providing job opportunity information and referrals to the employment service for employability development assistance.

Developing procedures with the State agencies for selective reporting of claims by mail. A number of State agencies have adopted procedures which permit claimants to file routine weekly claims by mail instead of in person. These arrangements do not alter the requirements for personal appearance on the initial filing and interviewing, work registration, adjudication and periodic interviews.

Experience has shown that the following objectives can be attained through use of a properly controlled mail reporting program:

Weekly personal reporting required only for those claimants who need assistance, or on whose claim questions arise;

Flexibility in the scheduling and planning of work in the local office;

Concentrated professional attention whenever personal interviewing is required;

Substantial reduction of traffic in local offices, thereby affording a better environment for service to applicants and claimants.

Working closely with State agencies in installing the Local Office on Line Payment system (LOOP). It is presently being installed in Massachusetts and

New Jersey. This involves a hook-up between the central office computer and terminals at the local offices. It will relieve claimstakers of a very substantial clerical burden. The time saved will be used constructively to provide a more meaningful interview and positive assistance and advice to claimant to speed his return to work. Approximately 10 other States have indicated a strong interest in incorporating a benefit payment communication system as soon as results of the pilot projects can be evaluated. The Bureau, when the system is in operation, will be in a position to offer better technical systems and programming advice and assistance to these States.

Development of guides for standardizing and simplifying work methods in State agencies which will minimize clerical burdens in local offices, take fullest possible advantage of techniques of automation and provide maximum economy of operations consistent with adequate effectiveness.

Completion of quality and work measurement analyses in claims interviewing activities to establish productivity standards or development of methods by which State agencies can establish standards; and development of techniques to establish productivity standards for other unemployment insurance processes.

Completion and release to the States of guides for comprehensive management systems which include the content and flow of management information.

Continued refinement of the self-evaluation program with emphasis on continuing management control and management information systems as opposed to short term, limited sample, data gathering.

Continued refinement of measurements of effectiveness of State performance to emphasize end results.

Changes for 1970

Mandatory changes amount to (page BES-9)	+$ 16,000
Program changes amount to	-$145,000
Positions	- 11

The mandatory changes for this activity provide for an increase of $16,000 for the Federal Telecommunications System. Increased reliance on State agencies to conduct self evaluations and analyses to establish standards of performance will permit a reduction of 11 positions and $145,000.

Basis for the Estimate

The 1970 estimate provides for a continuation of the basic functions of the Unemployment Insurance Service. As the Bureau's role in the unemployment insurance program is in the nature of a staff service, its work is extremely difficult to quantify in any precise measures. The workload statistics are more illustrative of the Bureau's functions than a quantifiable method of determining budgetary needs.

The majority of the staff (approximately 65 percent) are involved in rendering technical assistance to States through development of improved methods and systems; providing guides, manuals, standards and other written instructions to States; and evaluations and analyses both on-site and in-office. The objectives of these activities are to assure that State laws and their administration are meeting their purposes and are in accord with requirements of Federal law.

The remaining 35 percent of the staff are involved in research; actuarial determination of benefit and administration fund requirements; determining amount of funds to be granted to each state; and administration of the Unemployment Insurance Service.

WORKLOAD STATISTICS

	Actual		Estimated	
	1967	1968	1969	1970
Evaluations, Surveys, or Operations Audits, On-Site (Field Assignments).....	141	93	148	126
Technical Assistance to States, On-Site (Field Assignments).....	114	89	139	140
In-Office Evaluations, Audits, or Analyses (Completed Reports).....	3,437	2,499	3,406	2,621
Routine Correspondence on Individual State UI Matters (Communications Written).....	5,997	8,001	7,109	7,420
State Documents Reviewed (Communications Written).....	1,093	932	892	950
In-Office Program Analyses (Communications Written).....	352	393	408	409
Developmental Projects (Projects Completed).....	33	25	23	20
Printed Guides, Instructions, Standards, Manuals (Releases).....	142	211	230	230
UI Sponsored Institutes, Conferences, and Training Seminars (Assemblages).....	73	152	62	69
Budget Transactions (Budget Documents).....	947	1,328	973	973

Activity 2. U. S. EMPLOYMENT SERVICE (1969, $11,869,000, Pos. 817;
1970, $11,769,000, Pos. 806)

Narrative Description of Program

This program provides for: national leadership, direction, technical assistance and coordination of programs and operations in a nationwide system of more than 2,400 public employment offices functioning as community manpower service centers. The employment service system is the prime deliverer of services required to support the nation's manpower development programs. In meeting these responsibilities the Service assists workers seeking employment, recruits workers to fill employers' job openings, provides specialized services to job seekers, provides job market information and cooperates with government agencies and local groups to alleviate the manpower problems of the area.

The Employment Service has been developing and testing a variety of approaches to meet its responsibilities under a positive and active manpower policy. The human resources development concept was formulated as a guiding principle in fiscal year 1967 and implemented during that year.

To achieve its goals, the United States Employment Service develops basic program objectives, policies, guidelines, procedures, tools and techniques to assist States and local offices to provide: (a) effective employability services for individuals needing assistance in becoming job-ready, obtaining employment and maintaining that status; (b) efficient job placement service to workers and employers; (c) mobile or part-time services in localities where full-time offices are not economically feasible; (d) assistance in the formulation and execution of plans to develop the economic potential of communities and make the most effective use of their manpower resources; (e) occupational, manpower, employment and unemployment information; and (f) greater mobility of workers by guiding necessary and desirable shifts between geographic locations and across occupational and industrial lines.

The Veterans Employment Service provides leadership, develops policy, and provides advice and technical assistance to the States on veterans' services. The Service evaluates local office job counseling and placement services for veterans, and interprets and carries out policies of the Secretary of Labor pertaining to placement of veterans.

The Office of Farm Labor Service develops program objectives, policies, and operating procedures for a nationwide program to service the needs of workers and employers in agriculture and the woods industry. As an integrated part of that program, the Service assists State agencies in carrying out the Secretary of Labor's overall regulations relating to interstate recruitment and determines the availability of domestic farm labor.

United States Employment Service (1969, $6,924,500 Pos. 467;
1970, $6,858,500 Pos. 460)

In 1968, application of the human resources development concept was strengthened and accelerated by the installation of a new system of program management based on State and local Plans of Service. These plans constitute the justification for State budget requests. In brief, the Plans of Service describe the manpower problems and needs within a State, the manner in which the State proposes to align its total requested resources to meet those needs and the extent to which needs can be met within its current resources. A revised budget structure, which provides the basic format for the Plan of Service, was also introduced. This budget structure is based on two basic Employment Service goals, namely, Employability Development and Employer Relations and Placement. Two additional areas are Manpower and Employment Information and Administrative and Technical Support, which support the first two. This revised budget structure eliminated fragmented allocations covering a wide variety of special but frequently overlapping purposes, such as services to various applicant groups based on age, race, physical disability, and the like.

Guidelines and procedures for extending the Plan of Service principle to local and area offices as the basis for statewide plans were issued to the States for the preparation of their fiscal year 1969 plans and budget requests.

Other significant accomplishments in 1968 included 260 Bureau-conducted on-site evaluations of State employment service activities at both State and local office levels.

There were 105 technical assistance contacts with States in connection with such activities as the Concentrated Employment Program, labor mobility projects and the use of mobile teams.

Some 700 analyses and classifications of labor areas and 20 manpower projection surveys were undertaken. The data obtained were used in the design and modification of employment security programs, to determine the skills required by employers, to provide employers with information on the available labor supply, and to provide information to public and private agencies concerned with manpower problems and programs.

Further demands on Employment Service staff time were created by such matters as the requirement for nationwide direction and coordination of the multiple programs in which the Service is involved, many of which are funded by other agencies, and the implementation and follow-up concepts, methods, and techniques developed in experimental and pilot projects.

A large-scale realignment of the Employment Service organizational structure and staff assignments was implemented in order to assure most effective use of available resources in achieving program objectives.

In 1969, it is planned to complete implementation of the reorganization initiated in 1968, which will facilitate allocation and redirection of resources among the goals and activities which best contribute to high priority manpower programs. Allocation by goals and activities permits greater flexibility in working with those individuals who most need the types of service involved. This flexibility will operate to make the specific blend of services required by each job seeker or potential work-force member more readily available to those who most need assistance.

It is also planned to refine the State Plans of Service which collectively are the blueprint for implementing the goals of the Employment Service nationwide. Major demands on the time of national and regional office staff to monitor and appraise the plans during fiscal year 1968 will increase during fiscal year 1969. In keeping with policies growing out of the recommendations of a consulting firm, a self-appraisal system for local offices and State agencies is being introduced. United States Employment Service staff effort will be devoted to monitoring State appraisals to assure that they are functioning effectively and to provide guidance and assistance in improving the self-appraisal systems.

In addition, increasing technical assistance will be provided to States and localities in achieving the redirection necessary to carry out the Concentrated Employment (CEP), Jobs in the Business Sector (JOBS), the Work Incentive (WIN) and similar manpower programs. These are all high priority programs designed to assist the disadvantaged in entering the mainstream of the economy. Effective conduct of these programs with a minimum duplication of effort requires close coordination and linking of the activities of the United States Employment Service with the operations of other agencies involved.

States have been directed to critically examine all aspects of their operations which might yield savings or afford an opportunity to redirect resources to activities which are more productive in terms of higher priority goals. National guidance has been provided in this area. In addition, effective redirection of resources will require substantial assistance by regional and national office staff.

The "Job Bank" concept developed in fiscal year 1968 as a pilot project in Baltimore, is designed to consolidate information regarding available jobs and applicants and to facilitate communication and coordination among all community agencies involved in "worker/job matching". This concept, developed in terms of urban employment problems, permits a more applicant-oriented approach with, at the same time, adequate consideration of employers' needs, and will be further developed and refined in fiscal year 1969.

Timely, comprehensive and accurate manpower and employment information is essential for the United States Employment Service to gain the fullest possible benefits from available resources. The Employment Service will continue to broaden the occupational, industrial and area coverage of its information on job market conditions for use by manpower planners, educators and employers as well as individual job seekers. Recently initiated studies in such fields as the aircraft industry, dairy products processing, automotive services, medical laboratories and increased use of computer equipment will help provide the occupational data needed to support manpower programs related to the human resources development concept. Occupational analysis materials will be prepared to provide information such as employment opportunity aids for related groups of jobs that have low educational and training requirements. The development of survey and analysis techniques, assistance to the States in analyzing job market conditions and conducting occupational surveys will be continued.

Emphasis on improving and modernizing the management information system at all levels of the Employment Service will be continued in 1969. This will include taking full advantage of available automatic data processing capability, reducing the reporting workload and revising items to be reported to provide consistency with the current planning, budgeting and management system.

In 1970, it is planned to continue to provide guidance and technical assistance to the States in the same program areas and at generally the same level as in 1969. The reorganization of the United States Employment Service is designed to realign staff resources in terms of high-priority manpower programs.

Principal staff emphasis will be placed on four major areas of activity, as follows:

Guiding and monitoring the coordination of effort and realignment of resources expressed in State Plans of Service. These plans describe the manner in which the States propose to manage their total resources in order to meet stated goals and objectives and to serve the disadvantaged as effectively as possible. In this area, developmental work on the self-appraisal system will be continued.

Meeting the increasing demands for technical assistance in the developmental and implementation of new and expanding programs. These include the Concentrated Employment Program (CEP), Job Opportunities in the Business Sector (JOBS), Concentrated Work and Training Program (CWTP), Work Incentive (WIN), Model Cities, and similar manpower programs. Technical assistance also will be required in connection with the Rural Manpower Program, the Job Bank, and Defense Manpower Policy. These activities, for which additional State resources are requested, are described fully under Grants to States.

Meeting the need for better manpower and employment information which is required in planning, developing and carrying out programs designed to serve the disadvantaged, in working with employers, and in working with public and private agencies concerned with manpower problems.

Guiding and assisting the States to provide the types of intensive services to individuals necessary to assist them in attaining a permanent place in the productive economy. Of particular importance in this area are the application of occupational analyses techniques and provision of industrial services to employers in restructuring jobs and modifying hiring requirements to enable the disadvantaged, especially those who have received training and other employability development services, to obtain and hold suitable jobs.

Farm Labor Service (1969, $1,894,000, Pos. 146;
1970, $1,877,000, Pos. 144)

In 1968, much of the functional work of the Farm Labor Service was directed toward the continuing improvement of existing practices in the Federal-State system.

The most urgent area for improvement continues to be in the recruitment of seasonal workers, particularly school youth for summer work and for their replacement at the beginning of the new school year. Farm Labor staffs assisted State agencies in many on-site actions to strengthen and improve these recruitment operations. The need to use foreign labor was avoided or minimized in most cases. These efforts provided youth the opportunity to earn wages in gainful employment, thus making it possible for many of them to return to school. This is an important side effect of recruitment operations.

Stability of the seasonal farm labor force has been a difficult challenge which is being met by an important activity involving technical assistance known as "retention" services. These services have become an integral part of placement work in many areas, particularly since the ending of the Mexican farm labor program.

Considerable staff assistance to State agencies is required for improvements in the recruitment and movement of interstate migratory workers. In many cases the need for assistance results from adverse weather and crop conditions which disrupt the scheduled work itineraries of migratory families and crews. Involved in all these interstate recruitment actions are prevailing wage surveys, expansion of State informational services to migrants and employers, and housing inspections.

In seasonal labor and job needs relating to vegetables, fruits and many other crops requiring large amounts of manpower the Farm Labor Service will continue its push for stronger, better organized community day-haul operations. Revitalized in fiscal year 1968, with particular emphasis on selection, pre-job orientation, and follow-up retention services, day-haul operations have proven to be the most effective method of mobilizing local labor, especially school and college youth who are available during the summer months and on weekends during the school year. The success of this concerted program effort contributed substantially to the achievement of a 10.6 percent increase in agricultural placements in fiscal year 1968 over fiscal year 1967 (4.6 million compared to 4.1 million.)

In 1969, the Farm Labor Service will continue to emphasize new approaches in helping to meet the increasing need for year-round workers able to operate modern farm machinery and equipment. In addition, exploratory and field test programs for the large scale recruitment and training of woods workers are underway, with the full cooperation of the logging and lumbering industry and the Forest Service. Similar plans will be launched in major geographic areas specializing respectively in the production of broilers, eggs, beef cattle, hogs, and dairy products.

The Farm Labor Service will provide special directional and guidance assistance to the States in promoting more active relationships with community organizations concerned with the welfare of disadvantaged groups. It is hoped that through these means more people in need of gainful employment can be reached, and better utilized.

A majority of workers recruited for seasonal farm work are members of low-income families, many chronically unemployed and, therefore, have most pressing need for funds. A high proportion of these workers are from minority groups. In the absence of other (non-farm) work being available, economic pressures draw into the agricultural labor market many inexperienced young people from these groups, with resulting high turnover. To help remedy this situation pre-job orientation with employer assistance, and follow-up actions to foster job stability will be part of the Bureau's emphasis program in fiscal year 1969.

The worker housing of all growers recruiting interstate migrant labor through the public employment system will be checked for conformity with the Secretary's Regulations on Interstate Recruitment, as revised in fiscal year 1967 and 1968. The housing standards in these regulations are now mandatory, rather than recommended. It is expected that some growers, being found with substandard housing, will decline to use the interstate recruitment system in order to avoid the cost of remedial repairs. Regardless of this possibility and its effect on placement workloads, the housing of all growers using, or who elect to use the system, will continue to be inspected. Approximately 10,000 interstate orders will be reviewed and cleared in fiscal year 1969, including follow-up inspections.

In 1970, the basic Farm program, as described above, will be continued at approximately the same level as 1969. While this is the principal objective, the program will also address itself to total manpower needs in both the farm and non-farm sectors of our rural economy. This extended Rural Manpower Program is designed to reach deep into the impoverished rural areas of America and help some 11,000 disadvantaged persons to achieve the dignity and benefits of full, gainful employment.

Extension of these services, for which Grants to States funds are being requested, will be implemented under the leadership and guidance of the Farm Labor Service. Toward this objective, the Service will provide broad program direction, guidelines, and technical field assistance to the States. No additional resources for these services are requested at this time as activities in this area will be experimental. However, depending upon the degree of success experienced in fiscal year 1970, there will very probably be a need for additional funds in 1971 to further expand services in this area.

Veterans Employment Service (1969, $2,087,000, Pos. 144;
1970, $2,093,000, Pos. 144)

In 1968, accomplishments included the placement of 1,163,500 veterans in nonagricultural jobs, 116,100 placements of disabled veterans in nonagricultural jobs, and the processing of 1,830,100 veterans' applications for employment through local offices. A total of 566,400 returning veterans were contacted as part of the "personal employment assistance" program.

The number of veterans continues to increase rapidly. As of June 30, 1968, there were 25,026,000 veterans in civilian life. This includes:

5,214,000 who served after the Korean Conflict (including 2,075,000 Vietnam veterans)
4,567,000 who served only in the Korean Conflict,
13,471,000, who served during World War II, and
1,774,000, who served in World War I or the Spanish American War

By granting veterans status to service personnel who separated from military service after 1955 (year the Korean Conflict ended) the Veterans Readjustment Benefits Act of 1966 added to the veteran total almost 4 million individuals. In addition, almost all of the increasing numbers of servicemen and servicewomen who are discharged each year become eligible for veterans status as soon as they are separated from active duty. According to the Department of Defense, 820,000 service personnel returned to civilian life in 1968. The Department of Defense now estimates that there will be 950,000 separations in 1969. This represents a substantial increase over previous estimates. The Department of Defense has not made an official estimate for separations during 1970, but preliminary estimates are that some 900,000 service personnel will return to civilian life that year.

A chart indicating the number of veterans returning to civilian life follows on page BES-27.

In 1969, particular attention will be given to employment counseling and job placement assistance for service personnel returning to civilian life. A major increase in employer contacts on behalf of individual veterans is planned.

At the present time, about fifty percent of the individuals separated from military duty choose to continue their education under the "GI Bill". Employment Service counselors often are instrumental in persuading veterans who seek "stop gap" jobs to go to school under the "GI Bill" instead. For the fifty percent who seek immediate employment, the public employment service plans to increase the number and quality of counseling interviews. Employment Service counselors and interviewers will continue to be outstationed at selected United States Veterans Assistance Centers located in the largest cities, where particular attention is given to returning veterans who have not completed high school.

Another category requiring specialized employment services is the older worker. The Korean War veterans with an average age of 39 years and the World War II veterans with an average age of 49 years are in, or approaching, the older worker category. In addition, each year, 60,000 career military men with an average age of 45 years retire from service. Re-entering the labor market as older workers, many of these workers need orientation to employment possibilities under their new status. Also, employer contact is needed to promote consideration of older workers and to inform the employer of the applicability of military experience to civilian jobs.

In 1970, the handicapped veteran will receive major emphasis. Many of the 200,000 servicemen who were wounded in Vietnam, whose lengthy rehabilitation was completed in a military or Veterans Administration hospital, will seek jobs. Thoughtful, intensive counseling and individual job placement efforts are planned. There also will be an augmentation of job market information services for all veterans, to include specific occupational information and information about important fields of work which are in short supply of workers, such as the following: teaching; health services; recreation; and manpower services. Even though the number of separations has decreased slightly, services to veterans have increased due to the "personal contact" program.

Changes for 1970

Mandatory changes amount to (Page BES-9)	+$ 46,900
Program changes amount to	-$146,900
Positions	- 11

The mandatory increase of $46,900 for this activity provides for an increase of $47,000 for the Federal Telecommunications System and a reduction of $100 in contributions to the Federal Employee's Compensation Fund. A program reduction of eleven positions, nine in the United States Employment Service and two in the Farm Labor Service, will be accomplished by generally curtailing low priority activities.

Basis for the Estimate

Resource requirements for the United States Employment Service in fiscal year 1970 are based on one primary consideration -- that the Employment Service system is the prime deliverer of manpower services. The State employment services will provide the underpinning for all manpower programs concerned with the disadvantaged, such as the Concentrated Employment Program, Work Incentive Program, Job Opportunities in the Business Sector and others. In addition, they must continue their selection and referral roles for Manpower Development and Training Act, Job Corps, and other vocational and work experience programs as well as to continue to serve employers, veterans and job-ready applicants.

The constantly broadening scope and complexity of employment service operations will create unprecedented demands on the staff resources of the United States Employment Service for technical assistance and advice. Besides the demands resulting from direct program activities outlined above, further demands will result from the need to work with the States in improving their organization and management practices, to monitor State operations including implementation of the self-appraisal system, to develop better manpower and employment information, and

to implement the new or expanded programs such as the Job Bank.

The estimate for staff needs in fiscal year 1970 is based on the needs of the program as determined in each of the components which make up the United States Employment Service. The direct staff, both in the national and regional offices, who deal with the basic programs carried out by the States, are concerned with the nationwide direction and achievement of goals and objectives. Resources required in this area are based on experience gained in monitoring and directing activities of the States.

Staff for the Veterans Employment Service, 15 in the national office and 129 in field, represent a geographic distribution designed to meet the problems of veterans nationwide.

Farm Labor Service resource needs are determined by the program requirements. As in the case of non-farm services, the program administered by the States must be directed and monitored by the Federal partner, and experience gained in these efforts determine staff needs.

WORKLOAD STATISTICS

	Actual 1967	Actual 1968	Estimated 1969	Estimated 1970
Employment Service				
Monitoring and appraising State agency self-evaluation activities	....	....	30 1/	100 1/
Evaluation of State plans of service; analyses of State annual and supplemental budget requests, program performance, etc	833	783	600	700
Technical assistance for mobile teams labor mobility projects, and for ES services to CEP's, WIN and NAB-JOBS 2/	82	105	90	125
Analysis and classification of labor areas	800	700	750	750
Current occupational studies	185	300	300	300
Manpower projection (area skill) surveys	37	20	20	20
Current Job Opportunity Surveys	9	16	16	16
Job studies (job analyses, definitions, classifications)	9,766	25,580	9,800	9,800
Occupational test development studies	80	71	80	80
Promotional contacts with multi-State employers	90	83	100	100
Quarterly area surveys on unfilled job openings	159	308	308	308

1/ This represents a change in the operating concept for monitoring and appraising State agency program activities to implement a policy growing out of recommendations of the Cresap, McCormick and Paget report for management improvement.

2/ Excludes technical assistance given during the course of appraising, monitoring, reviewing or implementing other Employment Service programs and projects.

Workload Statistics - cont'd

	Actual 1967	Actual 1968	Estimated 1969	Estimated 1970
Farm Labor Service				
Technical assistance to State ES agencies	235	233	219	200
Program operation reviews	38	42	41	45
Reviews and analyses (internal) 1/	1,416	748	800	800
Publications and technical aids	103	88	10	10
Interstate farm job orders reviewed and cleared:				
No. of orders cleared	9,059	7,748	10,000	9,500
No. of workers involved	405,513	410,000	425,000	415,000
Determinations and certifications re alien entry requests under PL 414 for permanent agricultural employment	1,474	1,557	1,550	1,500

1/ Includes the reviews and analyses of State ES agency plans of service, budget requests, pre-season and in-season farm labor area reports, prevailing wage finding reports, and miscellaneous operations reports.

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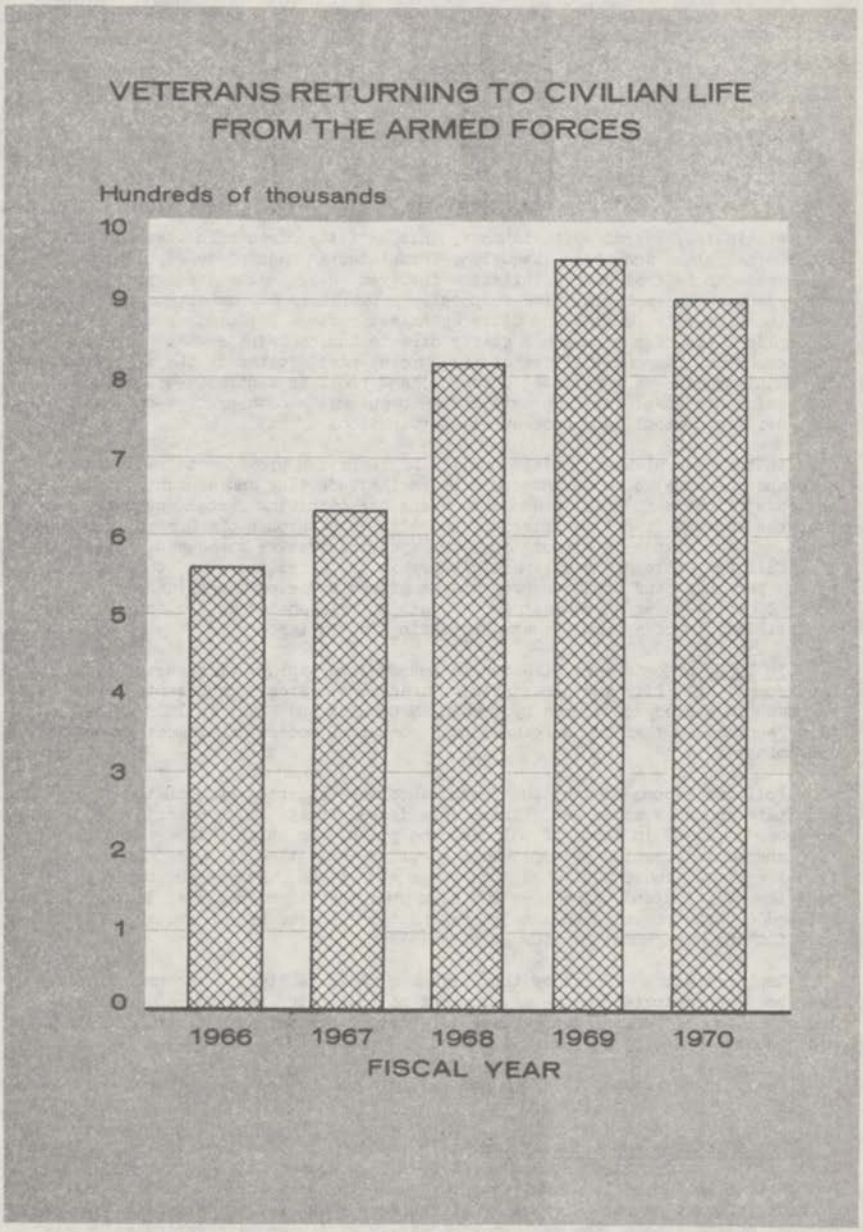
Workload Statistics - cont'd

	Actual 1967	Actual 1968	Estimated 1969	Estimated 1970
Veterans Employment Service				
Total number of veterans making application for employment in local offices	1,762,900	1,830,100	1,900,000	2,000,000
Total number of disabled veterans making application for employment in local offices	146,600	156,400	165,000	170,000
Total number veteran nonagricultural placements	1,182,200	1,163,500	1,400,000	1,500,000
Total disabled veteran nonagricultural placements	111,400	116,100	120,000	125,000
Returning veterans contacted by local offices 1/	--	566,400	700,000	700,000
Number of local office visits by State Veterans Employment Representatives	4,388	4,592	5,000	5,100
Number of local office evaluations by State Veterans Employment Representatives	1,383	1,425	1,500	1,700
Number of veterans visiting offices of State Veterans Employment Representatives 2/	10,516	11,768	12,000	12,000
Number of veterans employment problem cases referred to VES 2/	2,100	1,332	2,000	2,100
Number of contacts made by State Veteran Employment Representative				
Employer	6,950	7,048	7,500	8,000
Veteran organizations	13,446	13,443	13,500	14,000
Other	14,594	16,824	17,000	17,000
Total contacts 3/	34,990	37,315	38,000	39,000
Number of performance evaluations of State Veterans Employment Representatives offices by national office staff	45	45	52	52

1/ Refers to contacts (letter, telephone or personal visit) of recently separated veterans by the nearest local office, to offer services and explain employment benefits. This procedure started in August 1967.

2/ Workload items over which VES has no control.

3/ Represents personal and telephone contacts with other Federal and State governmental agencies, labor unions, private organizations and community groups on veterans employment activities.


VETERANS RETURNING TO CIVILIAN LIFE
FROM THE ARMED FORCES
Hundreds of thousands
10
9
8
7
6
5
4
3
2
1
0
1966
1967
1968
1969
1970
FISCAL YEAR

Activity 3. ADMINISTRATION AND MANAGEMENT SERVICE (1969, $1,713,000, Pos. 123; 1970, $1,650,000, Pos. 118)

Narrative Description of Program

This program provides for the overall direction of the Bureau, with final responsibility for the accomplishment of its mission and objectives, and for provision and coordination of technical assistance to State agencies in their administrative management functions.

Within the Federal establishment, this activity directs the development of internal plans and their execution; formulates and administers policies applicable to Federal responsibilities involved; directs the development of employment security legislative proposals; establishes and maintains effective relationships with Federal and State agencies; reviews performance and accomplishments of the Bureau's staff; directs and coordinates the budgeting and accounting responsibilities of the Bureau; participates in the evaluation of administration of affiliated agencies; and provides centralized services and assistance involving such activities as automatic data processing, employment ceiling control, and procedural coordination.

In the Federal-State relationship, this function provides overall leadership and guidance; directs and coordinates the budgeting and accounting processes applicable to affiliated State agencies; maintains fiscal accounts and prepares Federal fiscal reports on funds allocated through the Bureau; provides technical assistance in efforts to improve administrative management functions in affiliated State agencies; participates in the development and conduct of agency personnel and training programs; monitors agencies' compliance with Federal merit system standards; and assists State agencies in the application and utilization of automatic data processing facilities.

In 1968, efforts were directed to improve the employment security system's management capability and procedures. Management system improvements were proposed in a study conducted by Cresap, McCormick and Paget in 1966. This firm recommended that the Bureau adopt a number of modern management systems and concepts.

Policies recommended by the consultants were accepted by both the Federal and State agencies concerned. These were issued to all State agencies on November 20, 1967 in terms of policies and principles which guided the direction and administration of employment security activities, provided for transitional actions, and established long-range objectives. Bureau action to implement the policies and principles has been underway since they were issued, and related efforts constituted a major expenditure of time by the Bureau's Administration and Management Service in fiscal 1968.

Implementation efforts by the Bureau on the consultant's recommendations have been concentrated on the development of four inter-related management tools: a plan of service; an automated reporting system; an evaluation system; and a cost accounting system.

The plan of service is discussed fully in the United States Employment Service narrative (Activity 2).

The automated reporting system is intended to provide the information necessary to make management decisions at all levels of management. The statistical measurement of achievements against planned accomplishments will provide information for determining effectiveness and taking corrective action. Because of the size of the employment security system and its varied responsibilities the reporting system had to be automated to be responsive to management's needs. Therefore the Bureau has divided this effort into two phases: (1) The

Employment Security Automated Reporting System (ESARS)--which was designed to provide automation of the statistical information being collected in the State and local offices. (2) Total automation of all employment security operations. The latter phase will take several years to accomplish whereas the ESARS system is scheduled to be operative in fiscal year 1970. Both of these systems were being developed during fiscal year 1968.

The third component of the system is an evaluation program. It supports the plan of service system by providing an evaluation of operations and goal achievement. In addition, it provides an evaluation of the effectiveness and capabilities of the system through quality assessments which can be obtained only from a direct review of operations. This system is essential to complement the statistical and cost measurements and to support the planning and budgeting systems. The evaluation systems and tools for each of the major functional areas were developed jointly by the Bureau and the State agencies during fiscal year 1968.

The final management tool on which significant work was done in 1968 is the cost accounting system to be used by the State employment security agencies. Developmental work on the system was accomplished under a contract with Touche, Ross, Bailey and Smart. System design was limited to three model States--Pennsylvania, Oregon, and Rhode Island--representative of large, medium and small operations. The contractor's work involved an evaluation of fiscal operations in each of the three States, a review of State fiscal requirements, the identification of managements' needs for fiscal information, and finally the design of a system suitable for each individual State. Developmental work on the system was largely completed by the contractor in fiscal 1968.

Accomplishments in other Administration and Management areas included making General Services Administration supply sources available to the State employment security agencies in an attempt to reduce equipment and supply costs, and amending personnel procedures to facilitate State agency employment of disadvantaged persons in manpower programs.

In 1969, it is planned to continue the management systems improvements started in 1968.

The plan of service concept will be extended in fiscal 1969 to include local offices. Local plans will be summarized at the State level into overall State plans and goals. Allocations to States for employment services in 1969 will be based on these plans of service.

The ESARS portion of the automated reporting system will be tested and implemented in Texas, Oregon and Vermont in fiscal year 1969. Two special projects are underway as a part of the total management information system undertaking: The automation of a major metropolitan manpower operation involving New York, New Jersey, and Connecticut, is being tested with special emphasis on providing improved service to the disadvantaged; and, a computerized system of matching job order requirements with job-seekers qualifications is being tested in Wisconsin, using worker traits as the first criterion for the machine-match.

Fiscal 1969 plans also call for action by the Administration and Management Service in furthering State readiness for the installation of the standard cost accounting system. Bureau assistance will be given to the contractor in reviewing the systems installation in the three model States, and Bureau capability will be developed to keep the system operative after the contractor's work is finished in the model States. In early 1969, the Bureau participated with the contractor in conducting training courses at four locations for accountants and ADP technicians from all 59 State employment security agencies. Through these training sessions, State agency representatives will be instructed in the mechanics of the system, and made sufficiently familiar with both the accounting and automation techniques to enable the representatives to begin work on implementation.

In 1970, the Administration and Management Service, plans to promote concentrated efforts by the State agencies to obtain maximum use of all resources. This objective contemplates a variety of activities, including studies of value received from certain expenditures of staff-time and allocated funds; cost reduction efforts to conserve funds; and employee motivation practices to increase productivity. Also to be developed or improved are techniques for use by State agencies in collecting and disseminating additional types of information required by amendments to the Manpower Development and Training Act. To prevent a loss of State momentum and enthusiasm on other management improvement efforts, the Administration and Management Service must exert continuing emphasis on the automation of all feasible employment security operations, especially in the applicant/job matching process; on the self-installation of packaged parts of the uniform accounting system; on the refinement and installation of the employment security automated reporting system; and, on the monitoring of self-evaluation programs conducted by the State agencies.

The model States systems of the ESARS portion of the automated reporting system will be ready for implementation beginning in fiscal year 1970. The model States systems will be in the developmental and testing stages through 1971 and portions of these will be tested and ready for use in other States by 1972. A computer placement system will be operational during fiscal year 1970.

Changes for 1970

Mandatory changes amount to (**Page BES-9**) ..... +$ 6,600

Program changes amount to ..... -$69,900
Positions ..... - 5

The mandatory change for this activity provides for an increase of $6,600 for the Federal Telecommunications System.

Changes in original plans of the Bureau for furthering the several management improvement programs are made in two ways. First, the programs are being reorganized, where possible, into phases, to permit the installation of program parts. This "phasing" has the disadvantage of lengthening completion dates, but it has the advantage of breaking the total job into more manageable parts. Second, a new lengthened time schedule chart has been prepared to make accomplishment more realistic in terms of available staff resources. These changes will permit a reduction of five positions and $69,900.

Basis for the Estimate

While, generally speaking, administrative functions are not meaningfully measured by workload statistics, some of the recurring activities which can be measured are shown on an accompanying summary, along with past experience and future workload projections. In addition to the normal, continuing administrative management functions, special activities have been started in prior years, which have sufficient importance to the future effectiveness of employment security administration to warrant the retention of the few technicians specifically assigned to special management improvement projects. Illustrative of the special staff assignments which will be continued in fiscal 1970 are the technicians working on the cost accounting system, and the automation applications, including the management information system. Specialists diverted from regular administrative functions to develop the self-evaluation program in concert with State agency representatives will be returned to regular assignments as the evaluation program becomes a main-stream instead of a special activity.

Past experience, and an assessment of staff requirements on special administrative management projects contemplated in the budget request form the basis for the activity estimate.

WORKLOAD STATISTICS

	Actual		Estimated	
	1967	1968	1969	1970
Fiscal & Personal Standards and Guides Developed:				
Fiscal	12	20	15	15
Personnel	8	16	15	20
Management Reviews & Technical Assistance visits to State Agencies:				
ADP Systems Planning & Mgmt.	9	11	15	14
Administration & Management	3	3	4	3
Financial Management	9	9	5	5
Personnel	27	21	15	15
Training	10	13	25	25
State Agency Material Reviewed and Approved:				
Training Plans	54	54	54	54
Changes in Agency Personnel and Merit Systems	640	845	900	900
Budget Requests	3,080	2,171	2,200	2,200
Expenditure Reports	1,392	1,392	1,392	1,392
ADP Equipment Specifications	61	51	37	40
ADP Equipment Selections	21	12	17	20
State Agency Reorganization Proposals	22	26	25	25
Fiscal Standards interpretations	190	199	200	200
Special Project Technical Assistance Visits:				
Cost Accounting System:				
ADP Visits	0	0	16	25
Systems Accountings Visits	0	3	20	20
ESARS--ADP Technical Assistance Visits	0	5	30	30
Model States Project-ADP Technical Assistance Visits.	21	35	38	40
Audit Report Process	27	29	32	35

Activity 4 FARM LABOR CONTRACTOR REGISTRATION ACTIVITIES (1969, $250,000, Pos.14; (1970, $250,000, Pos.14)

Narrative Description of Program

This program provides for the registration and regulation of persons engaged, under certain conditions, as farm labor contractors and full-time or regular employees of such contractors. Under authority delegated to it, the Office of Farm Labor Service within the Bureau of Employment Security is responsible for all functional activities except legal services, involved in the implementation of the Act. These responsibilities include: publicizing requirements of the Act and the Secretary's regulations (CFR 29; 40-41.1) relating thereto, and for the receipt and processing of applications for registration, complaints and appeals; reviewing applications and recommending the issuance, denial, revocation or suspension of certificates, and conducting necessary investigations relating to these actions.

In 1968, accomplishments included the registration of 3,064 contractors, an increase of 932 new registrants from the 1967 level. During the fiscal year 467 complaints were investigated, against a projection of 330.

The cost and non-availability of vehicle insurance continues to act as a restraint on the number of applicants for certificates of registration. There were a number of new registrants who were able to purchase insurance coverage for periods of 3, 6 and 9 months. This type of policy was made available by one insurance company and became more attractive to crew leaders who transport migrant workers interstate during certain seasons of the year.

In 1969 and 1970, it is planned to continue efforts to register more contractors and reduce the time for processing cases against contractors who are in violation of the Act.

A year ago the limited staff assigned to this program was placed under the direction of the national office of the Farm Labor Service. This action was taken in order to provide greater mobility of personnel to follow crews as they migrate interstate for agricultural employment. Members of the field staff have been in travel status a great deal of their time partly due to the limited number assigned to this program and the necessity to cover regions and areas of the country in an effort to bring more subject contractors within the scope of the Act. The problem of registering crew leaders and assuring compliance with the Act continues to be complicated by the seasonal movement of these workers. The map on page 35 shows the travel patterns followed by migratory farm crews and indicates the necessity of national direction of the enforcement provisions of the Act to insure the greatest protection to the workers and their families.

This new direction has worked well and resulted in the highest increase of new registrants since the outset of the program. This plan will be continued in 1969 and 1970, with the expectation that new registrations will increase each year. A system will be developed through which the regional offices, in conjunction with the Office of the Solicitor, can work directly with the United States Attorney's Office. When the system is established, delays normally encountered (processing cases through the national office and the Department of Justice in Washington, D. C.) can be avoided.

Changes for 1970

Mandatory changes amount to.....NONE

Program changes amount to.....NONE

Basis for the Estimate

The basis for the estimate is four years of experience in securing conformity with the requirements of the Act. This includes continuing surveillance of contractors during the active farm seasons, investigation of complaints and, most significantly, identifying those persons who have eluded registration. To date, approximately 41% of the estimated 7,500 persons subject to the Act have been registered.

This is a regulatory activity and all functions are performed under the immediate direction and control of the national office and relates to both field and headquarters functions. Except for progressive annual increases in registrations, the staffing level for this activity is based primarily on a "hold-the-line" policy in workload performance.

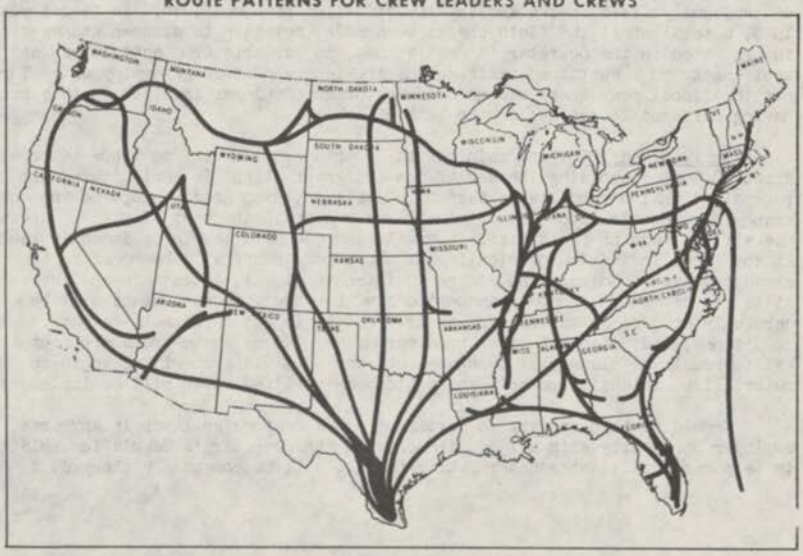
No functional time-reporting system is used; instead, supervisor's approximations of individual workloads and staff time consumed in their performance are accepted. Averaged for fiscal years 1967 and 1968, these appear as follows.

	Workload per Individual	Percent of Individual Staff Time Used
Applications handled	190	60%
Registration and ID cards processed	186	20%
Complaints Investigated	28	20%

WORKLOAD STATISTICS

	Actual		Estimated	
	1967	1968	1969	1970
Applications handled.....	2,395	2,941	3,600	4,300
Issuance of certificates of registration.....	2,132	3,064	3,500	4,200
Compliance investigations.....	327	467	475	525

ROUTE PATTERNS FOR CREW LEADERS AND CREWS



Activity 5. ADMISSION AND EMPLOYMENT IN AGRICULTURE OF NON IMMIGRANT ALIENS
(1969, $1,015,000, Pos. 63;
1970, $1,015,000, Pos. 63)

Narrative Description of Program

Under this activity the Office of Farm Labor Service is concerned with (1) implementing the Regulations (Title 20 CFR 602.10) of the Secretary of Labor governing applications for foreign workers for temporary agricultural employment in the United States; (2) developing and maintaining prevailing wage and job data in connection with the Regulations; and (3) providing special recruitment assistance to State employment agencies on behalf of employers subject to the Secretary's Regulations.

The basic purpose of this Federal-State activity, is to direct and conduct intensive domestic recruitment when an employer has indicated a possible need for foreign labor. The main productive measurement of the activity is the elimination of need for foreign labor, or the extent of reduction in the certified need, without the employer suffering a loss.

In 1968, 1,093 employers were certified for the temporary use of 35,347 foreign workers. However, only 25,630 alien workers were employed. These figures compare with 1,929 employers certified for the use of 30,357 alien workers, of whom 27,125 were employed in fiscal year 1967. Since the termination of the Mexican program, substantial progress has been made to eliminate the reliance on foreign workers. This is illustrated by the chart on page BES-39.

While the number of workers employed declined in 1968, there was an increase in alien certifications. Increased certification of foreign workers in apple picking in the New England States as well as in Virginia and West Virginia was attributable to higher production, fewer workers, fewer crews and more job opportunities in non-agricultural employment in home States of domestic workers. This was true in the Florida sugarcane industry with the additional factor that crews failed to report after an intensive recruitment drive brought on by a high yield per acre which far exceeded the original estimates. The table on page BES-38 sets forth the number of foreign workers employed during fiscal year 1968.

A principal administrative function of the program is that of insuring employer conformity with requirements of the Secretary's Regulations relating to Public Law 414. The measurements of this activity are principally in the number of conformity field checks and the investigation of complaints. In fiscal year 1968, a total of 41,408 field checks were made, relating to sixteen standards incorporated in the Secretary's Regulations, to variable crop activities, and to spot checks on a sustained basis during the tenure of foreign employment. Throughout the fiscal year there was no evidence of any employer involved in this program having suffered losses due to the lack of labor.

In 1969 and 1970, the main thrust of this program will continue to be directed toward avoiding the use of non-immigrant aliens in agriculture, but it is recognized that unpredictable factors of weather, crop conditions, and the sufficiency of domestic labor in any given area can upset the best of plans. Greatest use will be made of field staff in mobilizing adequate levels of domestic labor. At the first indication of significant shortages, staff will be moved to the areas involved to direct and engage in intensive local, intrastate and interstate recruitment. Economic assumptions with respect to each State will be carefully studied in advance for their possible impact on farm labor market conditions, and potential weak spots earmarked. Where these spots are seen to exist, readiness plans will be shaped up, and should the shortages begin to materialize, intensive recruitment actions as outlined above will be implemented.

Should it be necessary to certify the use of foreign labor in any area, employer conformity with all requirements of the Secretary's Regulation relating to temporary admittances under Public Law 414 will be constantly checked.

Changes for 1970

Mandatory changes amount to..... NONE

Program changes amount to..... NONE

Basis for the Estimate

Estimates for fiscal year 1970 are based on continued, intensive recruitment to provide sufficient domestic labor, and the admittance of approximately 23,000 temporary foreign workers to meet worker shortages.

NUMBER OF FOREIGN SEASONAL AGRICULTURAL AND WOODS WORKERS AUTHORIZED AND EMPLOYED, BY STATE, FISCAL YEAR 1968

STATE	TOTAL NUMBER AUTHORIZED	TOTAL NUMBER EMPLOYED
California	9,066	6,124
Connecticut	211	91
Florida		
Sugar Cane Harvest	9,279	9,015
Sugar Cane Planting	700	646
Citrus	2,942	2,923
Georgia	5	0
Maine	9,522	3,907
	(5,159)	(2,718)
Massachusetts	400	377
New Hampshire	720	357
	(320)	(54)
New York	1,146	920
	(26)	(26)
Rhode Island	75	39
Vermont	262	171
	(102)	(102)
Virginia	665	665
West Virginia	354	395
TOTALS	35,347	25,630
	(5,607)	(2,900)

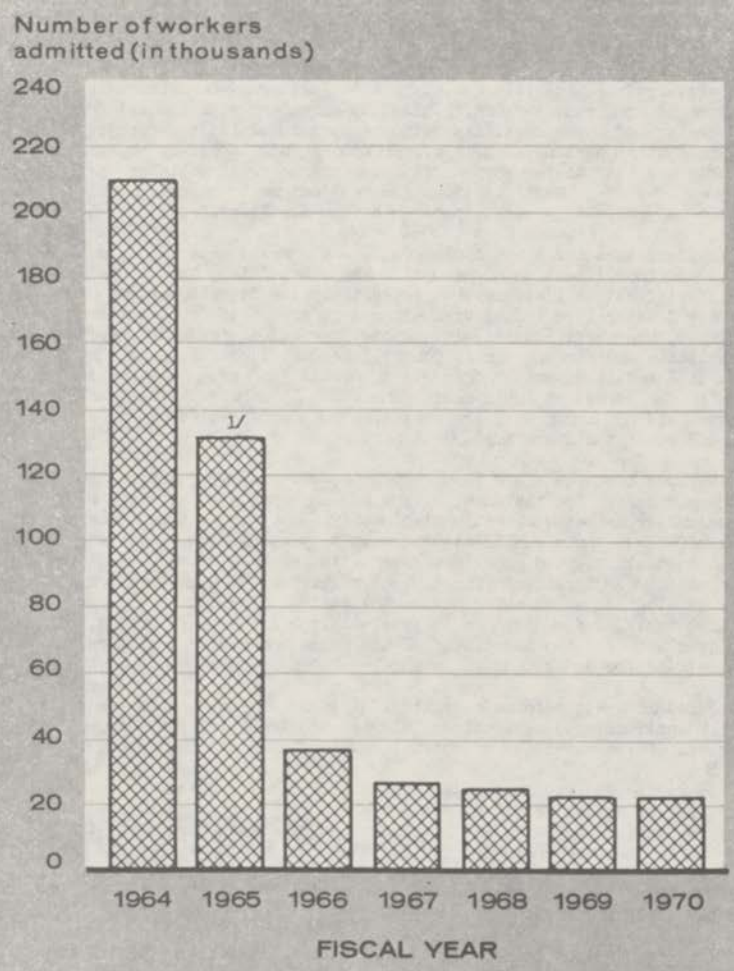
NOTE: Figures in parentheses relate to "Woods" program which provided temporary foreign workers to meet worker shortages in pulpwood cutting and logging activities in 5 Northeastern States.

WORKLOAD STATISTICS

	Actual		Estimated	
	1967	1968	1969	1970
Cooperating employers. . . .	3,991	3,270	3,000	3,000
Conformity field checks. . .	67,757	41,408	35,000	35,000
Investigations of alleged crop losses and/or labor shortages.	338	191	200	175
Recommendations re need for foreign labor.	1,929	1,986	1,500	1,500

ADMITTANCE OF SEASONAL FOREIGN AGRICULTURE WORKERS

ERS-39



1/ Public Law 78 - Mexican Labor Program Terminated December 31, 1964.

Activity 6. ADMISSION AND EMPLOYMENT OF IMMIGRANT ALIENS (1969, $782,000, Pos. 59; 1970, $769,000, Pos. 58)

Narrative Description of Program

This program provides for the certification for employment of both immigrant and nonimmigrant aliens under the 1965 amendments to the Immigration and Nationality Act. The Department of Labor is charged with a threefold responsibility relating to the admission of aliens for employment. First, prospective immigrant workers must have certification from the Secretary of Labor that United States workers are not available and that the admission of aliens will not adversely affect resident workers similarly employed. Second, the Secretary is responsible for advising the Attorney General on the qualifications of immigrant workers. Third, by agreement with the Attorney General, the Secretary of Labor certifies, with respect to admissions for temporary employment, that persons capable of performing such temporary employment are not available and that the employment is in accordance with policies of the U. S. Employment Service. Certifications for non-immigrant temporary employment amount to approximately twenty percent of the total workload.

Applications for alien employment are processed on an individual basis or through the identification of occupation on a Schedule. The occupations on Schedule A, certification list, may be processed by the State Department and the Immigration and Naturalization Service without reference to the Department of Labor. Schedule B, non-certification list, lists occupations for which resident workers are available and for which no alien will be certified. Applications for certification in Schedule C, no job offer list, occupations are processed in the national office of the Bureau of Employment Security. All other applications, both immigrant and non-immigrant, are presented by a prospective employer through a local office of the State Employment Service.

Various techniques are involved in the processing of applications for alien employment. For instance, aliens seeking admission as members of the professions or as being exceptionally qualified in the arts and sciences require no job offer but their qualification, with supporting documents attesting to education, training, and experience are evaluated and advisory opinions furnished to consular or immigration offices, when required. When an employer seeks to employ an alien on a job offer basis, the State Employment Service processes the case, furnishing information as to availability of resident workers and the prevailing wage for the occupation to the State and Regional offices, at which latter office the determination is made.

Schedule C was adopted early in 1967 in an attempt to shorten processing time for applicants in occupations in which shortages exist and to relieve applicants of the necessity of obtaining job offers in such shortage occupations.

It was necessary, in the implementation of the program, to develop procedures and guidelines to handle these new responsibilities, and continually to review, revise, and simplify procedures to expedite processing time and to meet changes in the economy and job market. The development of the Schedules is an example of a technique used to reduce workload and expedite processing. Decision-making has been progressively decentralized and fact-finding requirements have been modified.

In 1968, applications received for alien employment certification amounted to 144,970, of which approximately 30,000 were for nonimmigrants. In fiscal year 1967, applications received for alien employment certification amounted to 111,249. The nonimmigrant certifications are usually in agricultural construction and logging occupations.

In addition to processing these cases, and to fulfill the Department's responsibilities under the Immigration Act, many other activities were required.

Some of these activities included issuing guidelines and providing technical assistance to State agencies, coordinating certification activity with other Federal agencies, and contacting and providing information to Congress, labor organizations, professional organizations, elected officials, attorneys, employers, aliens, and other groups involving alien employment. In addition, staff were developing and continually evaluating content and applicability of Schedules A, B, and C in terms of changing labor supply, conducting studies on possible adverse effect on wages and working conditions and developing data on fraud involved in obtaining labor certifications and regulations to control fraud.

In 1969, it is planned to continue making recommendations to the Departments of Justice and State regarding the entry of aliens for employment, through the certification process, and advise on aliens' occupational qualifications. It is also planned to:

Prepare training units and train agency staff.

Provide continuing on-site technical assistance in connection with immigration operations in regional offices, post-audit a sample of case determinations, and provide assistance to improve management efficiency and assure compliance with established policy, procedures, and regulations.

Maintain and improve reporting systems.

Continue to analyze and revise Schedules A, B, and C for maximum effectiveness.

Update previous special studies, i.e., Guam, Virgin Islands, and the depression of wages along the Mexican border.

In 1970, it is contemplated that the operation will be continued at the same general level as in 1969, with the reminder that the Department of Labor has no control over the volume of applications received, which originate in all countries of the world. If any increases occur in the workload they will be handled in the same manner as past increases have been handled, i.e., through renewed projects for management efficiency, further simplication of procedures, the use of overtime and the detail of personnel from other national office units.

Changes for 1970

Mandatory changes amount to	NONE
Program changes amount to	-$13,000
Positions	- 1

Basis for the Estimate

Workload estimates for fiscal year 1970 are based upon a projection of fiscal year 1967 and 1968 Department of Labor permanent and temporary case determinations.

In fiscal year 1967, the national and regional offices of the Bureau of Employment Security processed a total of 111,249 applications for employment in non-agricultural occupations. In fiscal year 1968, the national and regional offices of the Bureau processed a total of 144,970 applications for employment in non-agricultural occupations and an additional estimated 34,000 applications were presented to Consuls and Immigration Service Officers. Total case output is estimated at 140,000 in 1969.

In line with the constant increase in applications for alien employment certification received since 1965, and allowing a conservative figure of 30,000 for Schedule cases handled by the Consuls and the Immigration and Naturalization

Service, it is anticipated that the national and regional offices will process 140,000 applications in fiscal year 1970.

Other time-consuming workload items should remain fairly steady in fiscal year 1970. It is anticipated that there will be 800 requests for reconsideration (appeals) to the Secretary of Labor. The growing information received as to incidence of fraud in the obtaining of Labor certifications commands the entire time of one professional. Based on the fiscal 1968 rate, the national office alone will probably receive an estimated 4,000 letters and 16,000 telephone inquires in fiscal year 1970.

WORKLOAD STATISTICS

	Actual		Estimated	
	1967	1968	1969	1970
Total case output (national and regional offices).....	111,249	144,970	140,000	140,000
Request for reconsideration ("appeals").....	721	666	800	800
Correspondence concerning cases.....	4,937	3,695	4,000	4,000

DISTRIBUTION OF FIELD STAFF

	1969			1970		
Supervising Offices	Professional	Clerical	Total	Professional	Clerical	Total
Atlanta, Ga.....	23	15	38	23	15	38
Boston, Mass.....	22	12	34	21	11	32
Chicago, Ill.....	34	19	53	33	19	52
Dallas, Tex.....	22	14	36	22	14	36
Kansas City, Mo.....	33	19	52	33	19	52
New York, NY.....	32	12	44	32	12	44
Philadelphia, Pa.....	19	11	30	18	10	28
San Francisco, Calif.....	43	23	66	43	23	66
Seattle, Wash.....	19	9	28	18	9	27
Sub-Total.....	247	134	381	243	132	375
Veterans Employment Service.....	77	52	129	77	52	129
Total Field Staff.....	324	186	510	320	184	504

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation $14,853,800

This provides for 1,328 full-time positions or 1,236 man-years and 0.4 man-years of intermittent employment. The net decrease of $302,300 is a result of reductions in the employment security program.

Personnel benefits $ 1,111,400

This estimate is a net decrease of $22,800 from the 1969 estimate as a result of reductions in the employment security program: $22,700, and in contributions to the Federal Employees' Compensation Fund, $100.

	1969	1970	Change
Employees' group life insurance	$ 54,100	$ 52,900	-$1,200
Employees' health benefits	81,400	79,600	- 1,800
Contributions to C.S.C retirement fund	970,500	950,900	-19,600
Refunds, awards, and indemnities	8,000	7,900	- 100
Contributions under the Federal Insurance Contribution Act	20,200	20,100	- 100
Total	$1,134,200	$1,111,400	-22,800

Travel and transportation of persons $ 977,000

This estimate is a decrease of $36,500 from 1969 and provides for the following:

	1969	1970	Change
31,169 days of travel @ $16 per diem	$ 517,300	$ 498,700	-$18,600
Mileage and transportation costs	476,700	459,500	- 17,200
All other transportation costs	20,300	19,600	- 700
Total	$1,014,300	$ 977,800	-$36,500

Transportation of things $51,500

This estimate provides for the moving of household goods, shipment of supplies, printed material and Post Office mailings and remains the same as in 1969.

Rents, communications and utilities $450,300

This estimate, which is an increase of $69,600 over 1969, provides for communications and rental of office space as follows:

	1969	1970	Change
Rents	$ 197,600	$ 197,600	--
Paid official mail	41,200	41,200	--
Communication services, including telephone calls, GSA telecommunications, teletype and telegrams	56,900	56,900	--
Federal telecommunications system	85,000	154,600	+ 69,600
Total	$ 380,700	$ 450,300	+ 69,600

Printing and reproduction $182,600

This estimate remains the same as 1969 and provides for the printing of forms, publications and schedule as follows:

	1969	1970	Change
Publications:			
Employment Security Review	$ 50,400	$ 50,400	--
Benefit Series	11,000	11,000	--
Farm Labor Developments	8,000	8,000	--
Occupational Outlook Handbook	10,000	10,000	--
Forms and schedules	68,100	68,100	--
Reproduction services	35,100	35,100	--
Total	$ 182,600	$ 182,600	--

Other services $1,832,800

This estimate is the same as 1969 and provides for the following:

	1969	1970	Change
Television and radio spot announcements	$ 5,000	$ 5,000	--
Moving, maintenance, repairs	30,000	30,000	--
Visual exhibit services	3,000	3,000	--
Health room services	3,000	3,000	--
Repairs to office machines equipment	12,500	12,500	--
Security investigations (10 investigations @ $440 per)	4,200	4,200	--
Working Capital Fund	997,800	997,800	--
Services of other agencies:			
State Merit System	151,200	151,200	--
Machine tabulations	13,400	13,400	--
Automatic Data Processing	265,400	265,400	--
Contractual Services	110,000	110,000	--
Bureau of Census	237,300	237,300	--
Total	$1,832,300	$1,832,800	--

Supplies and materials $ 26,800

This estimate is the same as 1969 and provides for:

	1969	1970	Change
Desk top and duplicating supplies	$ 26,800	$ 26,300	--
Total	$ 26,300	$ 26,300	--

Equipment $ 53,000

This estimate is a net decrease of $13,000 from 1969 and provides for:

Equipment for new positions	13,000	--	-$ 13,000
Replacement of worn-out equipment	$ 53,000	$ 53,000	--
Total	$ 66,000	$ 53,000	-$ 13,000

Grants subsidies and contributions $ 100,000

This estimate remains the same as in 1969.

FRIDAY, MARCH 7, 1969.

LABOR-MANAGEMENT SERVICES ADMINISTRATION

WITNESSES

W. J. USERY, JR., ASSISTANT SECRETARY FOR LABOR-MANAGEMENT RELATIONS
JOHN C. SHINN, DEPUTY ASSISTANT SECRETARY FOR LABOR-MANAGEMENT RELATIONS
MRS. BEATRICE M. BURGOON, DIRECTOR, OFFICE OF LABOR-MANAGEMENT RELATIONS SERVICES
JOSEPH W. BLOCH, DIRECTOR, OFFICE OF LABOR-MANAGEMENT POLICY DEVELOPMENT
FRANK M. KLEILER, DIRECTOR, OFFICE OF LABOR-MANAGEMENT AND WELFARE-PENSION REPORTS
W. J. R. OVERATH, ACTING DIRECTOR, OFFICE OF VETERANS' REEMPLOYMENT RIGHTS
ALBERT L. MOORE, JR., DIRECTOR, OFFICE OF ADMINISTRATION AND MANAGEMENT
CONRAD M. JONES, DIRECTOR, OFFICE OF BUDGET POLICY AND REVIEW

LABOR-MANAGEMENT SERVICES ADMINISTRATION, SALARIES AND EXPENSES

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Permanent positions	6,654	6,910	7,222
Positions other than permanent	33	128	66
Other personnel compensation	23	13	13
Total personnel compensation	6,711	7,051	7,301
Personnel benefits: Civilian employees	529	553	614
Benefits for former personnel		2	
Travel and transportation of persons	332	418	444
Transportation of things	12	31	35
Rent, communications, and utilities	310	252	286
Printing and reproduction	98	93	93
Other services	429	566	582
Supplies and materials	33	25	27
Equipment	5	20	22
Total obligations	8,458	9,011	9,405

PERSONNEL SUMMARY

Total number of permanent positions	655	666	685
Full-time equivalent of other positions	9	14	9
Average number of all employees	614	593	622
Average GS grade	9.4	9.4	9.4
Average GS salary	$11,043	$11,816	$11,917

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Labor-management relations services	252	374	372
2. Labor-management policy development	227	276	275
3. Administration of reporting and disclosure laws	6,735	6,786	6,963
4. Promotion of compliance and assistance to veterans	806	985	1,215
5. Executive direction and administrative services	571	589	580
Total program costs, funded	8,592	9,011	9,405
Change in selected resources [1]	−134		
Total obligations	8,458	9,011	9,405
Financing: Unobligated balance lapsing	100		
Budget authority	8,557	9,011	9,405
Budget authority:			
Appropriation	8,533	9,063	9,405
Transferred to other accounts	−1		
Transferred from other accounts	25		
Appropriation (adjusted)	8,557	9,063	9,405
Proposed transfer to other accounts for pay increases		−52	
Relation of obligations to outlays:			
Obligations incurred, net	8,458	9,011	9,405
Obligated balance, start of year	669	516	672
Obligated balance, end of year	−516	−672	−803
Adjustments in expired accounts	−42		
Outlays	8,568	8,855	9,274

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1967, $283,000; 1968, $149,000; 1969, $149,000; 1970, $149,000.

Mr. NATCHER. The committee will come to order.

We have before the committee at this time Mr. W. J. Usery, Jr., Assistant Secretary for Labor-Management Relations, together with certain members of the staff of the Labor-Management Services Administration.

I believe you have a statement for us, Mr. Usery?

GENERAL STATEMENT

Mr. USERY. Yes, sir; I do. I believe my statement has been entered in the record, or will be, and I ask that it be accepted and I will summarize it briefly, if I may.

Mr. NATCHER. That is all right. Your prepared statement will be made a part of the record at this point and you may proceed.

(The following statement was submitted for the record:)

STATEMENT BY THE ASSISTANT SECRETARY FOR LABOR-MANAGEMENT RELATIONS, LABOR-MANAGEMENT SERVICES ADMINISTRATION

SALARIES AND EXPENSES

Mr. Chairman and members of the committee, I appreciate very much this opportunity to appear before you for the first time to discuss with you and ask for your support of the appropriation estimate as will be outlined for the Labor-Management Services Administration. As you are aware, only recently was I appointed to this position which carries with it not only an honor and a challenge, but a great responsibility. With this in mind, and as I believe it both proper and customary, the committee has been furnished with a separate biographical statement. In view of my limited time in office I do not pretend nor profess to have an exhaustive knowledge and/or understanding of all the details of the

programs and budget estimates. I do believe, however, that I have a broad knowledge of the labor-management relations field and with this a deep, sincere desire to see that the laws that have been enacted as they relate to this Department are administered fairly, justly, and impartially in what I believe to be Congress' intent. Further, I believe that our programs and objectives are aimed at achieving the intended results of promoting and supporting good, sound labor-management relations, and hopefully, of developing new policy that will improve, assist, and support all segments of labor and management, both private and Government, in establishing or maintaining a mutual, harmonious relationship.

With the foregoing in mind I have concentrated and devoted as much time as could possibly be made available to establish communications with career officials who head the various programs and in so doing I have studied and assimilated the vast amount of information that has been made available. On these premises then I say to you with full confidence that the Labor-Management Services Administration appropriation estimate for 1970 is a reasonable and equitable reflection of considered judgment applied to the resources available in the projected economic and political circumstances. Accordingly, I would like to list for you and summarize the functions and financial requirements of the several activities funded by this appropriation which are set forth in detail in the estimate presented to you.

The Labor-Management Services Administration has been delegated authority and assigned responsibility for essentially all of the labor-management functions vested in the Secretary of Labor. These include administration of the Labor-Management Reporting and Disclosure Act, the Welfare and Pension Plans Disclosure Act, and the provisions of law pertaining to the reemployment rights of veterans; determinations of the appropriateness and equity of employee protective provisions of proposals under the Urban Mass Transportation Act; and responsibilities assigned to the Secretary by Executive Order 10988 which established a formal program of employee-management cooperation in the Federal service. In addition, the Labor-Management Services Administration discharges a wide range of responsibilities for providing appropriate staff assistance and guidance to a variety of parties in particular dispute and problem situations. Such services are provided to the Executive Office of the President; the Secretary and Under Secretary of Labor; legislative committees; other Federal agencies including those with specific labor-management relations functions; and to panels, boards, and commissions established to cope with such problems and situations.

For fiscal year 1970, the appropriation request for all activities of the Labor-Management Services Administration is $9,405,000—a net increase of $394,000 over the comparatively adjusted appropriation for the current year. The 685 permanent positions reflected in the estimates are financed by the $7,300,553 for personnel compensation to the extent of 613 man-years of employment. The requested increase of $394,000 consists of mandatory and financing items which total $160,000 and program changes which total $234,000. The mandatory increase is for increased costs under Public Law 90–206, and Executive Order 11413, effective July 14, 1968. The increase for program changes of $234,000 is to finance 19 new positions which are needed to meet the requirements of increased workload in the veterans' reemployment rights program.

LABOR-MANAGEMENT RELATIONS SERVICES

The program under the activity "Labor-management relations services" includes handling requests for technical assistance and advice from labor, management, the mediation services, and other Government agencies to deal with specific labor-management problems; carrying out the Department's responsibilities delegated by Executive orders and legislation (e.g., Executive Order 10988 relating to the employee-management cooperation in the Federal service and Urban Mass Transportation Act of 1964); liaison and consultation with the Federal Mediation and Conciliation Service, the National Mediation Board, and National Labor Relations Board; and technical staff support to the Secretary, Under Secretary, Assistant Secretary for Labor-Management Relations, and special ad hoc boards and commissions (e.g. the President's Longshore Panel) in handling critical dispute situations at the request of the President.

Emphasis during fiscal year 1970 will be on developing detailed technical analyses for key industries in the economy. This involves study of such factors as labor force characteristics, employment trends, current and potential impact of technological changes, etc., in terms of their effects upon the labor-management

relationships. Also we expect to focus more attention on the broad area of public employee-management relations problems. Of course, we will continue to be as flexible as possible so as to provide staff support as needed by Presidential emergency boards, agencies, or individuals involved in major or critical dispute situations, and we will maintain other basic labor-management relations services.

In 1970, these functions and services will be performed with 18 permanent positions and $372,300. These figures include three staff positions for the President's Advisory Committee on Labor-Management Policy and the $150,000 contingency fund which is used for the temporary employment and related expenses of experts or consultants and other unanticipated or extraordinary expenses which become necessary in the unpredictable area of labor-management relations and in efforts to improve the "climate" of collective bargaining.

No additional positions are requested for 1970. A net decrease of $1,900 from the 1969 appropriation principally relates to adjustment of the financing of 1969 pay increase costs.

LABOR-MANAGEMENT POLICY DEVELOPMENT

This activity includes the research and policy development functions of the Department assigned to the Labor-Management Services Administration, and appropriate coordination of labor-management relations research performed elsewhere. Principal activities involve research and analysis of various aspects of the Labor-Management Reporting and Disclosure Act (LMRDA) and the Welfare and Pension Plans Disclosure Act (WPPDA). In addition, other elements of governmental policy in the labor-management relations field are reviewed to develop administrative or legislative recommendations to the Secretary, the President, and the Congress.

Much of our staff time continues to be needed for specific issue research and for litigation assistance as these matters evolve from administration of the reporting and disclosure laws, the veterans' reemployment rights statutes, and the Federal employee-management relations program under Executive Order 10988. We will continue our policy of encouraging, assisting, and coordinating as appropriate the development of meaningful and timely labor-management relations research.

These and other functions are performed with a staff of 18 permanent positions and $276,300. For fiscal year 1970, no staff increase is proposed and the estimated $274,700 reflects only a net decrease of $1,600 from the 1969 appropriation which principally relates to adjustment of the financing of 1969 pay increase costs.

ADMINISTRATION OF REPORTING AND DISCLOSURE LAWS

This activity embraces all the delegated functions relating to the administration and enforcement of the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act. Legal advice and services are supplied by the Solicitor of Labor.

The major areas of operation include the receipt, summary examination, filing, disclosure, technical analysis, and auditing of the approximately 200,000 reports received annually, development of interpretations, regulations and administrative rulings relating to the two statutes; a technical assistance program designed to promote voluntary compliance; and a nationwide compliance program, operating principally from field offices, to investigate complaints and possible violations of the statutes.

Although it has been subject to much unexpected delay, a revised more automated system for processing and control of the 200,000 reports received annually is in the early stages of implementation and should be fully operational throughout fiscal year 1970. No appreciable savings is expected inasmuch as increased data processing costs likely will absorb any small personnel reductions that may result. However, the new system will provide a capability for more accurate and timely performance of processing and control functions than has been possible.

From a volume standpoint, we expect most operations to continue in 1970 at about the same levels as in the current year. There will be some small increase in the investigative functions resulting solely from expected "normal" availability and utilization of field staff in contrast to 1969 when we have been faced with several major election investigations and supervision of rerun elections.

The estimate for fiscal year 1970 for the administration of these two laws, involves 504 positions and $6,962,900, reflecting the same number of permanent positions as for 1969 and a net increase of $176,400 over the 1969 appropriation which relates principally to pay increase costs.

PROMOTION OF COMPLIANCE AND ASSISTANCE TO VETERANS

The functions under this activity are to provide assistance in reemployment rights matters to ex-servicemen, reservists and members of the National Guard and to promote employer compliance with the reemployment rights provisions of the Universal Military Training and Service Act.

During the past few years much effort has been expended to improve and expand the coverage of the Department of Labor-Department of Defense referral procedure. Through this, we have been enabled to alert more employers to their statutory obligation to the returning serviceman and to provide better information more promptly to inform the veteran of his rights and responsibilities as well as the range of opportunities available through the Department to those not eligible for reemployment.

The improved referral procedure has not yet reached its full potential and we continue to work with the Department of Defense to that end. However, the combination of the extended use of the procedure and the rapidly increasing number of servicemen being separated has produced great increases in the workloads of this activity. Consequently, we have proposed an increase of 19 positions so that we may reasonably assure that veterans returning to civilian life in 1970 will receive the same services and assistance, with the same degree of promptness and effectiveness, as has been available to those who have preceded them.

The 1970 estimate includes an increase of $234,000 to finance 19 new postions. The staff and related resources requested will enable this activity to carry out its primary objective and to partially cope with the increased workload in all categories.

EXECUTIVE DIRECTION AND ADMINISTRATIVE SERVICES

The final budget activity within the Labor-Management Services Administration relates to the Office of the Administrator, and to the consolidated administrative management activities (personnel, budget and financial management, management analysis, "housekeeping") necessary to service and support the organizations and programs of the administration.

The 1970 estimate provides 61 positions and $580,100, the same as for 1969 except for a net decrease of $9,300 from the 1969 appropriation which principally relates to an adjustment in the financing of 1969 pay increase costs.

This concludes a very general summary of activities within the Labor Management Services Administration. I, or the members of the staff present, will be happy to answer any questions you may have or provide such additional information as you may wish.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS, W. J. USERY, JR., ASSISTANT SECRETARY FOR LABOR-MANAGEMENT SERVICES

W. J. Usery, Jr., was nominated by President Nixon as Assistant Secretary of Labor for Labor-Management Services in January 1969 and took office on February 7, 1969, after Senate confirmation.

In this capacity, he directs the branch of the Department which deals with the broad field of labor-management relations.

He is responsible for administering the Labor-Management Reporting and Disclosure Act, the Welfare-Pension Plan Disclosure Act and laws concerning veterans' reemployment rights; overseeing administration of the Wage-Hour and Public Contracts Divisions, and implementing the executive order dealing with labor-management relations in the Federal service.

Prior to his sub-Cabinet appointment, Mr. Usery was grand lodge representative of the International Association of Machinists & Aerospace Workers (IAM), AFL–CIO. He took that post in 1956.

As grand lodge representative, he participated in most of the national labor-management negotiations in the aerospace industry, frequently serving as chairman of the union's negotiating committee.

A member of the IAM since 1949, Mr. Usery held a number of local union posts before becoming grand lodge representative. He organized and was elected first president of the union's Lodge 918, and also served that lodge as chief steward and chairman of the negotiating committee.

From 1949 to 1955, Mr. Usery was employed by Armstrong Cork Co. as a maintenance machinist. He was employed by the State of Georgia as a welder-steamfitter from 1946 to 1949.

Mr. Usery was assigned in 1956 as IAM's special representative at the Cape Canaveral Air Force test facilities. He coordinated all of the IAM activities related to missiles and rockets.

From 1961 to 1967 he was the industrial union representative on the President's Missile Sites Labor Committee at the Kennedy Space Center and at the Marshall Space Flight Center in Huntsville, Ala. He also served as coordinator for union activities at the Manned Spacecraft Center, Houston, Tex.

Mr. Usery participated in and helped form the Cape Kennedy Labor-Management Relations Council when it was created in 1967. He became the Council's chairman in 1968.

Born in Hardwick, Ga., on December 21, 1923, Mr. Usery attended Georgia Military College from 1938 to 1941, and Mercer University in 1948–49.

He served in the U.S. Navy from 1943 to 1946, and was discharged with the rating of shipfitter, second class.

Mr. Usery has been a member of the board of advisers, Brevard Junior College; board of directors, Brevard County United Fund; and board of directors, Brevard County Alcoholism Committee.

He is married to the former Gussie Mae Smith of Milledgeville, Ga. The couple have a son, Melvin Julian, 22.

Mr. USERY. Mr. Chairman and members of the committee, it is an honor and a privilege for me to appear before you for the first time this morning to discuss with you and ask for your counsel and support of the appropriation estimate for the Labor-Management Services Administration.

As you are aware, only about 6 weeks have I been in this job, but during these 6 weeks I have constantly tried to become acquainted not only with the programs but with the people and what we are carrying out in these programs.

I would like to discuss with you briefly part of the programs.

JURISDICTION AND BUDGET OF THE BUREAU

The Labor-Management Services Administration has been delegated authority and assigned responsibility for basically all of the labor-management functions vested in the Secretary of Labor that deal with labor matters or management matters as they relate one to the other, and also enforcement of five statutes of the law.

The budget structure is divided into five functional parts. The first part is the Labor-Management Relations Services, in which we assist various boards created by the President, handle requests for technical assistance from labor and management, carry out the Department's responsibilities delegated by Executive Order 10988 and certain functions under the Urban Mass Transportation Act of 1964, and give such other assistance as we are called upon by the Secretary of Labor to perform. We have 18 positions in this activity, the same number of positions that were in last year's budget. The total budget for this activity is $372,300.

Another activity is known as Labor-Management Policy Development. In this activity we also have 18 positions, the same number as in the last budget with a total budget of $274,700. The functions of Labor-Management Policy Development are to research and develop policy that is called for by the Secretary of Labor or needed in evaluation of proposed legislation, and also that which relates to both the private and the public sector; also, to assist in the overall development of governmental policy as it relates to labor-management relations; to study various types of data relating to governmental policy in the

labor-management relations field and to help develop administrative or legislative recommendations to the Secretary, the President, and the Congress on such potential needs as farm labor, hospital labor, and other types of activities in industry as they relate to legislation.

The third activity is Administration of Reporting and Disclosure Laws, which embraces all the delegated functions relating to the administration and enforcement of the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act. The budget estimate provides 504 positions, the same as for the current year, and $6,962,900. Most of the functions of this office are in Silver Spring, Md., and they primarily carry out and enforce the laws enacted by Congress.

The next activity is Promotion of Compliance and Assistance to Veterans. This consists of the Office of Veterans' Reemployment Rights. In the estimate this year we are asking for an additional 19 positions. We now have 65 positions and are requesting that we go up to 84 positions, and total funds of $1,215,000. This activity has 11 field offices and serves primarily to help veterans, including ex-servicemen, reservists and members of the National Guard, secure their reemployment rights, including reemployment, seniority, and other rights granted to them under the law.

This year it is expected that the release from services will exceed 950,000. This is up significantly from what it was the last fiscal year, and the need continues to grow as the releases from service come about more and more.

We find ourselves with a backlog of complaint cases beginning to mount, and therefore the additional personnel would be used primarily to help reduce the caseload and also to help service those who are being released this year. We consider anything over 90 days a backlog because if we are to be truly helpful to the veteran we should get him back into the work force as soon as possible.

The last activity in the budget estimate combines the Office of the Administrator and the Office of Administration and Management. The estimate provides for 61 positions, the same number as in the last budget, and for $580,000. The office of Administration and Management furnishes administrative services in support of the overall operations of the administration.

Mr. Chairman, that in general is the structure that we have. We expect to carry out the functions that have already been outlined by the Secretary of Labor, Mr. Shultz. We are studying various other ways to improve the climate of collective bargaining. We are trying to find ways to avoid conflict between management and labor. Some of these are in the study process and we haven't formulated policy on them. The budget we have presented we believe is sufficient to carry out the needs outlined.

I believe that, in summary, outlines the position of the Department.

EARLY WARNING SYSTEM

Mr. NATCHER. Now, Mr. Usery, if you will please, tell us about your early warning system and give us some idea as to how well it is working. And as you go along, Mr. Usery, what does it really tell you in regard to possible strikes in the coming year?

Mr. USERY. In the Office of Labor-Management Relations Services we do have an early warning system. This is so that the Department is aware of the major disputes or contract terminations that will be coming up. We monitor and observe them and, hopefully, assist the parties to avoid a strike. The early warning system is primarily to advise the Secretary of Labor and others that need to know, to take steps and render the best services they could without becoming involved in negotiations.

Mr. NATCHER. With regard to possible strikes that are coming, do you feel you get some indications from this system?

Mr. USERY. Yes, I believe we do. As I stated, I have been in this position only 6 weeks but I have been studying for some months some of the potentially serious situations in contract terminations. We have some in the railroad industry and some in the airlines. Through this system we have termination dates and we monitor what is going on. In that way we are in a better position to make plans and assist the parties, and hopefully be able to render services so that the parties can reach a collective bargaining agreement without conflict.

STRIKES INVOLVING PUBLIC EMPLOYEES

Mr. NATCHER. Your justifications mention strikes involving public employees and say the Federal Government should be a model for State and local governments. You say that to provide this example it will be necessary to assure that policy and procedures exist and are followed which will lead to a constructive and orderly relationship between Federal agencies and employee organizations.

What does that mean, Mr. Usery?

Mr. USERY. I believe, sir, that one of the most serious problems facing us in labor-management relations now is dealing with the public sector; that is, from the Federal level to the city level, and in between. There are many different problems. Beginning with the Federal sector, there are certain policies, namely Executive Order 10988, that have been working for several years. It is my belief that Executive Order 10988 is fast becoming inadequate to deal with bargaining for Federal employees. Some States have taken steps that far exceed what the Federal Government has done. It seems, in going over the country and talking with people they are more and more looking to the Federal level to see what the Federal Government is doing with its employees. Hopefully we could modify or improve Executive Order 10988 so that we could have better relations within the Federal Government and use part of this to assist the States and cities.

In the cities, starting from the lowest, there is a need to understand more about the garbage workers and how we should go about assisting a city with a program for collective bargaining with their garbage workers, or their schoolteachers, or their public health nurses or nurses in the hospitals. We must find some way, we believe, at the Federal level to define a bargaining unit. What constitutes a unit appropriate for bargaining in the Federal Government? Then after we find that, how do we resolve an impasse in the Federal Government? Since it is in the Federal Government that we believe there is more knowledge and more was done to work out a program, we must

start, we believe, at the Federal level when we are asked to render assistance to the States and local governments. This is becoming more of a problem in the Federal units.

Mr. NATCHER. What role does the Labor Department have with respect to this particular activity and what is the role of the Civil Service Commission?

Mr. USERY. I am not sure I can define correctly for you the role of the Civil Service Commission, but I think I can define for you the role that the Labor Department has been playing in this endeavor.

The late President Kennedy, when he issued Executive Order 10988, charged the Department of Labor with certain responsibilities in carrying out this function. In the Office of Labor-Management Relations Services we have tried to build up some expertise in the field of assisting various agencies of Government. We are trying to assist the various agencies of Government and, for the lack of a better word, I will say provide mediation assistance. I know we have the mediation service, but we try to solve a dispute, help them to define their unit, and give them advice based on other instances where units have worked out and differences have been settled.

VETERANS' REEMPLOYMENT RIGHTS PROGRAM

Mr. NATCHER. In your opening statement you stated you were requesting 19 additional positions for the veterans' reemployment rights program. What would happen if you did not get this increase and these additional positions, Mr. Usery?

Mr. USERY. I am sure we all wish there were a way whereby we could reduce the flow of returning veterans because it would mean we are coming near the end of the conflict. But as long as we have a conflict and a flow of veterans returning to public life, we—meaning the Congress and others—have over the years decided veterans are entitled to certain rights. We believe their rights must be enforced and the veterans must be helped as soon as possible after they return from service. As indicated earlier, it is expected that the releases from the service will be higher than they have been in previous years, possibily upward of 1 million releases.

If there are a million releases it means we would probably handle 600,000 pieces of mail to veterans themselves and perhaps 400,000 pieces of mail to employers, plus handling the complaint cases that would be coming in as the people flood back into the employment sector of private industry. Therefore, we cannot handle properly and effectively the requirements that we feel are there with the total number of people we presently have. In fact, it may be difficult to handle it with the figures we have proposed.

We are working with the Department of Defense and with the VA to provide better and quicker services and to eliminate any duplication of effort. To give you an illustration, it is my understanding that last year we started to assist in the VA program of one-stop centers for a veteran when he was released from service. It was hoped a veteran could stop at this center and he could be told of all his rights, benefits, and services without having to go to several different areas to find what his rights are.

When we first began the program we did assist certain of the larger cities with the one-stop centers. We gave some instruction and help to those running the centers but it was soon apparent we could not provide that service to the centers and continue to carry out the compliance work with employers. The centers are located in about 70 cities, but when the veteran knows more about his rights, in most cases this increases the workload in securing the old job for him, and this has increased the workload in the office.

STATE AGENCIES FOR VETERANS

Mr. MICHEL. Will you yield at this point? Doesn't that compete with what we know in Illinois as the Illinois Veterans Commission where we provide a central point for veterans to bring their problems?

Mr. USERY. I am not sure the one-stop centers are competing with the duties they are carrying out.

Mr. MICHEL. You say you would like to have one stop where a veteran can find out all his rights. That is fine, but we have in Illinois, and I am sure in many other States, a veterans commission that is set up for that. We have an office in Peoria. It seems to me if we have two doing the same thing we have too much.

Mr. SHRIVER. Then the Veterans' Administration has one that in my district the veterans primarily use.

Mr. OVERATH. May I interject something?

Mr. NATCHER. Yes.

Mr. OVERATH. My name is Rich Overath. I am Acting Director of the Office of Veterans' Reemployment Rights.

Mr. USERY. I wanted to reply to Mr. Michel. I did not mean to imply I was for the one-stop centers or was proposing them. It is my understanding the President proposed them and we sought to cooperate in this endeavor, but in so doing we found we did not have the manpower, No. 1, nor was there the need, No. 2. The need was for us to work in the field, to work with employers to get the jobs back for the veterans.

Maybe now Mr. Overath, who is Acting Director of the Office of Veterans' Reemployment Rights may add something to that.

Mr. OVERATH. I am familiar with the Illinois committee and the work they do. It is true many States have departments of veteran affairs. But it is my understanding in many instances the service officers of these departments are in the principal trading areas so that they can cooperate with veteran assistance centers, because there is one in each of the principal cities. I think there is a need for perhaps both approaches if we are to do the job for the greater number of veterans coming out at this time.

INCREASED WORKLOAD IN VETERANS' PROGRAM

Mr. NATCHER. On page 22 of your justifications you point out to the committee that the staff requested for the veteran program will enable you to "partially cope with the increased workload" to do the job. What would it take to fully cope with the increased workload?

Mr. USERY. I will ask Mr. Overath to answer that.

Mr. OVERATH. What we are suggesting here, I believe, is that it will enable us to deal with the backlog and reduce it to some degree, but in order to knock it out completely we would probably need more resources than this. But we know the releases fluctuate. If there are more releases, our workload would increase.

I might add it takes some time to train a compliance officer to handle the whole range of reemployment problems that are coming in at this time.

CURRENT EMPLOYMENT

Mr. NATCHER. You have 666 authorized positions for fiscal year 1969, Mr. Usery. How many were actually filled as of the end of January?

Mr. USERY. I will call on Mr. Moore to answer that.

Mr. MOORE. 596 full-time, permanent employees.

Mr. NATCHER. As of the end of last January?

Mr. MOORE. I am sorry, that was February I gave you. I don't have January with me.

Mr. NATCHER. Get the figure for us for the last of January and place it in the record.

Mr. MOORE. Yes, sir.

(The information follows:)

Full-time, permanent employment in the Labor-Management Services Administration was 597 as of January 31, 1969. Total employment was 642.

Mr. NATCHER. How many vacancies have occurred since July 1, and how many have not been filled as a result of the Revenue and Expenditure Control Act?

Mr. MOORE. Fifty-three vacancies have occurred within the Labor-Management Services Administration, and 11 of those positions have not been filled as a result of the Revenue and Expenditure Control Act.

Mr. NATCHER. Have not been filled?

Mr. MOORE. That is right.

SPECIAL RAILROAD STUDY

Mr. NATCHER. On page 9 you mention a major study recommended by a special board chaired by Senator Morse to be used by the Nation's railroads and six shop bargaining units to become effective January 1969. Will you tell us something about the results of this study and particularly what its value is in regard to these negotiations?

Mr. USERY. I have with me Mrs. Burgoon, Director of the Office of Labor-Management Relations, and since she participated in it, I will call on her.

Mr. NATCHER. All right, Mrs. Burgoon.

Mrs. BURGOON. The special board chaired by Senator Morse found that a great deal of the information it needed to make a determination in that dispute was not available. The parties did not have it and it simply was not available elsewhere, information like the extent to which apprenticeship training is used, the number of people in the work force who went through apprenticeship before they became journeymen, the rates of pay for similar skills, and the comparison of pay with the pay of other workers. The study addressed itself to each

of these things. This is a collection of data, a study addressed to the problems that board found, and hopefully it will be helpful. The second volume is all data.

Mr. NATCHER. Thank you.

STRIKES BY PUBLIC EMPLOYEES

Mr. FLOOD. Mr. Secretary, what is the future of strikes of public employees? When I came on this committee years ago it was unknown. Now there are strikes by teachers, there are rumblings in the Post Office, walkouts and slowdowns and so forth. What do you see for tomorrow, State, local, Post Office, Defense?

Mr. USERY. Mr. Chairman, I preface my remarks by saying your question, I believe, is one of the most serious questions that faces us.

Mr. FLOOD. That is why I asked it.

Mr. USERY. I believe it will grow and we will have more strikes and conflicts between employees and local governments.

Mr. FLOOD. Policemen, firemen, garbage workers, schoolteachers.

Mr. USERY. Yes, sir. Just recently the policemen of the city of New York requested a charter to become affiliated with the AFL–CIO. It is my understanding the charter will be granted only if they prove they are a national organization rather than a city organization. As policemen and firemen become a stronger organization I believe we will find ourselves on the threshold of a serious problem if we don't find ways that they and others can get redress of their grievances and problems.

Mr. FLOOD. What do you suggest?

Mr. USERY. I suggest that we start immediately to study the problems, beginning first at the Federal level. You mentioned, Mr. Chairman, the Post Office Department. We need to bring together all the data and information we have available to us on the Federal level and analyze this and immediately find some way that we can get the answer to an impasse between the association representing the employees and the Federal Government, in this case the employer.

Mr. FLOOD. What do you do about the law?

Mr. USERY. Well, as it appears now, Executive Order 10988 is inadequate to deal with the subject. Some laws would have to be provided.

Mr. FLOOD. What do you recommend?

Mr. USERY. I recommend that we study the subject.

Mr. FLOOD. Study.

Mr. USERY. Yes. I do not believe that any individual in any labor organization or in management has the absolute answer to how we should deal with Federal employees or city or county employees.

Mr. FLOOD. These people are in a hurry. What do you mean by "study"?

Mr. USERY. We have a study made by a task force appointed by the President.

Mr. MICHEL. Which President?

Mr. USERY. President Johnson. We are in the process of moving as fast as we can. In fact, we have the first meeting next week with the Civil Service Commission to discuss the study that was made before, to inject the new ideas we have, and to see how soon we can come up with something either for the President or for Congress to act on in this area.

Mr. FLOOD. Are you on that committee?

Mr. USERY. Yes, sir, I am. I have been appointed by the Secretary of Labor to meet with them.

Mr. FLOOD. Mr. Michel.

Mr. MICHEL. Following up the line of questions on this same subject, I believe the chairman's question was broad enough to include not only Federal employees but local, county and State employees as well, and you seem to give the impression that the Federal Government is the only one that has the answer to this problem. How can the Federal Government determine the best way to negotiate a contract for garbage workers in Memphis, Tenn. or Peoria, Ill.?

Postal employees are Federal employees. This responsibility we recognize in the Federal Government. But I think the thrust of the chairman's question was what do you foresee for garbage workers and others in the large urban centers? Is this an obligation on the part of the Federal Government to take the leadership in what kind of settlement ought to be arrived at? Then we get to the question, do we want to set a national norm, a national standard? There are entirely different circumstances in Peoria than in New York City.

Mr. USERY. Congressman Michel, I believe you stated it well. When we say the Federal Government we think of one employer, but when we go to the city level it may be the water department employees, and there is a separate board in the city. Or maybe this city has an arrangement that the citizenry pays so much for the garbage collection or it may be administered by the city. So even at the city level you do not find one employer. You find many employers. We do not have a way yet at the Federal level to define a bargaining unit. We have not defined who is a supervisor in a bargaining unit.

Mr. FLOOD. Do they participate in negotiations?

Mr. USERY. In some cases they do.

Mr. FLOOD. Isn't that unusual?

Mr. USERY. On the outside it is because they are excluded by law and there is a definition of who is a supervisor, but you are not sure at the Federal level who has the right to hire and fire and again we come back to the Civil Service Commission's rules and regulations.

So that is why I say we must move fast to study the issue. The point is, I believe, to answer you further, Congressman, how do we define a bargaining unit? By the National Labor Relations Board, by amendment to the National Labor Relations Act so we can have a process of going to the Board to resolve the problem, or do we come with some new type of board to handle only public employees for definition of unit and so forth? Or do we have other amendments? In this case I think we would almost have to come up with a new law for this point or amend the Taft-Hartley Act.

Mr. FLOOD. When are you going to make up your mind?

Mr. USERY. That is why I say we are moving as fast and studying as much as we can to develop a policy as soon as possible to bring to the President of the United States or to the Congress.

RIGHT OF PUBLIC EMPLOYEES TO STRIKE

Mr. MICHEL. Do you personally think public employees have the right to strike?

Mr. USERY. No, sir. But I do think they have a right to redress and when you say public employees, again that covers the subject. If you ask me about certain segments of public employees, I would say yes, they have the right to strike, but other public employees, no, because the scope is so broad.

Mr. MICHEL. Do you think we should narrow down by definition what a public employee is?

Mr. USERY. I think we do if we propose to limit the right of public employees to strike. I can see the firemen striking in a major city, and what it would do to the city. I can see the same thing with the policemen striking in a major city, and what it would do to the major city.

Mr. MICHEL. How about teachers?

Mr. USERY. I could see what teachers can do. In fact, I have seen it.

Mr. MICHEL. We have all seen it.

Mr. USERY. That is right. But I think that teachers, policemen, firemen should have some way to resolve their differences with their employer, and they should have some way to exercise their rights.

Mr. MICHEL. You mean in more formal nature than they do now? As I recall, while they do not possess that bargaining weapon of the strike, that economic weapon, nevertheless, they do come, as I recall, before the city council. We have also a commission and a board that hears some of the grievances to which you refer.

Now, pay is also one of those things that is aired and talked about in the public community. It gets pretty wide discussion. Is that weighted against the employee?

Mr. USERY. Can we go off the record a minute, Mr. Chairman?

Mr. MICHEL. Yes.

Mr. FLOOD. Off the record.

(Off the record.)

Mr. MICHEL. I appreciate the response even though it be off the record because this is a problem, as the chairman indicated, that is getting more critical in every community and we are going to have to face up to the facts of life; whether rightly or wrongly, we have given the general impression that certain jobs are not desirable. Either we have to make it up in a difference in pay or allowances or some kind of compensation because the country is going to pot if, for example, our sewers are not cleaned out when they have to be, the garbage is not collected, et cetera. It is a fact of life.

EMPLOYEE PROTECTION PLANS UNDER URBAN MASS TRANSPORTATION ACT

Mr. MICHEL. One final item here. I note that your shop still has 26 applications under the Urban Mass Transportation Act of 1964 to review plans for employee protection. What is the time lapse of this backlog, what is the reason for all of this delay, or are you well enough

acquainted in your shop yet to come up with an answer? If not, this is understandable but let me have some expression for the record from someone in your shop conversant with this thing so we have some answer to the question.

Mr. USERY. I am knowledgeable, but not enough to answer your question. I will ask Mrs. Burgoon.

Mrs. BURGOON. It is not a backlog in the usual sense in which our department is working with the case. What happens is that when a preliminary application comes into the Department of Transportation and employes will be involved, they send that notice to us. So the way that we operate this thing is, we try to get the parties, if there is a union, to agree upon the protective conditions, and this means a certain amount of negotiation between the parties until they reach an agreement. When they reach the agreement they notify us and then the Secretary decides whether or not this is adequate to meet the standards.

And in general we accept what the parties agree is adequate protection, and then notify the Department of Transportation that the protective conditions required by the law have been met. So that a large part of this backlog is because the parties are negotiating or reaching an agreement in the light of specific circumstances of that urban mass transportation problem and the employees involved.

Mr. MICHEL. Do you foresee this workload expanding appreciably in the coming year?

Mrs. BURGOON. Yes. Not in this particular year. I would say it is a growing workload, but it is growing in the sense that we now have, for example, the whole San Francisco metropolitan area, the Philadelphia metropolitan area, so that it is broader, there are more parties involved. It takes a little bit longer to get the agreements because there are so many different unions and in some cases there are railroad employers, bus employers, and so on.

Mr. MICHEL. Thank you, Mr. Chairman.

Mr. USERY. One other comment on that, Mr. Chairman.

I think it would also depend on how much money the Department of Transportation would let out as grants. So with us it depends on what the Department of Transportation grants, and then if they grant more we have more workload. So it is really dependent upon them.

Mr. FLOOD. Mr. Smith?

ADMINISTRATION OF LANDRUM-GRIFFIN AND WELFARE PENSION PLAN DISCLOSURE ACTS

Mr. SMITH. With regard to the Welfare Pension Plan Disclosure Act and its administration, are all the employees at Silver Spring or some downtown?

Mr. USERY. All at Silver Spring or out in the field.

Mr. SMITH. Do they have duties other than the administration of that plan? In other words, are they working some also on the Labor-Management Reporting Act?

Mr. USERY. I will call on Mr. Kleiler, who is the Director of that Office.

Mr. KLEILER. Yes, Mr. Smith. We have in our national headquarters in Silver Spring all the paperwork in connection with reporting, examining, and disclosing the reports. We have brought the people who

previously handled the Landrum-Griffin Act work separately, and people who previously handled welfare pension reports separately, together so they are practically interchangeable.

Mr. SMITH. When did you do that?

Mr. KLEILER. We started the process in the fall of 1963, but putting two organizations together with our space layout problems presents some difficulties. We have accomplished it now, insofar as the reports processing activities are concerned.

About half of our employees are in the field scattered throughout the country in 24 area offices, one of which is in the downtown metropolitan area.

Mr. SMITH. Do these employees handle investigations under both acts?

Mr. KLEILER. Yes, but our investigations under the Welfare Pension Plan Disclosure Act do not amount to much more than investigations of failure to file reports. The bulk of the work is under the Landrum-Griffin Act in the field. By contrast, in our national headquarters in Silver Spring, the bulk of the work is processing welfare pension reports.

Mr. SMITH. Have you allocated man-years to the Welfare Pension Plan Disclosure Act, or is that a combined man-year application?

Mr. KLEILER. We have not in this budget identified the man-years that will go under each law. As a matter of fact, with the gradual process of putting the operation together, we lost the advantage which we had before in knowing exactly how much we were spending for each law. We do have a cost accounting system which has to be improved before we can come up with a precise figure.

If you want a rough estimate, I would say approximately two-thirds of this appropriation for the disclosure laws would be Landrum-Griffin and the rest for the welfare pension law.

Mr. SMITH. Has the number of personnel to administer the Welfare Pension Plan Disclosure Act increased in the last few years?

Mr. KLEILER. No. On both sides of our operation, the Landrum-Griffin and welfare pension plan, we have been gradually cutting back.

INFORMATION REQUIRED ON THE D–2 FORM

Mr. SMITH. They did not put into effect the form that was proposed a year or two ago, did they?

Mr. KLEILER. We have not revised the report form under the Welfare Pension Plan Disclosure Act since 1965.

Mr. SMITH. A change was proposed about 2 years ago and we called it to Secretary Wirtz' attention. It included on it quite a lot of information that was never intended under the law when it was passed. As I understand, that form was killed.

Mr. KLEILER. We proposed in February 1967 some amendments to the law which would enlarge the reporting form.

Mr. SMITH. I am just talking about the form now.

Mr. KLEILER. We have no plans for enlarging the form beyond that which has been in use for the last 2 or 3 years.

Mr. SMITH. That is the D–2 form?

Mr. KLEILER. Yes, D–2.

Mr. SMITH. Mr. Usery, I happen to have been author of that act, and ever since it was passed there has been a constant desire by people to require information that was never intended under the act.

We wrote the act and intended the act to be one where a plan that has a qualified accountant make an audit could just attach a very simple certification to that and file it so that all the information is available, but we did not intend they have to go through and fill out a lot of forms and extract from the accountant's audit certain kinds of information for the convenience of groups who are interested in group statistics. The purpose of the act is to make sure participants in the plan have information. But, of course, people that sell statistical information would like for the Government to do all of that, and in turn the Government then would like for the labor union people or their accountant to have to extract all of this information and put it in a certain form so it can be fed into the data processing machine.

I know you have not been on the job very long, but you can expect that there will be the pressure to do this. I just wanted to alert you when somebody comes in with a revision on the form that it should be simpler than the D–2 rather than more complicated. There is information on that that is not needed at all and it ought to be simpler instead of more complicated.

Mr. USERY. I appreciate those remarks very much, Congressman, and still I would like to talk to you more about the real intent because in enforcing this law we want to seek to carry out the intent of the law, nothing more, nothing less.

I would be more than happy in your free time, if you have any, to have the opportunity to talk to you.

Mr. SMITH. I would be glad to.

I point out if you are really in a squeeze for personnel, you might free a few people in this area. Every time the form is made more complicated than is needed for the operation of the law, you absolutely have to increase the demand on the personnel's time.

Mr. USERY. Thank you very much.

Mr. FLOOD. Mr. Shriver?

VETERANS' REEMPLOYMENT RIGHTS PROGRAM

Mr. SHRIVER. Thank you, Mr. Chairman.

Your program increase of $234,000 to finance 19 new positions for the Veterans' Reemployment Rights is something I am not quarreling with, but I did not understand in reading the detail in the book how you reached that figure.

Also, why are we increasing this program now?

Mr. OVERATH. The reason is very simple, Congressman, the fact that there has been a great increase in the number of veterans being released from the Armed Forces and, as a result, our workload has gone up.

Mr. SHRIVER. What increase is that, from what to what?

Mr. OVERATH. For example, in fiscal year 1967 we received something in the neighborhood of 1560 complaint cases. In 1968 it rose to 3,066 and in the current fiscal year it is already in the neighborhood of 1900 for the first 6 months.

To break that down to averages, we find that we received 130 complaint cases a month in 1967, 256 a month in 1968 and we are running at a level of 321 a month in this fiscal year.

Mr. SHRIVER. Now go ahead and answer the other question.

Mr. OVERATH. The increase is to cope with this larger number of complaint cases that we are getting, to deal with the inquiries that we receive from employers and other interested parties who are faced with a problem when a man comes home in those situations where it does not become a complaint case.

The basis for the increase is that we feel that a compliance officer in the field can handle approximately 100 to 110 complaint cases per year and we expect we will receive in the neighborhood of 4500 complaint cases this fiscal year or next fiscal year.

Mr. SHRIVER. How do you break down the $234,000?

Mr. OVERATH. Fifteen complaince officers for fieldwork and four clerical employees who will also be assigned to the field.

Mr. SHRIVER. That is all I have.

Mr. FLOOD. Mr. Casey?

STRIKES AFFECTING THE NATIONAL ECONOMY

Mr. CASEY. I will ask you the same question. How are you doing on the Houston Longshoreman strike, gentlemen?

Mr. USERY. I certainly appreciate the concern of the Congressman from this district. I want to assure him that the concern is growing with us because we had thought for sure that after the other ports had settled, his would lead to a settlement in Houston. Every effort is being made and a more concentrated effort is going to be made to try to bring pressure to end it.

Mr. FLOOD. How long have they been out now?

Mr. USERY. Seventy-six days. I wish I could tell you they settled this morning, but I cannot.

Mr. CASEY. How long do you think this particular tieup of the Gulf ports should go on before specific action is taken? The other day the Secretary, Secretary Shultz, said he did not believe in any general law that had full-time application, but that for specific instances that threaten the national economy, he thought special acts would be in order to require arbitration.

How long do you thing we ought to tolerate this before some specific action should be recommended?

Mr. USERY. You are speaking of the specific tieup we have now or a hypothetical one that would be similar to it.

Mr. CASEY. Hypothetical or the one that exists.

Mr. USERY. I think first that we must deal with the subject of what is a national emergency.

Mr. CASEY. First I had better ask whether you agree with the Secretary.

Mr. USERY. I believe so. I am not sure exactly what the Secretary said. I believe that to have a firm rule that after 60 days or 80 days or 90 days you are going to take some action would not lead the parties to serious collective bargaining. In fact, I believe we must take a serious look at our policy under the National Mediation Board as it relates to many of the airlines and the railroads.

We must find ways that the parties truly enter in collective bargaining, and if the parties know at the end of some date one or the other is going to get relief, they will wait for that date to come before they will do any bargaining.

Mr. FLOOD. What is the picture on American Airlines right now, eleven o'clock?

Mr. USERY. As of this morning separate meetings are scheduled today. Both parties are over at the National Mediation Board, but they are meeting separately and I do not think there is any negotiation going on except the mediation between them.

Mr. FLOOD. Many of our people have problems.

Mr. USERY. With airline reservations; yes.

Congressman, I think the President or those carrying out or administering this policy should have several ways of dealing with a particular dispute, primarily to let the parties know they will not know what might happen to them, you understand. If it is decided with the Port of Houston being tied up, that something has got to be done because of the national interest there, and the President has several ways to deal with this and the parties do not know which way he will deal with it, it puts it upon the parties, they had better reach an agreement because neither one of them may be off the hook.

Mr. FLOOD. Did the President say something about this particular strike?

Mr. USERY. I believe in his press conference he did, just before the National Labor Relations Board went to court in New York, and he said if the parties did not get together soon we would have to take some kind of action. I do not remember exactly how he put it, but he did mention it in one of his press conferences.

Mr. FLOOD. Soon?

Mr. USERY. Yes, soon. He did not define soon.

Mr. FLOOD. That is why I asked you.

Mr. CASEY. You say the President has several ways he could deal with this and they do not know which way he will jump. What ways does he have to deal with it?

Mr. USERY. I said I believe we should give the President several ways to deal with that other than a mandatory set day he is going to take action or put the people back to work.

We must find ways that parties will truly enter into collective bargaining and the pressure must come to bear upon both parties before you can get true collective bargaining.

Mr. CASEY. What do you suggest we do and what should Congress do?

Mr. FLOOD. Compulsory arbitration?

Mr. USERY. No, sir; I do not believe that that would lead to any true collective bargaining because then both parties would be off the hook because some arbitrator is going to tell them what they are going to do.

I think that we must find ways to promote and foster true collective bargaining and that is why I say if there are a number of ways to deal with a dispute, then I believe that the parties would have an incentive to reach an agreement themselves.

To answer the Congressman's question, we do not have a specific—or I do not—set of plans for the President or for Congress at this time, but we are working on this.

Mr. CASEY. In other words, you are stating that there should be a number of ways, that you do not know yet what the number of ways should be and you are studying that; is that correct?

Mr. USERY. Yes; and I certainly would be opposed to compulsory arbitration.

Mr. CASEY. Can we expect some answer or suggestion on this number of ways before too long?

Mr. USERY. Yes, sir.

Mr. CASEY. I notice in the justifications you state under "Accomplishment in 1968," "The staff completed specific sections of a study of collective bargaining problems in the east and gulf coast longshore industry as part of a broader project which is being performed on a contract basis."

Evidently the part was completed in the east coast and a little chunk of the gulf coast. New Orleans is the only one settled and they are struck from there on down.

I am being facetious, of course.

Mr. USERY. Can we go off the record again a moment?

Mr. CASEY. Sure.

(Off the record.)

Mr. CASEY. Of course if you have an airline strike, that does not close down the airports, you have still got limited service. But when you have a strike such as we have in the maritime industry—and we had one you recall that went 6 months.

Mr. FLOOD. How long has American been out?

Mrs. BURGOON. It went out February 27.

Mr. USERY. Seven days.

Mr. CASEY. There is no alternate method of moving this cargo because that is the only way it can go out—out of that port. Although the shipping lines are not on strike, they cannot get their cargo loaded on account of the longshoremen's strike.

I do not envy you your problem. I know it is one you are studying, but I do hope you come up with some recommendations for legislation and what have you that will give us some opportunity of bringing these people to talks. As you know, for a week or two they would not even talk.

Mr. USERY. Yes, sir.

INFLUENCE OF RANK AND FILE MEMBERS IN UNION AFFAIRS

Mr. CASEY. Also, how about the rank and file union member, does he have an adequate voice in these disputes?

In other words, is there any method he has if he hears about a proposed settlement that the majority of the rank and file union members think they ought to take, is there any way he can force their bargaining agent, the head of their union or whoever it is to take it?

Mr. USERY. We are talking about unions generally now.

Mr. CASEY. Right.

Mr. FLOOD. Unions generally.

Mr. CASEY. You can talk about it generally and specifically. What I am concerned with right now is the Maritime.

Mr. USERY. I would prefer to speak generally.

Mr. FLOOD. I do not blame you.

Mr. USERY. Generally, yes, sir; I believe that a union member has the opportunity to express his wishes and to get across his point in the vast majority of unions today.

Mr. CASEY. Does he know it?

Mr. USERY. He knows it because there are more ways of communication than ever before. It would be on TV at night in case there was a settlement in New York, and the papers carry more today than ever before. In fact, my experience——

Mr. CASEY. You say in New York?

Mr. USERY. Houston or New York. A man can be, we will say, in Arizona, but he will know what the settlement was or know there was a settlement that day in New York. And you cannot hide things even if you wanted to from rank and file people any more.

I find that the labor membership is becoming more and more knowledgeable and exercising more and more rights in unions than ever before. In fact, many of the problems today are where, truly and honestly, labor leaders have consummated an agreement and have in good faith sought to sell that agreement and have had it voted down over their heads because the membership heard about some contract some other place.

Mr. CASEY. I am talking about the reverse of that situation.

Mr. USERY. But it works both ways.

To answer your question, in most cases, yes; I think the member has a voice today generally in unions.

Mr. CASEY. The reason I ask that is the last time I went home, and I am sure it will happen again tonight when I go home, the cab-driver was a longshoreman trying to make a living of a few dollars while he is on strike. They find out who I am or recognize me when I get in the cab and immediately start working on me like I could do something about it.

The last one said he was ready to go back to work and indicated to me that New Orleans had settled and he would be happy with what they got. He may be just one of the thousands down there, but I just wondered if that man had any way of communicating his desires with any force to some negotiator for his union who got a little hardheaded and boxed himself into a corner and does not know how to get out of it.

Mr. USERY. I believe my answer would be that individual members today actually have a voice in their union if they will take the time and effort to project that voice. I believe there are laws that protect them.

Mr. FLOOD. How can the average member of a local—let's go to a union hall in Podunk, it is half past 8 and the meeting is called to order. Here is the average member, a big local, 1,400 people, and there are the officers. You have been in a union hall?

Mr. USERY. Yes.

Mr. FLOOD. So have I.

What about it? What is he going to do? He must be quite a guy. He is on the floor now. You see the setup?

Mr. USERY. Yes, sir.

Mr. FLOOD. Sure you do. This fellow is sitting down there in the undertaker's chair about the ninth row, the middle of the aisle. So he stands up. Now what?

Mr. USERY. He stand up, he makes a motion——

Mr. FLOOD. That is great.

Mr. USERY. In a democratic organization, he makes a motion, he gets a second, there is a debate and discussion. If the membership votes with him, it is carried; if they do not vote with him, it loses.

Mr. FLOOD. Of course, there is no question about that.

Mr. USERY. Yes, sir.

Mr. Chairman, I have participated 15 years as a full-time union representative and about 12 or 14 years before that in unions, and although, like any other segment of our society, everything does not go right, I am a firm believer that much, much democracy is practiced in unions. There are always factions of people who have different views and I respect one's rights and I am sure there are times that people do not get what they want, or maybe are not recognized by the chairman when they are legitimately right.

Mr. FLOOD. We have that trouble here.

Mr. USERY. But to answer the Congressman's question further, even as a union representative I have been involved in very few strikes myself, but I have been involved in some. Individually, people would talk to me, why don't I get the strike over and I would go down to vote in the hall and could not get the vote to get the strike over with.

Mr. FLOOD. That is the Machinists Union?

Mr. USERY. Yes, sir.

Mr. FLOOD. They do not strike much.

Mr. USERY. I am sure the office will be glad to know that.

It is true that I believe the Machinists to be an honest organization, and I certainly tried to reach an honest agreement when I went to collective bargaining. I think every officers' objective should be to reach an agreement. Anybody can get a strike and I do not think getting a strike is a compliment to any union representative, but sometimes you get one. It is a compliment to a person to arrive at a collective-bargaining agreement and to administer it during the life of that agreement to the advantage of the members he represents, and to the employer with whom he reaches the agreement. I sought to practice that.

WILDCAT STRIKES

Mr. FLOOD. Across the board, do we have any more wildcat strikes than we had when you first came on board as union organizer?

Mr. USERY. No, sir; I do not believe so—not any more. It is according to how you look at strikes. We did have the highest number of strikes. We did have the highest number of strikes last year—days lost.

Mr. FLOOD. Wildcats?

Mr. USERY. No, sir; I am talking about overall. Very few wildcats any more. There are more and more ways to deal with wildcat strikes. I think there is less and less desire on the part of either union leaders or members themselves to involve themselves in a wildcat strike because they have less and less protection. They have hardly any protection under law; they have no protection under their union in most cases.

As they become more knowledgeable in this, there is less tendency to just walk off the job.

I think one reason for that is because labor organizations who have negotiated an agreement have redress of their grievances and you have impartial arbitration of grievances in most contracts of this day and time. So a man can get an answer to a grievance where 15 or 20 years ago he could not.

Mr. FLOOD. Through a grievance committee of the local?

Mr. USERY. Yes, sir. But as many contracts as there are, there are many ways the grievance procedure works and is handled. Some places it is a committee, some places an individual, but in most contracts now the higher percentage end in impartial arbitration by some outside arbitrator.

Mr. FLOOD. Mr. Casey.

Mr. CASEY. I wish you well in your efforts to find some solution. I hope you can come up with something constructive.

Mr. USERY. Thank you, sir.

Mr. CASEY. One last question.

You are familiar with the special act we passed with reference to the railroad strike?

Mr. USERY. Yes, sir.

Mr. CASEY. Do you think that was a good approach to take?

Are you considering that as a possible approach? I will put it that way. I will not pin you down.

Mr. USERY. Mr. Congressman, I believe when Congress acts it is the right thing to do. I might have disagreed with it before you acted.

Mr. FLOOD. For a new man, not bad.

Mr. CASEY. Give him an A.

No more questions, Mr. Chairman.

Thank you very much.

Mr. FLOOD. Mr. Shriver?

Mr. SHRIVER. No questions.

COST OF LONGSHOREMEN'S STRIKE

Mr. FLOOD. Mrs. Reid?

Mrs. REID. Mr. Usery, I have received numerous letters from constituents in Illinois whose businesses have been adversely affected by the prolonged longshoremen's strike. Are there any reliable figures on how much this strike has actually cost?

Mr. USERY. No, ma'am. Just yesterday we had an inquiry from a Congressman who asked a number of questions. We just do not have accurate figures yet to come up with this answer.

Mr. FLOOD. I have seen figures. I suppose you can give a ball park figure. Don't you have a nice round figure?

Mr. USERY. No, sir; I do not. I do not know whether anybody here has.

Mrs. BURGOON. Part of the problem is that you do not know what part of the market has been lost. You do not know what things would have been exported that now will not be. You do not know the extent. There are so many intangibles.

Mr. USERY. It would be just a ball park guess.

Mrs. REID. If you have one, you might supply it for the record.
Mr. USERY. I will do that.
(The information follows:)

The Department has determined that it has insufficient information on which to base a reasonable estimate of the economic impact of the longshore strike.

PROGRAMS FOR VETERANS

Mrs. REID. You stated that the Department of Labor and the Department of Defense referral procedures for ex-servicemen have not reached their full potential.

Mr. USERY. Yes.

Mrs. REID. By "full potential," do you mean seeing that veterans are informed of their reemployment rights, or are you going father than that? What is your goal?

Mr. USERY. I will answer it in part, and ask Mr. Overath if he will explain it further.

As I understand, there is a form filled out by the Department of Defense when the serviceman is separated from the service.

Mrs. REID. May I interrupt just a moment?

Mr. Chairman, I am confused. Yesterday we had Mr. Goodwin and Mr. Omohundro who discussed this. How are their activities in this area coordinated with what Mr. Usery is doing?

Mr. FLOOD. We had the Veterans Employment Service here yesterday. Mrs. Reid asked them about this at some length, and we all did. Now you add another string to the bow. How do you get in this act?

Mr. USERY. We are strictly in the labor-management relations field as it relates to the ex-serviceman having his job rights back, dealing with both the union and the employer. First, he is entitled to his job back.

Mr. FLOOD. She is very much in favor of it. That is her point. But why you? We thought we finished this yesterday.

Mr. USERY. No, sir. I think this point is truly in the area of collective bargaining, labor-management relations, seeing that the serviceman gets back in and gets his seniority restored, seeing that he gets on the seniority list. All this deals with collective bargaining.

Mr. FLOOD. This is after the fact, after the man gets the job.

Mr. USERY. First, we assist him in getting the job back. There are many employers who refuse to take him back.

Mr. FLOOD. She and I thought we had finished this yesterday.

Mr. USERY. I will let Mr. Overath see if he can answer this.

Mr. OVERATH. I will try to clear it up for you, Mrs. Reid. We handle the reemployment entitlement of one who leaves the job for the purpose of entering the service. The Veterans Employment Service, which was represented here yesterday by Mr. Omohundro, promotes new job opportunities, new employment opportunities for all veterans. Does this help clear it up?

Mrs. REID. Yes; I would say so, although yesterday, from some of the testimony, it seemed to me it was stated they were going to do the same thing.

Mr. USERY. We protect his rights in this case. We assist a veteran in many ways to get a job. When the veteran leaves the employment of X company to go into the service, as a National Guardsman or reservist,

he has certain rights to come back into that company under that union contract. He may be gone a long time. The plant may move. The whole company may change to some degree. There may be a new contract. It may go from departmental seniority to plantwide seniority. When this man comes back, we assist him in getting back his job that he was entitled to, and see that he is placed in the right spot. We will see that he gets all the rights he has. We are enforcing the rights that he had when he left there.

Mr. FLOOD. Does Mrs. Reid call you, or both of you? Why should Mrs. Reid call both of you? She is very busy.

Mr. USERY. If he left a job with a company and went into the service, and he had a problem coming back, he calls the Office of Veterans' Reemployment Rights, which is us. If the veteran wants a job someplace and takes up the matter with Congresswoman Reid, it would not be our job to enforce that.

Can you add to that?

Mr. OVERATH. Yes. I might come to the Department of Labor-Department of Defense referral procedure, and maybe this will clear it up a little bit, Mrs. Reid. We have worked with the Department of Defense for 12 or 13 years now in developing a procedure to inform veterans of their entitlement to reemployment—reemployment being returning to the job that he left to enter the military service. This has evolved now to this kind of referral form. I think this is what Mr. Omohundro was talking about yesterday. When a man is separated from the Armed Forces, he is told——

Mr. FLOOD. Do you talk to them at the separation center?

Mr. OVERATH. No, sir. This is done by uniformed personnel, because separations occur——

Mr. FLOOD. Uniformed personnel at the separation center?

Mr. OVERATH. Yes, sir.

Mr. FLOOD. That is what the book says?

Mr. OVERATH. Yes, sir.

Mr. FLOOD. It doesn't work, Mister. Go ahead.

Mr. OVERATH. The separations occur at over 2,500 locations throughout the country. We could not begin to have someone assigned to these activities. Many of them are very small. The man completes this form. This is used for a number of purposes.

No. 1, if he had a preservice employer, we would notify the employer through the use of this form that the man is coming out of the military service and, under certain conditions, he is entitled to go back on his job. We would also inform the veteran of his right to reemployment. We also inform him of the other programs that are available to him through the Labor Department. That includes the service Mr. Omohundro's office provides—new employment, counseling, training opportunities, apprenticeship, and also occupational outlook leaflets that are available from the Labor Department. We share this information with the Veterans Employment Service.

The State employment office has an outreach operation for veterans. They get one copy. This is sorted out, and the copy is sent to the headquarters of the State employment service. The VA shares in this information. We send another copy to the Veterans' Administration.

Mr. FLOOD. How many offices must this kid go to, how many buildings, how many telephone numbers?

Mr. OVERATH. It depends upon what his interest is, Mr. Chairman. If he wants his old job back, he is informed where we are and how to get in touch with us, and we will be pleased to assist him. We also inform his employer that he is coming back.

On the point that Mrs. Reid raised with respect to the referral system reaching its potential, we receive approximately 60 percent coverage now. In other words, for every 100,000 released from the Armed Forces, we are receiving about 60,000 of these forms. We are working with the Department of Defense to improve that performance so we will reach everyone who has some right or benefit that is coming to him under the programs that are administered by the Labor Department.

Mrs. REID. I certainly do not want my question to imply that I am not in favor of this. I think the servicemen should receive every help we can possibly give them.

LABOR-MANAGEMENT ANALYSES OF KEY INDUSTRIES

One other question. On page 4 you mention that during fiscal 1970, emphasis in the Labor-Management Relations Services program will be on developing detailed analyses for key industries in the economy. To which key industries will your attention be directed?

Mr. USERY. I mentioned two while we were off the record a while ago. One is the construction industry. I am sure we must move forward in the maritime industry. We presently have under discussion all aspects of the farm problem. We have also under study a memo from the White House dealing with legislation for farm workers. I would say these are the three primary ones we will be looking into.

Mrs. REID. Are these conducted by the Department, or are they contracted out?

Mr. USERY. We usually handle most of it. We contract part of it and do part in-house. To get the facts necessary to carry on our study, sometimes we may use some outside private consultant or other people to assist us.

Mrs. REID. If these are contracted, can you provide a list of these contracts and the nature of the studies?

Mr. USERY. Yes; I believe so.

Mrs. BURGOON. We have not yet contracted any out. We have done them in-house.

Mrs. REID. That is all.

Mr. FLOOD. Thank you very much.

Mr. USERY. Thank you, Mr. Chairman. I appreciate the opportunity to appear.

JUSTIFICATION MATERIAL

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970
Appropriation or estimate	$9,063,000	$9,405,000
Amount reserved under P.L. 90-364	- 500,000	---
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)	448,000	---
Appropriation or estimate, revised	9,011,000	9,405,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1969 Pos.	Amount	Estimate, 1970 Pos.	Amount	1970 Change Pos.	Amount
1. Labor-management relations services.	18	$ 374,200	18	$ 372,300	---	-$ 1,900
2. Labor-management policy development.	18	276,300	18	274,700	---	- 1,600
3. Administration of reporting and disclosure laws	504	6,786,500	504	6,962,900	---	+ 176,400
4. Promotion of compliance and assistance to veterans	65	984,600	84	1,215,000	+19	+ 230,400
5. Executive direction and administrative services	61	589,400	61	580,100	---	- 9,300
Total obligations	666	9,011,000	685	9,405,000	+19	+ 394,000

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1969	Estimate, 1970	1970 Change
Total number of permanent positions	666	685	+ 19
Positions other than permanent	14	9	- 5
Average number of all employees	593	622	+ 29
11 Personnel compensation	$7,050,870	$7,300,553	+$249,683
12 Personnel benefits	553,030	614,347	+ 61,317
13 Benefits for former personnel	2,300	---	- 2,300
21 Travel and transportation of persons	418,400	443,900	+ 25,500
22 Transportation of things	30,800	35,100	+ 4,300
23 Rent, communications, and utilities	252,400	286,300	+ 33,900
24 Printing and reproduction	92,900	92,900	---
25 Other services	108,900	104,900	- 4,000
Services of other agencies	456,700	477,300	+ 20,600
26 Supplies and materials	24,700	27,300	+ 2,600
31 Equipment	20,000	22,400	+ 2,400
Total obligations	9,011,000	9,405,000	+ 394,000
Working Capital Fund items included above	(325,400)	(345,700)	(+20,300)

SUMMARY OF CHANGES

	Pos.	Amount
1969 Enacted Appropriation	666	$9,063,000
Amount reserved under P.L. 90-364	---	- 500,000
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)	---	448,000
1969 Appropriation, revised	666	9,011,000
1970 Estimate	685	9,405,000
Total Change	+19	+ 394,000
Mandatory Items: (page LMSA-7)		
Increases:		
Net additional pay increase costs not completely funded in 1969	---	+ 160,000
Program Items:		
Increases:		
To provide for increased workload in the Veterans' Reemployment Rights program resulting from increased separations from active military services which in turn increases the number of complaint cases ($170,900 personal services; non-labor, $63,100) (page LMSA-22)	+19	+ 234,000
Total Change	+19	+ 394,000

MANDATORY CHANGES BY ACTIVITY

	Net Additional Pay Increase Costs		Total	
	Pos.	Amt.	Pos.	Amt.
Activity 1	---	-$ 1,900	---	-$ 1,900
Activity 2	---	- 1,600	---	- 1,600
Activity 3	---	+ 176,400	---	+ 176,400
Activity 4	---	- 3,600	---	- 3,600
Activity 5	---	- 9,300	---	- 9,300
Total	---	+$160,000	---	+$160,000

MANDATORY CHANGES FOR 1970

Increases:

To provide for full year cost of pay increases effective July 14, 1968 and to provide full funding of part-year costs	$160,000
Total	+$160,000

PROGRAM CHANGES BY ACTIVITY

Object Classification	Activity 4 Pos.	Activity 4 Amt.	Total Pos.	Total Amt.
11 Personnel compensation	+19	+$156,562	+19	+$156,562
12 Personnel benefits	---	+ 14,338	---	+ 14,338
21 Travel and transportation of persons	---	+ 25,500	---	+ 25,500
22 Transportation of things	---	+ 4,300	---	+ 4,300
23 Rent, communications, and utilities	---	+ 13,400	---	+ 13,400
25 Other services	---	+ 12,000	---	+ 12,000
26 Supplies and materials	---	+ 2,600	---	+ 2,600
31 Equipment	---	+ 5,300	---	+ 5,300
Total	+19	+ 234,000	+19	+ 234,000

Activity 1. LABOR-MANAGEMENT RELATIONS SERVICES (1969, $374,200, Pos. 18; 1970, $372,300, Pos. 18)

Narrative Description of Program

This program provides for staff support to the Secretary in the performance of key responsibilities in the area of labor-management relations. Appropriate staff aid and support in particular dispute and problem situations are provided to the Secretary, Under Secretary, Assistant Secretary, to other Government agencies, and to panels, boards or commissions established by the President or the Secretary to act in such matters.

The activity includes review and approval of employee protection arrangements proposed in conjunction with applications for Federal grants and loans under the Urban Mass Transportation Act of 1964 as amended.

The program also includes execution of responsibilities of the Secretary under Executive Order 10988, Employee-Management Cooperation in the Federal Service, involving nomination of arbitrators and providing guidance and assistance to agencies in unit determination and representation matters.

In 1968, accomplishments included initiation and substantial completion of a major study recommended by a special Presidential Board chaired by Senator Wayne Morse to be used by the Nation's railroads and six shopcraft unions in their collective bargaining for contracts to become effective in January 1969.

The project included an examination of characteristics of the shopcraft work force, employment trends, industry apprenticeship training practices, the training and experience of the current work force based on a sample survey, the wage compression problem as it has affected railroad workers, and a review of changes in wage relationships between railroad shopcraft workers and non-railroad workers over a significant period of time.

Another major project, completed during 1968, provided staff assistance to the Review Committee established by the President to consider possible changes in the existing program for Federal Employee-Management Cooperation, established by Executive Order 10988. The staff summarized the testimony of more than 50 witnesses at a series of public hearings held by the Committee and analyzed additional written submissions. In addition, various staff papers were prepared on specific issues for use by the Committee.

Also, the staff completed specific sections of a study of collective bargaining problems in the East and Gulf Coast longshore industry, as part of a broader project which is being performed on a contract basis.

The "early warning system" designed to anticipate labor-management disputes in key industries and to identify and monitor for the Secretary developing and active problem bargaining situations, was continued through regular reports of critical labor-management relationships and significant contract expirations. These were supplemented by special reports on negotiations in such industries as automobiles, steel, aluminum, copper, glass and telephone communications.

Staff assistance was provided to the Special Board appointed by the President in the copper dispute and to the mediator in the D. C. Transit dispute. Technical assistance was given to other Government agencies and labor and management in response to specific requests.

Under the Urban Mass Transportation Act of 1964, as amended, the Department of Housing and Urban Development referred 44 grant or loan applications for review, approval or other appropriate action on plans for employee protection. Review and processing of 37 applications filed during fiscal years 1967 and 1968 was completed and 26 applications were pending at the close of fiscal year 1968.

In addition to carrying out its responsibilities for the Review Committee for Executive Order 10988, the staff processed a greatly increased caseload of requests for arbitration under the Order. The number of requests filed was 57 compared to 21 in fiscal year 1967. Guidance was supplied to Government agencies and labor unions with respect to Federal employee-management relations problems, and the staff participated in training and seminars on labor relations in the Federal service.

In 1969, it is planned to complete and transmit to the railroads and shopcraft unions the shopcraft study initiated during fiscal year 1968.

The "early warning system" and status reports on problems in key industries will be maintained. Significant contract expirations during fiscal year 1969, which could have a major impact on the economy are those in steel, longshoring, bituminous coal, aircraft manufacturing, major airlines, oil refining and the shipping industry.

It is planned to give increased attention to labor-management problems in the area of public employment and to continue to respond to the workload in the program of employee-management cooperation in the Federal service.

As a result of organizational activity in public employment, strikes and upheavals involving nurses, teachers and other State and local employees are now a major problem. In the context of these developments, the Department is mindful of the need for the Federal Government to become a model for State and local governments. To provide this example it will be necessary to assure that policy and procedures exist and are followed, which will lead to a constructive and orderly relationship between Federal agencies and employee organizations.

It is planned, further, that this activity will be expanded to review and analyze long-range and complex problems of organization, collective bargaining, and strikes in the non-Federal public sector. The objectives are to provide meaningful assistance to State and local governments and employees, and to prepare guides and materials to encourage and aid State and local governments and employees to establish their own mechanics for resolving long-run collective bargaining problems. Coordination and support is provided by the Office of Labor-Management Policy Development in these matters in terms of long-range research and policy development.

Review of employee protection plans in applications under the Urban Mass Transportation Act will continue at about the 1968 level.

In 1970, it is planned to maintain the 1969 level of overall activity with the principal functional areas continuing to be responsive to priority needs.

The program will provide technical or advisory assistance upon request to labor, management, the mediation services and other Government agencies for dealing with specific problems.

In cooperation with the mediation agencies and other Government agencies, forecasts will be made of impending labor-management problems and situations of a critical nature from a national interest standpoint.

Detailed technical analyses will be developed for key industries in the economy. This involves study of such factors as labor force characteristics, employment trends, current or potential impact of technological changes, and the labor-management relations mechanics for adjusting to changes.

Staff support will be provided to various Boards and Commissions appointed by the President in major labor disputes.

At the discretion of the President and of the Secretary recognized experts and consultants and other specialized services may be required in certain major labor-management problem situations. Continued in the budget estimate is $150,000

for the temporary employment of labor-management consultants and other expenses incurred in such circumstances, and for the direct staff costs and other expenses of the President's Advisory Committee on Labor-Management Policy.

Changes for 1970

Mandatory changes amount to (Page LMSA-7).....-$1,900

Program changes - NONE

Basis for the Estimate

The functions of the Office of Labor-Management Relations Services are set forth above. Since these activities are of a staff nature, are not readily quantifiable and are directed toward ever-changing circumstances, estimates must be based on judgments as to effective performance as derived from past experience, and as to sound determinations of priorities and distribution of available resources. Experience during fiscal year 1968 indicates that the present staff of 18 positions is adequate to reasonably perform most of the activities outlined. Staff support, related costs and contingent expenses of experts and consultants and special dispute boards, panels and commissions are estimated to be $372,300.

Activity 2. LABOR-MANAGEMENT POLICY DEVELOPMENT (1969, $276,300, Pos. 18; 1970, $274,700, Pos. 18)

Narrative Description of Program

This program provides for research and policy analysis relating to the Department's services to and responsibilities for labor-management relations the administration of employee organizations, and welfare and pension plans. The Office of Labor-Management Policy Development conducts and coordinates research for policy purposes on issues growing out of the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act, on the state of labor-management relations in private and public employment, and on legislative proposals. The Office assists in the development of Government policy in these areas. The Office also provides research and technical assistance in litigation arising out of the two disclosure acts.

In 1968, accomplishments were made in completing projects begun in 1967, including studies of union constitutions procedures relating to collective bargaining and contract ratification; the financial structure of large pension plans; and party-in-interest transactions reported under the Welfare and Pension Plans Disclosure Act. Major new studies were started, including the structure and financial resources of large local unions and the qualifications for union office as seen through the Labor-Management Reporting and Disclosure Act court cases. Providing research and technical assistance for litigation and administrative determinations continued to account for over one half of available staff time. Special reports on union procedures, collective bargaining, strikes, and employee benefit plans were prepared. Analysis of legislative proposals and legislative actions, and the study of the operation of emergency strike procedures continued. The Office continued to provide technical and consultative services with reference to the Department's responsibilities in the field of international labor affairs.

In 1969, it is planned to continue or complete projects begun in 1968, including the studies of the structure and financial resources of large local unions; qualification for union office as seen through the Labor-Management Reporting and Disclosing Act court cases; and the operation of the emergency dispute provisions of the Railway Labor Act. New issues to be investigated include benefit plans operated by unions for union members, construction labor relations, and Federal bargaining unit determinations. The Office will continue to maintain research activities directly related to the administration of the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act, and will continue its efforts to maximize use of the data and the files maintained in the administration of these Acts. Based on past experience, it is expected that the analysis of legislative proposals will increase in volume and importance with a new Congress. In the labor-management relations area, more research will be directed to trouble areas - e.g. strikes, agriculture, hospitals, public employment. The Office will continue to participate as requested in the development and presentation of seminars and discussions for foreign visitors representing labor, management, and the public, and in services to international organizations.

In 1970, it is planned to continue and, as resources permit, expand analysis of the general problems of strikes in the United States, with special attention to the growing incidence of labor - race conflicts; with a view toward policy development, probe other issues in the field of labor-management relations with special attention to the public sphere, agriculture and hospitals; maintain research and policy development activities directly related to the administration of the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act and the broad aims of these Acts; continue to provide extensive assistance and research support in litigation as different parts of the disclosure acts undergo their first court tests; continue to give priority to the analysis of legislative proposals affecting labor and labor-management relations; continue to support the integration and coordination of labor-management research activities among Government agencies.

Changes for 1970

Mandatory changes amount to (Page LMSA-7).....-$1,600

Program changes - NONE

Basis for the Estimate

The functions and objectives of this activity are outlined in the narrative above. Such activities are of a staff nature directed toward a variety of changing factors and consequently cannot realistically be stated quantitatively. Estimates are, therefore, derived from a blend of managerial decisions as to effective performance as developed from experience factors and considered sound judgments of priorities and the distribution of available resources. From this, it has been determined that the present staff level of 18 positions is adequate to satisfactorily accomplish these functions and the estimate of $274,700 for fiscal year 1970 therefore contemplates a continued level of accomplishment.

Activity 3. ADMINISTRATION OF REPORTING AND DISCLOSURE LAWS
(1969, $6,786,500, Pos. 504;
1970, $6,962,900, Pos. 504)

Narrative Description of Program

This program provides for the Department's functions in the administration of the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act.

The Labor-Management Reporting and Disclosure Act is designed to protect the rights of some 16,000,000 union members, to safeguard their dues money by requiring reporting and disclosure of union financial operations, establishing fiduciary standards for union officers and employees and requiring them to be bonded, to insure democracy within unions by requiring periodic elections under reasonable conditions, and to protect dissenters against arbitrary or improper reprisals.

The Welfare and Pension Plans Disclosure Act is designed to protect the interests of participants in and beneficiaries of welfare and pension plans principally by requiring reporting and disclosure of plan provisions and their financial operations. It also requires bonding of plan administrators and applies to almost all private employee welfare and pension benefit plans covering more than 25 participants.

In 1968, the operating activities under this program were concerned with: the receipt, controlling, examining, coding and processing of reports filed under the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act; comprehensive analyses and audits of selected reports; administration of the disclosure provisions of the Acts, including functional direction of this activity in the field; conduct of statistical activities, including development of statistical publications; and replies to varied inquiries on the coverage and reporting provisions of the Acts.

Plans for implementation of an improved system for reports processing (including related ADP operations in the Bureau of Labor Statistics) continued and, at year end, were near the completion stage.

The high priority work of the Division of Regulations and Administrative Rulings consists of the issuance of rulings regarding the administration of the Acts to private parties affected by the Acts, to members of Congress, to Federal and State agencies, to the public generally, and to other divisions of the Office. In 1968, requirements for rulings necessitated diversion of staff from other functions and resulted in a 23 percent increase over fiscal year 1967.

During the year efforts were also directed to rendering assistance to other offices of the Department and to the inter-agency task force committee in developing legislative recommendations aimed at increasing the protection of the rights and interests of pension plan participants. This activity included: (a) rendering technical advice and preparing and reviewing materials and testimony on the administration bill to amend the Welfare and Pension Plans Disclosure Act (S. 1024, H.R. 5741, H.R. 6498); (b) providing the forementioned services, plus participating in the drafting of the bill to provide funding, vesting, and termination insurance in pension plans (Pension Benefit Security Act of 1968: S. 3421, H.R. 17046, H.R. 17133, H.R. 17415); and (c) analyzing other bills relating to or affecting the welfare and pension field.

A study was completed concerning possible legislative proposals either requiring disclosure of payments to union officers from jointly-administered trusts or prohibiting such payments. This led to a decision not to proceed with such legislative proposals. Study continued on possible legislative proposals to strengthen the provisions of the Labor-Management Reporting and Disclosure Act relating to reporting of employers and consultants.

Additions were made to the two Staff Interpretative Manuals which under the 1966 amendment to the Section 3 of the Administrative Procedure Act are now available to the public to provide information for compliance with the law. Also, in the area of regulations and interpretative bulletins, a considerable amount of work was devoted to study of the Welfare and Pension Plans Disclosure Act bonding regulations (29 CFR 464), "General Statement" on Labor-Management Reporting and Disclosure Act bonding (29 CFR 453), and the "Candidacy for Office" section of the union elections interpretative bulletin (29 CFR 452.7) with a view to possible revision. These would provide additional guidelines for compliance with the law.

During fiscal year 1968 other accomplishments of the Division also served to ease the burden on the public in complying with the law. By reversing an established interpretation under the Welfare and Pension Plans Disclosure Act, widespread relief was provided to plan administrators required to report brokerage fees and commissions in the Annual Report Form. Also under the Welfare and Pension Plans Disclosure Act, additional relief in reporting was provided to insurance carriers when they were granted a variation from the reporting requirements, making it easier for them to furnish data to plan administrators in a manner consistent with their record-keeping procedures. The variation enables the carriers to furnish information to plan administrators which conforms to the reporting year of the insurance carriers, eliminating extensive calculations previously necessary to adapt to the reporting year. A Notice of Proposed Rule-Making Hearing on the question of bonding exemptions under the Welfare and Pension Plans Disclosure Act for investment advisors and banks and trust companies was published in the Federal Register, and letters with this information were sent to interested private parties and State and Federal authorities. Welfare and Pension Plans Disclosure Act plan administrators received additional relief from burdensome filing requirements when they were given the option of reporting plan amendments either by filing a new plan description or by using a new form (LMSA Form D-1A) designed in fiscal year 1967 and published in fiscal year 1968 specifically for filing plan amendments.

In 1969, most programs are planned at approximately the same levels of operations as in 1968. Implementation of a new reports processing system will be accomplished.

It is expected that the number of administrative rulings to be issued will remain at about the higher level reached in 1968. We anticipate 630 work units in this activity. It is expected that 50 new interpretations will be added to the Labor-Management Reporting and Disclosure Act and Welfare and Pension Plans Disclosure Act Interpretative Manuals. We expect to complete the review and appropriate revisions of the regulation concerning Welfare and Pension Plans Disclosure Act bonding (29 CFR 464), the regulation concerning Labor-Management Reporting and Disclosure Act bonding (29 CFR 453), and the regulation concerning union elections (29 CFR 452). We plan to revise the employer report regulation (29 CFR 405) and the concomitant Employer Report Form LM-10 and its instructions. We foresee the performance of further support activities for the administration bill to amend the Welfare and Pension Plans Disclosure Act and for the various bills which provide funding, vesting, and termination insurance in welfare and pension plans. It is planned to extensively revise several other reporting forms with a view to further alleviating the reporting burden on the public, eliminating technical problems, and providing the best possible vehicles for disclosure.

The program for the promotion of voluntary compliance through technical assistance will be continued. The proposed pension legislation and amendments to the Welfare and Pension Plans Disclosure Act will generate considerable interest in the requirements of the current statute as well as the proposed statutes and will result in a continued high level of group technical assistance activities during the year. New technical assistance publications addressed to the special needs of persons having rights and duties under both the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act will be issued as required. Publications already in circulation will be revised as necessitated by changes in administrative policy, opinions of the Solicitor, and court decisions.

In the compliance operations program some 5,000 man-days which normally would be used for field audits, and delinquent and deficient reports investigations, will be applied to election investigations and election reruns in several large International Unions. The increase in National Investigations results mainly from emphasis being placed on the President's Program to Combat Organized Crime. Due to improved reports control procedures, more reporting delinquencies will be available for field action, accounting for the planned increase over 1968 in these investigations.

In 1970, it is planned to continue at about the same levels as in 1969 the functions of receiving, controlling, processing, examining and coding of reports filed under the Acts. Even with the benefits of the new reports processing system both years reflect estimates below fiscal year 1968 accomplishments in activities where workloads are controlled internally, namely summary examinations, desk audits, detailed analyses, and delinquency notices mailed. With respect to the first of these, summary examinations, it should be realized that the fiscal year 1968 accomplishment included a large volume of examinations of initial and amended D-1 reports carried over from the previous year. Workloads not controllable internally, such as inquiries handled and reports received are estimated based on judgment and trends. The estimates for reports received (198,800) should be viewed with the understanding that receipts in fiscal year 1968 (206,182) were abnormally high. Due to a late mailing of blank reporting forms, a quantity of reports were received in fiscal year 1968 that otherwise would have been received in fiscal year 1967.

It is anticipated, however, that the quality of the processing activities which are performed and resulting services to the public will be higher because of increased use of automated processes and the improved procedures under the new reports processing system.

Emphasis will be placed upon improved internal procedures and improving internal procedures and improving relations with organizations and individuals subject to the laws. Technical assistance publications addressed to the special needs of persons having rights and duties under both the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act will be issued as required. Publications already in circulation and those that will be issued initially in fiscal year 1969 will be revised as needed.

Compliance operations workloads will shift emphasis back to field audits, and delinquent and deficient reports investigations, especially under the Welfare and Pension Plans Disclosure Act, based on expected completion in 1969 of the major election investigations and reruns requiring unusually heavy manpower applications.

Changes for 1970

Mandatory changes amount to (Page LMSA-7).....+$176,400

Program changes - NONE

Basis for the Estimate

The volume of activity has been relatively stable for the past several years and represents minimum acceptable levels with regard to the requirements for administering most provisions of the two Acts. The overall planned level of operation for fiscal year 1970 is approximately the same as for fiscal year 1969. Estimates are, therefore, based upon a continuation of the 1969 level with minor adjustments to meet program needs.

WORKLOAD STATISTICS

	1967 Actual	1968 Actual	1969 Estimate	1970 Estimate
Reports Received (Total)	179,747	206,162	198,800	198,800
Labor-Management Reporting and Disclosure Act	56,095	57,868	57,000	57,000
Welfare and Pension Plans Disclosure Act	123,652	148,294	141,800	141,800
Summary Examination (Total)	99,442	130,025	98,000	98,000
Labor-Management Reporting and Disclosure Act	1/	55,994	50,000	50,000
Welfare and Pension Plans Disclosure Act	1/	74,031	48,000	48,000
Desk Audits (Total)	2,448	2,874	2,300	2,300
Labor-Management Reporting and Disclosure Act	981	1,149	900	900
Welfare and Pension Plans Disclosure Act	1,467	1,725	1,400	1,400
Detailed Analyses (Total)	1,781	1,733	1,500	1,500
Labor-Management Reporting and Disclosure Act	1/	1,067	900	900
Welfare and Pension Plans Disclosure Act	1/	666	600	600
Delinquency Notices Mailed	2,223	9,313	8,000	8,000
Disclosure Activities:				
Reporting Entities Disclosed	40,035	73,894	70,000	70,000
Pages Reproduced for Sale	89,166	122,467	122,000	122,000
Number of Visitors	1,434	1,659	1,700	1,700
Inquiries Handled (Total)	113,440	113,337	116,300	116,300
National Office	2,290	3,287	3,300	3,300
Field	111,150	110,050	113,000	113,000
Field Audits Supervised	2/	2/	233	304

1/ Not reported in this manner

2/ This is a new performance factor and not counted in fiscal years 1967 and 1968.

WORKLOAD STATISTICS

	1967 Actual	1968 Actual	1969 Estimate	1970 Estimate
Action on requests for variation on reports and exemptions on bonding	6	2	2	2
Administrative Rulings	507	626	630	630
Regulations and Interpretative Bulletins	7	1	3	3
Administrative Policy Studies	7	6	7	7
Forms	6	0	4	4
Interpretative Manual Additions	117[1/]	54	50	50

1/ This unusually large number of entries reflects the revision of the Staff Manuals.

	1967 Actual	1968 Actual	1969 Estimate	1970 Estimate
Group Technical Assistance: (Total)	317	266	199	195
Conventions and Meetings	92	142	100	75
Labor-Management Reporting and Disclosure Act Clinics	98	70	48	50
Welfare and Pension Plans Disclosure Act Clinics	127	54	51	70
Contacts	5,116	5,183	2,000	3,190
Labor-Management Reporting and Disclosure Act	1/	1/	1,100	1,650
Welfare and Pension Plans Disclosure Act	1/	1/	900	1,540
Publications:				
Labor-Management Reporting and Disclosure Act	8	8	3	5
Welfare and Pension Plans Disclosure Act	7	5	2	4

1/ Contacts in 1967 and 1968 were not identified by Act.

WORKLOAD STATISTICS

	1967 Actual	1968 Actual	1969 Estimate	1970 Estimate
Labor-Management Reporting and Disclosure Act Investigations:				
Election Investigations	92	111	116	110
Election Reruns	35	18	40	35
National Investigations: (Field) 1/	31	28	44	50
Delinquent Reports	5,184	1,460	2,856	2,500
Deficient Reports	265	410	319	400
Field Audits	301	347	233	304
Basic Investigations	525	523	489	500
Welfare and Pension Plans Disclosure Act Investigations:				
Delinquent Reports	617	920	1,022	1,300
Deficient Reports	234	394	239	425
Financial Investigations 1/	21	15	11	20
Basic Investigations 1/	37	89	90	100

1/ Includes investigations participated in by National Office personnel.

Activity 4. PROMOTION OF COMPLIANCE AND ASSISTANCE TO VETERANS

(1969, $984,600, Pos. 65;
1970, $1,215,000, Pos. 84)

Narrative Description of Program

This program provides for direct assistance in connection with the reemployment rights of ex-servicemen, reservists, and members of the National Guard; for the protection of employed reservists and National Guardsmen against discrimination in or discharge from their jobs because of membership in reserve components or training duty obligations; and in promoting employer compliance with the provisions of Section 9 of the Military Selective Service Act of 1967.

The primary objectives are:

(1) to promote a better understanding of the reemployment program by alerting ex-servicemen and employers to their rights and obligations provided in the law;

(2) to prevent to the extent possible, through emphasis on disclosure and promotion of compliance, complaints and disputes;

(3) to inform reservists and National Guardsmen of the protection afforded them against discrimination in employment and to foster employer understanding and compliance with these new provisions;

(4) to provide prompt and effective investigation and negotiation of all complaints;

(5) to provide prompt and effective processing of cases requiring referral to the Department of Justice.

In 1968, complaint case intake rose nearly double the 1967 rate and almost 400 above the predicted level of 2,670. With the addition of 6 compliance officers to the field staff during the third and fourth quarters, the processing and closing of complaint cases were accelerated but the backlog more than doubled from 426 to 896. The first full year of universal use by the Department of Defense of the reemployment referral form resulted in the receipt of 566,413 approximately 40 percent over the receipts for 1967, and resulted in 551,450 mailings of informational material to veterans and 250,540 to employers in private industry. The preparation and submission of the referral form is, of course, under the control of the Department of Defense and the several branches of the A med Forces. The Office of Veterans' Reemployment Rights has continued to work closely with the Department of Defense to improve the utilization of the referral system. We are furnishing the Veterans Administration and the Bureau of Employment Security's Veterans Employment Service copies of the referral form for use in their outreach programs to Vietnam era veterans. These copies have been made available beginning in August 1967 to the Bureau of Employment Security's Veterans Employment Service and February 1968 to the Veterans Administration.

The Reemployment Rights Handbook revision was completed and is in the process of legal review.

In 1969, the increased workload will result from (1) greater effectiveness and improved utilization by the Department of Defense of the reemployment referral forms and (2) an increase in turnover from the Armed Forces from 800,000 (revised to 847,000) in 1968 to 950,000 both by Department of Defense estimate. It is expected that 650,000 forms OVRR-2 will be received from the Department of Defense and processed, resulting in mailings to 645,000 veterans and 330,000 employers. Based on the experience of recent years, we expect to receive 4,500 complaint cases, 24,000 compliance reviews and 675 compliance cases. Since we have had no experience with the recent amendments to the reemployment section of the Military Selective Service Act of 1967 (Public Law 90-491) which provides for certain employment protection for reservists and Guardsmen who are employed in the private

sector, the complaint intake estimate reflects only prior experience. Of the approximately 725,000 reservists and Guardsmen, it is estimated that 84 percent are employed in private industry and thus come within the protection of the amendments. All the major publications will require revision to include information on the amendments.

Changes for 1970

Mandatory changes amount to (Page LMSA-7).....-$ 3,600

Program changes amount to.....+$234,000

Positions.....+ 19

Proposal: It is planned to increase the staff by 15 compliance officers and 4 clerical employees to assist in promoting compliance and handling the complaint caseload.

The Need: This program needs to continue at an expanded level because of the increase in workload already apparent in fiscal year 1969 and as projected for 1970. The proposal necessarily includes the understanding that a critical review will be made of cases being handled and that timesaving methods will be applied wherever material disadvantage to the overall level of effectiveness in case handling will not result. The proposed staff level is essential to reasonably assure that veterans returning to civilian life in 1970 will receive the same services and assistance, with the same degree of promptness and effectiveness as has been available to those who preceded them.

The Program: The program remains unchanged except as to volume in the several functions. Each veteran will be supplied at his home address with information on the general details of reemployment rights, including the action he must take to qualify for statutory protection, as well as other veterans' assistance programs available through the Department of Labor. He will be informed of the location of the offices where he may obtain more information or assistance about reemployment, employment and training. In addition, employers of the approximate 50 percent of veterans who had preservice jobs will be informed of the veterans' discharge from the service and will be provided general information concerning their obligation under the reemployment law. They will be advised of the appropriate field office where questions will be answered and will be asked to inform the Office of Veterans' Reemployment Rights if the veteran applies for reemployment and is denied for any reason.

The informational mailings -- to the veteran and employer -- are the foundation of the reemployment rights program which relies on courses of action which will result in a high degree of voluntary compliance with the law, maximum protection of the rights of ex-servicemen, optimum avoidance of formal adversary action, and minimum involvement of and cost to the Federal Government. The series of steps in this program -- informational mailings, compliance reviews, compliance cases, and compliant cases -- reflect this policy. A very small number (but usually involving issues of the greatest consequence) cannot be settled in the complaint case stage by Department negotiation or mediation and must be referred to the Department of Justice for litigation consideration. The projected workloads in all these categories are based on the experience mentioned above. Logically, the most difficult -- and the most time-consuming -- cases are the complaints.

Base:

Positions: 65 Estimated Cost: $981,000

Additional Cost:

Positions: 19 Man-years: 17.1 Estimated Cost: $234,000

Basis for the Estimate

The derivation of the workload and the staff emphasis have been explained above and are supported by the workload ststistics table. The staff and selected resources requested will enable the Office to carry out its primary objectives and to partially cope with the increased workload in all categories. It is pointed out that the compliant case intake is expected to rise to 4,500 in fiscal year 1969 and fiscal year 1970. In order to avoid excessive backlog accumulations, an average of 105 complaint cases processed per year has been established as the goal for each professional employee.

WORKLOAD STATISTICS

	1967 Actual	1968 Actual	1969 Estimate	1970 Estimate
Forms OVRR-2 Received	408,392	566,413	650,000	700,000
Processed to veterans	404,400	551,450	645,000	693,000
Processed to employers	215,000	250,540	330,000	340,000
Total processed	619,400	801,990	975,000	1,033,000
Promotion of Compliance:				
Compliance reviews processed	11,129	22,137	24,000	24,000
Compliance cases processed	434	646	675	675
Compliant Cases:				
Carryover at beginning of year	460	593	1,054	2,614
Received	1,565	3,066	4,500	4,500
Closed	1,432	2,605	2,940	4,100
Pending at end of period	593	1,054	2,614	2,014
Pending with OVRR	426	896	2,464	1,864
Referred for Litigation	108	78	100	100

Activity 5. EXECUTIVE DIRECTION AND ADMINISTRATIVE SERVICES

(1969, $589,400, Pos. 61;
1970, $580,100, Pos. 61)

Narrative Description of Program

This program provides for the direction and coordination of the functions of the Labor-Management Services Administration; for the coordination of all Department programs and activities which relate directly to the labor-management relations field; and for the management and administrative services in support of the programs of the Labor-Management Services Administration. The Secretary has designated the Assistant Secretary for Labor-Management Relations as the Administrator and has delegated to him the authority and responsibility to carry out the program.

In 1968, efforts were continued to achieve an integrated, balanced and comprehensive labor-management relations program by providing a coordinated focus of operational capabilities on national needs and improved and effective service to the public. Executive coordination and staff support was provided to the President's cabinet-level committee reviewing labor-management relations in the Federal service.

The Department of Labor Management System application to programs of the Labor-Management Services Administration was extended and improved. The Labor-Management Services Administration program structure was thoroughly reviewed and appropriate revision for management purposes and for integration with computer-based accounting and cost accounting systems were developed. Program officials were assisted in selecting inputs and relating them to the program structure so as to provide an integrated and meaningful data flow from the accounting systems to the managers. Affected personnel were provided training and guidance for the regular input of data into the new system. Concentrated assistance was provided in the development and implementation planning of the new system for control and processing of reports under the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act and program managers were aided and supported in efforts to improve management, reduce costs and provide more effective service to the public.

In 1969, it is planned to give further attention to executive direction of coordinated studies designed to provide the Secretary and the President with additional alternatives for use in labor-management problems of national significance and to insure that existing alternatives meet current economic and social needs. New legislation or changes to existing legislation will be recommended as deemed necessary to achieve those objectives.

Continuing direction will be provided to the activities of the Labor-Management Services Administration to insure coordinated functioning and improved and effective service to the public. Emphasis will continue on effective use of available resources.

Priority attention will be given to management assistance and support of the implementation of the new system for controlling and processing of disclosure reports, the management of the significantly increasing workloads in the Veterans' Reemployment Rights program, and the continued refinement of the application of the Department's Management System to the management and operation of the programs of the Labor-Management Services Administration.

Financial management emphasis will include participation with the Department and program managers in refinement of the Department-wide computerized cost accounting system, and extension and improvement of internal program financial management.

In 1970, the activities described for 1969 will be continued. Emphasis will be given to the Management Improvement and Cost Reduction program by providing

more direct assistance to program officials in identifying and implementing appropriate projects. Surveys will be conducted periodically to review and evaluate the organization, functions, workloads, systems and procedures, and the utilization of resources by program managers. Further extension of the Records Management System for the Labor-Management Services Administration will be accomplished with the completion and issuance of a functional files classification guide as well as completion of retention standards and disposition schedules for program records of the Office of Veterans' Reemployment Rights.

Changes for 1970

Mandatory changes amount to (Page LMSA-7).....-$9,300

Program changes - NONE

Basis for the Estimate

The estimate for this activity is based upon maintaining the staff levels of the past several years that are required to provide executive direction to and coordination of the programs administered by the Labor-Management Services Administration, and those required to perform the administrative and management services needed by the program activities and required by the Administration and the Department of Labor.

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DISTRIBUTION OF FIELD STAFF

ACTIVITY 3. ADMINISTRATION OF REPORTING AND DISCLOSURE LAWS

Regional Offices	1969 Professional	1969 Clerical	1969 Total	1970 Professional	1970 Clerical	1970 Total
I New York, New York.....	4	3	7	4	3	7
II Atlanta, Georgia.....	3	3	6	3	3	6
III Chicago, Illinois.....	3	2	5	3	2	5
IV Kansas City, Missouri..	3	3	6	3	3	6
V San Francisco, Calif...	3	2	5	3	2	5
Total Regional Offices.....	16	13	29	16	13	29
Area Offices						
Region I						
New York, New York.....	21	6	27	21	6	27
Boston, Massachusetts.....	10	3	13	10	3	13
Newark, New Jersey.....	10	2	12	10	2	12
Philadelphia, Pennsylvania.	8	2	10	8	2	10
Buffalo, New York.....	8	2	10	8	2	10
Pittsburgh, Pennsylvania...	6	2	8	6	2	8
Washington, D. C.....	7	2	9	7	2	9
Region II						
Atlanta, Georgia.....	5	1	6	5	1	6
Nashville, Tennessee.....	4	1	5	4	1	5
Miami, Florida.....	5	1	6	5	1	6
Santurce, Puerto Rico.....	4	1	5	4	1	5
Region III						
Chicago, Illinois.....	17	6	23	17	6	23
Minneapolis, Minnesota.....	4	1	5	4	1	5
Detroit, Michigan.....	8	3	11	8	3	11
Cleveland, Ohio.....	14	4	18	14	4	18
Region IV						
Kansas City, Missouri.....	5	1	6	5	1	6
Denver, Colorado.....	4	2	6	4	2	6
St. Louis, Missouri.....	5	1	6	5	1	6
Dallas, Texas.....	6	1	7	6	1	7
New Orleans, Louisiana.....	4	1	5	4	1	5
Region V						
San Francisco, California..	9	2	11	9	2	11
Seattle, Washington.....	4	1	5	4	1	5
Los Angeles, California....	9	2	11	9	2	11
Honolulu, Hawaii.....	1	1	2	1	1	2
Total Area Offices.....	178	49	227	178	49	227
Total Field Staff.....	194	62	256	194	62	256

DISTRIBUTION OF FIELD STAFF

ACTIVITY 4. PROMOTION OF COMPLIANCE AND ASSISTANCE TO VETERANS

Field Offices	1969			1970		
	Professional	Clerical	Total	Professional	Clerical	Total
Atlanta, Georgia.....	2	2	4	4	2	6
Boston, Massachusetts.....	1	1	2	1	1	2
Chicago, Illinois.....	3	2	5	6	3	9
Cleveland, Ohio.....	3	3	6	5	3	8
Dallas, Texas.....	2	2	4	3	2	5
Denver, Colorado.....	1	1	2	1	1	2
Philadelphia, Pennsylvania.	5	3	8	6	3	9
Kansas City, Missouri.....	2	2	4	3	2	5
Los Angeles, California....	1	1	2	3	2	5
New York, New York.....	5	3	8	7	4	11
San Francisco, California..	3	2	5	4	3	7
Total Field Staff.....	28	22	50	43	26	69

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation $7,300,553

The estimate will provide 685 full-time positions of which 325 are assigned to the field service and 360 to the departmental service. The man-year equivalent of these positions will be 613.2. In addition there will be 9.0 man-years of temporary employment.

Personnel benefits $614,347

The 1970 estimate is distributed as follows:

Civil Service Retirement Fund	$461,105
Employee Group Life Insurance	29,318
Employee Health Benefits	54,174
Federal Insurance Contributions Act	7,000
Incentive Awards Program	5,000
Relocation Allowance	16,200
Cost-of-Living Allowance	5,900
Federal Employees' Compensation Fund	35,650
Total	$614,347

Travel and transportation of persons $443,900

The estimate provides for per diem, mileage, and related transportation costs for 49 departmental and 237 field travelers, and for relocation costs. Estimate reflects use of less than first class accommodations for air travel whenever practicable.

	1969	1970	Change
Number of travelers	271	286	+15
Number of days traveled	10,422	11,052	+630
Estimated cost	$418,400	$443,900	+$25,500

Transportation of things $35,100

The estimate provides for the movement of household goods for 18 employees at an experience factor of $1,400 per move for this object class; and for the shipment of supplies, equipment, reporting forms, technical assistance and educational exhibits and information materials to field installations. The estimates provide for the following:

	1969	1970	Change
Number of household moves	15	18	+3
Cost of household moves	$21,300	$25,600	+$4,300
Other transportation costs	9,500	9,500	---
Total	$30,800	$35,100	+$4,300

Rent, communications, and utilities $286,300

The estimate provides for departmental and field communication costs, postage, and rental of equipment. The increase in Federal Telecommunication Services is to meet General Services Administration proposed costs. Additional costs for postage and rental of space is for the program increase.

	1969	1970	Change
Federal Telecommunication Services	$ 47,900	$ 74,700	+$26,800
Telephone expense	62,000	62,000	---
Postage	101,100	102,100	+ 1,000
Rental of equipment	34,800	34,800	---
Rental of space	6,600	12,700	+ 6,100
Total	$252,400	$286,300	+$33,900

Printing and reproduction $92,900

The estimate provides for the printing of rules, regulations, and interpretative material, new or revised technical assistance pamphlets, informational and educational materials, and publications of special reports and research studies.

	1969	1970	Change
Government Printing Office printing and reproduction	$92,900	$92,900	---

Other services $582,200

The estimate provides for advances and reimbursements to other organizations and agencies for services performed, training services, and other miscellaneous services. The increase in the Working Capital Fund provides for $10,400 of mandatory increase and $9,900 for the program increase. The increase in the Bureau of Labor Statistics - Contract Data Processing Services provides for $300 of mandatory increase. Net change in miscellaneous contractual services is for the program increase.

	1969	1970	Change
Working Capital Fund	$325,400	$345,700	+$20,300
Bureau of Labor Statistics - Contract Data Processing Services	128,900	129,200	+ 300
Miscellaneous contractual services	111,300	107,300	- 4,000
Total	$565,600	$582,200	+$16,600

Supplies and materials $27,300

The estimate provides for the usual desktop and office supplies required by program operation and support services. The increase is for the program increase.

	1969	1970	Change
Positions	666	685	+19
Supplies and materials	$24,700	$27,300	+$2,600

Equipment $22,400

The estimate provides for equipment for new positions and for replacement of equipment meeting General Services Administration replacement standards.

	1969	1970	Change
Positions	666	685	+19
Equipment costs	$20,000	$22,400	+$2,400

SUMMARY OF NEW POSITIONS

Activity 4. FIELD OFFICES	Number	Grade	Amount
Reemployment Rights Compliance Officers	15	GS-11	$153,045
Clerk-Stenographers	4	GS-4	20,580
Total	19		$173,625
Grand Total	19		$173,625

FRIDY, MARCH 7, 1969.

WAGE AND LABOR STANDARDS ADMINISTRATION

THE PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE HANDICAPPED

WITNESSES

HAROLD RUSSELL, CHAIRMAN
WILLIAM P. McCAHILL, EXECUTIVE SECRETARY
BERNARD POSNER, DEPUTY EXECUTIVE SECRETARY
CONRAD M. JONES, DIRECTOR, OFFICE OF BUDGET POLICY AND REVIEW

WAGE AND LABOR STANDARDS ADMINISTRATION, SALARIES AND EXPENSES

OBJECT CLASSIFICATION (In thousands of dollars)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Permanent positions	7,618	9,121	9,628
Positions other than permanent	66	2	2
Other personnel compensation	68	10	10
Special personal service payments	149	167	167
Total personnel compensation	7,901	9,300	9,807
Personnel benefits: Civilian employees	665	767	827
Travel and transportation of persons	368	535	575
Transportation of things	39	36	36
Rent, communications, and utilities	309	273	320
Printing and reproduction	282	232	238
Other services	893	663	742
Supplies and materials	60	56	58
Equipment	80	58	68
Insuranae claims and indemnities		6	6
Total obligations	10,598	11,926	12,677

PERSONNEL SUMMARY

Total number of permanent positions	993	1,026	1,076
Average number of all employees	864	934	960
Average GS grade	8.0	8.1	8.2
Average GS salary	$9,305	$9,911	$10,120
Average salary of ungraded positions	$17,403	$17,568	$17,568

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Executive direction, planning, and evaluation	41	251	246
2. Appeals from determinations of Federal employee claims		158	160
3. Improving safety and other working conditions of wage earners	3,502	4,208	4,752
4. Promoting employment of the handicapped	497	533	540
5. Advancing opportunities and status of women	929	990	998
6. Providing compensation for employees of the Federal Government and other persons covered by Federal workmen's compensation laws	5,317	5,786	5,981
Total program costs, funded	10,286	11,926	12,677
Change in selected resources [1]	312		
Total obligations	10,598	11,926	12,677
Financing:			
Receipts and reimbursements from: Trust funds	−68		
Unobligated balance lapsing	217		
Budget authority	10,747	11,926	12,677
Budget authority:			
Appropriation	10,749	11,777	12,677
Transferred to other accounts	−11	−4	
Transferred from other accounts	9		
Appropriation (adjusted)	10,747	11,773	12,677
Proposed transfer from other accounts for pay increases		152	
Distribution of budget authority by account:			
Wage and Labor Standards Administration, salaries and expenses		11,926	12,677
Bureau of Employees' Compensation, salaries and expenses	5,408		
Bureau of Labor Standards, salaries and expenses	4,419		
Women's Bureau, salaries and expenses	920		
Relation of obligations to outlays:			
Obligations incurred, net	10,530	11,926	12,677
Obligated balance, start of year	693	1,145	977
Obligated balance, end of year	−1,145	−977	−1,219
Adjustments in expired accounts	−13		
Outlays	10,065	12,094	12,435
Distribution of outlays by account:			
Wage and Labor Standards Administration, salaries and expenses		12,094	12,435
Bureau of Employees' Compensation, salaries and expenses	5,150		
Bureau of Labor Standards, salaries and expenses	3,988		
Women's Bureau, salaries and expenses	927		

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1967, $227,000; 1968, $539,000; 1969, $539,000; 1970, $539,000.

EMPLOYEES COMPENSATION CLAIMS AND EXPENSES

PROGRAM AND FINANCING (In thousands of dollars)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Federal civilian employees benefits	83,741	76,754	91,190
2. Armed forces reservists benefits	11,974	11,575	11,175
3. War Claims Act benefits	425	400	400
4. Other benefits	2,124	2,147	2,208
Total program costs, funded—obligations	98,264	90,876	104,973
Financing:			
Receipts and reimbursements from:			
Federal funds	−36,460	−43,928	−50,057
Appropriation available from subsequent year	−5,743		
Appropriation available in prior year		5,743	
Budget authority (appropriation)	56,061	52,691	54,916
Relation of obligations to outlays:			
Obligations incurred, net	61,804	46,948	54,916
Obligated balance, start of year	2	2	
Obligated balance, end of year	−2		
Outlays	61,804	46,950	54,916

PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE HANDICAPPED

Mr. FLOOD. We now have with us the President's Committee on Employment of the Handicapped. We have had experience with this organization since it was born, and we think we had something to do with its being born.

Of course, as usual, we are more than happy to have back our old friend, Mr. Harold Russell, the chairman.

Mr. Russell, you have a statement and a biographical sketch. We will put your biographical sketch in the record again. It is magnificent. I wish I had it.

(The information follows:)

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS, HAROLD RUSSELL, CHAIRMAN

Harold Russell was appointed chairman of the President's Committee on Employment of the Handicapped by President Lyndon B. Johnson on April 18, 1964, succeeding the late Maj. Gen. Melvin J. Maas, U.S. Marine Corps Reserve, retired. He has served as a member of the President's Committee since 1948, and as vice chairman from 1962 to 1964 following his appointment by the late President John F. Kennedy.

The President's Committee was established in 1947 to promote nationwide interest in rehabilitation and employment of the handicapped by obtaining and maintaining cooperation from Government agencies, private groups, and individuals. It is composed of more than 600 public-spirited citizen organizations and individuals representing business, civic, handicapped, industry, labor, mass media, medical, professional, rehabilitation, religious, veterans', women's and other groups. Associate members include all Cabinet officers and several major Federal agency heads.

Although Russell devotes a major portion of his time to the duties of the office and travels extensively promoting the training and employment of handicapped persons throughout the United States, he serves without compensation except for travel expenses.

Russell, who lost both hands in a wartime training accident in the Army, skyrocketed to fame and became a national symbol of courage in meeting the challenge of disability when he was selected to portray the role of Homer Parrish, a handless sailor in the movie, "The Best Years of Our Lives." The role was largely based on Russell's own experiences in overcoming a handicap to take a normal place in society. For his performance he was presented with two Motion Picture Academy Award Oscars, one for the best supporting performance and the other for "bringing aid and comfort to disabled veterans through the medium of motion pictures."

The accident occurred while Russell, a sergeant and paratrooper instructor, was training troops at Camp Mackall, near Pinehurst, N.C., June 6, 1944. A defective fuse cap unexpectedly set off an explosive charge he was holding. The following day his shattered hands were amputated 3 inches above the wrists and later he was transferred to Walter Reed Hospital in Washington, D.C., where he was fitted with artificial limbs and pointed down the road to rehabilitation. Through seemingly ceaseless practice he became extremely proficient in the use of the hooks.

While undergoing rehabilitation at Walter Reed, Russell was selected to make a 20-minute Signal Corps motion picture, "Diary of a Sergeant." This also was largely based upon his accident, recovery, and rehabilitation, and was widely used in rehabilitation work among amputees. It was this film that came to the attention of Samuel Goldwyn and led to the role in "The Best Years of Our Lives."

In 1949, Russell wrote an autobiography, titled "Victory in My Hands," which has been translated into 20 languages. He tells about his anguish during the long period of physical and psychological recovery after losing his hands.

Russell is a past national commander of AMVETS, having been elected in 1949, 1950, and again in 1960. He is the only national commander of this organization to serve three terms.

He is also vice president of the World Veterans Fund, Inc., and has traveled throughout the world working with the World Veterans Federation, inspiring men and nations to greater efforts for world peace and for rehabilitation of victims of war and persecution. He was one of the organizers of the federation.

In addition, Russell has worked with the U.S. Treasury Department to spur the sale of savings bonds, the American Red Cross, the National Conference of Christians and Jews, the Anti-Defamation League of B'nai B'rith, and with the National Easter Seal Society, where he is past member of the board of directors. Hs is also on the National Council on Vocational Rehabilitation, and a member of the Massachusetts Industrial Action Rehabilitation Commission.

In spite of the time and effort given in public service, Russell is also a successful businessman. He is founder and president of the Harold Russell Co., St. Louis, Mo., which manufacturers and sells specialty items.

Born in Sydney, Nova Scotia, January 14, 1914, Russell moved to Boston with his family at the age of 6, following the death of his father, a telegraph manager. He attended public schools in Boston and nearby Cambridge, graduating from high school in 1933. He went to work for a grocery chain and was a store manager before entering the Army in February 1942.

Russell volunteered for the paratroops and qualified as a paratrooper instructor and specialized in demolition and explosives. He made 51 jumps until the explosion on D-day in 1944.

The accident altered Russell's career. After completing his rehabilitation, Russell entered Boston University's School of Business Administration. But his studies were interrupted to make "The Best Years of Our Lives," to lecture to various audiences, and to court and win his wife, Rita. Today they have two children, Jerry, a pilot in the U.S. Air Force, and Adele Rita. They reside at Wayland, Mass.

Russell has received many awards, including the honor of being chosen as one of the 10 outstanding young men of 1950 by the U.S. Junior Chamber of Commerce.

Mr. FLOOD. How do you want to proceed?

Mr. RUSSELL. I have a long statement here which I shall not take the time of the committee to read.

I have with me Mr. McCahill, our executive secretary, and Mr. Posner, our deputy executive secretary. We also have some brochures which describe the background and the work of the Committee and our promotional activity, which we will leave with you.

(The statement follows:)

STATEMENT BY HAROLD RUSSELL, CHAIRMAN, THE PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE HANDICAPPED

SALARIES AND EXPENSES, WAGE AND LABOR STANDARDS ADMINISTRATION

Mr. Chairman and members of the committee, I am grateful for your invitation to appear before you today.

I should like to do three things:

I want to tell you of the basic purposes of the President's Committee—it helps to know where we fit into the total picture of the handicapped.

I want to tell you about some of the problems faced by the handicapped today.

And I want to describe some of the plans of the President's Committee in meeting those problems.

First things first.

One basic purpose of the President's Committee is to promote job equality for the handicapped. We don't seek favors, nor do we want special rejection. Equality—that's all; the same equality enjoyed by all American workers.

Another basic purpose of the President's Committee is to be alert to roadblocks that stand in the way of opportunities for the handicapped—and do something about them. Often, the highest of resolves can tumble down because of the least of roadblocks.

The President's Committee goes about its work not by building a bureaucracy—you can see for yourself how small our staff is—but by mobilizing volunteers from all segments of America.

Our efforts, therefore, become not Government speaking to citizens, but rather citizens speaking to citizens. There you have the key to the success of the President's Committee over the past 22 years.

I am a voluntary Chairman and I serve without pay, Our Vice Chairmen are voluntary and serve without pay. Our members are voluntary and serve without pay.

No amount of money in the budget could have purchased the achievements of the past 22 years that have come about through voluntary effort.

We recently reorganized the staff so that the same amount of manpower could accomplish even more by making more effective use of volunteers. You will be interested to know that the management team that advised us on reorganization was itself made up of volunteers—some of the best in the country.

So much for what we do and how we do it. Now let me turn to some of the problems faced by the handicapped today, and how the President's Committee intends to cope with them.

First, there is the problem of the physically handicapped.

It is true that many physically handicapped people have found equality. But it is also true that many have not. Those with degenerative disabilities such as multiple sclerosis have not found it. Nor have those with stigmatic disabilities such as epilepsy. Nor have those with more severe physical disabilities such as the blind and the deaf and the paralyzed.

To meet their problems—in the voluntary way—the President's Committee is joining forces with the voluntary organizations serving the physically handicapped, for intensive joint promotional programs.

We have begun such a campaign with the Multiple Sclerosis Society—aimed at employers, to urge more jobs for MS victims; aimed at professional workers, to convey recent knowledge about MS; and aimed at MS victims themselves, to build their confidence that they can work again. This campaign already is paying dividends. Daniel Haughton, MS Society president and also chairman of Lockheed, wrote letters to the Nation's leading employers asking that they give greater opportunities to those with MS and to all the handicapped. Favorable responses have been overwhelming.

More joint campaigns like this are forthcoming—in behalf of the blind, of epileptics, of other disability categories in need of a special "push." These voluntary campaigns—I underline the word "voluntary"—are the best ways to gain equality for the physically handicapped.

Next, there is the problem of the mentally restored.

Even though mental illness strikes one out of every 10 Americans, there is still such stigma attached to it that the vast majority of the mentally restored hide the fact of their mental illness when they apply for work. How would we like to live with that kind of skeleton in our closet?

And so the President's Committee has joined forces with the National Association for Mental Health, the American Psychiatric Association and other organizations—voluntary, by the way—for special joint programs that will do three things:

One, involve more employers in the affairs of mental hospitals so they can see for themselves that mental patients are very much like the rest of us; two, promote jobs for ex-mental patients by stressing their ability to work; three, to give recognition, through an awards program, to employers making outstanding records of hiring the mentally restored.

These are massive tasks, demanding our close attention.

Next, there is the problem of the mentally retarded.

It is true that there are many lesser-skilled jobs that the mentally retarded can fill today. And there are growing numbers of employers willing to hire them. But there are not enough retarded men and women being properly trained for employment. And there aren't enough workshops or special education programs to prepare them.

The President's Committee has been working hand-in-hand with the National Association for Retarded Children and other voluntary organizations to try to solve these problems. Much has been done—we have prepared a guide, "How To Get a Job," which has been introduced into almost every special education classroom in America; we have encouraged industry to redesign jobs so that the retarded can fill them; we have urged business to set up its own job training programs for the retarded (industrial laundries have done so with much success, for example); we have designed an awards program for employers and unions.

We have done all this, yet so much more remains to be done. And the time is now—with opportunities for the well-trained retarded brighter than ever before.

Next, there is the problem of environmental barriers.

The President's Committee—along with voluntary organizations such as the National Easter Seal Society, the American Institute of Architects and many more—made great headway in eliminating architectural barriers. As you know, Congress passed a law in the last session eliminating barriers in buildings built with Federal funds. There are similar laws in some 40 States. There are a few city ordinances. And, there is growing awareness of the problem, thanks to the National Commission on Architectural Barriers and others.

Yet, these are but beginnings. There is so much more for us to do, to make real headway. For example, of all the colleges in the United States, only a bare dozen are fully accessible to students in wheelchairs.

Recently, we have begun to attack the problem of barriers in public transportation—buses, trains, subways, the rest. And we have made some progress. New rapid transit systems in Washington and in San Francisco will be accessible to the handicapped. So will new high-speed railroad systems. Federal Aviation Administration has issued recommendations to airports to make them easier to use by the handicapped. Again, these are but beginnings. Again, there is a great deal more for us to do.

Next, there is the problem of what might be called the unreached handicapped.

A new study by Roper Research Associates shows that a shocking number of handicapped people don't even know where to turn for help or rehabilitation—and the lower their incomes, the greater the percentage of those who don't know. The study turns up startling facts like these:

The incidence of disability is three times higher among the poor than among the rest of the population.

Yet only half of the poor have received some kind of rehabilitation, compared with three-fourths of those better off.

Further, only 1 in 10 handicapped persons in low-income families even knew where to go for help, compared with 4 in 10 of other families.

There are many plans underway to reach the "unreached handicapped." The Advertising Council has just begun an intensive mass media campaign to encourage handicapped people to come in for rehabilitation services. "What's stopping you?" is the challenge, over radio, television and in magazines and newspapers.

Also a National Conference on Rehabilitation of the Disabled and Disadvantaged this coming June will concentrate on providing services to those who haven't ever been reached.

Inevitably, all of this is going to add up to a great many handicapped people feeling new hope and new courage—and making a great effort to gain a toehold in society. Then comes the big question. What kind of reception will be in store for them when they come around to the personnel offices to apply for jobs? Will their hopes be realized? Will their hopes be dashed?

As I see it, the work of the President's Committee, the work of all the volunteers who cooperate with us, will become even more crucial in the months ahead. Our promotional efforts can help open doors for them. Our promotional efforts can at least help them get a fighting chance for work.

There are many more problem areas we don't have the time to cover here.

There is the problem of the handicapped in rural America—handicapped people who need information about where to go for help; who need rehabilitation; who need jobs, on or off the farm. A rural areas committee is hard at work on this problem. And there is the problem of workmen's compensation and second injury coverage for handicapped workers, where gains have to be made in many of the States. The employer committee and labor committee together are making progress here. And there is the problem of mobilizing the Nation's womanpower and youthpower in the service of the handicapped. I could tell you great stories of achievement if there were time. And there is the problem of strengthening Governors' and local committees on employment of the handicapped across the country—since the ultimate success of any program for the handicapped lies at the State and local levels. Here, too, there is real progress, with more State legislatures appropriating funds for Governors' committees and more appointments of full-time executive secretaries.

All this, and much more besides. Stepped up responsibilities, stepped up activities, stepped up needs— the President's Committee is endeavoring to fullfill them all without any increase in funds and without any increase in manpower.

The answer: Increased use of volunteers.

To be realistic, there will come a time when increased volunteer activity will have to result in increased staff. Over the years we have found that the more active the volunteers, the more they turn to the staff for supportive and backup services. But that's a bridge we shall cross when we come to it.

I wouldn't want to close without a warm word of appreciation for the Congress of the United States, which has done so much, over so many years, to encourage the President's Committee; to help it grow; to support it with great understanding; and to enable it to grow to its present high stature in America.

Thank you.

GENERAL STATEMENT

Mr. RUSSELL. Mr. Chairman and members of the committee:

I do not have to tell you how grateful I am for the opportunity to appear before you. Rather than take up a lot of time, I would like to talk about some of the problems faced by our handicapped today, and also to describe some of the plans——

Mr. FLOOD. You take all the time you wish.

Mr. RUSSELL. Thank you very much, Mr. Chairman.

I want to describe some of the plans of the President's Committee in meeting current problems.

First of all, there is the problem today of the physically handicapped in America.

While many of the physically handicapped have found equality in our labor market today, many more have not. These people I have in mind who have not achieved equality in the labor market are the seriously handicapped. I speak of epileptics, cerebral palsied, blind, deaf, multiple sclerosis victims, and people who have very severe and serious difficulties.

To help these people, many of whom have great talent, to meet their problems, the President's Committee is and has been joining forces with voluntary organizations to serve them for intensive joint promotional programs. Programs are underway today with the Multiple Sclerosis Society, the American Foundation for the Blind, and the Epilepsy Foundation.

As we prove the worth of these programs as we move forward, we will develop more of these.

TRANSPORTATION OF HANDICAPPED

Mr. FLOOD. We have had the cerebral palsy people here for the past 48 hours. I attended their dinner last night. They have one question which concerns them very much. How do we get these people transported from their homes to the training centers? Who pays for their transportation by taxicab or motor car? Volunteers? What about that point?

Mr. RUSSELL. This is obviously a real problem. I will deal later with some of the things we are trying to do in the field of transportation, but this problem of transportation of the severely handicapped people is a difficult one, even if some of them do have the money to pay. Sometimes it is possible for them to take public transportation. Taxis, of course, are terribly high. A lot of them who could actually be employed and be in the labor market cannot get there because of their handicap.

Mr. FLOOD. This is a very bad problem, I found out last night.

Mr. MCCAHILL. I might mention, Mr. Chairman, one of the problems is that people who do this as volunteers are afraid that they will be sued if there is an accident in transporting handicapped people.

Mr. FLOOD. That is right.

Mr. MCCAHILL. I was in Toronto the last few days with Mr. Russell at a workmen's compensation meeting, and we asked one of our members in insurance to look into this. Mr. Russell serves on a committee of the Secretary of Transportation which is reviewing all automobile insurance laws as they affect the handicapped. This committee will look into this particular problem, also, sir.

Mr. FLOOD. Last night there must have been 25 people who talked to me about this.

Mr. RUSSELL. I think it is not so much a problem of transportation as it is getting them employed. Obviously, if you cannot physically get to the work, there isn't an employer who will spend much time on that. I will talk a little more later about the whole problem of transportation of the handicapped.

MENTALLY RESTORED

I will touch briefly on the problem of the mentally restored.

Today in America, in 1969, there is still much stigma attached to mental illness. Most mentally restored workers have to hide the fact of their hospitalization. They literally do not put down on their employment application when they apply for jobs, that they have been an inmate of a mental hospital. If they reveal this fact, we found in too many cases they do not get the job.

So, the President's Committee is joining forces with the National Association for Mental Health, the American Psychiatric Association and other organizations who are interested in this program, to develop joint programs to educate more employers about the real facts about the mentally restored. Most of these people, once their problem is resolved, are ready, able, and willing, and well qualified.

Mr. FLOOD. Do you not think the employers since the first time I met you, 100 years ago, have come a long way in helping out? I think the employers have come a long way.

Mr. RUSSELL. I do well remember, Mr. Chairman, back in 1946 and 1947, that the disabled in the marketplace were out the door. The door was not even opened up. We have made great progress. Obviously, as we solve some problems, there are more that have to be solved. We are moving ahead. I think today this represents one of the largest disability groups. I think some of the experts said one in 10 of American citizens at some time in his life has some kind of mental problem that caused him to lose time from work or precluded his working at all. It is an ever-recurring problem.

MENTALLY RETARDED

Let me go to another area, too, in which we have made much advance in the last few years. That is the problem of the mentally retarded. There are many lesser skilled jobs the mentally retarded can fill in our society, and there are many employers willing to help them. We face a rather interesting situation in this respect. We find there are not enough retarded men and women who are being properly trained to fill these jobs. Literally, our problem is not so much employers hiring mentally retarded, but getting mentally retarded qualified for jobs.

We are working with the National Association for Retarded Children and other voluntary organizations to upgrade training programs and to promote more jobs for those who are trained.

Mr. FLOOD. What about the families? Do they have them up in the attic, hiding them?

Mr. RUSSELL. We have made some progress.

Mr. FLOOD. Are they still ashamed of them?

Mr. RUSSELL. They are overprotected.

Mr. FLOOD. I thought President Kennedy stopped that.

Mr. RUSSELL. I think there is more understanding today about the problems of the mentally retarded. I think there is more understanding on the part of not only employers but other people, than ever before.

The fact remains many families today overprotect them. We had a little girl in Denver, Colo., who was just about to take a job which had something to do with office work, stuffing envelopes and that kind of thing. It would be the first job this little girl ever had in her life. She was somewhere around 25. At the last minute before she was actually employed, her family said, "No; she just doesn't have the ability to go out and meet the public and do a job." They would not let her. Obviously, all she needed was a little confidence and an opportunity. This would have happened. We see so many times the families overprotect.

Mr. FLOOD. Ashamed?

Mr. RUSSELL. Ashamed, overprotective, and everything else.

Mr. FLOOD. Isn't "ashamed" the word?

Mr. RUSSELL. I would say ashamed in many cases.

ARCHITECTURAL BARRIERS

I would like to talk about a thing we discussed earlier, this problem of architectural barriers.

Mr. FLOOD. What?

Mr. RUSSELL. I am talking about the architectural or physical barriers that prohibit handicapped people from moving around, architectural or environmental barriers. We have been working with the National Easter Seal Society, I think I can say with modesty that great headway has been made in eliminating architectural barriers in this country. As you know, Mr. Chairman and members of the committee, last year Congress passed a law eliminating architectural barriers in

buildings built with public funds. We know that more than 40 States have similar laws. Actually, in 40 States and the Federal Government we have put in law as much as possible a provision that architectural barriers will be eliminated in buildings built with public funds.

I was interested in coming here this morning to see the ramps in the Capitol Building so persons in a wheelchair can move around. We are making real progress. We are continuing, because this is a kind of problem that must be attacked all the time.

For example, today in the colleges of the United States, there are only 12—a dozen colleges—that are accessible to a person in a wheelchair, where he can actually move around. This is progress, because a few years ago there were only two or three. Today we have 12, and we hope by next year we will have 24. The fact remains that we are moving ahead in the continuing process.

TRANSPORTATION BARRIERS

Also, we come to the question you raised, Mr. Chairman, of the problem of barriers in transportation. Rapid transit systems in Washington and San Francisco will be accessible to the handicapped. We have been working with the Department——

Mr. FLOOD. What about Wilkes-Barre, Pa.?

Mr. RUSSELL. Or Boston, Mass.

Mr. FLOOD. No; Wilkes-Barre, a small city.

Mr. RUSSELL. I do not know about that, actually. I have been to Wilkes-Barre a number of times, as you know.

Mr. MCCAHILL. He is talking about the subway systems in the two places.

Mr. FLOOD. I am talking about Wilkes-Barre.

Mr. RUSSELL. He is talking about Wilkes-Barre itself.

This must be attacked on the local level by local people; you would hope a chapter of the National Society for Crippled Children in Wilkes-Barre, along with people who are interested in removing the barriers; first of all, bringing it to the attention of builders, architects, and others who are interested, public officials.

Mr. FLOOD. How do I get a kid to a hospital in Philadelphia, 120 miles away, on Monday at 9 o'clock?

Mr. RUSSELL. It is a problem. I wish I had even half the answer to that one, Mr. Chairman. This is a real problem. You can put a man on the moon, but sometimes you cannot pull a wheelchair up a pair of stairs to a church or a library. I maintain that you just keep on hammering away to try to eliminate these barriers.

Ten years ago in the Congress of the United States we had no ramps so the handicapped person could move around. We have them today. Maybe in 10 more years we will have ramps in other places. Maybe we will have solved some of these transportation problems of getting handicapped people around to the church, school, library, and to work. It is not something that will happen tomorrow. It is quite a while away.

THE UNREACHED HANDICAPPED

Let me mention one more problem. The problem that is probably the crux of the whole handicapped population in the United States is the problem of the unreached handicapped. We were rather amazed to see a study a few weeks ago done by the Roper organization that shows that the lower their incomes, the greater the percentage of our handicapped who do not know where to turn for help. This is rather amazing, with all the work that we have done and all the publicity that we have received and all the notices that have been sent out by all the organizations engaged in the field of rehabilitation.

Mr. FLOOD. Mr. Smith is a farmer in Iowa. Fifteen miles to the left back behind his farmhouse, one of these kids lives. What does he do?

Mr. RUSSELL. We are fortunate in this respect. We have one of the finest committees in the United States in the State of Iowa.

Mr. FLOOD. Let us take Kansas.

Mr. RUSSELL. Kansas is a little more difficult problem. Obviously, there is no solution, because the fact remains that the message is not getting across. The National Advertising Council is starting an amazing campaign in which for the first time in history they are directing a council campaign to be carried over television, radio and magazines, directed toward handicapped people; that you have nothing to lose but your disability. That will urge them to take advantage of these various programs. We hope that we will reach a lot of them.

As a matter of fact, I suspect that many times we reach people who cannot be prepared for jobs, and maybe this will cause us some problems, too. The fact remains that we will reach a lot of people who never have been reached before and who do not know today where to turn to get the kind of training they need. There are more programs than ever before in history, and yet they are not taking advantage of them because they do not know about them.

We hope this situation will be met through this national advertising compaign which is now underway. It has just started, I think.

Mr. FLOOD. All news media?

Mr. RUSSELL. Yes.

This is an especially acute problem in the ghetto areas where these people have lost all hope. When they say "reaching the unreached handicapped," we are talking about this massive campaign.

There is one more thing in regard to that which we hope ultimately will help. Next June there will be a national conference held in Washington, D.C., on the rehabilitation of the disabled and the disadvantaged, an intensive campaign by voluntary organizations and Government agencies. We hope this will also help get the word out to a lot of people who do not even begin to know about what services are available.

Inevitably, a lot of people will be rebuilt through these programs and a lot of people will be gaining new hope. On top of this, the climax will be that they will be seeking to enter the labor market. We hope they will receive the training and will be ready for a job.

The question we continually ask ourselves is, Will America be ready for them? Will there really be jobs for them after they are trained? This would be another great tragedy if we do not do the kind of work that must be done, not only by the President's Committee, but all the volunteers.

Mr. FLOOD. Which comes first, the chicken or the egg, or both?

Mr. RUSSELL. The fact is there is a lot to be done and a lot of responsibility lies ahead in order to prepare the employer based on the simple fact that, regardless of the disability, there is a lot of ability. He certainly should not give the job to the handicapped person just because he is handicapped. But if the person has the ability and can do the job and is the right individual, then he should consider him in the same way as somebody who is not handicapped.

Mr. FLOOD. I do not agree with that last statement.

Mr. RUSSELL. What is that, sir? I said I did not think he should give him a job because he is handicapped.

Mr. FLOOD. I do not agree with that.

Mr. RUSSELL. We kind of feel as though the handicapped should be given equal opportunity with the nonhandicapped, and not preference because they are handicapped.

Mr. FLOOD. I do not agree with that.

Mr. RUSSELL. I appreciate that. We think if we can instill motivation so the employer will just look at a guy and say because he is blind I will not eliminate him from thinking about him as a potential employee, but I will consider what he can do in the same way that I consider anybody else——

Mr. FLOOD. I would go for that.

Mr. RUSSELL. This is what we hope to do.

INCREASED USE OF VOLUNTEERS

There is a lot more which I shall not go into. Mr. Chairman, may I emphasize one thing. We have been able to do this kind of thing because of our increased use of volunteers. Eighty percent of our people are volunteers. The chairman is a volunteer, the vice chairman is also a volunteer, and so forth. As we move ahead in various areas, there will come a time when the increased volunteer activity will, obviously, have to result in increased staff. The more active the volunteers become, the more they turn to staff for supportive services. I am sure that is a bridge we will come to and we will cross it at a later time.

Mr. Chairman and members of the committee, in closing, speaking for all the thousands of committee volunteers and those who have been involved, I want to express my sincere appreciation to the Congress who, throughout these years, as you so well know, have given us so

much support and encouragement. I think one of the reasons that the job has been done is because we have had this kind of support and this kind of encouragement which has enabled us to grow to the stature we have now, and we deeply appreciate it, sir.

Mr. FLOOD. You need no motivation, do you? You are still gung ho.

Mr. RUSSELL. I still have trouble picking up that dinner check, Mr. Chairman. I can't seem to get hold of it.

Mr. FLOOD. Mr. Smith?

Mr. SMITH. In the case of a handicapped person who is married, do you think enough attention is being given to looking at the whole family instead of merely at the handicapped person? In other words, the wife perhaps could be trained to earn much more money than the husband would be able to earn. In too many cases they look strictly at the handicapped person instead of considering the whole family financial problem and trying to get the wife into a manpower training project or something like that.

Mr. RUSSELL. That is right, sir. I think this has been true in the past. All we have been doing is directing our efforts toward the handicapped person himself, without considering the point you raise.

As I understand, under some of the HEW regulations, the social and rehabilitation services, now in some cases they are making attempts to consult and communicate and counsel with the whole family, especially in severe cases of the paraplegic, quadriplegic, and so forth. Obviously, the whole family is involved with this man, not only the man himself, but his wife and children, and so forth. The more severe the disability, the more the need for counseling and working with the total family. I think we are going to see an increase with this kind of counseling. I would certainly hope we do it, and I believe it is almost necessary that we do it.

Mr. SMITH. It requires better communication than there has been between people who work with the handicapped and those who work with manpower training programs. There has been almost no communication at all.

Mr. RUSSELL. Unfortunately, in the past, we sometimes land ourselves on an island and forget there are a lot of other people involved and interested, too. I think one of the most important things we do is keep open the lines of communication between all agencies, private or public, that are working with them, so we know what is happening.

Mr. SHRIVER. I do not have any questions, but I do want to congratulate and commend Mr. Russell on his fine statement and the work his committee is doing in behalf of the handicapped American. I say that most sincerely.

Mr. RUSSELL. Thank you very much.

Mrs. REID. I have never met Mr. Russell, but I think he has made a fine presentation.

Mr. FLOOD. Thank you very much.

Mr. RUSSELL. Thank you, Mr. Chairman.

MONDAY, MARCH 10, 1969.

WAGE AND LABOR STANDARDS ADMINISTRATION

WITNESSES

DAVID A. SWANKIN, ACTING ADMINISTRATOR, WAGE AND LABOR STANDARDS ADMINISTRATION, DIRECTOR, BUREAU OF LABOR STANDARDS
ROBERT GIDEL, ASSISTANT DIRECTOR FOR SAFETY, BUREAU OF LABOR STANDARDS
ROBERT VAN ZANT, ADMINISTRATIVE OFFICER, BUREAU OF LABOR STANDARDS
MRS. ELIZABETH KOONTZ, DIRECTOR, WOMEN'S BUREAU
MRS. MARY HILTON, DEPUTY DIRECTOR, WOMEN'S BUREAU
MISS DOROTHY CARROLL, ADMINISTRATIVE OFFICER, WOMEN'S BUREAU
PETER J. DONOVAN, ACTING DIRECTOR, BUREAU OF EMPLOYEES' COMPENSATION
HERBERT E. DOYLE, ASSISTANT DIRECTOR, OFFICE OF FEDERAL EMPLOYEES' COMPENSATION
LEROY MINOR, ASSISTANT DIRECTOR, OFFICE OF ADMINISTRATIVE MANAGEMENT, BUREAU OF EMPLOYEES' COMPENSATION
LARRY GOLD, BUDGET OFFICER, WAGE AND LABOR STANDARDS ADMINISTRATION
CONRAD M. JONES, DIRECTOR, OFFICE OF BUDGET POLICY AND REVIEW

Mr. NATCHER. We have before the committee at this time Mr. David A. Swankin, the Acting Administrator, Wage and Labor Standards Administration.

I believe you have a general statement for us, Mr. Swankin?

Further, I note you also have a statement pertaining to the Bureau of Employees' Compensation, Claims and Expenses.

We shall be pleased to hear from you at this time.

Mr. SWANKIN. Thank you, Mr. Chairman.

We introduced some of the people who were here last Monday on the supplemental.

Mr. NATCHER. That is right.

Mr. SWANKIN. We also have Mrs. Koontz here, and Mr. Gold, the Budget Officer for the Administration.

Also here we have Miss Carroll and Mrs. Hilton from the Women's Bureau and Mr. Van Zant and Mr. Gidel from Labor Standards. Mr. Minor and Mr. Doyle of the Bureau of Employees' Compensation are also here.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Mr. NATCHER. We will place your biographical sketch in the record and then you may proceed, Mr. Swankin.

(Biographical sketch follow:)

DAVID A. SWANKIN

David A. Swankin, appointed by Secretary Schultz as Acting Administrator of the Wage and Labor Standards Administration, is also Director of the Department's Bureau of Labor Standards.

As Acting Administrator of the Wage and Labor Standards Administration Mr. Swankin has responsibility for carrying out most of the labor standards activities of the Department. This includes supervision of the activities in the Women's Bureau, the Bureau of Labor Standards, Bureau of Employees' Compensation and the Employees Compensation Appeals Board (except in its quasi-judicial functions).

As Director of the Bureau of Labor Standards, he directs the Bureau's activities in developing and administering safety and health regulations for several Federal laws, promoting occupational safety and health, and developing standards in the field of labor legislation and law administration.

A career civil servant, Mr. Swankin joined the Department of Labor as an intern in 1957. His early work with the Department included that of labor economist with the Bureau of Labor Standards and branch chief in the Bureau of Labor Statistics. He joined the staff of the Assistant Secretary for Labor Standards in 1962. With the establishment of the President's Committee on Consumer Interests in January 1964, Mr. Swankin assisted the Special Assistant to the President for Consumer Affairs in a variety of executive assignments, and in 1966 was appointed Executive Director of the Committee. He returned to the Department of Labor in March 1967 to accept the appointment of Deputy Assistant Secretary for Labor Standards. In 1968 he became Director of the Bureau of Labor Standards.

Mr. Swankin, 35, is a native of Roxbury, Mass. He attended public schools in Boston and received a B.A. degree from Brandeis University in 1954. He received a M.A. degree from the University of Wisconsin in 1957 and was awarded a law degree from George Washington University in 1962. He was case note editor of the George Washington Law Review during 1960–61.

GENERAL STATEMENT

Mr. SWANKIN. Mr. Chairman and members of the committee, I am very pleased to appear before you in my role as Acting Administrator of the Wage and Labor Standards Administration as well as in my position as Director of the Bureau of Labor Standards. The Wage and Labor Standards Administration, established in July 1967, was charged in the Secretary's order establishing the Administration with identifying the working and living conditions problems and needs of workers and initiating appropriate action to deal with these problems. The organizations that comprise the Administration, namely, the Bureau of Labor Standards, the Women's Bureau, the Bureau of Employees' Compensation, the Employees' Compensation Appeals Board and the Office of the Administrator all have major responsibilities in protecting and furthering the overall well-being of American workers, both on and off the job. These organizations have closely related responsibilities and interests in such areas as safety and occupational health, workmen's compensation, child labor, wages and hours, day care for children of working mothers and the utilization of women workers. The bringing together of these organizations into a single administration has permitted a close coordination of activities and interests, an interchange of ideas and expertise between bureaus and programs and a rational use of available resources.

We are requesting in 1970 $12,677,000 and 1,076 positions. For the most part we are staying at the same levels as in 1969. We have two program increases, one in the occupational safety and health area and

one in the area of assisting the States in the administration of workmen's compensation laws. We have managed to achieve several economies which are reflected in program decreases. And we are, of course, requesting funds for mandatory costs for on-going programs. Our request represents an increase of $752,333 and 50 positions above our 1969 revised appropriation. Our request includes:

$337,163 for necessary mandatory costs.

$350,000 and 42 positions to expand inspectional activities under the Federal Procurement Act and to develop an overall integrated occupational safety program.

$120,000 and 10 positions to expand services to the States to improve the administration of State workmen's compensation systems.

Program decreases totaling $54,830 and 2 positions will result from—

The closing of the Fort Lauderdale maritime safety office with a savings of $22,630 and two positions. I want to make it clear that this will not cause a diminishment of our program in Fort Lauderdale. The Jacksonville office will perform inspections for the Fort Lauderdale area more economically and efficiently.

Savings in travel and printing of $21,600.

A decrease in man-years for the Office of the Administrator based on the experience gained in the first year of operation with a savings of $6,400.

Nonrecurring equipment costs for new positions in 1969 totaling $4,200.

Beyond these dollar and position figures, this request represents conscious decisions in the Wage and Labor Standards Administration to put our resources where we feel the most significant and pressing problems lie. Our guideline is to have all of our programs operate within currently available resources in such a manner so as to target these resources to those problems of the greatest urgency.

OCCUPATIONAL SAFETY AND HEALTH

I should like to turn now to our requested program increase for occupational safety and health.

In past years, the resources we have had in the Federal Procurement Act safety area have allowed us only to scratch the surface. For example, during the period 1964–68 the number of workers covered by the Walsh-Healey Public Contracts Act and the McNamara-O'Hara Service Contracts Act has risen phenomenally from 18 million to as many as an estimated 35 million. The number of establishments has risen to over 100,000. These increases have been accompanied by an increase of just 13 safety inspectors.

Our request is for 30 additional safety engineers, 12 support positions and $350,000 to permit the carrying out of a high-hazard, high-injury rate industry safety program.

In this connection, the maritime safety program provides a case in point as to what can be done to reduce injuries and deaths in a high hazard industry given the resources to carry out an integrated inspectional, educational, and training program. In 1960, the first full year of the maritime safety program, $752,000 and 79 positions were appro-

priated by the Congress. By the end of the decade, 1969, resources to carry out the program stood at $1,939,000 and 140 positions. During the period 1960–67 the injury frequency rate in the longshore industry declined by 39 percent, though the industry still has the highest injury rate of any industry. In the shipyard industry the injury frequency rate declined 52 percent during the same period.

What we propose to do in the occupational safety and health field for those establishments and industries covered by the Federal procurement acts is to adapt the best practices for our maritime safety program and apply them to the procurement safety programs. In plain language, this translates into targeting high-hazard and high-injury rate industries for special safety and health programing. Of course, we will always need to be prepared to investigate all complaints. The selection is based on the injury frequency rate, number of employees, number of firms, number of firms with procurement or service contracts, size of firms, location of firms, consideration of State safety programs currently concerned with these firms, and other relevant factors. For example, high on the target-industry list are sawmills and planing, foundries, fabricated structural metal, wood products, and meat processing.

The injury frequency rates of the above industries can be compared with the overall average of 6.9 of all industries reporting to the National Safety Council.

Beyond simply conducting inspections in these targeted industries, we would offer employers in these target industries safety training and program evaluation and consultation services as well as inspection and investigation. We would also initiate educational promotional safety and health programs with industry trade associations and labor unions to reach more employers and employees than Government could reach on its own.

Our objective is to accomplish a 5-percent-per-year minimum reduction in the injury frequency rate of those target companies selected for service. In addition to the saving of human life and decrease of personal tragedy and misery caused by disabling injuries, achievement of our objective would have as a payoff significant dollar savings by industry. Based on an average cost of $1,500 per disabling injury (the amount most experts agree is the direct cost of an industrial disabling injury), if only 230 of the high-hazard companies on which we will concentrate reduce their injury experience by one disabling injury per year, $350,000 will be saved in direct dollar costs. When indirect costs savings are added (anywhere from two to four times the amount of direct costs), we can expect to realize savings running into the millions of dollars. As mentioned previously, we believe the maritime program has resulted in a dollar savings amounting to five times its cost over the past 10 years!

IMPROVING STATE WORKMEN'S COMPENSATION PROGRAMS

Our second program increase is directly related to our program of improving State workmen's compensation programs.

Today in the United States, over 2 million workers receive their primary source of income from State workmen's compensation systems. Even though $1.4 billion in compensation benefits was paid to workers

and their survivors during 1967, many of these workers, because of inadequate benefit levels are at or below the poverty base.

Moreover, 20 percent of this country's workers, some 12.7 million and their families are completely unprotected against loss of earnings resulting from injury or death. Some idea of the magnitude and scope of this problem can be seen in the following statistics:

The maximum weekly benefit for all States averages only 48.2 percent of average weekly wages; actual payments are significantly lower.

Only six States today equal or exceed the accepted standard level of cash benefits, two-thirds of the individual's average weekly wage. In 1940, 37 States met or exceeded this level.

In 24 States, employers with a small number of employees are exempt from State law.

Farm workers are covered in only 14 States and household domestics in eight States.

Another major problem is the lack of coverage for occupationally related diseases. The initial concern and focus of workmen's compensation was on work-connected injuries and only very slowly and hesitantly have the States been facing the problem of occupationally related diseases, many of which are latent and do not surface until many years after they are contracted.

We are asking for 10 positions and $120,000 to improve administration of State workmen's compensation systems through the use of regional workshops for State personnel, the provision of technical assistance to the States, the development of a uniform statistical reporting system for the States and further research in the workmen's compensation area.

Virtually all experts have noted the major deficiencies in research and statistical programs in the States, recognizing that only a few States have adequate statistical reporting systems as far as workmen's compensation cases are concerned. Until uniform statistical reporting systems are established such vital information as—

Number and types of injuries.

Length and severity of injuries.

Effectiveness of medical and rehabilitation programs.

The proportion of wage loss offset by benefits.

Time lags in processing workmen's compensation claims is unavailable both to the States and the Federal Government. This information is necessary to permit the States and the Federal Government to measure the total impact of the workmen's compensation system on the individual and his family.

We are therefore faced with two crucial problems: (1) poor administration on the State level; and (2) the lack of uniform standards and administrative procedures. Our request for 10 positions and $120,000 will enable the Department of Labor to give the States the kind of technical assistance needed to modernize the administration of workmen's compensation programs rather than allow them to operate as they did 20 and 30 years ago. Our request would also give us resources to develop a uniform statistical reporting procedure. Among other things, a uniform statistical reporting system would have a "fallout" effect—that of identifying unsafe work practices of both plants and workers—and could be used to pinpoint the need for action under

applicable safety programs where certain industrial processes are shown to cause repeated injuries.

OTHER PROGRAMS

I would like to briefly point out some of the accomplishments in the programs of the administration for which no program increase is asked and point to some of the things we plan to accomplish in 1970.

I have, of course, mentioned the maritime safety program. In 1968, some 27,699 inspections and surveys were conducted and we plan to increase that number to 30,000 in both 1969 and 1970 using current staff by achieving greater productivity.

The Bureau of Labor Standards will continue its overall program of working with the States to improve labor standards legislation, for example, in the areas of garnishment legislation, improvement of State minimum wage legislation, and regulation of private employment agencies.

The work of the Women's Bureau will continue with increased emphasis on the promotion of expanded training and education for disadvantaged girls and women. Featured prominently will be promotion of vocational and apprenticeship training and improved vocational counseling. A major problem in the area of employment of disadvantaged women is that of lack of adequate day care facilities for working mothers and those in training. The Bureau plans to continue to promote day care services and will continue to work closely with the Federal Panel on Early Childhood and the work incentive and other poverty programs.

Another major focus of concern is discrimination against women as workers. New programs will be initiated or developed in cooperation with industry and unions to promote employment opportunities for women at all occupational levels.

The Bureau will continue to step up its program of working closely with volunteer groups throughout the country to achieve the maximum use of volunteers in government and nongovernment programs aimed at helping the disadvantaged and serving the community in general. It is estimated that in 1968 in the United States there were 20 million women working in some voluntary capacity. The talent and energy they bring to their work is of inestimable value to the Nation.

In addition, the Bureau will continue its overall program of working with State and local groups, particularly women's organizations, the State Commissions on the Status of Women and other volunteer groups to improve labor standards legislation, particularly with respect to minimum wages, equal pay, and other legislation relating to sex discrimination.

The accomplishments of the Bureau are far too many to list, but mentioning just a few will suffice to show the range of activities in 1968:

Six regional conferences were held, cosponsored by the State Commissions on the Status of Women and the Bureau.

The Bureau was responsible, as a pilot project, for recruiting, training, and supervising a volunteer corps to service the "Opportunity Line" TV job-placement program in Baltimore and helped

recruit volunteers for the U.S. Employment Service program volunteers for summer employment.

The Bureau worked closely with several Mexican-American organizations on several programs to aid Mexican-American women and girls.

The Bureau produced a major report "Negro Women in the Population and in the Labor Force" and worked closely with the National Council of Negro Women in conferences and workshops devoted to meeting the needs of disadvantaged Negro women and girls.

The programs of the Bureau of Employees' Compensation are vital to the economic welfare of Federal employees and other workers covered by Federal workmen's compensation laws.

The Federal Employees' Compensation Act as you know provides coverage to over 3 million employees of the Federal Government. The purpose of the act is to ease the burden imposed on individual workers and their families as a result of job connected injury or death. The large majority of those injured are in unskilled and semiskilled occupations, and the financial burdens imposed by such injuries or by death are often overwhelming. Therefore, it is the Bureau's primary purpose to provide speedy, efficient, and equitable service to these individuals or to their families.

In fiscal year 1968, there were 125,341 reports of new injuries received and processed by the Bureau, an increase of 3.3 percent over new injuries reported in 1967. It is anticipated that new injuries reported in 1969 and 1970 will exceed 130,000 in each year. These increases are due primarily to increased Federal employment in those agencies that have high injury rates. The Bureau anticipates an overall workload of 182,000 Federal Employees' Compensation Act cases in fiscal year 1969. This estimate includes the 130,000 new cases mentioned above, the reopening of 30,000 cases, and the maintenance of some 22,000 payment cases. It compares with a fiscal year 1968 total workload of 175,400 and an estimated 1969 workload of 179,500. The Bureau administers this entire program at a cost of approximately $23 a case. In fiscal year 1967, the Bureau administered the Federal Employees' Compensation Act program at a cost of $4,104,000—4 percent of the benefits paid. This compares quite favorably with the 20 to 25 percent administrative costs prevailing in the private insurance industry.

A study of the time-lag problem in the payment of Federal Employees' Compensation claims has just been completed by Booz, Allen, and Hamilton. The study concluded that the improvement of processing procedures and the elimination of certain forms would serve to decrease the current time-lag problem. While the study also concluded that the problem was not as severe as had first been thought—80 percent of claimants received their initial payments within 21 days after the Bureau received their claims—the fact that 20 percent of claimants did not receive their initial compensation payments until 21 days after their claims were received points to the need for corrective action.

A contract for the implementation of the study recommendations on a pilot basis has been signed and will begin in 1969.

I should like to mention the longshoremen's and harbor workers' compensation program whose income protection and rehabilitation provisions the Bureau administers.

Section 44 of the Longshoremen's and Harbor Workers' Act created a trust fund to be used for rehabilitation of permanently disabled beneficiaries covered under the act. The fund is made up of sums paid by employers in certain fatal cases, fines, penalties and interest or earnings. In past years the Bureau has transferred money from the trust fund for the costs of administering the rehabilitation provisions of the act. In 1969, the Congress appropriated $68,000 for the cost of administration and $6,000 to partially pay claims. Legislation was submitted to the last Congress to correct the impending deficit in the fund, but no action was taken on it. Legislation has been introduced this session in the House to permit the fund to be fully financed from employer contributions. If, again, there is no action taken by the Congress there will not be sufficient funds to pay claims in 1970.

The Employees' Compensation Appeals Board hear and decide appeals from decisions of the Bureau of Employees' Compensation in Federal Employees' Compensation Appeals cases.

The workload of the Board is relatively stable. 262 cases were closed in 1968. It is estimated that 260 cases will be closed in fiscal year 1969 and 310 cases in fiscal year 1970.

To sum up, Mr. Chairman and members of the committee, our budget request is for $12,677,000 which compares to $11,924,667 for fiscal year 1969, an increase of $752,333 and 50 positions.

Mrs. Koontz will speak now on the Women's Bureau.

WOMEN'S BUREAU

Mr. NATCHER. Thank you.

Mrs. Koontz, when you were here several days ago you were presented to the committee. You are the new Director of the Women's Bureau of the Department of Labor. Certainly it is a pleasure to have you appear, Mrs. Koontz.

Mrs. KOONTZ. Thank you very much.

The Women's Bureau continues the work in a manner with which most of you, I am sure, are probably more familiar even than I. I have with me two persons who are quite competent to support with any additional information that may be desired the facts which concern the operation.

We maintain a Bureau which has 76 authorized positions, 70 man-years budgeted. We have five regional offices with a regional director and a secretary in each of those offices. Each Director services an area of from nine to 11 States in which she carries on the general program of the Women's Bureau. We operate more as a catalyst than an enforcement group. We have no enforcement power. We operate presently under the Wage and Labor Standards Administration.

The focus of the work has been in the direction of perhaps increasing the employability of women, of being attendant to the problems peculiar to women in the area of discrimination in employment, and we have been a successful agency in helping to bring about this increase in activity.

With the large proportion of the labor market being identifiable as female there is a new impetus being given to the need for increasing the employability of women, certainly upgrading their opportunities and their standards of training as well as education.

A large proportion of this force is minority women who lack both training and facilities for the care of children while they are receiving such training as well as improvement of their skills generally in order to become contributing members of society rather than recipients of welfare and other kinds of benefits.

Consequently one of the major activities of the Women's Bureau will be that of promoting the establishment of day care centers that will free women to make training available to themselves. The Women's Bureau will continue to be an agency in the entire manpower arena for pointing up those peculiar conditions which exist that need the consideration of special agencies, to keep us aware in this man's world that women are working and that they are peculiar in some ways which we might recognize.

In addition to this the use of voluntary agencies has been one of our channels. Commissions on the status of women have been established in all of the States and two Territories and are working successfully within each of the States, having been appointed by Governors or established by the legislatures. They are not the same in each of the States, but I am sure you know about them.

What they have been doing is to corral the forces of voluntary organizations which have supplied a great deal of the assistance and the manpower necessary. There are some needs in this area which the Women's Bureau would like to undertake. These needs included the training of volunteers to be more effective in their work—not to displace employed personnel because we are fairly certain that employed personnel, trained personnel, professional staff is necessary if this work is to be coordinated—but at the same time the volunteer has the right to be matched to a job in which he can give the greatest of his talent and skill.

The promotion of women's activities that will upgrade job opportunities for women is another area of intense need. There are many women underemployed who have much to contribute in this whole area of manpower.

The Department of Labor itself has a project, a day care center, for its employees with which you are probably familiar. It is certainly my personal hope and that of people in the department who are involved that this will provide a successful venture and become perhaps a model that other agencies and departments as well as industry might employ.

If the care of children is a major item in making available the personnel that we need to alleviate the manpower shortage, then we have a responsibility to look into this as one of the basic areas that must be given our attention. Not only this, but we know there are many children, especially of people working in the low-income areas, who must have a kind of educational opportunity not always available in the home. So we serve two kinds of needs. Hospitals certainly have done a great deal in this matter of day care of children in order to provide a reasonable opportunity for employees to make a living and earn an income.

I might stop there with this final comment. It has to do with the need for legislation at the Federal and State levels in terms of minimum wage standards for the large number of domestic workers who do not yet make what we call a living wage; for migrant workers; and for the

whole group who might be considered as not coming under Federal legislation but for whom State legislation is desirable and necessary for their protection.

I will be available for any further comments that you might desire. Perhaps you say that we have not asked in this budget for an increase in funds, though I am sure you recognize that with the increased activity and the need for attending to so many areas of need for women we probably could do with much more. However, there is no increase being asked in the budget we are discussing.

Mr. NATCHER. Thank you, Mrs. Koontz.

EMPLOYEES' COMPENSATION CLAIMS AND EXPENSES

Mr. Swankin, I believe you have an additional statement for the committee?

Mr. SWANKIN. I have one on the compensation fund which I shall be glad to put in at this time.

Mr. NATCHER. Suppose we have that inserted in the record in its entirety at this point?

(Statement referred to follows:)

STATEMENT BY DAVID A. SWANKIN, ACTING ADMINISTRATOR, WAGE AND LABOR STANDARDS ADMINISTRATION, BUREAU OF EMPLOYEES, COMPENSATION CLAIMS AND EXPENSES

Mr. Chairman and members of the committee, the operations of the Bureau of Employees' Compensation are limited to the administration of the several workmen's compensation laws coming within Federal jurisdiction.

The Employees' Compensation Fund was established under section 35 of the Federal Employees' Compensation Act to cover the cost of disability and death benefits for Federal employees injured on the job. It is also available for the payment of disability and death benefits to persons covered by sections 4(c) and 5(f) of the War Claims Act of 1948 and to various other groups embraced by extensions of the Federal Employees' Compensation Act. Included in these groups are members of the Peace Corps, Job Corps, Neighborhood Youth Corps, Volunteers in Service to America, and most recently—non-Federal law enforcement officers injured or killed under circumstances involving a crime against the United States (Public Law 90-291 of April 19, 1968). At this time Congress is considering extending the act to non-Federal firemen injured or killed during a riot or civil disorder, or while fighting a fire on or involving Federal property.

Projections of payments from the fund had been quite accurate until the passage of Public Law 89-488, the 1966 amendments to the Federal Employees' Compensation Act. This law significantly increased the amount and, in permanent disability cases, the extent of compensation payable. The changes have made forecasting of payments somewhat difficult—and will continue to do so until additional experience is obtained.

As I mentioned in my statement on the 1969 supplemental request, the more significant changes brought about by the 1966 amendments include raises in the maximum and minimum compensation levels; provision for periodic increases based on changes in the Consumer Price Index; payment for loss of wage-earning capacity after expiration of a scheduled award for permanent disability; continuation of compensation to surviving children in full-time college level school attendance up to age 23; and payment of lump sums, consisting of 24 months' compensation, to widows or dependent widowers upon remarriage.

The fund is financed by a combination of direct appropriation and reimbursements from Federal agencies for sums expended in connection with injuries sustained by their employees.

The estimate for fiscal year 1970 provides for a direct appropriation of $54,916,000 and reimbursements by Federal agencies amounting to $50,057,000, for a total of $104,973,000. This is a net increase of $2,997,460 or 2.9 percent over estimated obligations of $101,975,540 for fiscal year 1969. The 1969 estimate includes a supplemental request in the amount of $11,100,000 for increased bene-

fit payments. The actual payments for the first half of 1969, not available when this budget was submitted, point to additional funds being needed in 1970, While the approximate amount now projected is $5,200,000, the payments made during the remainder of 1969 will give a more accurate projection for 1970.

The 1970 increases for Federal civilian employees has been increased by $2,560,500 for disability and death compensation. Based on actual expenditure trends in the past several years, $776,460 is also required for increased medical costs. The estimated increase in reimbursements from Federal agencies, commonly referred to as the "chargeback plan," amounts to $6,129,000. This permits a decrease of $3,131,540 in the direct appropriation.

A decrease of $400,000 in the Armed Forces reservists benefits activity is anticipated. This activity should continue to decrease each year since the legislation for coverage of these reservists was repealed in August 1956. The decrease of $60,500 in the other benefits activity is based on actual experience during the past several years.

The budget request is for $104,973,000, $54,916,000 is in direct appropriation and $50,057,000 in "chargeback" reimbursement which compares to $107,975,540 in 1969, an increase of $2,997,460.

SHORTAGE IN ESTIMATE

Mr. SWANKIN. If you recall, a week ago when we were here on the compensation fund supplemental I explained to the committee the reasons for the $11.1 million we were seeking at that time. I also mentioned that would still leave us, based on our best knowledge at this time, about $4.8 million short in 1969.

The 1970 fund asks for $104.9 million and, for the same reasons, we know now that this will be deficient by about $5 million. That is explained in the statement. The reasoning is the same, that on the basis of actual experience for the first 6 months of 1969 our current projection is more accurate.

OCCUPATIONAL SAFETY AND HEALTH

Mr. NATCHER. Thank you, Mr. Swankin.

Most of the requested increase in personnel is for safety and health activities. Is that correct?

Mr. SWANKIN. Yes, sir.

Mr. NATCHER. Are the additional personnel you want actually going to do the inspection work or will they be advisers to State inspectors and inspectors hired by industry?

Mr. SWANKIN. The answer is a little bit of both. I tried to say in my statement that what we conceive is a complete and total program. We don't think we can measure our impact accurately by the number of plants we go into or by the number of violations or by any simple measurement like that. The real measurement is, "Does what we do result in a safer workplace?" I think it is our responsibility not only to increase our inspection activity but to work more closely with the States and with unions, trade associations, and companies. It is what we like to call an all-purpose program.

While most of the money, to answer your question specifically, would go to hire additional inspecters we hope we would be able to work in a broader capacity than just increasing the number of inspections these individuals make.

Mr. NATCHER. Give us some idea as to what the States are doing and as to what industry is doing. In answering that question tell us why this should not be a State and industry responsibility.

Mr. SWANKIN. It is a State responsibility to a great extent. Most States have some form or another of safety legislation on their books. Last year, as you well know, there was a very large hearing record put together in the House Labor Committee on this very subject, extensive hearings on the problem of occupational health and safety.

A number of critics said the problem in the States was not that the States did not have sufficient legislative authority to carry out their responsibilities in the field, but most of the criticism of the programs was aimed at the fact that many States had not put a lot of resources into doing anything with the authority that they had under their statutes.

In answer to your question specifically, I think that some of the States rank high on a spectrum where there are some very extremely good programs, and there are some States doing virtually nothing at the other end of the scale. There is a large number in between which various critics would characterize as being bad or worse.

Based on various criteria, for example, the number of inspectors in the States and the amount of money put into it by the States, I think the State programs can accurately be described as weak.

As far as industry is concerned, there again you have a spectrum from some extremely good industry programs with magnificent records to industries with very high injury rates; and specific companies within industries which do not appear to have strong safety programs at all.

The Federal responsibility currently is under the Walsh-Healey authority and the McNamara-O'Hara service contract authority which requires contractors working on Government contracts to provide a safe and healthful workplace. That is the reason for the increase, Mr. Chairman.

Mr. NATCHER. Generally do you feel it is true that in some States the more the Federal Government does the less the State will spend of its own funds? Do you find that generally to be true? The more the Federal Government does the less the State wants to spend of its own funds?

Mr. SWANKIN. I don't know whether I would agree with that statement. I think there are some of the leading States in the safety area that have committed funds and resources to their safety programs without regard to the fact that the Federal Government has a responsibility and is acting in that State.

I do not think I would support, based on the record, that the States that are doing the worst—which is the reverse of your question—are the States where the Federal Government is doing the most.

ACTIVITIES REGARDING URANIUM MINE PROBLEMS

Mr. NATCHER. What are you doing with regard to the problems in uranium mines and what are your plans for the future?

Mr. SWANKIN. Since last year at this time, when Mrs. Peterson appeared as a witness before this committee, there has been both a revision of the standards issued under the Walsh-Healey and Public Contracts Acts in the uranium area and there has been a vigorous enforcement program carried out in uranium mines in conjunction with the Bureau of Mines.

I would describe the results of the program as follows: Over the course of the year there has been a reduction of 50 percent in the levels of radon gas as measured a year ago and as measured today.

Mr. NATCHER. How many Government agencies have some part in this program?

Mr. SWANKIN. All the State governments in the uranium mining States. Also the Bureau of Mines of the Department of the Interior, and the Labor Department.

HEW, of course, has a research program, and the AEC has a technical assistance program.

STATE WORKMEN'S COMPENSATION LAWS

Mr. NATCHER. The balance of your program increase is $120,000 to expand services to the States in order to improve the administration of their workmen's compensation systems. That is what it states in the summary.

Mr. SWANKIN. Yes, sir.

Mr. NATCHER. But the detail indicates it would be more to improve their laws than the administration of them. Just what do you have in mind?

Mr. SWANKIN. Let me try to clarify that because there is not a lot specifically that the Department can do to improve their laws other than to make available what we call a program of technical assistance and language and legislative formulas which other States have found and used successfully to solve particular problems.

We perform what is called the clearing house function by acting as a conduit whereby we can tell one State what has been successful in another State. That includes both legislative successes as well as administrative successes, so I would like to make that clear. In so far as any ability to improve State legislation is concerned it is via that method.

Mr. NATCHER. Back several years ago did not the Department run into a great deal of opposition and finally have to back off completely from a proposal in this area? Do you recall this?

Mr. SWANKIN. I am familiar with that history somewhat. There was a rather large furor over the development of what was then called the Model State Workmen's Compensation Law.

Since that time the Department has worked closely, in coming up with legislative guidelines, with the Council of State Governments and with the International Association of Industrial Accident Boards and Commissions. I think over the past years there has not been the kind of problem of a decade ago that you are referring to; that is, of the Department being off base in its approach to the States in suggesting and making available to the States legislative language to improve their laws.

Mr. NATCHER. Back in the year 1956 the chairman of this committee received considerable correspondence with regard to this particular matter. I will read just one paragraph of one of the letters he received which illustrates the type of objections that were raised, Mr. Swankin. This is a carbon copy of a letter the original of which was directed to Mr. Arthur Larson who was under Secretary of Labor at that time:

In conclusion and in summary we most respectfully decline comments on the substantive provisions of your suggested draft which you submitted to us. We do so because of a broad public policy consideration that workmen's compensation should continue to be handled by the states. In the balanced interest of all our views specifics would properly be considered as inconsistent and at odds with that sound policy.

What you really have in mind is a proposal to change the laws. Is that right, Mr. Swankin? Is this an attempt to change the laws generally?

Mr. SWANKIN. I would characterize it this way, Mr. Chairman—in the first place our workmen's compensation program is responsive to requests from the States. It is difficult to give technical assistance to the State, be it legislative or administrative, if the State has not asked for it and does not want it. There is case after case where the State is asking us for it. They say "Here is a problem we have in the workmen's compensation field. We may or may not have a legislative deficiency in our law. We may or may not have something in the way of an administrative approach to handling this type of situation. Has anybody else faced this situation?

That is why, as I said in the supporting statement, we are asking for this increase. We would like to be able to use the technique of the workshop, by being able to bring together the administrators from the various States, and be able to throw out a problem and see whether they have been successful one place or another.

With regard to the legislative problem referred to in that letter, I think we do not have that problem any longer, at least not in the way we had it back in the fifties. I think the complaints over that was with the Department coming in with a model law. People who disagreed with it asked what right the Department had to say this is how it had to be. What I am trying to leave in your mind is that that is not the present approach. Where we look at State law and show that the law does or does not contain a certain provision we are relating that to a norm; that is, a "norm" which we worked out with the Council of State Governments and the International Association of the State Commissions. I think the Department has moved very far away from the model law concept over the past years.

I am not aware of that kind of a problem being voiced by the States. In fact it is quite the opposite. They request of us this kind of assistance which they would like to have, and we cannot give it to them now. The State worker's compensation agencies are aware of the fact that they are not well staffed, do not have a lot of money, do not have a lot of know-how, and they are searching for help. As I say the nature of this increase is to be able to give them that help in a better way and to more fully answer their requests.

FEDERALIZATION OF WORKMEN'S COMPENSATION

Mr. NATCHER. Should workmen's compensation be federalized?

Mr. SWANKIN. I will give you a dual answer on that. The Department of Labor has no particular position on that, no current position other than to say its position in the past has always been not to support that particular approach.

My own feeling with workmen's compensation is that there are deficiencies in the level of benefits, there are legislative deficiencies and

administrative deficiencies. I am a pragmatist by nature, and I think that personally some steps have to be taken in order to make this system work in the way it was conceived to work when it was put in at the turn of the century by the States.

I am not prepared to say that the system ought to go Federal. I am prepared to say that the system has fallen behind, over the years, measured by the level of benefits and the other measurements as I tried to bring out in my statement. I think if you look at it in human terms it means that the system is not providing for the people what it was intended to provide when it was conceived.

I will return again to the increase. The increase is to help us to help the States to better meet these responsibilities that are clearly theirs.

BACKLOG OF APPEALS CASES

Mr. NATCHER. I notice on page 12 of the justifications that you expect this year to cut in half the backlog of cases pending before the Employees Compensation Appeals Board. Are you using new procedures or just what would account for this decrease?

Mr. SWANKIN. You mean the backlog in the Employees Compensation Appeals Board?

Mr. NATCHER. Yes. This appears on page 12 of your justifications. What is bringing about this decrease?

Mr. SWANKIN. I think there is nothing particular. There are no new procedures. This is a backlog which is too high, we would like it lower, and by working at it diligently we will be able to get it lower. That is our target. It does not incorporate new procedures.

Mr. NATCHER. Is your figure of 43 correct? That is quite a reduction in your actual for 1968 of 88.

Mr. SWANKIN. It is strictly an estimate. It is based, however, on the actual workload in 1968 and therefore it is a good, solid estimate.

I would ask Mr. Donovan if he would care to comment.

Mr. NATCHER. What about this, Mr. Donovan?

Mr. SWANKIN. Comment on whether there is a relationship between that decrease and the establishment of the appeals system, the hearing board within BEC itself.

Mr. DONOVAN. I would suggest the particular reason for the contemplated reduction in the Appeals Board cases is this: As part of the 1966 amendments to the Federal Employees Act there was established a hearings and review procedure within BEC.

At one time we in BEC disallowed a claim, and then the offended party had a right to go to the Appeals Board for review. The Appeals Board was limited in its review of that case to the evidence or information that BEC had considered.

The 1966 amendments provided for review within BEC, and we established a review branch within BEC.

If the district office rejects a claim, or if in its evaluation of the claim, for any reason, there is a problem created by the action of the district office, the claimant can come to BEC and ask for a review with the privilege of submitting additional evidence and the privilege of appearing personally and presenting their case to the BEC reviewing officer without going to the appeals board.

I should emphasize, that is before a review person in BEC who is working independently of the district office personnel.

Depending upon the number of instances in which these review people reverse the district decisions, proportionately lesser cases go to appeal.

STATUS OF WOMEN

Mr. NATCHER. You have a very important activity "Advancing Opportunities and Status of Women."

How much have they advanced since you were here last year?

Mrs. KOONTZ. There are some notable activities that we consider successes. The Women's Bureau has been able to work through the commisions on the status of women and with the Federal Panel which was established last year in enabling several of the Government agencies to cooperate in this whole matter of child care.

The unions and some industrial firms have established day care centers, and more recently some shopping centers have established them. We recognize this as being a major element in making whatever is to be offered available to working mothers.

There has been a growing awareness on the part of the State and Federal units that unions and voluntary organizations have done a tremendous job in the support of major programs, and certainly of legislation. We recognize the fact that we oftentimes have opportunities available and people do not get the information despite what we print and put into the media, or whatever. These agencies have played a great part in making available to persons needing it most that kind of information.

We have not perhaps succeeded as much in the area of training and education, especially in the vocational area, as is necessary. We still have situations in which curriculum for boys and girls differs in secondary schools and does not permit girls to have the kind of basic training necessary for certain kinds of vocations. But we do have activity in the arena of guidance and counseling which is considered a major factor. Efforts are being directed toward improving the public awareness of the need for this kind of activity.

We have programs directed toward the general longstanding goals of the Bureau, one of which is this matter of labor standards relating to women workers. There were gains made in various States, and the detail on that I would refer to Mrs. Hilton if you would like to have detail included, but in several States there were minimum wage law improvements pertaining to a large number of women—I think offhand of Nebraska and Arkansas—and which make a tremendous difference in the income per family.

STATE COMMISSIONS ON THE STATUS OF WOMEN

Mr. NATCHER. Mrs. Koontz, can you give us some idea as to what has been the trend, interest, and activity of the State Commissions on the Status of Women?

What has taken place?

Mrs. KOONTZ. Not as much has taken place as we would like because many of the commissions do not have available to them, in the States, the staff or funds to carry on activities. They must depend upon those

voluntary organizations or educational institutions which have money or other resources behind them. To the extent these organizations have been able to use their own staffs this has been done, but in those areas where the support has been given by State governments, or where there has been intense interest on the part of the Government in establishing these commissions as a kind of permanent commission, we have found the greatest advantage. The commissions have been instrumental in carrying on a kind of crusade—and I don't like to use that word because of its negative connotation, but a persistent effort—to make the public aware of some of the problems involved in many of the general crisis areas especially facing our cities and urban areas and also some of the rural areas. The training of women and girls is not confined to the urban areas only.

COOPERATION OF LABOR UNIONS

Mr. NATCHER. Where do you get substantial help and where do you run into actual opposition among the labor unions?

Mrs. KOONTZ. I would like to refer that to Mrs. Hilton, who is our deputy director.

Mr. NATCHER. All right, Mrs. Hilton. We will be glad to hear from you at this time.

Mrs. HILTON. It would be fair to say that, in general, the labor unions have been concerned with our programs and have participated in consultations and efforts that we have made.

Bear in mind that many of the women with whom we are concerned are not members of labor unions and that a relatively small percentage of all the working women in the United States are members of labor unions. However, we do get a great deal of support from the unions because this is of concern to them.

Mr. NATCHER. As far as opposition is concerned generally, you do not have any?

Mrs. HILTON. No; we do not, sir.

SPECIAL HELP TO DISADVANTAGED GIRLS

Mr. NATCHER. In what way are you giving special help, if you are, to girls in the poverty category and to Negroes, Puerto Ricans, and Mexican-Americans? Can you give us some idea about the way in which you are giving them special help?

Mrs. KOONTZ. Again, I would call on Mrs. Hilton to speak in terms of what we have done and then I would speak of what I would consider to be the area in which our effort must go.

Mrs. HILTON. In general, in promoting the need for additional training for vocational education we have for the last year or two addressed ourselves especially to low-income and disadvantaged girls and women. In this effort we have worked with the State commissions to try and get them to focus their efforts on things that need to be done at the State level to bring particular attention to the problems of disadvantaged girls and women.

We have not done nearly as much as we would wish with the Mexican-American girls you mentioned. It is in our program. We have had contact with some of the organizations and we are looking forward to having a consultation on this subject.

Mr. MICHEL. What are you specifically training these people for?

Mrs. HILTON. The Women's Bureau is not an implementing organization in any sense of the word.

Mr. MICHEL. Right, but what are you pushing and what are you encouraging? Do we get any progress other than a few girls getting to be women jockeys now? There are only two in the whole country. Are we making about as much progress in the other areas around the country?

Mrs. HILTON. If you would forgive me I would like to address myself to just one particular area which has to do——

Mr. MICHEL. That is what we are interested in, specifics. That is what makes the most points with us.

HOUSEHOLD WORKERS

Mrs. HILTON. Though this is not one of our most important areas of concern it is important, and that is private household workers. There are about 2 million women who are private household workers in the United States. This is one of the lowest paid and most disadvantaged occupations. We have been directing a considerable effort to stimulating and promoting programs to upgrade the status of private household workers. This means encouraging the development of training programs so that this can become an occupation which is skilled and can command more status and higher wages.

We have also been working with it from the other side, encouraging employers to realize the same thing. This is one specific area, probably the most disadvantaged, where we have been doing a great deal of promotion.

Mrs. Koontz might like to speak to that, too.

Mrs. KOONTZ. We would be remiss and naive if we said those who needed the training most because they happened to be in this area of labor will take to it like ducks to water. They will not. There will be a very natural resistance to this because it will be conceived as an attempt to continue to keep minority women in this level of work.

So it would seem that a major portion of our activity will be in creating a climate of assurance that there can be dignity as well as adequate income from this kind of work. Also we believe it can be made into a semiskilled occupation which is very much in demand at this time.

It should be done so that it can be acceptable, not only acceptable but sought, by people who have a particular inclination in this area because they are dealing with things that they enjoy, that they like, but also because they have no fear of having themselves taken advantage of.

Without enforcement power and without the kinds of funds that go into pilot projects, without the kind of financing that enables a bureau to go out and do for itself what it knows ought to be done, a great deal of our time will be spent in bringing together the groups that do have the power to do this, that do have funds, making known to other agencies the need as we see it and as we designate or delineate it—influencing spending, if you like—but also a great source of information.

You mentioned the matter of girls. We regard this as a separate kind of program. We tend to lump girls and women together, but there

are very specific needs of girls as we see them, and some way must be found to bring the people about whom we are talking into a relationship with those who have the power to do something about the conditions.

If there were a simple way of describing the Women's Bureau's work, I would say, in this short time in which I have had time to be acquainted with it, it is to bring together the forces for whom we hope to effect some change and those who have within their power the means by which it can be done. This indicates, of course, that somewhere along the line women who represent the various occupations, who have no means of transportation, subsistence, or whatever when they attend conferences, must have an opportunity to speak for themselves, to acquaint those who are willing to do some things about their condition with the real facts.

I think lots of times there are groups that have the best intentions in their hearts, but they do the wrong things because they never thought the opinions of those for whom they were doing them were very important. We know that is no longer true. Our contact with other agencies is of tremendous benefit to the Women's Bureau because it brings us in contact with those who do have such programs including HEW, OEO, and all the rest.

Mr. MICHEL. May I ask one other question.

Do you suppose it would help any in this area where there is a big demand, speaking of domestic housework, or daywork, to establish or at least to give publicity to the establishment of a women's union of household workers which would publicize in the community a particularly going wage scale and possibly several classifications of kind of work expected.

Then both employees and employer would know there is a standard that is expected to be paid for this kind of work and that those who might normally not be attracted would see that they will not be taken advantage of and that we do have something good here. That would be helpful and beneficial to both sides, both those who are looking for work and those of us who have been looking and searching for people to do a good job.

Mrs. KOONTZ. I think there is probably no question that there will be this kind of development. We have seen it happen in the area of caterers.

Mr. CASEY. Nurse's aides were given a title. In many instances the nurse's aide is the same one who used to do the cleanup around the room in the hospital, and so forth. Now they have a little more training, a title, dignity, and a uniform. They have an armband. They now are encouraged to take this work. If you have any influence, as the Labor Department should have, and can finance CEP and some of the other community action training programs, you could set up a program for a certified household manager or some such title as that. Lots of girls do not know how to run new, modern electrical machines, household appliances, and so forth. Give them training in that, even to sewing on buttons and what have you. Also, give them training on knowing how to make a proper contract with their employer, because lots of disputes come up about what is the usual vacation period for domestic help. You will find the wives and the maids getting in the damnedest arguments about what time they are supposed to get off or

what separation pay is reasonable. There has been no understanding. If you could give them instructions on that, too, and also what their efforts are worth, I think you would do a great service to the community.

Mrs. KOONTZ. Both of you have probably indicated some of the problems in what you have been saying. I think we have a job to do, also, in extending that to the employer who does not regard the domestic as a human being, but more as a machine for which he can pay a nonliving wage under conditions that are not a all feasible.

Mr. CASEY. It works both ways. I think part of the training should be that if they got this training, they should not work for less than a specific amount. If they are trained, they are going to earn it.

What is more true, when housewives find a skilled worker, they are not going to look down on them. They are going to be darned glad they have them, and do everything they can to keep them. In many instances you may find a bright maid who knows how to handle things, knows how to handle children, and right next door there will be another one who says, "She is getting so much, and I want the same thing," and she is not worth it. But if they are trained, they are.

Mrs. KOONTZ. I think we are probably saying the very same things. Perhaps I was not clear in the statement I was making. What I am saying is that I think we are going to have to call on employer-type people, especially women, to change their attitude or express a different attitude to encourage people to go into any kind of training that may be provided, because it will be the personal relationship and respect and dignity with which these people are regarded that will influence whether or not they take that training or whether they go toward the training that will be less personal.

I think we also will have to define jobs. We will have to place a value on them. We will have to consider legislation that will include them, that will provide the protection as well as the facilities. I think we have some probable courses for that training now.

Mr. CASEY. Where I come from, you may have some problem as far as minimum wage, but you do not have it up here, because you cannot find anyone who will work for less.

Mrs. KOONTZ. There will not be abuses for that particular group. It will be the same kind of abuses that women are meeting in various States now as far as minimum wage is concerned. This is not the only arena in which women are not being covered by minimum wage. So, I would not select that particular one.

It would be the whole arena of labor standards for women workers generally.

Mr. MICHEL. If the gentleman will yield for just one further point——

Mr. CASEY. I was taking your time.

Mr. MICHEL (continuing). One further point with respect to being what you termed, I think, a certified household manager. I can foresee, for example, in my own case, if I might cite a personal example, being willing to pay $1 more an hour to see that my daughter gets the kind of practical training that she does not get today in school because the basic requirements are academic for qualification for advanced education and they foreclose her from taking the very kind of thing that in the end, frankly, will make her a better wife and a better household manager.

Mrs. KOONTZ. I would share with you an idea that we have. I think there are some things that women who are in need of this kind of help might do to insure it. I think they would have little or no objection. They would be willing to release the people who now work for them for an hour a day of training to upgrade their skills if we can make available this kind of training. You are aware, of course, that there are some people who are organizing household workers and giving them that kind of training. They are on call. But they are more limited to the apartment house occupations, the co-op apartments, where they do not have transportation problems in going from one unit to the other, and they are serving as many as 10 people. This is available. In the event of absenteeism, the employer does not worry. There is a substitute made available to him. I think this is the kind of thing we are moving toward.

Mr. SMITH. You do not want to get too sophisticated in what you are going to do with some of these people, because through trial and error over a period of years, it has been discovered some of these people do not know how to read. They cannot read the recipe book. Even a college-educated person cannot read the labels on some of the packaged foods. One may think a woman is lazy, when the fact is that although she would not admit it, she does not know how to read. Some of them are very educable women but do not know how to read.

Mrs. KOONTZ. We find many people in the domestic field in the low service area jobs because they have not had adequate training. Many of them do have greater intelligence than they exhibit, but without the ability to read.

IMPROVEMENTS IN CLAIMS PROCESSING

Mr. NATCHER. Mr. Swankin, I believe generally we have discussed the matter of processing claims and the length of time involved. Do you feel that generally there has been some improvement during the last year in the processing of claims? Has there been any improvement?

Mr. SWANKIN. I wish I could say there has been more than there has been. I think the greatest improvement over the last year was finally that we came to grips with it. We went to a firm with a very fine reputation, to come in and help us do something about it.

Mr. NATCHER. You agree this is a right important matter and something should be done about it?

Mr. SWANKIN. Yes, sir.

Mr. NATCHER. Mr. Michel.

EFFECT OF EMPLOYMENT RESTRICTIONS

Mr. MICHEL. Mr. Swankin, I notice on page 2 of your testimony the figure of 1,076 positions which you are requesting in total for the year 1970. You say, "For the most part, we are staying at the same level as in 1969." Does this 1,076 represent any reduction as a result of the Expenditure and Revenue Control Act, from some higher figure?

Mr. SWANKIN. The 1,076 is not explained as completely as it might have been. If you look at the bottom of that paragraph, the next to the last line, that 1,076 is 50 more than we have today. In other words,

as of right now, this administration has 1,026 budgeted positions, and this request would raise the budgeted positions to 1,076.

Mr. MICHEL. The increase is included in that overall figure, in other words?

Mr. SWANKIN. Yes, sir.

To answer the rest of your question, as you know, the way the law operates, each department is given a target figure to reach, since the law applies to the executive branch as a whole.

Mr. MICHEL. Do you know offhand if that 1,026 was the target for your shop?

Mr. SWANKIN. The 1,026 is higher, certainly, than the reference year in that law, which was 1966, to which employment was to be cut back. I might add that the levels that we are speaking of are levels of on-board employment, actual employment in the Federal Government, which in all cases would be lower than the budgeted positions. We have, of course, a certain amount of lapse built into our budget.

Mr. MICHEL. What are your budgeted positions for this year?

Mr. GOLD. Our budgeted positions are the 1,076 which we are requesting for 1970.

Mr. MICHEL. What is the total for 1969?

Mr. GOLD. 1,026 budgeted positions.

Mr. MICHEL. Were those all filled?

Mr. GOLD. By no means.

Mr. MICHEL. How many were left unfilled?

Mr. GOLD. We are talking about some 900 positions. These would fluctuate from month to month.

Mr. MICHEL. That are filled?

Mr. GOLD. That are filled; yes.

Mr. MICHEL. Then you have a cushion of over 100, which is 10 or 11 or 12 percent. Our natural reaction over here is that you are not using what you are already authorized, so why do you ask for more?

OCCUPATIONAL SAFETY

Let me go to the question of 42 positions to expand inspection activities. Does that inspection include this latest announcement on noise abatement within a given factory or plant, do you know?

Mr. SWANKIN. As I stated earlier—let me try to restate it—the 42 positions are divided roughly 30 inspectors in the field and 12 in support positions in Washington. To the extent any of that support is diverted toward standards development, the answer would be yes. Primarily, the increase is meant to be put out into the field where people are actually making inspections.

Mr. MICHEL. These are inspectors bird-dogging plants that apparently have some Federal procurement contracts, right?

Mr. SWANKIN. Yes, sir.

Mr. MICHEL. I noted back later in your testimony you talk about the increases under the Federal Employees' Compensation Act. Down at the last line of the testimony:

> These increases are due primarily to increased Federal employment in those agencies that have high injury rates.

How many of these inspectors do you suppose will be bird-dogging the Federal Government on how lax they are in safety activities, and

what will they be doing about cleaning up their own shop before they go out and tell industry what they ought to do about establishing new standards?

Mr. SWANKIN. None of positions in the increase would be going into the Federal safety program. We have not asked for any increase in the employees who work in the Bureau of Labor Standards on Federal safety. The legislative responsibility is different with respect to the Federal Establishment than it is with respect to establishments having Government contracts. There the Congress has directed the employer to provide a safe and healthful work place, and has directed the Secretary of Labor to ensure that he does; whereas with regard to Federal employment, every agency head has the responsibility to assure the safety of the employees who work for that agency.

Mr. MICHEL. How would you say the rates among Federal employees as against those employed in private industry around the country would compare in the past year—injuries per numbers of employees?

Mr. SWANKIN. As an interesting fact, the frequency rate for all of the Federal Establishment has decreased since 1965 at the same time the frequency rate for industry generally has increased. They have been going in the opposite way, but both of them are too high. Both need to do more.

Mr. MICHEL. Do your figures also take into account that there is a much more rapid rate of increase of employees in private industry--or is there—than in the Federal Government?

Mr. SWANKIN. This is a rated figure. This is the accident-injury rate per man-hour worked.

STATE WORKMEN'S COMPENSATION PROGRAMS

Mr. MICHEL. On page 9 you are requesting 10 positions and $120,000 "to enable the Department to give the States the kind of technical assistance needed to modernize the administration of workmen's compensation programs rather than allow them to operate as they did 20 or 30 years ago."

On its face, I would say that is a good statement, because we are inclined to do things, naturally, I guess, the way they were done 20 or 30 years ago, and we have really to move mountains sometimes to get people to innovate.

I see that your request would also give you resources supposedly to develop a uniform statistical reporting system. One of my bugs has been the lack of uniformity. Can you give me any specific idea of what you are really thinking about here to make it uniform?

Mr. SWANKIN. It is hard to speak generally in the safety field and the compensation field. It is hard to find two States that do a good job of reporting. Each develops its own system. It is good within that State—period.

The worst problem——

Mr. MICHEL. I do not mean to be suggesting altogether that because the Federal Government decrees or determines a particular way, that is the best way or to stifle or inhibit a State that might have a little bit more brainpower than that vested in the Federal Government.

Mr. SWANKIN. I think one of the problems is that we so often focus on the problem areas that we overlook the areas where there is good cooperation at both levels. I think this is the kind of situation that lends itself to being worked out.

Certainly, all the expertise is not in Washington. There is plenty to learn from the States.

As I was going to say, I think the worst problem, by far, is the many States which do not have any system at all. A uniform system would not only take care of the problem of the States that have something going but, even more important, at least in my thinking, would be to get some system established rather than go through the stage of a diverse system and later on have to make it uniform.

We have requests that we cannot handle because we do not have the manpower to do the most basic things. How should they file? It is as simple as that in many cases, beyond the sophisticated requests for a solution to a real difficult problem. This is the kind of activity that does nothing but make the whole system better, which is what we are really aiming for.

REOPENED EMPLOYEES' COMPENSATION CASES

Mr. MICHEL. On page 13 you mention the reopening of 30,000 cases. Is this a high figure, or is this the norm?

Mr. SWANKIN. The figure of 30,000 cases represents the total number of cases requiring for one reason or another in BEC during 1 year. The new provision in the law set up internally within the BEC a hearing and review mechanism to try to give claimants a second review upon their request in cases decided.

Mr. MICHEL. In the absence of that law to which you referred, what would that figure be?

Mr. DONOVAN. The earlier discussion we had with the chairman was on cases before the Appeals Board. This 30,000 cases represent approximately 25 percent of the total number of cases that we receive. This is not a remarkable figure for the reason that we get reports of 130,000 cases. When we say 30,000 reopenings, it may not necessarily mean 30,000 individual cases reopened when you consider we may reopen one case twice or, conceivably, more than twice within a year.

Mr. MICHEL. Which prompts me to ask, why are we not doing a good enough job the first time so it will not be necessary to reopen it the second, third, and fourth times?

Mr. DONOVAN. The reopening is beyond our control for this reason: We may get a report from an employer, let us say, that a man who has lost no time from work and there is no private medical care. In a week or a month or several months we may get a medical report which states the man has begun to lose time, and we have to reopen the case. It is beyond our control that the man subsequently lost time when he had not lost time immediately following the injury.

We may have any number of cases. Another type of case is a man who has been disabled for a comparatively short period of time and has been taken off compensation and been returned to work. There is no problem. We have closed the case. A month or two later, he may have a recurrence of disability. That requires reopening the case.

So, the percentage of total cases received, in my humble judgment, is not high, considering all the factors that enter into the handling of cases.

APPEALS CASES CLOSED

Mr. MICHEL. Finally, on page 15 you speak of the workload of the appeals Board as being relatively stable. Two hundred and sixty cases were closed in 1968, it is estimated you will have 260 cases closed in the year 1969, and 310 cases in 1970.

That suggests to me it is not relatively stable, because that represents an increase of 20 percent.

Mr. SWANKIN. It is just the other side of the coin, cutting down on the backlog from 80 to 40, cutting it in half. It is stable plus trying to take care of half the backlog. In looking at the 1967 through 1970 figures the cases closed in 1967 were 288 and the estimate in 1970 is 310, which we think shows a relative stability.

UNIVERSITY OF MICHIGAN CONTRACT

Mr. MICHEL. You have a contract with the University of Michigan to conduct the first stage of a major research effort to better assess working condition needs among the American working population. What is involved in that contract? How much money, No. 1?

Mr. SWANKIN. It is $219,953.

Mr. MICHEL. And it began when, effective date, and termination when?

Mr. SWANKIN. The contract was signed at the end of last June, approximately. I will have to check the dates.

Mr. MICHEL. Surely.

(The information follows:)

The contract was signed June 30, 1968, for a duration of 2 years. The final report is to be delivered by June 29, 1970.

Mr. MICHEL. Will this be public information, or is this just for in-house use, for your own information?

Mr. SWANKIN. It will lend itself, in the form we get it, to publication. The purpose of it is to be more current in the Department in having a feeling for the labor standards problems of today. Looking back at the Bureau of Labor Standards when it was first created back in the 1930's by Secretary Perkins, she had in mind that it would not operate mainly to administer laws, even though now it has some responsibility in the safety field for administering law, but that it would provide an entire program of assistance, working with States, and also would be involved in the developmental work, required to keep up with the changing standards problems affecting workers.

In the 1930's when it was established, the program concentrated on the worst problems that workers had in that day. There always has been a strong State organization in this program—minimum wage laws, hours of work, workmen's compensation laws, and the like. We had the feeling that it was about time to talk to the workers themselves about what they conceived of as their labor standards needs. We had done this, but we certainly had not done it recently.

The people at Michigan are probably the most experienced in the country in survey techniques. The nature of this survey is to go to

workers themselves and try to get a feeling from the workers of what ranking he would place on labor standards problems.

Mr. MICHEL. You may or may not have anticipated my next question. Did the Department go to the University of Michigan and say, "You conduct this study for us," or did you let it be known that you were thinking of making a study and you would let any one of the well-recognized universities around the country conduct the study?

Mr. SWANKIN. When we first thought this was something we needed to have done, we talked with as many people as we could. We thought we ought to spend the money to get full value for our dollar. This was a lot of money for our Bureau. We felt, given this kind of project, we really had a responsibility to be sure we got the best expertise. We found that the University of Michigan has a proven record of knowing the survey route. We thought we would cut out as much as possible by using the University of Michigan.

Mr. MICHEL. Do you know in what item in previous appropriation bills this money would have been provided?

Mr. SWANKIN. I could make that available for you.

Mr. MICHEL. Put it in the record, please.

(The information follows:)

The funds for the working conditions study came from 1968 appropriated funds—$210,000 was from activity I, "improving working conditions of wage earners" of the Bureau of Labor Standards, "Salaries and expenses" appropriation, and $9,953 was from the Bureau of Employees' Compensation "Salaries and expenses" appropriation.

As was stated previously, the Bureau of Labor Standards is charged with surveying labor standards and the needs of American workers.

The Bureau of Employees' Compensation contributed a small amount of funds for the study because of the relevance of the study's concern with workmen's compensation problems to the Bureau's responsibilities under the Longshoremen's and Harbor Workers' Compensation Act; for example, the responsibility of the Director of the Bureau to identify the need for legislative changes in these programs and to make recommendations thereto.

EMPLOYMENT OF THE HANDICAPPED IN RURAL AREAS

Mr. MICHEL. You say that you are planning on expanding the program of promoting the rehabilitation and employment of the handicapped in rural areas by five or more pilot projects. Where are these five pilot projects?

Mr. GOLD. I think that is the President's Committee on Employment of the Handicapped, which is in our budget for housekeeping purposes. There was separate testimony delivered by Mr. Russell, who is head of the Committee.

Mr. SWANKIN. We can certainly get the answer to that.

Mr. MICHEL. Please. Inasmuch as I was not able to be here for the latter part of the hearing on Friday, and that falls within the purview of those who testified at that time, will you see, please, that the answer to my question is inserted in the record at this point?

(The information follows:)

The rural areas program is being tested in three States, although it is true that some others are interested and may decide to undertake a pilot project. The three States are Florida, West Virginia (Calhoun County) and Iowa (Union County). A large number of the members of the rural areas committee are from Illinois, however.

Mr. MICHEL. Mrs. Koontz, maybe this is one for you or one of your associates: Does the Women's Bureau have statistics on the comparable amount a man and woman make in the same job?

Mrs. KOONTZ. I would have to ask for the specifics on that from Mrs. Hilton. We know there are instances where there is not equal pay for equal work and training, and also that the average among women workers is only 60 percent of the earnings of men, but this is due primarily to the women being allocated to lower paying jobs rather than so much the inequality existing among common jobs. There is enough for us to be concerned about, however.

Would you add any specifics to that?

Mrs. HILTON. What Mrs. Koontz just said is absolutely correct. As you know, we have a Federal equal pay law which requires equal pay for equal work. A sizable number of States also have equal pay laws. There, of course, continue to be violations of these laws and the need to assure that we do adhere to that principle.

Mr. MICHEL. On those violations, if there are any, what are the mechanics of handling a violation of that kind? What takes place?

Mrs. HILTON. The Federal equal pay law is administered as part of the Federal Fair Labor Standards Act. It was an amendment to that. It is administered by the Wage and Hour and Public Contracts Divisions in the Department of Labor. We do not have direct concern with the administration of that law.

I would like to amplify my answer to your question to indicate that the real problem today, as Mrs. Koontz said, is not the absence of equal pay insofar as you talk about the underutilization of women workers. The real problem is that women tend to be concentrated in the lower paid and less skilled occupations, and that accounts for the differential which she was mentioning.

The median earnings for full-time, year-round workers, men as compared to women, women's earnings really are only about 60 percent of men's. That does not reflect the fact that we have widespread unequal pay for the same work. It reflects other things: that women are concentrated in the lower paid, less skilled jobs.

Mr. MICHEL. In a situation where all factors are equal in any given community—time, job, what have you—is there any difference between the wage scale for black, white, Indian, Mexican, and so forth?

Mrs. KOONTZ. I would imagine, without having sufficient data, at least here, to support it, that we would have almost the same kind of explanation. Relegation to a certain level of job would indicate this. I think where we probably have discrimination is in the selection of the individuals who happen to vary in color or race who have the same qualification. So, there has been an effort to have a kind of reverse discrimination take place so opportunities can be given for those who are among the minorities—black, Puerto Rican, and Spanish-speaking Americans, et cetera. The general trend has been to select the nonminority or the white or the Caucasian.

Mr. MICHEL. You used the term "reverse discrimination." Define that for me.

Mrs. KOONTZ. In an effort to equalize the situation that has permitted the discrimination against a group for lack of training or education or

unequal facilities, as perhaps covered by the Civil Rights Act and the fair employment practices laws, if the tendency is still to select on the basis of race, they do it in reverse: They select those from minorities so there is an opportunity for them to demonstrate ability. If reverse discrimination is excluded, then the regular selection would take place. They would still not be in the market after being trained.

The Women's Bureau is certainly concerned with violations and protection, but when we look at the number of women who are underemployed—we have an obligation to them, also—the number of women in jobs who are placed in one job classification but who are doing the work of another that would pay a great deal more, these are the kinds of subtleties that I think the Women's Bureau has an obligation to point up and to draw to the attention of others who can do something about them.

There are not adequate channels of preparation for jobs when there is not that provision at the secondary level in school, for instance, for required courses that provide the training. Therefore, girls are locked out of certain jobs by virtue of previous training, which is also unfair to them.

All of these, taken as a whole, indicate that we are not concerned only with girls and women of a certain level or a certain race. This really becomes a part of the general activity, because what we find is that there is underutilization of women's potential and of manpower in the form of females, if you will.

DISTINCTION BETWEEN GIRLS AND WOMEN

Mr. MICHEL. Several times you have made a distinction between girls and women.

Mrs. KOONTZ. Yes.

Mr. MICHEL. When does a girl become a woman?

Mrs. KOONTZ. A lot of people have different feelings about that, too. They issue prison sentences to them as if they were a special breed. Ofttimes an inequity exists even in the sentences given to women as compared to men for the same crime. They are allowed to be women when we dole out one kind of sentence, but they are not allowed to be women in other situations. They are protected by certain kinds of legislation on the one hand, and denied the privilege on the other hand.

A large number of girls are mothers at an early age, but we make no provision for them to extend their learning so they can be better mothers, despite the fact that they are unwed mothers. We have school laws that prohibit their coming back to school, the only available place for training in certain communities. We discriminate against these girls for a condition that perhaps we did nothing about that allowed them to have poor judgment, to not be meaningfully involved in activities.

We take no blame for their being unwed mothers as far as the Bureau is concerned, but we do take responsibility for seeing that they become contributing members of society by offering them opportunities to continue their training to gain meaningful skills, to utilize their talents so society does not pay for the rest of a child's life for a mother's mistake. We can provide some opportunities to remove two people from the welfare rolls instead of adding maybe six later or paying for a penal institution. We can provide day care centers to

allow them to take advantage of what we can offer and keep down the crime rate because they are able to provide for themselves.

We think all of this is so much related that the Women's Bureau, without having enforcement powers, without having the finances to engage in pilot projects, sometimes must go by quite a circuitous route to get things done and established in a way in which we can offer the assistance that is available. Our job becomes one that is nebulous, ofttimes, and I should say sometimes quite underestimated.

Mr. MICHEL. We hope you will not have to be resorting to any circuitous routes in what has to be done for women of the country. I think you will find this a pretty reasonable group of men here—and a woman now—and even prior to Mrs. Reid's having come aboard, I would still have to say you would find this a very reasonable group of men. Once we're told the facts forthrightly with no attempt to pull the wool over our eyes or telling us one thing as a means of accomplishing something else, we will generally do in the end what has to be done. I do not like being taken around the corners and around the mulberry bush.

Mrs. KOONTZ. May I interrupt?

Mr. MICHEL. Sure.

Mrs. KOONTZ. Congressman, my circuitous route had nothing to do with gaining the finances, but it is sometimes in finding the groups that have the power within the States to make things happen. We cannot go and offer them any sum of money to set up a pilot program, for instance, or go in and set it up ourselves. So, we have to go around and try to make them recognize the need and hope that with influence we can get them to do it. That is what I had reference to by circuitous route. It had nothing to do with the committee.

Mr. MICHEL. It is not altogether unique for witnesses to come here and justify a request through a circuitous route.

Mrs. KOONTZ. This is a good example of our problems.

Mr. MICHEL. If I were to ask whether or not figures were available showing the breakdown of salaries or wages for women, do you suppose I could get an answer to that? Are there figures available?

Mrs. KOONTZ. I think in various categories, certainly occupations, those figures are available within our own Bureau.

I think I am also correct in saying, Mr. Swankin, that we do get many of our statistics generally through the Department of Labor, the Bureau of Labor Statistics.

Mr. MICHEL. They are also gathering statistical data on women at the same time they are gathering them on men.

Mrs. KOONTZ. Yes. Sometimes we have to dig them out of some general averages, but the statistics are available.

Mr. MICHEL. You mentioned in the course of your other responses, unwed mothers and their training and education opportunities. I wonder if the training that I understand is underway is being coordinated with the social and rehabilitation service.

Mrs. KOONTZ. Yes. Again I refer to Mrs. Hilton for substantiation, because the relationship of many of these things is not clear to me yet, and you may be asking about one thing while I am answering another. I understand what we attempt to do is to find out who is doing what about certain conditions that seem to have a bearing on this whole area of employment, and to work with those agencies and ofttimes bring

them together, working with them on what is already in their program and suggesting other kinds of foci or emphases.

Mr. MICHEL. That is all, Mr. Chairman.

Mr. NATCHER. Mr. Smith.

STAFFING OF WOMEN'S BUREAU

Mr. SMITH. How many employees do you have in your Bureau?

Mrs. KOONTZ. There are 67. We are authorized 76 and budgeted for 70 man-years. I would ask Miss Carroll in this instance to explain, so you have it in the language you understand most clearly, what happens between the 67 actual and the 70.

Miss CARROLL. We have 67 jobs filled out of the 1969 budget. Of those, 35 are professionals and 32 are clerical.

Mr. SMITH. I thought I recalled something about 82 jobs a year ago. Am I incorrect on that?

Mr. GOLD. There was no requested increase last year. It is at the same level.

Mr. SMITH. You say you had 76 authorized, and 67 are on board. How many did you have on board——

Mrs. KOONTZ. Seventy actually budgeted.

Would you explain that?

Miss CARROLL. We have 76 authorized positions. We have funds in the budget to finance only 70 man-years. Of course, we have been subject to the current restrictions on filling vacancies.

Mr. SMITH. You have less on board than you had a year ago?

Miss CARROLL. That is correct. Yes, we have less than a year ago.

Mr. SMITH. I detected some indication, Mrs. Koontz, that you wanted more, but the Budget Bureau turned you down. Is that correct?

Mrs. KOONTZ. We are not requesting at this time any more than the budget that was presented indicated.

Mr. SMITH. Did you ask the Budget Bureau for more?

Mrs. KOONTZ. No, we did not request more. It was in line with the general restraints. You are probably referring to the fact that I said we had five regional offices as compared with seven in the Department of Labor.

Mr. SMITH. No. I thought something you said indicated you think you should have more employees.

Mrs. KOONTZ. There is a need for it with the amount of work that we tre trying to get done, but I did not say there was any additional request for employees.

There was not any additional request this year, was there?

Miss CARROLL. No.

Mr. SMITH. Under the new budget that is being made up, are you asking for more employees?

Mrs. KOONTZ. No, we have not requested more.

Mr. SMITH. How many of these 67 are men?

Mrs. KOONTZ. It is strange you should ask that. We have three men, and we are looking for some more.

Mr. SMITH. Do you think that is discrimination?

Mrs. KOONTZ. No. I think many men perhaps have misunderstood what a large stake they have in the kind of work that we do and how

much of our work is done with men's organizations, because a great deal of this depends upon attitudes of people.

I should say we have had some requests for men to come to work in the Bureau. Many of them are not available at the time they are perhaps most needed. We will be looking forward to adding them. We do not think there ought to be discrimination either way.

Mr. SMITH. A new law prohibits discrimination because of age, but I assume women would not be affected because to claim discrimination one would have to admit she was over 45.

Mrs. KOONTZ. I assure you we are looking for a cross section of ages in any of this employment, because we think they can make a valuable contribution.

DAY CARE PROGRAMS

Mr. SMITH. I do not quite understand what you have to do with day care standards. OEO is involved in that, and a number of other agencies are involved in it.

Mrs. KOONTZ. We do not sponsor any of these. We only point up the need for them as they relate to what we generally do, and that is try to serve in the capacity of rendering the service that results in the greater employability of women.

Mr. SMITH. How do you do that?

Mrs. KOONTZ. We do it through other agencies.

Mr. SMITH. In other words, you lobby with OEO to have a day care program?

Mrs. KOONTZ. We point out that this is a need as we go toward what is the general goal, greater attention to employment problems, to the manpower problems, to the matter of welfare, health, education, and the upgrading of the employability of women. These are the elements. These are the factors that limit in many instances. We look to the means by which we remove the obstacles to the attainment of the goal.

DOMESTIC WORKERS COMMUTING FROM NORFOLK TO WASHINGTON

Mr. SMITH. We were talking about domestic workers earlier. I know domestic workers commute from Norfolk, Va., to this area, and ride 6 or 8 hours a day, six or eight to an automobile, which indicates two things: It seems there is not enough employment in the Norfolk area and it also indicates that people unemployed in this area are apparently not getting the jobs.

What is behind this? Have you done any study on this?

Mrs. KOONTZ. I think we have fairly good documentation of the fact that many people would be free for work if there were somewhere to leave the children. The fact that we do not have child care centers that they can afford——

Mr. SMITH. How is it the women from Norfolk can overcome that problem but the ones here cannot?

Mrs. KOONTZ. I would be inclined to say if we checked the age of those workers——

Mr. SMITH. They are all ages.

Mrs. KOONTZ (continuing).—And checked the family, we might find the family is not with many of those workers, that they are oft-

times people who have moved into an area and have left their children with grandparents and other relatives.

Mr. SMITH. Are there no women in this area who are unemployed, who do not have small children?

Mrs. KOONTZ. I could not answer with figures on that. I would have to ask someone else. I would be inclined almost to say there must be, because there are many who are unemployed who also have other kinds of handicaps.

Mr. SMITH. There is something more involved than the day care situation when you have people commuting 300 or 400 miles at the same time that there are unemployed people in this area.

Mrs. KOONTZ. Yes, there might be, but when we consider what is required to live in this area, the cost of living, there are many persons who, if they were employed, could not maintain a living on the rate they would receive as domestic workers and live here. A person in Norfolk or in Virginia, if he is to be given any kind of compensation——

Mr. SMITH. They pay the minimum wage, I think $15 a day.

Mrs. KOONTZ. Is that also with transportation included?

Mr. SMITH. No.

Mrs. KOONTZ. Not necessarily.

Mr. SMITH. There is no transportation in any case that I know of. They come to the employment security office out in Virginia by the carload. They get $15 a day. The employer picks them up at the employment security office.

Mrs. KOONTZ. And take them to their work?

Mr. SMITH. And take them to their work.

Mrs. REID. Is that an 8-hour day?

Mr. SMITH. Yes.

Mrs. KOONTZ. Would the same thing be done if they lived in the District, is a question I would ask, or would the matter of the time of transportation here to jobs be greater?

Mr. SMITH. I do not think that is involved in it at all. For some reason, local people who are unemployed just are not as readily available, while these other people are, and I do not understand it.

Mrs. KOONTZ. I can understand that, and there are varying causes in different sections of the country, of course, for the same kind of situation. It reverts to the matter of whether or not, when one is employed, he loses all of the other benefits that help really to tide him over, and can he make it on what he will receive if employed. It comes to a very practical matter.

Mr. SMITH. You mean the welfare benefits are probably less in the Norfolk area than they are here?

Mrs. KOONTZ. They probably are. I would suspect so, simply because the going wage for certain work is probably less, also.

Mr. SMITH. That is all I have.

Mr. NATCHER. Mrs. Reid.

Mrs. REID. Thank you, Mr. Chairman.

First of all, I would like to say I certainly concur in the thoughts which were expressed earlier by Mr. Michel and Mr. Casey in which you participated, Mrs. Koontz, concerning setting certain standards or regulations for domestic workers. I think this could be one answer, because I think there are two sides to the coin. Some employers cer-

tainly demand too much and expect too much, and certain workers are not willing to do the work that is expected of them.

I think on both sides some agreement could be reached in this area. I think upgrading this kind of work, as you mentioned, is one phase which is very important.

REGIONAL CONFERENCES ON STATUS OF WOMEN

I wanted to ask you, Mrs. Koontz, about the six regional conferences which were held in 1968 on the status of women. What positive action has resulted from these conferences? Is any progress being made?

Mrs. KOONTZ. I can perhaps supply the general results from those, but I would preface it by saying that the results ofttimes, in the work we do, are slower in coming or manifesting themselves than in many others where there can be an action and a concomitant result.

We would say that in providing the six regional conferences there were opportunities available to make contact with people in the areas in which they live, that we were able to have two-way communication and dialogue on the problems of concern to people in those various areas, and to establish contacts, which also, in a sense, provided the base on which the new program or focus was made as it pointed up the needs.

I would hardly be able to go any further than that. I could ask Miss Carroll if it has been manifested in the area in which she operates, and Mrs. Hilton if there are more specifics which we have seen in results.

Mrs. HILTON. I would welcome an opportunity to talk about those six regional conferences.

As has been indicated, there are in existence now and there have been in existence State commissions on the status of women in practically every State.

Traditionally in three previous years, we have had a national conference of the State commissions to bring them together. Last year the commissions themselves thought it would be better, for 1 year, if they had regional conferences rather than a national conference. The six regional conferences brought together the representatives from the State commissions in the regions so that they could exchange ideas and learn from one another with respect to the programs that they were promoting. This was followed last June by a national conference at which there were 450 representatives from the State Commissions attending.

At that point they zeroed in on the areas that they had identified as the ones of greatest concern and this did include the whole area of employment discrimination, day care, and how you can interest more women in public service of one kind or another. I should say elective or appointive office. Those are the three areas that had been identified as of greatest concern at the regional conferences and that were then taken up at the national conference.

DISCRIMINATION AGAINST WOMEN IN UNEMPLOYMENT INSURANCE

Mrs. REID. Thank you. In 1963 the President's Commission on the Status of Women recommended against unemployment insurance provisions which discriminated against women, but in spite of this it said

there has actually been an increase in the number of States which have the discriminatory provisions. Also, it is my understanding that in 1967 a task force on social insurance and taxes agreed on an even stronger version and that the task force recommendations have been submitted to the various State advisory groups on women. Would you care to comment on this?

Mrs. KOONTZ. I make the simple statement that it points up more than ever where the Women's Bureau work is important?

Mrs. REID. And this would be an area?

Mrs. KOONTZ. This would be the kind of area in which we are involved. If I may, either on the record or off, say to this committee I was amazed in coming in to the Women's Bureau at the amount of work and the scope of the operation that has been carried on. It is just incredible, very frankly, what they have been able to do in a limited sort of way, which accounts for my saying that in working through various organizations there is a great deal of energy expended. But I think the Women's Bureau has been doing something that is being looked upon now as quite desirable, and that is getting other people to do what needs to be done. Of course, one is always handicapped in representing the Federal Government, I suppose, in this or having a personal interest in it. But again, it does point up what has been happening with other agencies of Government as well as within the Department of Labor itself and the general cooperation on that.

I might say they leave no area closed if it pertains to protecting the rights of women or moving into areas to assure such protection.

Mrs. REID. I am sure you do a fine job.

Mrs. KOONTZ. Thank you.

Mrs. REID. I commend you on your responses to the questions.

WORKMEN'S COMPENSATION BENEFIT LEVELS

Mr. Swankin, you stated that there are only six States today which equal or exceed the accepted standard level of benefits under workmen's compensation programs. Which States are these? Would you supply that list for the record? Is there a tabulation of all States and their respective levels?

Mr. SWANKIN. Yes, there is; and I will supply all of that for the record.

(The information follows:)

There were, as of 1968, only six States and the Commonwealth of Puerto Rico which met or surpassed the generally accepted level of workmen's compensation benefits of the respective State (at least 66⅔% of the average weekly wage). They are as follows with the ratio of maximum temporary total disability weekly benefits to average weekly wage.

State:	*Percent*
Arizona	132.9
Connecticut	67.6
Hawaii	102.7
Maine	66.7
Massachusetts	70.0
New Jersey	66.7
Puerto Rico	69.4

RATIO OF MAXIMUM WEEKLY BENEFIT FOR TEMPORARY TOTAL DISABILITY TO AVERAGE WEEKLY WAGES, BY STATE (1940, 1958, 1966, AND 1968)

[In percent]

State	Ratio of maximum temporary total disability benefit for worker, wife, and 2 dependent children to average weekly wage [1]			
	1940	1958	1966	1968
Alabama	94.9	43.7	39.1	45.3
Alaska	[2]	75.2	56.7	61.6
Arizona	[2]	182.6	137.2	132.9
Arkansas	122.2	58.8	47.3	56.9
California	80.2	51.3	54.1	52.2
Colorado	54.7	42.3	45.0	48.2
Connecticut	85.9	49.5	53.5	67.6
Delaware	50.6	36.6	40.2	39.2
District of Columbia	93.7	63.4	60.3	58.1
Florida	89.5	47.0	41.9	46.8
Georgia	112.0	44.5	38.5	49.4
Hawaii	116.2	108.4	106.8	102.7
Idaho	79.4	52.8	46.4	52.4
Illinois	67.5	43.6	54.8	52.9
Indiana	60.1	39.8	37.7	41.5
Iowa	63.2	40.3	45.5	44.0
Kansas	78.0	41.8	40.4	45.5
Kentucky	68.2	41.9	43.8	44.9
Louisiana	94.3	44.8	32.9	40.1
Maine	85.8	49.8	64.2	66.7
Maryland	81.0	50.2	52.1	49.9
Massachusetts	68.2	58.2	69.3	70.0
Michigan	55.1	43.9	58.2	58.2
Minnesota	77.4	53.9	40.8	52.0
Mississippi	[3]	57.1	41.0	44.4
Missouri	78.4	44.8	46.0	48.3
Montana	79.8	47.0	46.2	48.9
Nebraska	63.1	45.1	42.8	44.0
Nevada	84.7	55.9	59.2	58.1
New Hampshire	83.8	51.8	51.4	56.4
New Jersey	67.9	42.9	36.3	66.7
New Mexico	86.5	36.9	40.4	43.5
New York	80.9	47.7	47.7	64.4
North Carolina	100.1	55.4	42.3	45.3
North Dakota	89.6	50.5	59.4	58.0
Ohio	63.8	42.9	44.7	49.0
Oklahoma	71.2	43.6	38.9	42.0
Oregon	87.5	56.1	51.5	49.8
Pennsylvania	69.0	44.8	47.0	51.9
Puerto Rico	[4]	86.4	58.0	69.4
Rhode Island	83.7	43.1	56.0	53.1
South Carolina	153.4	57.3	57.0	54.6
South Dakota	66.4	41.9	47.3	48.0
Tennessee	78.2	45.0	40.3	42.5
Texas	84.0	43.7	33.6	31.9
Utah	72.0	49.8	52.1	53.4
Vermont	62.3	47.4	46.0	58.0
Virginia	74.9	46.9	47.0	51.0
Washington	51.1	53.4	53.0	51.1
West Virginia	62.1	39.0	37.4	40.0
Wisconsin	73.5	55.8	58.9	61.2
Wyoming	88.4	53.6	57.6	58.6

[1] The percentages in these columns are found by dividing the maximum weekly benefit for a worker, his wife, and 2 dependent children by the average weekly wage as reported under the State unemployment insurance acts.
[2] No maximum weekly benefit for temporary total disability.
[3] No workmen's compensation law.
[4] Average weekly wage not available.

OCCUPATIONAL DISEASES

Mrs. REID. Recently we have been hearing a great deal about black lung, which is an occupation-related disease and, of course, just the other day the President sent a special message to Congress about this particular hazard. Do you have any information as to the extent of this and related diseases? What study have you given to this area of occupational disability?

Mr. SWANKIN. While we have made no studies on black lung as such, a series of studies jointly with the Atomic Energy Commission on a number of occupational diseases has been made—those that are slow in showing up, where there is an exposure and then an unspecified period before which the disease makes itself known. Since the compensation laws, when they were written, were written mostly with accidental-type injuries in mind, a number of restrictive provisions in these laws in a number of States have made it difficult for workers in all cases to receive benefits even when there isn't that much of a question over whether or not the exposure caused the injury.

EXTENSION OF EMPLOYEES' COMPENSATION COVERAGE

Mrs. REID. Just one final question: In the final statement which you submitted, I noted on page 1 that you said that Congress is considering extending the act to non-Federal firemen injured or killed during a riot or civil disorder or while fighting fire in or involving Federal property. Do you have any preliminary studies which might forecast the cost of such legislation if it is enacted?

Mr. DONOVAN. We have no specific studies to show that cost. All we can say at the moment is that the public law that brought in the policemen who are not Federal employees but who are injured or killed while apprehending a Federal criminal or assisting in such apprehension, that of approximately 30,000 circulars we have sent out to the various State police, county and local officials, so far we have nine or 11 cases.

Mr. DOYLE. We had picked up 11 cases prior to sending out the circulars and only a few more cases since then. These are on the law enforcement officers, not firemen.

Mr. DONOVAN. We have no statistics at the moment on which to even remotely estimate what it would cost. If it passes, then one of our first functions would have to be to contact the various State and county organizations and determine how many firemen there are.

Mrs. REID. I should think this should be done prior to the legislation.

Mr. DONOVAN. That is a lot of work to do, not having any assurance that the bill would pass.

Mrs. REID. You might have to know some of these statistics, however, before you could present it.

Mr. DONOVAN. I suggest that is a good point.

Mrs. REID. That is all.

INJURIES AMONG FEDERAL EMPLOYEES

Mr. HULL. I have just one question.

In the fiscal year 1968, 125,341 reports of new injuries were received and processed by your Bureau, and you expect that to go up to 130,000. Most of those injured are in the unskilled and semiskilled area. What would those occupations be that have the highest injury rates? You can put that in the record.

(The information follows:)

CCUPATIONAL DISTRIBUTION OF CIVILIAN FEDERAL EMPLOYEES WHO SUSTAINED DISABLING[1] NONFATAL WORK INJURIES DURING CALENDAR YEAR 1966

Occupations	Number of injury cases, 1966	Percent
Aeronautics engineer	5	0.01
Ash and trash collector	36	.09
Blacksmith	12	.03
Boilermaker	64	.16
Brakeman	24	.06
Bulldozer; dragline operator; grader operator; wagon drill operator	114	.28
Burner	3	.01
Carpenter; carpenter shop worker; joiner; circular saw; band saw; planer; box maker	457	1.13
Charwoman	31	.08
Chauffeur	49	.12
Checker	53	.13
Chemical engineer	4	.01
Chipper and caulker	19	.05
Civil engineer	76	.19
Cook	195	.48
Reader	1	(2)
Carrier, rural (mail)	236	.59
Core maker	3	.01
Crane operator	36	.09
Crater	52	.13
Doctor; dentist	37	.09
Draftsman; tracer	26	.06
Driver-mechanic (MVS only) garageman-driver (includes all Post Office MVS drivers)	764	1.90
Electrical engineer	19	.05
Electrician; lineman	485	1.20
Elevator operator	30	.07
Engineering aide or helper	164	.41
Firefighter	414	1.03
Fireman	121	.30
Fleet workman; reserve fleet workman	8	.02
Foreman; supervisor and postmaster (excludes RPO and HPO clerks and supervisors in the Post Office Dept.)	1,161	2.88
Forester	287	.71
Forest ranger	12	.03
Fork lift; tug; tractor operator	205	.51
Guard	161	.40
Inspector	522	1.30
Instrument worker	39	.10
Investigator	270	.67
Iron worker	21	.05
Janitor	382	.95
Laboratory worker	135	.33
Laborer	1,569	3.89
Laundry worker	153	.38
Lockman	27	.07
Longshoreman; stevedore; winchman; marine rigger; holdman; deckman (excludes crew members)	30	.07
Machinist; machine operator (excludes Post Office canceling and stacking machine operations)	417	1.03
Mail carrier, city (includes mail carrier, letter carrier, special carrier, village carrier, special delivery messenger, parcel post driver, mail collector, mailster operator, and mounted route driver)	10,356	25.70
Mail clerk, except PTS (includes distribution clerk, window clerk canceling and stacker machine operator)	4,196	10.42
Mail handler	1,986	4.93
Mason	35	.09
Meat cutter	122	.30
Meat inspector	111	.28
Mechanic; repairman (includes postal equipment technician, PET)	2,025	5.03
Mechanical engineer	24	.06
Melter	5	.01
Mess attendant	577	1.43
Messenger (not in Post Office Dept.)	28	.07
Mimeograph; ditto; addressograph operator	2	(2)
Moulder	9	.02
Munition handler (excludes longshoremen)	171	.42
Nurse	1,023	2.54
Office worker (this classification is limited to employees whose chief duty is "desk work." Excludes mail clerks and Post Office PTS clerks)	2,132	5.30
Oiler	24	.06
Operating engineer	57	.14
Packer	115	.29
Painter	323	.80
Patrolman	17	.04
Pattern maker	13	.03
Pile driver	2	(2)
Pipe coverer	10	.02
Pipefitter	90	.22

See footnotes at end of table.

OCCUPATIONAL DISTRIBUTION OF CIVILIAN FEDERAL EMPLOYEES WHO SUSTAINED DISABLING[1] NONFATAL WORK INJURIES DURING CALENDAR YEAR 1966—Continued

Occupations	Number of injury cases, 1966	Percent
Plasterer	14	.03
Plumber	193	.48
Pressman	76	.19
Printer	17	.04
Radio engineer; technician	103	.26
Railroad worker	24	.06
Railway postal personnel, clerks and supervisors (RPO and HPO clerks and supervisors)	646	1.60
Rigger (excludes marine rigger)	96	.24
Safety engineer	2	(2)
Sandblaster	32	.08
Seaman; ship crewmember; deckhand	451	1.12
Sewer	9	.02
Sheetmetal worker	198	.49
Shipfitter	91	.23
Shipwright	16	.04
Soil conservationist	66	.16
Stationary engineer	10	.02
Stock clerk	234	.58
Storekeeper	37	.09
Tabulating machine operator; key punch operator	91	.23
Teacher	155	.38
Toolmaker	9	.02
Truckdriver (excludes post office truck driver)	378	.94
Veterinarian	37	.09
Warehouseman; dockworker; freight handler (excludes mail handler)	548	1.36
Ward attendant; hospital attendant	102	.25
Welder	205	.51
All other occupations	4,086	10.14
Total	40,308	100.00

[1] Incurred basis, as reported to U.S. Department of Labor, Bureau of Employees' Compensation. A disabling injury is defined as any permanent injury; and any temporary injury causing loss of 1 day or more beyond the day or shift of injury
[2] Less than 0.005 of 1 percent.

Mr. HULL. That is all.

Mr. NATCHER. Mr. Casey.

CHILD JOB OPPORTUNITIES

Mr. CASEY. Just what does your administration have to do with the child labor area, as such? Are you interested in the child labor laws?

Mr. SWANKIN. We have two interests. We are responsible for promulgating the hazardous orders under the Fair Labor Standards Act, and Child Labor Regulation 3 under the Fair Labor Standards Act, and we also promote safe working conditions for youth in the States. There would be an interest in the Women's Bureau, too, with regard to female children.

We have an interest in being aware of what the States are doing, but our specific responsibility is under the Fair Labor Standards Act. That law requires the Secretary of Labor, for instance—it is referred to as child labor even though the basic application is to 16- and 17-year-olds as well as 14- and 15-year-olds—to declare whatever occupations are hazardous to youths of that age to be hazardous.

Mr. CASEY. How often do you review that?

Mr. SWANKIN. It is under constant review. Last year there were certain amendments made.

Mr. CASEY. With respect to farm labor?

Mr. SWANKIN. On the farm, and there were other amendments with regard to drivers and elevator operators, too.

Mr. CASEY. Drivers of schoolbuses I think it was.

Mr. SWANKIN. Schoolbuses. There was also another revision that allowed youths 16 and 17 to drive vehicles provided there was certain safety equipment in the vehicle and provided they were not driving full time.

Mr. CASEY. You keep talking about urging States to do things. What I want to know is, are you looking at this pretty closely to open up as many opportunities as you can? I don't mean to ignore the child's safety or expose him to undue hazards but, you know, some of these kids are tougher than you and I are.

Mr. SWANKIN. They certainly are.

Mr. CASEY. They can take a lot more punishment than I can. I certainly wouldn't be about to ride a motorbike or a motorscooter in the streets of Washington even with the helmets that they wear, but they do it. I just want to know if you are reviewing this constantly in an effort to open up opportunities. I am in favor of child labor, myself, in the sense that they should be given work when they want it. Most of them want to work.

Mr. SWANKIN. These are under review. We found one last year, for instance, where there was a restriction on operating elevators that was put in in the days when elevators were open.

Mr. CASEY. The open cage type?

Mr. SWANKIN. The open cage. Of course, most of these now are automatic. Yet the regulation was written in such broad language that it prohibited any operator from even pressing a button to go from one floor to the next. So that had to be revised. So the answer to your question is, yes.

Mr. CASEY. Let me thank you and encourage you to keep up the good work, keep opening up the loopholes—you don't see a Western Union delivery boy any more or a delivery boy for the neighborhood grocery store, they are just not in existence. I don't know whether it is due to the wage level, or whether they have trained the public to just come and get it themselves. But knowing how lazy I am—and I think a lot of people are the same way—if they have to pay an extra nickel or so not to have to get out of the chair and go down to the drugstore for a quart of ice cream or cigarettes they would do it, they would pay someone.

DAY CARE CENTERS

Mrs. Koontz, I am a strong advocate of day care centers myself. Are you having any luck in promoting any around Washington?

Mrs. KOONTZ. Yes. I think there are probably more in operation than many people are aware of but they are not always available to the people who need it most, who could save us the money if they were able to get the training in the skills and the jobs that we are talking about. I think I should emphasize, too, that our concern is not only for those people in low-income jobs, we are interested in day care facilities for a number of women who work in Government offices, as well.

Mr. CASEY. Let me tell you about a little experience I had. Last year when we had the OEO before us and they were talking about their day care centers through the community action program, I bragged on what they had going on in Houston. After the hearings

were done and appropriations were made, they announced they were closing them all down. Well, my phone started ringing. I tried to find out what the trouble was.

Now, we have had a voluntary organization known as the Houston Day Care Center Association, or whatever the title is. Then along came the community action program and they contracted with the voluntary organization to act as the placement and clearing center. They started using individuals' homes, which sounded good to me. You know, they find one mother who had one child and she would have to stay home, and they limited the home to five children. What they were closing them down for was because there wasn't a proper educational program going on. They said they did not want just a plain babysitter. Well, they announced they had to be closed down—and they didn't actually close them, you understand. It took a little kicking around but they did not close them down. But if they had closed them down here would have been all these mothers who had taken jobs who would have to stay home with their children. Now, it is true that what they wanted was a Headstart program in every one of these homes and that is fine. I think we have to be reasonable as to what we can expect in the way of a home where an ordinary household mother is going to look after children. She has to know how to properly care for them, get their naps, and so forth, but we cannot expect to have, in my opinion, a Headstart program in every one of these homes.

Mrs. KOONTZ. I think perhaps what we are talking about is something that is far more developed than anything that probably is now in wholesale operation.

Basically, I would think what we are saying is that for the middle-class woman, the family where there are children and we need child care centers, they are going to demand a little bit more than just babysitting, but they are also going to be willing to provide more personally to they send along with their children. Their children will carry many of their educational toys, and the like, with them to whatever center there is. But I think they are also going to require a kind of level, they will probably demand this.

Mr. CASEY. I agree with you. It is a noble objective and it is one we should strive for.

Mrs. KOONTZ. I think they will. I am also aware of the fact, and this is the other part of it, that what we are really talking about, too—when I mentioned that it is not only for relieving many of these women of this kind of home care of children to make job training available to themselves—we know we are spending on education now for a lot of children classified as slow learners and mentally retarded children who should not be in those classes. But they will continue to be unless we can provide something, as we train parents, to provide for these children the kind of opportunity even in child care centers that will develop perceptual skills that prepare them for formal education. This is lacking. Many homes in this country are not able to afford this because the parents are not able to do it, and even if they were there they may not be able to do it. I think what we are talking about is whether or not we can devise the means by which we can do those two things at the same time—make available to people, who are hale and healthy or in some degree of health and who want to earn,

opportunities for education and training while at the same time we do not penalize them because at this time they have children who need care; and at the same time provide what a home cannot provide for those children under a kind of supervised setting. So maybe we are talking about two or three different kinds of things.

Mr. CASEY. We are.

Mrs. KOONTZ. We are talking maybe about what is now in operation for those who can afford it, a kind of private nursery school, where even now those people are insisting that their children get some educational beginning. But because this is not done at the expense of the Government they do not call it Headstart, they call it a private nursery. What I am saying is I think we will continue to have this kind of demand made so that maybe temporarily they would be involved. But I think you would find the women themselves, the mothers themselves, demanding a bit more than babysitting. So that ideally if we are going into it from the project's point of view I think we ought to set a standard, a model that we can hope to have emulated, and ask the communities to supplement that to make it not something that is being given but something the community provides for its own children. That would take it across the board.

Mr. CASEY. Of course, I don't know, but I suspect that the fact that the community action program has taken the initiative, so to speak, in putting in more of the centers and financing them, they may kill out the voluntary organization, especially if they cancel their contracts and say "You don't do the job right."

Mrs. KOONTZ. I don't think the voluntary agency is the answer to it. I am afraid this is the disillusioning part to so many people who are unable to do anything about their own future at this time. They begin; they get enthusiastic; they set a routine and there is hope; and then all of a sudden it is cut off because there are no longer any funds. So this is the reason I think that ultimately perhaps what we will be doing is urging groups to look at and see who can best supply this need in the communities and in the States.

Mr. CASEY. Who do you think, if it is not an agency that has been financed with the community chest, say?

Mrs. KOONTZ. Oh, this may be so, but I think it is so fundamental——

Mr. CASEY. Who should it be?

Mrs. KOONTZ. I think it will finally be the State educational system that will probably encompass that.

Mr. CASEY. You were talking about putting these children in there while they are educating them. I am talking about the mother——

Mrs. KOONTZ. Yes; both kinds.

Mr. CASEY. Where the father is gone?

Mrs. KOONTZ. Yes.

Mr. CASEY. I think a home such as they had is better than letting them stay with an 80-year-old man, which we experienced with our maid. He was sick one day and she couldn't come to work. When he died she quit work entirely and went back on relief.

Mrs. KOONTZ. Right; which is the case with many not ever starting work, but continuing to be on relief, which leads me to the statement that I made. What we are really talking about is day care facilities not only for people who are on relief but those who can be gainfully employed, to supply a manpower shortage.

Mr. CASEY. We don't want to get into the Russian situation, where they take the kids over as soon as they are weaned and from then on it is the State's problem.

Mrs. KOONTZ. This is not our desire, but at the same time I don't believe that we can safely institute such temporary measures that we find ourselves in a worse predicament when that relief is taken away. So we see our job as pointing up the need that will allow for certain kinds of things moving and then move into that arena. The other side of that is a question that we are ofttimes asked——

Mr. CASEY. A community action program is to start something and to try to get the community then to take it over.

Mrs. KOONTZ. Yes, except I don't think we can do it piecemeal as long as our employment problem is so important an element here. Frankly, this is where we are looking, at the employment problem and the large number of unemployed and underemployed, many of whom are women. This is the single greatest need, to provide for the care of their children in a meaningful way.

Mr. CASEY. I think the more intelligent the woman is the more she is going to have a desire to stay with her children if she cannot find a place such as you are talking about; that is true.

Mrs. KOONTZ. I started to say, of course, there is the other side of it, which we get too, and that is the question: Are you encouraging women to go out to work? I think what we are encouraging is that women have a right to make the choice for themselves and that they not be limited by attitudes that discriminate against them because of their sex, nor a situation that has made it impossible for some women to be self-fulfilling after they perform the motherhood role. But I think the figures tell us a great deal more, and that is that from what we know about the work life of women they can count on 3 to 5 years working before marriage, then a period in which their children are small and are of school age where they are looking for part-time employment, and after that, 23 to 25 years of working. The fact that many of the children come home before the mother's work day is finished means that there must be some place that they can be assured that their children are taken care of.

Mr. CASEY. You touched there on one thing that I think is important to the children, that area from after school until the parents get home. There is a big gap there that needs to be filled.

Mrs. KOONTZ. Which is the reason also that we say that perhaps solutions may be found in part-time employment of women in jobs that use their talents.

Mr. CASEY. Part-time employment for some of the kids, too, don't forget that.

Mrs. KOONTZ. Yes. Then facilities, such as talking about the utilization of school buildings, talking about personnel with certain kinds of talent; all of these are parts of the same question, so we work with all of the agencies that touch on these various things.

Mr. CASEY. Well, good luck in your promotion.

Mrs. KOONTZ. Thank you.

Mr. SMITH. Mr. Chairman.

Mr. NATCHER. Mr. Smith.

Mr. SMITH. The vocational rehabilitation program and some of the other programs almost exclude the possibility of women being the ones trained instead of the man, I assume you are aware of that.

Mrs. KOONTZ. Yes.

Mr. SMITH. They will concentrate on retraining the man who is disabled in spite of the fact that it would cost less to train his wife, she would be able to make more money than he ever will be able to make and there would be more social security at retirement age also if they looked at the whole family concept instead of just the individual. Are you doing anything in that Bureau to get these agencies to direct their attention to the whole family approach?

Mrs. KOONTZ. I think that if we can take it from the standpoint of the various agencies—and I was looking for a note here that I had on a particular kind of activity with the vocational education departments—the numerous programs, job horizons for women, family activity in general, working with those who have the job of counseling, this is what we are talking about.

Mr. SMITH. What I am really talking about is that the rehabilitation people and the manpower people don't really have enough communication. Rehabilitation people work with an applicant and look at him only. The manpower people at the same time may have available training for his wife, but there is no communication between the two and no attempt to look at the whole family to see which kind of training would be best for the whole family.

Mr. KOONTZ. One of the advantages that the Women's Bureau has in being constituted as it is, is that we can look at the various aspects, the various agencies, the broad picture, and concentrate on it as it pertains to women in the whole context. We are less proscribed, I would say, in the fact that we do not have a stipulation of exactly this, and we are able to do this overall. How effectively we influence certain others is questionable. But certainly we have contact with agencies and I would suspect this is why we think that the 50 Commissions and the two Territorial Commissions on the Status of Women are such important organizations, because they provide that channel through which this kind of emphasis, information, education, and action can take place.

Mr. SMITH. I am glad to know you are looking for some men down there in that department because a lot of Democrats are looking for jobs now. Should I send some down?

Mrs. KOONTZ. Well, we are looking for men because the whole situation we think includes women and men, as well.

Mr. NATCHER. Mr. Swankin, we want to thank you for your presentation to the committee. As you have heard us say on other occasions, you do a good job.

Mrs. Koontz, we want to say to you especially that you have made a good impression on our committee. You have made an excellent presentation. As the other members have said, certainly we wish you the best of everything. We hope that you enjoy your assignment and we do want to thank you for an excellent presentation.

Mrs. KOONTZ. Thank you very much, Mr. Chairman. I might say I know that the attitude of many committees within the Congress is favorable to the work that is being done. Because essentially the goal toward which we all seem to be working is about the same, and perhaps if there is anything that I could hope to achieve during this tenure it would be that I would be able to help the Bureau continue its work and advance it to a point that more agencies work together toward the elimination of any kind of discrimination. But even more, that we utilize the potential available in womanpower and that we not waste the education that this country has provided for women by removing them completely from an arena in which they can make a contribution because of their brains and talent.

Mr. NATCHER. Thank you very much, Mrs. Koontz.

JUSTIFICATION MATERIAL

WAGE AND LABOR STANDARDS ADMINISTRATION SALARIES AND EXPENSES

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970
Appropriation or estimate	$11,777,000	$12,677,000
Amount reserved under P.L. 90-364	- 120,000	--
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)	120,000	--
Proposed transfer from other accounts for pay increases (P.L. 90-206, E.O. 11413, effective July 14, 1968	152,000 1/	--
Non-recurring rental costs transferred to GSA	- 4,333	--
Appropriation or estimate, revised	11,924,667	12,677,000

OBLIGATIONS BY ACTIVITY

	Appropriation Revised, 1969		Estimate, 1970		1970 Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1. Executive direction, planning and evaluation	16	$ 251,100	16	$ 246,400	--	$- 4,700
2. Appeals from determinations of Federal employee claims	9	158,000	9	160,300	--	+ 2,300
3. Improving safety and other working conditions of wage earners.	312	4,206,767	362	4,752,000	+50	+545,233
4. Promoting employment of the handicapped	34	533,000	34	540,000	--	+ 7,000
5. Advancing opportunities and status of women	76	990,100	76	997,800	--	+ 7,700
6. Providing compensation for employees of the Federal Government and other persons covered by Federal workmen's compensation laws	579	5,785,700	579	5,980,500	--	+194,800
Total obligations	1,026	11,924,667	1,076	12,677,000	+50	+752,333

1/ "Labor Management Services Administration, salaries and expenses,".. $52,000
"Wage and Hour Division, salaries and expenses," $100,000

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1969	Estimate, 1970	1970 Change
Total number of permanent positions	1,026	1,076	+50
Average number of all employees	934	960	+26
11 Personnel compensation	$ 9,299,021	$ 9,807,472	+$ 508,451
12 Personnel benefits	766,500	826,576	+ 60,076
21 Travel and transportation of persons	534,690	574,590	+ 39,900
22 Transportation of things	36,250	36,250	--
23 Rent, communications, and utilities	272,683	320,439	+ 47,756
24 Printing and reproduction	231,675	237,575	+ 5,900
25 Other services	576,420	654,570	+ 78,150
Services of other agencies	86,930	86,930	--
26 Supplies and materials	56,300	58,100	+ 1,800
31 Equipment	58,198	68,498	+ 10,300
42 Insurance claims and indeminities	6,000	6,000	--
Total obligations	11,924,667	12,677,000	+ 752,333
Working Capital Fund Items included above	(510,920)	(556,070)	(+ 45,150)

SUMMARY OF CHANGES

	Pos.	Amount
1969 Enacted Appropriation	1,026	$ 11,777,000
Amount reserved under P.L. 90-364	--	- 120,000
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)	--	120,000
Proposed transfer from other accounts[1/] for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)	--	152,000
Non-recurring rental costs transferred to GSA	--	- 4,333
1969 Appropriation, revised	1,026	11,924,667
1970 Estimate	1,076	12,677,000
Total Change	+50	+ 752,333
Mandatory Items: (page 8)		
Increases:		
Net additional pay increase costs not completely funded in 1969	--	+ 123,673
Net additional cost of within-grade promotions effective for part year in 1969	--	+ 78,102
Net cost of within-grade promotions becoming effective in 1970	--	+ 88,890
Net additional cost for Federal Telecommunications Systems services	--	+ 40,956
To provide for a net increase in contributions to the Federal Employees' Compensation Fund	--	+ 2.542
Net additional cost for space acquired in 1969 for only a portion of the year.	--	+ 3,000
Sub-total, Mandatory Items	--	+ 337,163
Program Items		
Increases:		
To expand safety and heal th inspection to additional establishments and high hazard industries covered by Federal procurement acts ($250,500 personnel services, $99,500 non labor costs) (page 17)	+42	+ 350,000

To expand services to the states in order to improve the administration of their workmen's compensation systems ($63,900 personnel services, $56,100 non-labor costs) (page 18).....	+10	+ 120,000
Sub-total increases.....	+52	+ 470,000
Decreases:		
Reduction in costs of the maritime safety program due to the consolidation of two field offices and savings in travel and printing costs ($22,630 personnel services, $21,600 non-labor costs) (page 16).....	- 2	- 44,230
Reduction in personnel services costs for the Office of the Administrator to reflect a decrease in man-years based on the first year of operation (page 11).....	--	- 6,400
Non-recurring equipment costs for new positions in 1969 (pages 11,16).....	--	- 4,200
Sub-total, decreases.....	- 2	- 54,830
Sub-total, Program Items.....	+50	+ 415,170
Total Change.....	+50	+ 752,333

1/ "Labor Management Services Administration, salaries and expenses"...$100,000
"Wage and Hour Division, salaries and expenses"..... 52,000

MANDATORY CHANGES BY ACTIVITY

	Net additional pay increase costs	Net additional cost of within-grade promotions effective for part-year in 1969	Net within-grade promotion costs initially effective in 1970	Contributions to FEC Fund	Increased costs for Federal Telecommunications Services	Net additional costs for space acquired in 1969 for only a portion of the year	Total
Activity 1	+ 390	+ 610	+ 1,700	--	--	--	+ 2,700
Activity 2	+ 360	+ 850	+ 1,090	--	--	--	+ 2,300
Activity 3	+56,323	+26,700	+27,100	+ 521	+ 9,019	+3,000	+122,663
Activity 4	--	+ 2,000	+ 3,000	--	+ 2,000	--	+ 7,000
Activity 5	--	+ 4,400	+ 3,000	--	+ 300	--	+ 7,700
Activity 6	+66,600	+43,542	+53,000	+ 2,021	+29,637	--	+194,800
Total	+123,673	+78,102	+88,890	+ 2,542	+40,956	+3,000	+337,163

MANDATORY CHANGES FOR 1970

Increases:

To provide for full year cost of pay increases effective July 14, 1968 and to provide full funding of part-year costs		$ 123,673
Within-grade promotion costs:		
1970 net additional cost of within-grade promotions effective for part-year in 1969	+$82,602	
Personnel compensation	$80,302	
Deduct lapse	-3,632	
Personnel benefits	5,932	
Net Cost	$82,602	
Absorption of a portion of above increases	-$ 4,500	
Adjusted net additional cost of within-grade promotions effective for part year in 1969		$ 78,102
Net cost of within-grade promotions becoming effective during 1960	+$91,790	
Personnel compensation	$89,287	
Deduct lapse	-4,155	
Personnel benefits	6,658	
Net Cost	$91,790	
Absorption of a portion of above increases	-$ 2,900	
Adjusted net cost of within-grade promotions becoming effective during 1970		$ 88,890
To provide a net increase in contributions to the Federal Employees' Compensation Fund		$ 2,542
Increased costs for Federal Telecommunications Services		$ 40,956
Net additional costs for space acquired in 1969 for only a portion of the year		$ 3,000
Total		$ 337,163

PROGRAM CHANGES BY ACTIVITY

	11 Personnel Compensation	12 Personnel Benefits	21 Travel and Transportation of persons	23 Rent, communications and utilities	24 Printing and reproduction	25 Other services	26 Supplies and materials	31 Equipment	Total
Activity 1...	$- 5,900	$- 500	--	--	--	--	--	$- 1,000	$- 7,400
Positions..	--	--	--	--	--	--	--	--	--
Activity 3...	$+271,000	+20,770	$+39,900	$+3,800	$+5,900	$+68,100	$+1,800	+11,300	+422,570
Positions..	+ 50	--	--	--	--	--	--	--	+ 50
Total.....	+265,100	+20,270	+39,900	+3,800	+5,900	+68,100	+1,800	+10,300	+415,170
Positions..	+ 50	--	--	--	--	--	--	--	+ 50

Activity 1 EXECUTIVE DIRECTION, PLANNING AND EVALUATION (1969, $251,100, Pos. 16; 1970, $246,400, Pos. 16)

Narrative Description of Program

This program provides for overall executive direction, planning and evaluation of programs of the Wage and Labor Standards Administration. The Wage and Labor Standards Administration was established by Secretary's Order No. 15-67 on July 21, 1967. The Order delegated to the Assistant Secretary of Labor for Wage and Labor Standards the authority vested in the Secretary of Labor for wage and labor standards programs. The Assistant Secretary serves as Administrator.

In establishing the Administration, the Order noted that there is need for one central body in the Federal Government to identify and monitor those working conditions, problems and needs of the American worker that fall within the area of wage and labor standards. The bureaus that are part of this Administration have responsibilities in such areas as occupational safety and health, workmen's compensation, equal pay, and the status of women workers. The immediate Office of the Administrator and the Office of Planning have been established to provide unified executive direction, policy planning and evaluation, research coordination and budgeting for the entire wage and labor standards program.

In 1968, accomplishments were aimed at developing unified approaches to problems cutting across bureau lines and developing consistent Administration policies. Priorities, long and short term goals and research needs were also developed. Among the accomplishments was the establishment of a Wage and Labor Standards Policy Development Committee, chaired by the Administrator. The Office of the Administrator also coordinated the Department's role in drafting the Occupational Safety and Health Bill which is now pending before the Congress. Research and cost benefit analysis projects were developed, principally the study to help reduce the time-lag between the date Federal employees are injured and the date they receive compensation. This study was begun in 1968 and will be completed during 1969.

Program surveys were conducted by the Office of Planning of the operation of the Public Contracts and Maritime Safety Programs and of the programs of the Women's Bureau and the Office of Employment Standards of the Bureau of Labor Standards.

Issue papers were drawn up by the Office of Planning in conjunction with the bureaus and wage and labor standards program priorities were recommended to the Departmental Management Committee.

In 1969 the emphasis on program planning, setting of priorities, evaluation, research coordination and budget coordination and consolidation will be continued. The Office of Planning, through the use of issue papers, will continue to lay before the Administrator those program issues and questions which should be addressed. The Wage and Labor Standards Management Development Committee will continue to discuss these issues and set priorities within the framework of the Departmental Management System. Follow up on the time-lag study and on program evaluations of the Bureau of Labor Standards and the Women's Bureau will continue.

A conference on Job Satisfaction was held bringing together leading figures in several disciplines to define and discuss those factors which comprise the satisfaction of human needs through work for the American worker. Suggestions resulting from the conference for job satisfaction programs are now being studied.

Among the new projects to be undertaken will be:

--an on-site evaluation of the programs of the Bureau of Employees' Compensation, particularly evaluations of the Federal employees' compensation rehabilitation program and the relationship of the Longshore and Harbor Workers' Compensation program and the Longshore Safety program.

--a major research effort to better assess working conditions needs among the American working population. The University of Michigan's Survey Research Center will conduct the first stage of this effort under contract with the Department.

In 1970 the setting of priorities, drawing up of issue papers, and evaluation of programs will continue to be emphasized. A follow up of the 1969 evaluation of the operation of the Bureau of Employees' Compensation will be conducted. The University of Michigan research project will be continued and it is hoped the proposed conference on the Quality of Employment to be held in 1969 will result in further developments in this area in 1970.

Changes for 1970

Mandatory changes amount to (WLSA-7)	+ $ 2,700
Program changes	- 7,400
Positions	None

A reduction of $7,400 from the 1969 amount is proposed. Of this reduction $1,000 is for non-recurring equipment costs for new positions in 1969 and $6,400 is to reduce man-years based on experience in the Office of the Administrator's first year of operation.

Basis for the Estimate

This estimate is based on the resources necessary to accomplish the objective stated above. The current volume of special projects, reports, evaluations, legislative proposals, budget documents, correspondence, and liaison contracts with other agencies requires that current staff and dollar resources be maintained. It is felt that these can be accomplished with present staff.

Activity 2 APPEALS FROM DETERMINATIONS OF FEDERAL EMPLOYEE CLAIMS (1969, $158,000, Pos. 9; 1970, $160,300, Pos. 9)

Narrative Description of Program

The Employees' Compensation Appeals Board hears and decides appeals from decisions of the Bureau of Employees' Compensation and of the Governor of the Canal Zone in cases arising under the Federal Employees' Compensation Act. The jurisdiction includes, among several other special categories, all civil officers and employees of all branches of the Government of the United States, including the Canal Zone Government, Panama Canal Company, and District of Columbia Government, except members of the Police and Fire Departments.

WORKLOAD STATISTICS

	Actual 1967	Actual 1968	Estimate 1969	Estimate 1970
Pending cases, beginning of period	68	88	43	43
Appeals docketed	288	217	260	310
Cases closed	-268	-262	-260	-310
Pending cases, end of period	88	43	43	43
Cases in which hearings were held	37	36	36	36
Opinions rendered	221	199	230	290

Changes for 1970

Mandatory changes amount to (WLSA-7)	+ $ 2,300
Program changes	NONE

Basis for Estimate

This estimate is based on the number of cases, the complexity of each case and the estimated man-hours needed for each determination. In order to increase the number of opinions rendered as estimated in 1969 and 1970, present staff and dollar resources are required. Increases in workload will be absorbed by present staff through increases in productivity.

Activity 3 IMPROVING SAFETY AND OTHER WORKING CONDITIONS OF WAGE EARNERS (1969, $4,206,767, Pos. 312; 1970, $4,752,000, Pos. 362)

Narrative Description of Program

This program provides for carrying out safety promotional and inspectional activities in the maritime industries; providing consultative services to Federal agencies and serving as secretariat to the Federal Safety Council; providing safety engineering, consulting, and training services for personnel of State governments, private industry, public, municipal, and labor organizations; conducting research directed toward establishment of safety codes and standards; obtaining compliance with minimum safety standards which are applicable to contractors engaged in performing services or furnishing goods to the Government; serving as a national resource for technical information on all types of labor laws and administrative techniques; reviewing economic and legal developments and appraising State experience as a basis for development of new or improved standards for giving advisory technical assistance to State labor departments; and directing the work of the Bureau of LaborStandards.

In 1968, the Bureau provided 617 on-the-spot technical services and 737 non-technical services on administration of State labor agencies, preparation of legislation, and training and information on labor standards to 48 States and the District of Columbia and 2,134 other services.

Maritime safety workloads continued higher than the pre-Vietnam measure of 200 million manhours, with calendar year 1967 manhours totalling about 229 million.

1. Accident-frequency rates in longshoring decreased 3 percent in calendar year 1967, to a rate of 78.9, comparable with a rate of 81.4 per million manhours in calendar 1966. This still represents the highest injury rate of any industry, although there has been a 39-percent decrease between 1960 and 1967.

2. Accident rates in the shipyard industry declined 13 percent with employers reporting a rate of 20.6 in calendar year 1967, compared with 23.6 in calendar 1966. The shipyard rate has been reduced 52 percent between 1960 and 1967.

3. In 1968, almost 10,000 consultative advisory contacts were made of maritime operations; 27,699 inspections and surveys were conducted; 9,668 corrective actions taken; and 6 legal actions instituted. Also, staff members investigated and resolved 373 complaints at the worksite and made 7,300 specific recommendations to improve working conditions on the job site.

4. Regulations covering the certification of shore-based cranes used in work covered by the Maritime Safety Act were developed and, after public hearings, issued in the Federal Register.

During calendar year 1968, 1,672 initial inspections of Public Contracts Act employers were made, with 1,477 firms showing 34,582 violations. Subsequent to initial inspections, 539 follow-up inspections were made to determine whether the firms in violation had complied.

Under the Service Contracts Act, 463 initial inspections were made, with 290 firms having 2,623 violations.

The Bureau of Mines inspected 45 coal mines for the Bureau; all came into compliance except one, which is awaiting a hearing action. Uranium mines underwent 207 initial inspections and 137 re-surveys, by the Bureau of Mines in cooperation with the Bureau of Labor Standards and State safety engineers. In addition, Bureau staff reinspected 37 mines. At present one mine has a hearing action in process and three others for noncompliance are pending.

State inspectors in California, Connecticut, Massachusetts, New York, New Jersey, and Rhode Island made 846 initial inspections for the Bureau and reported 460 firms not in compliance. These six States made 38 follow-up inspections.

Under the Public Contracts Act, 27 hearing actions were conducted to enforce compliance. Three firms became ineligible to receive Federal contracts for a period of three years.

As a result of specific enforcement actions, more than 500,000 employees of Public Contracts suppliers and 33,771 employees under the Service Contracts Act were provided improved safety and health conditions.

Mission SAFETY-70 was initiated by the President on February 16, 1965, at which time he stated, "further improvements in the safety record of individual agencies as well as the Federal Government as a whole must be attained." President Johnson called for a 30-percent reduction in work injuries and costs by 1970. Since February 1965--

--the frequency rate has declined by 11.4 percent.

--an estimated $12 million in direct savings has been achieved, not including the savings in costly equipment-property damage. (Estimated costs were arrived at by multiplying the number of injuries averted by the average compensation cost.)

--training and education of agencies' personnel has continued and assistance has been given in initiating new safety programs.

--The Federal Safety Councils throughout the country were given direct assistance in organizing and programming coordinated agency accident-prevention efforts on a localized basis.

In fiscal 1968, the Bureau gave 300 advisory-consultative services to the various Federal departments and agencies and trained 6,951 employees for a total of 58,748 trainee hours. In addition, the Bureau gave 37,664 trainee hours of safety training to State Employees, labor unions, and industrial groups.

Safety research resulted in the development of 24 new safety texts, bulletins and data sheets which were published, added to the Government Printing Office publications list, and sold nationally. A series of 8 additional instructor outlines were developed and made available. Six new code comparisons were undertaken. Bureau staff participated in almost 150 standards-setting groups such as United States of America Standards Institute, to strengthen national safety and health standards. Individual requests for special research and engineering services were complied with in more than 150 instances.

In the youth safety field, an interim hazardous occupations order listing particularly hazardous farm activities was issued on January 1, 1968, and amended on June 6, to exempt from certain of its provisions 14-and 15-year-old farm youth who have successfully completed Federal Extension Service Training Programs sponsored by the Department of Agriculture.

Standards affecting 16- and 17-year-old jobholders were modified to permit employment as helpers on motor vehicles under specified conditions and as automatic elevator operators. Standards governing 14- and 15-year-olds were modified to permit employment during summer vacations until 9 p.m. and to permit participation during school hours in Work-Training Programs under the Economic Opportunity Act.

In 1969, the Bureau will continue its promotional and resource role in corrective and remedial action, but will give emphasis to special areas oriented toward development of factual material and reasons why changes should be made. Special projects will include: Transportation--Effect of Workers; Entry into the World of Work--Improvement of On-the-Job Supervision; Job Satisfaction; Development of State Economic, Social and Political Profiles, in addition to development and promotion of improved State labor legislation.

In the Maritime Program, an over-all six-percent reduction of injuries will be sought during 1969, to maintain the record reduction of injuries since the program's inception. Also, special emphasis on the labeling and manifesting of hazardous chemicals and other materials will be made to prevent the increasing incidence of hazardous occurrences.

Increased study and survey will be given to work hazards arising out of industry technology concentrating on container operations, barging and assembly-line type ship construction.

It is estimated that 30,000 inspections will be made, with 10,000 corrective actions taken; 11,500 consultative/industry contacts; and 15,000 workers will be trained.

The Bureau plans to continue to emphasize the selective scheduling of Contracts inspections aimed at many of those industries which are involved in the high-hazard work operations. Inspectional activity under the Service Contracts Act will be based on the Safety and Health Standards which became effective February 1, 1968, and will be directed at a diverse number of work activities in order to measure the most effective manner to extend coverage. It is estimated that 4,275 inspections will be made of Contract operations.

Mission Safety-70 will continue to receive major emphasis with at least a six-percent reduction in the number of Federal injuries scheduled as the 1969 objective. Increased emphasis will be given to providing consultative engineering services to agencies with the poorest accident experience. As the first step in this service, the Bureau will provide consultative service to the Post Office Department in answer to a request of the Postmaster General.

In the field of Research, training and educational programs aimed at high-risk industries are in the developmental stage. These programs will be utilized by Bureau staff for industries under the Service and Public Contracts Act. In addition, the special industries safety training and education packages will be offered to the States to implement utilization of State safety staffs. Increased emphasis will be given to participation on safety standards-setting committees and boards for the purpose of promoting development and for revision of new national safety and health standards.

In the Youth safety field, studies of activities covered by the interim hazardous occupations order in agriculture will be studied to determine whether the order should be made permanent or modified. Promotional materials aimed at employers and youth will be developed. Employment and injury data will be collected and analyzed. Standards for 16- and 17-year-old school-bus drivers will be developed, in accordance with the recent amendment to Hazardous Occupations Order 2.

In 1970, the Bureau will continue its program of assisting the States in their efforts to improve labor standards legislation. It is estimated that 3,500 services will be given and reports prepared. Emphasis will be placed on improvement in garnishment legislation to restrict garnishment of earnings to amounts "substantially similar" to those in the Federal Consumer Credit Protection Act (Truth in Lending); improving minimum wage legislation, particularly in employment outside the Fair Labor Standards Act; and regulation of private employment agencies.

The Maritime Safety program will continue at the 1969 level, with Bureau staff estimated to make 30,000 inspections and surveys; give 11,500 consultative/advisory services; and train 15,000 workers.

Safety training will be conducted for 6,950 Federal employees and 3,650 State, municipal, and union representatives.

The Bureau also proposes issuance of lower individual exposure standards and general environmental control standards on July 1, 1969, after a study of all radiation exposure records in order to support the Department's position on radiation hazards and exposure standards. Emphasis will continue to be given to the publication of technical safety bulletins and other materials; and service will be continued as a safety information center. A critical study of the inadequacies of national safety and health standards will be issued as a "white paper" to the general public, to garner support for greater and more protective safety standards coverage.

In the Youth Safety field, the Bureau will continue to review regulations for the protection of young workers and consider the need for additional ones. It is estimated that five (new or revised) regulations will be published.

Changes for 1970

Mandatory changes amount to (Page WLSA-7)	+$122,663
Program changes amount to	+$422,570
Positions	+ 50

It is proposed to decrease program funds by $47,400. This reduction will be effected by the closing of the Fort Lauderdale District Office at a savings of two positions and $22,630 and by reducing printing and travel costs by $5,400 and $16,200 respectively. A decrease of $3,200 in non-recurring equipment costs for new positions approved in 1969 is also proposed.

The operation of the Fort Lauderdale Office will be taken over by the Jacksonville Office which will be able to provide maritime safety investigations more efficiently and economically. The combining of these offices will not in any way hamper the maritime program in the Jacksonville-Fort Lauderdale district.

Two program increases are also proposed:

Safety:

Proposal: An increase of $350,000 and 42 positions is requested in order to strengthen enforcement of the safety and health provisions of the Public and Service Contracts Acts, covering 35 million workers and 75,000 companies by developing a high hazard industry program of inspectional, training and consultative services. The importance of safety and health of workers as a national need is increasingly being recognized because of the adverse effects of accidents on the individual, on the national economy, and on the economic competitiveness of industry.

The Need: There has been during 1964-1968 a vast increase in the number of workers covered by the Public Contracts Service Contracts and other Federal procurement acts. In 1964 18 million workers were covered by the Walsh-Healey Public Contracts Act alone; in 1966 over 28 million workers had come under the provisions of the Act and it is estimated that the current number of workers under Walsh-Healey is 35 million. This increase of nearly 100 percent or some 17 million workers has been accompanied by an increase of just 13 public contract safety inspectors.

The minimum frequency of inspectional services for a regulatory function recommended by States, regulatory agencies and insurance companies call for at least an annual inspection and preferably quarterly inspections where high hazard ratings are involved. At the present level of Department of Defense contract worksites alone, this would require 75,000 worksite inspections per year. The existing inspectional program can, when fully staffed, perform some 4,275 annual inspections.

In particular the industries which have marked injury frequency rates all too frequently have poor or non-existent safety programs.

There is not only a need for inspectional activities but due to the magnitude and nature of the problem of occupational safety, an educational consultative and training program is needed to both supplement the inspectional program and to act as a preventive occupational injury program.

The Program: The Bureau of Labor Standards is requesting an additional staff of 30 safety engineers to:

1. Concentrate inspectional activities in high-hazard industries

2. Prepare specialized safety and health programs aimed at the needs of particular industries

3. Conduct intensive training programs for these industries, for both employers and worker representatives

4. Develop training aids which can be used within the industry to multiply the effect of initial training.

Among the target industries which will receive this interim program are the following (selected on the basis of this injury frequency rate and employment).

	Injury Frequency Rate	Industry-wide Total Employed, 1967
Lumber (Sawmills & Planing)	41.0	233,000
Foundries (Ferrous & Other)	25.6	315,000
Fabricated Structural Metal	24.8	400,000
Wood Products (Except Lumber)	23.7	363,000
Meat Processing	8.4	329,000

The injury frequency rates of the above industries can be compared with the overall average of 6.9 of industries reporting to the National Safety Council.

Base

Positions: 48 Estimated Cost: $664,000

Additional Cost

Positions:42 Man-years: 20 Estimated Cost:$350,000

Basis for the Estimate

The estimate is based on workload handled by the current staff which handles an average of 150 inspections for each professional man-year. It is anticipated that due to the lag in recruiting, after final approval of appropriation, that the full staff will not be available until six months after the beginning of the fiscal year and after a short period of training the engineers will be able to make 60 inspections each during fiscal year 1970, for a total increase of 1,800 inspections.

Other Working Conditions of Wage Earners

Proposal: An increase of $120,000 and 10 positions is proposed to aid the States in improving their workmen's compensation laws and administration.

The Need: The State workmen's compensation systems in the United States provide the primary income protection for the 2 million workers who are injured each year. Benefits amounting to approximately $2.1 billion in 1967 provided cash payments to the worker during disability periods, survivors' and funeral allowances for families of workers killed on the job, and medical care for the treatment of injuries. Despite these benefits, many workers who suffer serious, long-term physical or mental impairment are prime candidates for poverty. This is so because coverage is inadequate. Twenty percent of the country's workers--some 12.7 million--are unprotected. Those outside the system are frequently those in low-paid jobs and the existing deficiencies in the compensation programs compound their difficulties:

--In 24 States, employers with a small number of employees are exempt from the State law
--Farm workers are covered in only 14 States
--Only 8 States have programs that cover household domestics

The accepted standard for level of cash benefits is two-thirds of the individual's average weekly wage. However, in actual practice--

--Only 6 States today equal or exceed the standard, as contrasted with 37 in 1940
--The maximum weekly benefit for all States averages only 48.2 percent of average weekly wages; actual payments are significantly lower.

One important problem concerns occupational diseases. The initial focus of workmen's compensation was work-connected injuries, with diseases not being originally considered. One of the reasons for lack of coverage is that many harmful side effects of new discoveries and technological changes are latent and fail to surface until substantial harm has been done. The States have reacted slowly and incompletely to the problem of occupational disease, with 100,000 workers receiving insufficient compensation and thousands more remaining uncompensated. Deficiencies include--

--Full coverage, including occupational diseases, is provided by only 32 States. The remainder either fail to provide benefits or list specific diseases covered on often outdated or incomplete lists.
--In 22 States, medical care is limited either by duration of payments or maximum payments.
--The causal relationship between work and diseases is often too difficult to establish under the law.
--The time limit for filing claims--usually less than one year--is often related to the time of employment and is usually quite restrictive. (Lung cancer, for example, may not occur until many years after a worker is employed in a mine.)
--In 21 States, benefits for the permanently disabled--some 8,000 each year--are terminated after a specific period, leaving the disabled worker without a reliable source of income.
--Handicapped job applicants are often rejected by employers because second-injury funds (limiting employers' liability) are inadequate or do not exist. Only 18 States have satisfactory programs in this area. Therefore, many of the 175,000 handicapped Americans remain unemployed.

The Program: As part of its program to improve State workmen's compensation programs, the Wage and Labor Standards Administration, through the Bureau of Labor Standards, has been conducting studies on problems of administration. Two studies--one on organization and cost of administration and the other on case processing--have been completed, and a third--insurance arrangements--is in final draft. These studies will provide a base for the Bureau to assist the States in improving administration through regional "how-to-do-it" workshops and providing technical assistance in the preparation of training materials and manuals of administrative procedures.

Further research is imperative to explore whether workmen's compensation provides inducements to optimal safety expenditures, since workmen's compensation systems make the employer liable for all accidents without fault. This link remains as one of the paramount reasons for the maintenance of a separate social insurance program for work-connected injuries. Under certain ideal conditions where the experience-rating differential reflects economic loss, it can be shown that the system can induce optimal expenditures.

It is important to determine how the full costs of accidental injuries and occupational diseases relate to the technology of a particular industry and what impact they have on the wages paid and the demographic and socio-economic characteristics of the labor force in each industry.

It is planned to survey a representative cross-section of disabled workers and their families to determine the sources of income support (including the role of each workmen's compensation or disability income program) and their adjustments in the labor market.

The Bureau will assist States in developing program plans and measures of accomplishment, including plans for State studies designed to determine the adequacy of benefits and the proportion of wage loss recovered by workers under the State system.

The Bureau will conduct a study of the proposal that the Federal Government should direct greater emphasis to the vocational rehabilitation program and the industrially disabled and that provisions be made to allow grants specifically directed to workmen's compensation clients.

We will also study means of collecting data essential to the evaluation of many important problems in the workmen's disability income area. The actual collection would require several years.

A study will be undertaken to determine the possibility of Federal implementation of the contingent injury fund idea to compensate workers because of non-specific diseases, at least for some radiation diseases. Possibilities include funding by private insurance, State or regional funds, or even a Federally-administered fund. If a contingent injury fund is determined to be feasible, we would have gone a long way toward solving one of the most difficult problems facing workmen's compensation schemes today--proof of causal relationship to the job.

Base

Positions: 5 Estimated Cost: $ 75,000

Additional Cost:

Positions: 10 Man-Years: 5 Estimated Cost: $120,000

Basis for the Estimate

The estimate is based on known needs in the workmen's compensation field, the Bureau's own current effort in this field and the man-years now involved in Bureau workmen's compensation programs. The projects listed above are representative, and not all-inclusive, nor could the Bureau begin and complete all of them in one year with the staff requested. Instead, the staff, anticipated to be available for only one-half of fiscal year 1970, would be able to begin only four important studies and give approximately 200 technical assistance services to the States.

WORKLOAD STATISTICS

	Actual 1967	Actual 1968	Estimate 1969	Estimate 1970
Labor Standards Improvement				
Reports prepared and services given to States and others....	2,170	3,488	3,500	3,850
Draft laws prepared.....	80	77	50	50
Occupational Safety				
Maritime Industry				
Number of inspections/surveys	24,384	27,699	30,000	30,000
Number of consultative/ advisory contacts.....	8,862	9,787	11,500	11,500
Number of corrective actions..	4,857	9,668	10,000	10,000
Number of workers trained.....	18,276	10,405	15,000	15,000
Assistance to States, Private Groups				
Number of consultative/ advisory contacts.....	552	72	75	75
Number of workers trained.....	1,633	3,641	3,650	3,650
Federal Employee Safety Promotion Activities				
Number of consultative/ advisory contacts.....	684	300	300	300
Number of workers trained.....	5,376	6,951	6,950	6,950
Compliance with Federal Contract Safety and Health Regulations				
Number of inspections/surveys	894	3,955	4,275	6,075
Number of consultative/ advisory contacts.....	...	...	200	300
Number of corrective actions..	822	37,655	37,500	48,000
Number of workers trained.....	...	...	4,000	4,500
Youth Safety				
Number of child labor regulations published.....	1	5	5	5
Research				
Development of Occupational Safety and Health Standards and Materials				
Number of technical services..	1,820	1,925	1,875	1,875
Other Wage and Working Conditions				
Number of studies.....	...	2	5	5
Administration				
Bureau of Labor Standards				
Number of employees served...	239	256	273	312

Activity 4 PROMOTING EMPLOYMENT OF THE HANDICAPPED (1969, $533,000, Pos. 34; 1970, $540,000, Pos. 34)

Narrative Description of Program

Services are provided by the President's Committee on Employment of the Handicapped, which develops and stimulates employer acceptance of physically and mentally handicapped persons by working with all segments of the nation: labor, management, health and welfare organizations, Government, mass media, the professions and many more, including liaison with international rehabilitation organizations.

In 1968, public employment offices reported 309,362 handicapped placements, an increase of 6,030 over 1967. However, these figures alone do not represent any uniform improvement in the employment status of the handicapped; generally, handicapped applicants with minor and static disabilities are now obtaining jobs with relatively little difficulty. The major problem today concerns the "hard core" handicapped with unusually high unemployment and underemployment records; those with severe and multiple disabilities; those with degenerative conditions such as multiple sclerosis; those with histories of mental illness; those with handicaps marked by extreme stigma, such as epilepsy. Accurate statistics on employer acceptance of the handicapped could be obtained only by a most difficult and costly census. Based on these efforts the program requires greater challenges and greater effort to promote employer acceptance of the severely disabled now entering the labor force.

The Committee joined forces with the major national health agencies in special promotional efforts in behalf of the severely handicapped: the blind, the deaf, epileptics, paraplegics, those with multiple sclerosis, and others who need intensified assistance.

A conference, in cooperation with the National Health Council, set the stage for health agency involvement and acquainted them with the Committee's promotional resources and staff assistance.

The National Multiple Sclerosis Society announced an intensive three-year campaign in cooperation with the President's Committee to promote jobs for persons with MS who are able to work. First stages of this joint promotional effort involved the preparation of a flyer, "JOBS and MS," distributed widely to employers everywhere, as well as the participation of Committee officials at MS Society meetings and conferences. Also, in cooperation with the President's Committee, the Chairman of the Board of Lockheed Aircraft Corporation personally communicated with the heads of 555 national corporations urging them to employ workers with multiple sclerosis and other disabilities.

The Committee undertook a new program for promoting the rehabilitation and employment of the handicapped in rural America. Three pilot projects -- in West Virginia, Iowa and Florida -- called into play all the organizations and agencies in rural communities, coordinating their efforts under local Committees on Employment of the Handicapped. A Guide was prepared by the President's Committee to assist these local Committees.

The Department of Agriculture's Extension Service, in cooperation with the President's Committee, published a helpful handbook, "How to Help the Rural Handicapped," for use by county agents across the nation.

To overcome employer prejudice against former mental patients -- the largest single disability group in the nation -- the President's Committee intensified its promotional efforts to encourage more jobs for those able to work. Highlights were the development of Employer Councils at mental hospitals to create greater employer involvement in the affairs of the mentally ill; the preparation of new informational flyers for employers, pointing out the strength of the restored as workers; close coordination

with organizations serving the mentally ill such as the National Association for Mental Health and the American Psychiatric Association.

To open more doors for the mentally retarded, the President's Committee undertook a new three-part campaign: (a) to reach employers and inform them of the capabilities of mentally retarded workers for lesser-skilled jobs; (b) to reach the retarded themselves, to encourage them to apply for jobs and to help them apply properly; (c) to reach those who train and educate the retarded to encourage them to develop more vocationally oriented programs. As a result of this campaign, opportunities for the retarded in the labor force are on the upswing. At times, there are not enough fully-trained retarded persons for all the openings available.

The Retail Merchandising Committee published a flyer, distributed to retailers, urging that they hire handicapped workers. The first of many efforts to increase handicapped job opportunities in retail establishments, it carried endorsements from top retail spokesmen.

The National Commission on Architectural Barriers recommended to the President that the President's Committee and State and community committees intensify promotional and educational activities to eliminate architectural barriers in the private sector -- hopefully achieving the same success experienced in the public sector. The President's Committee and others encouraged greater promotional effort by State and local Committees. More than 30 States enacted legislation banning barriers in construction financed with State funds.

The newly-formed Transportation Committee studied barriers of mass transportation interfering with mobility of the handicapped and conferred with the designers of the proposed subway system in Washington, D. C., to arrange for accessibility to the handicapped.

As a result of efforts by the Education Committee, eight national educational associations adopted resolutions calling for equal opportunity for the handicapped in employment. The Committee also urged colleges to eliminate architectural barriers on campuses.

The Employer Committee continued the program begun in 1964 to promote employer seminars at the State and community levels under the sponsorship of the Governors' Committee; purpose: (a) to inform employers about the work records of the handicapped, and how to go about hiring them; and (b) to give employers a chance to discuss their own problems with the rehabilitation and placement agencies, organized labor, and the community groups serving the handicapped.

An ad hoc group of Employer Committee and Labor Committee representatives was established to evaluate problems of workmen's compensation as they affect the handicapped. This group agreed that special action needs to be taken to remove employer fear to higher workmen's compensation costs, especially by impressing the Governors' Committee with the fact that second or subsequent injury laws in the States' workmen's compensation systems should be adopted where lacking, and improved where restrictive, to be more responsive to the needs of the handicapped. In 30 States such legislation is inadequate and in four others it is entirely lacking.

The Committee on Disabled Veterans also showed its concern about the effects of workmen's compensation on employment of disabled Vietnam veterans and older disabled veterans with job problems by a resolution calling upon the President's Committee to acquaint veterans organizations with the facts about workmen's compensation and second injury legislation.

The Medical Committee began an extensive process of updating its medical criteria for employment of persons with certain handicaps (cancer, cardiovascular conditions, epilepsy, diabetes, inactive tuberculosis), and in addition,

started preparing new criteria for the employment of persons with multiple sclerosis.

The Women's Committee encouraged leading women's organizations to become involved in affairs of the handicapped. For example, Altrusa International includes employment of the handicapped as part of its overall program; Zonta International is involved in programs for the blind; Junior League of America is heavily committed to programs serving the handicapped; the General Federation of Women's Clubs is a strong supporter of all types of programs for the handicapped, from architectural barriers to writing contests for high school students.

The Committee worked out arrangements with four government agencies to assist sheltered workshops with various facets of the efforts: the Department of Defense and General Services Administration now provide information to workshops on sub-contracting and prime contracting opportunities; the Department of Commerce opened its Federal Procurement Conferences to workshop directors, giving them an opportunity to meet procurement officers and prime contractors; and the Small Business Administration offered its management assistance services to workshops interested in improving production and management techniques.

A variety of materials, prepared by the Committee and other agencies, is mailed regularly to nearly 1,400 workshops. These materials are designed to help workshop directors primarily with production, promotion and job placement.

Also, Project Earning Power was successful in developing a coordinated line of gift housewares through its Los Angeles task force, Phoenix Products. These are products crafted in ten sheltered workshops for the handicapped, to demonstrate to the buying public the capabilities of handicapped persons.

A major objective of the Committee is to build and maintain strong State and local programs. Intensive efforts have been made to assist Governors' and local Committees. President's Committee staff members and volunteer leaders were made available for frequent consultation and help. In staff field visits, emphasis was on "shirt sleeves" sessions where practical ideas were exchanged and guidance given on specific problems or future plans.

The President's Committee conducted two national training and orientation sessions to assist Chairman and Executive Secretaries of Governors' Committees to improve their operations. Both were effective in upgrading State and local efforts. Also, in order to better meet the training and program needs of the Governors' Committee and provide for closer and more frequent coordination, a five-member national committee was established from among the State Chairmen and Secretaries to plan for annual conferences of the Governors' Committees and to develop a National Association of Governors' Committee on Employment of the Handicapped.

The Library Committee surveyed 8,000 libraries and found that while one-fourth of the 2,100 respondents said they hire the handicapped, others expressed a willingness to do so if qualified persons applied. The American Library Association issued a policy statement urging all libraries to hire the handicapped. The Committee assisted the ALA with sessions on employment of the handicapped at the ALA's last two Annual Conferences.

In 1969, a Youth Activities Committee will be formed to begin utilizing the services of the young people of America as volunteers in programs for the handicapped. First steps of the Youth Activities Committee will be to survey existing organizations of youth, as well as needs of the handicapped that can best be served by volunteers.

The cooperative campaign with the Multiple Sclerosis Society, begun in 1968, is just the beginning of similar ventures with voluntary health agencies. The President's Committee plans to approach other such agencies, representing handicapped persons having particularly severe employment problems, to encourage them to engage in joint promotional efforts. Four agencies will be contacted, representing disabilities such as epilepsy, muscular dystrophy, cerebral palsy and paraplegia.

In the program of promoting the rehabilitation and employment of the handicapped in rural areas, five more pilot projects will be engaged in. Also, the Guidelines for local Committees will be revised in the light of experience gained with the initial three pilot projects. All of this will be in close liaison with Department of Agriculture executives and rural leaders in the private sector.

To promote greater job opportunities for the mentally restored, it becomes necessary to work with the professionals with whom mental patients come in contact: social workers, nurses, occupational therapists. To do this, the President's Committee will produce a series of pamphlets, each directed to a specific professional group, outlining available programs of rehabilitation and employment of the handicapped (Rehabilitation, Public Employment Offices, Veterans Administration, others). Purpose of the pamphlets is to give the professionals a greater awareness of available facilities for preparing the mentally ill for meaningful employment.

Also, efforts will be made to encourage many more mental hospitals to establish Employer Committees and Councils, since employer involvement is a key to opportunities for ex-mental patients.

In the field of mental retardation, the President's Committee will continue to encourage better education and training of the retarded -- with increased emphasis on preparation for employment -- since there are numerous job opportunities for those who are properly trained. This will be done by printed brochures, articles in professional journals and talks at teachers conferences. Also, efforts will be maintained to remind employers of the job potentials of the retarded. Many employers may already know; many more do not.

To open up more jobs for the retarded, a campaign will be conducted to encourage employers to redesign jobs so that the retarded can perform them. A start in this direction was made at the Annual Meeting of the President's Committee in May, 1968, at which a paper was presented on methods of redesigning jobs for the retarded. Much more effort in this direction will be expended.

The Retail Merchandising Committee will prepare a guide for retail merchants giving a step-by-step description of how to hire the handicapped, how to establish storewide policies on employment of the handicapped, how to make the best use of their skills and talents.

The Education Committee will contact State and local associations and school systems, through Governors' Committees, to urge full opportunities for the handicapped in employment. This "grass roots" effort is a follow-up of the resolutions on employment of the handicapped which have been adopted by many national educational associations.

The Employer Committee and the Medical Committee will join forces in an intensified effort to gain the understanding and cooperation of industrial physicians who play an important role in company employment policies and hiring practices.

The Women's Committee will take part in two cosponsored contests: the General Federation of Women's Clubs home sewing contest, aimed at increasing the knowledge of the need for specially designed clothing for the handicapped; Pilot International contest to select the Handicapped Professional Woman of the Year. The Women's Committee will promote homemaker rehabilitation, since there are many women in America who cannot perform necessary household tasks because of their handicaps. A first step is the publication of a flyer on homemaker rehabilitation by the Women's Committee in cooperation with the American Home Economics Association. Plans are underway for a new motion picture on Homemaker Rehabilitation, to be distributed nationwide.

Emphasis will continue on helping the Governors' Committees and Commissions with their local problems of organization, financing, program planning and activities, community organization, and local barriers to the successful accomplishment of their objectives, so as to better equip them for advanced programs in behalf of the handicapped.

In the field of sheltered workshops for the handicapped, the President's Committee will continue to promote more contracts and subcontracts with Federal agencies such as the Department of Defense and the General Services Administration. Also a Newsletter will be distributed regularly to all sheltered workshops, sharing effective and imaginative ideas that can help them improve their practices and their services.

A greater effort is being made to promote jobs for the handicapped in libraries since this source of manpower remains relatively untapped and libraries are turning to automated processes in increasing numbers. The Library Committee will approach other organizations representing specialized fields of librarianship and encourage them to employ the handicapped. Present liaison with the American Library Association and other specialized library organizations will continue.

In 1970, the following areas will be emphasized:

1. Public Law 90-391, the Vocational Rehabilitation Amendments of 1968. It encourages innovations in rehabilitating the handicapped; it liberalizes Federal payments to the States that undoubtedly will result in vastly increased caseloads; it authorizes cooperating training programs involving employers; it provides funds for the preparation of the handicapped for employment in rehabilitation facilities of many kinds. Further, it provides for large yearly increases in Federal funds for vocational rehabilitation. All aspects of this law assume increased acceptance of the handicapped by the nation's employers. The President's Committee's role is to bring about such increased acceptance.

2. Advertising Council Campaign. Beginning in the late fall of 1968, and continuing through FY 1970, the Advertising Council will engage in a major promotional campaign throughout America, urging many more handicapped persons to apply for vocational rehabilitation and for employment. The theme of the campaign can be epitomized in the following headline from a forthcoming national magazine advertisement, prepared by the Advertising Council: "Pride, Fear, and Confusion Are Stopping 5 Million Disabled From Getting the Help They Need. What's Stopping You?" This campaign presupposes employer acceptance of the handicapped. Again, the creation of such acceptance is the role of the President's Committee.

3. National Conference on Rehabilitation of the Disabled and Disadvantaged. The emphasis on this national conference is to be on unmet needs -- on serving handicapped persons not now being served, on reaching new categories of the handicapped, on streamlining services to match the quickly changing times in which we live. Some 1,200 leaders in all fields of disability will attend, as well as representatives of handicapped persons themselves. It, too, will result ultimately in an "outreach" program that will bring the benefits of vocational rehabilitation to thousands of persons who need it and who have not obtained it.

4. National Citizens Advisory Committee on Vocational Rehabilitation. This Committee has just filed its report to the Secretary of Health, Education and Welfare. Major recommendations in this report call for stepped-up programs of employer education, Federal funds to match State funds for the work of Governors' Committees on Employment of the Handicapped, a "comprehensive public information and education plan...to bring into play governmental, voluntary and industry resources in concert, in a joint effort to reach and inform both the public and special groups concerning disability and rehabilitation," and other innovative projects driving home to America the suitability of the handicapped for employment. Focal point of these recommendations will be the President's Committee.

The current stress in rehabilitation is in the disadvantaged areas of America. Handicapping conditions occur among the poor at least three or four times more frequently than they occur among the rest of the population. Yet the poor are largely unaware of rehabilitative facilities, and are not well prepared for employment as are the rest of American workers. Increasingly, the President's Committee has been turning its attention to the plight of the poor -- and to the difficult task of creating employer acceptance of these people. This type of activity will increase in intensity in 1970. A related activity is, and will be, directed to the disadvantaged themselves, to motivate them to prepare for work, to give them new hope and new courage. A start has been made in this direction in the preparation of a guide, "How to Get a Job," written for the mentally retarded and for the disadvantaged.

The President's Committee efforts in behalf of the seriously handicapped will move into high gear by 1970, with cooperative campaigns underway with most of the nation's leading voluntary health agencies. Pin-pointed efforts should be in full force to eliminate prejudice against most categories of the severely handicapped.

In the field of mental illness, the President's Committee and the National Association for Mental Illness will engage in an intensive joint campaign to: (a) promote the establishment of Employer Councils and Committees at leading mental hospitals; (b) develop promotional efforts for newly-emerging community mental health centers.

In the field of mental retardation, efforts to reach the retarded, their families and their trainers and educators will be stepped up -- in order to encourage more intensive preparations for entering the labor market.

In the field of rural areas, the aim will be to establish rural area promotional programs in every State of the Union with a sizeable farm population.

The youth activities program will get underway fully by 1970, with specific volunteer programs suggested for young people in the area of rehabilitation and employment of the handicapped.

A speakers' bureau will be established to provide nationally-known speakers on employment of the handicapped. This includes the maintenance of a roster of available speakers in all parts of the country.

In the field of education, efforts will be intensified to encourage universities to make their facilities fully accessible to handicapped students; at present the handicapped can attend only 10 percent of America's institutions of higher learning.

The Employer Committee will remain active in promoting and assisting with employer seminars at State and local levels; in working with the Labor Committee in behalf of more enlightened subsequent injury protection in workmen's compensation systems; in working with the Medical Committee in reaching the nation's industrial physicians to enlist their support in opening doors for the handicapped.

The Women's Committee will enlist the support of all leading women's organizations to serve the cause of employment of the handicapped in close cooperation with other Standing Committees of the President's Committee.

The President's Committee will continue emphasis on strengthening and improving the programs of State and local committees. Their effective support is vital to the program of changing employer attitudes about the job-worth of the handicapped.

Changes for 1970

Mandatory changes amount to (WLSA-7) ..... + $7,000

Program changes..... NONE

Basis for the Estimate

The Committee arrived at the above estimate based on priorities decided upon by the Chairman, Vice Chairman, Executive Committee and staff working in close harmony with the public and private groups cooperating in this national effort. Priorities are recommended by standing committees, reviewed by the staff and decided upon by the Chairman with or without consultation with the Executive Committee, depending upon urgency, newness, or expense of the involvement.

Activity 5 ADVANCING OPPORTUNITIES AND STATUS OF WOMEN (1969, $990,100, Pos. 76; 1970, $997,800, Pos. 76)

Narrative Description of Program

This program provides for promoting the welfare of wage earning women as authorized by the Act of June 5, 1920 (29 U.S.C. 11-16). While particular objectives have changed with changing economic and social developments over the years since the Women's Bureau's establishment in 1920, the basic purpose of its program remains unchanged and the need for a focal point of concern within the Federal Government continues.

The Bureau serves as the center of informed concern, policy advice and leadership within the Federal Government on questions relating to the utilization of womanpower and the economic, legal and civil status of women. It provides the secretariat and serves as the staff resource for the Interdepartmental Committee and Citizens' Advisory Council on the Status of Women. Its program emphasizes the stimulation and promotion of efforts to implement the recommendations of the President's Commission on the Status of Women. It assists and cooperates with State commissions on the status of women, national women's organizations, unions, employers, educational institutions, communications media, and other State and local groups and individuals concerned with improving women's economic, civil and political status. It also furnishes consultative services and prepares technical reports for specialized international agencies and for use of United States delegates at international conferences such as International Labor Organization and the United Nations' Status of Women Commission.

Today, with more than 29 million women in the labor force and the likelihood that nine out of every 10 girls will engage in paid employment at some time in their lives, the Bureau's work is relevant to practically all women in the country. Reflecting the national need for fuller utilization of all our human resources, a major focus of the Bureau's present program is on the special employment-related problems of low-income women and girls and the underutilization of American womanpower generally.

In 1968, in promoting the training, counseling and employment of disadvantaged women and girls, major focus of Women's Bureau programs was on women and girls in poverty, those in low skilled, low-paid jobs, teenage girls out of school and without jobs, and women who were unemployed for lack of community services that would make it possible for them to work outside the home, such as day care for their children. To explore the needs of these groups, the Bureau held a consultation on Special Problems of Low-Income Women and Girls with a group of professional and nonprofessional men and women, including women from low-income groups.

Special attention was given to the problems of disadvantaged Mexican-American women and girls through staff consultation with the Council of Mexican-American Women, the National Advisory Committee on Mexican-American Education, the Interagency Committee on Mexican-Americans and the Department of Labor task force on Mexican-Americans. Bureau staff collected and organized extensive information about this group of women. Technical assistance was given the Los Angeles YWCA which planned to seek Federal funding for a proposed project to provide remedial education, occupational skills, and counseling and guidance for Mexican-American women and girls.

The Bureau was concerned also with the problems of Negro women, particularly those in poverty and in low-paid occupations. It worked with the National Council of Negro Women in planning a series of conferences designed to provide a profile of the Negro woman in her own State. Bureau staff also

assisted at workshops and sessions devoted to meeting the needs of disadvantaged Negro women and girls at the 32nd Convention of the Council and cooperated on other Council programs. A report "Negro Women in the Population and in the Labor Force" was given wide distribution. Three regional conferences giving high priority to the problems of disadvantaged women and girls were co-sponsored by the Women's Bureau, State Commissions on the Status of Women and regional multipurpose training centers.

The Bureau cooperated with OEO in a national conference on Women in the War on Poverty and was represented on the American Women's Council on Poverty.

The importance of the volunteer in community programs to reduce poverty, expand educational and training facilities and open more job opportunities to women and girls was stressed.

The Bureau participated in a meeting of a task force on health and welfare of the Citizens' Advisory Council on the Status of Women and representatives of 13 national women's organizations to discuss ways to enlarge the contribution of volunteers in community service. A summary of volunteers and their activities, based on a 1965 survey by the Bureau of Labor Statistics was prepared by the Bureau for the task force. Material also was compiled on laws applicable to the use of volunteers in Federal programs and by Federal agencies.

Bureau staff helped recruit volunteers for the program "Volunteers for Summer Employment," sponsored by the U.S. Employment Service and the Board of Trade of the District of Columbia, to help find summer jobs for youth. A pilot project was developed to demonstrate the extent to which volunteers working in D.C. neighborhood employment centers could assist in counseling youth, who could not be placed in jobs, concerning recreation and other summer opportunities.

The Women's Bureau also cooperated with the Maryland State Employment Service in recruiting, training, and supervising a volunteer corps to service the "Opportunity Line" TV job placement program in Baltimore.

The Women's Bureau's 1967 programs to stimulate interest in day care needs, and publication of the report of a Consultation on Working Women and Day Care Needs held in June 1967 proved to have considerable outreach in 1968. The Bureau was consulted by Federal and State government agencies, nonprofit day care organizations, private corporations, union representatives and others on development of day care facilities for children of working mothers.

The Bureau cooperated with other government agencies on a Federal Panel on Early Childhood. It was represented on task forces of the panel that studied problems arising from implementation of the amendment to the Social Security Act requiring establishment and staffing of day care centers for children of welfare mothers training for employment. The Bureau also took part in the development of a Department of Labor - National Capital Area Child Day Care Associate contract for the operation of a small day care center for children of Department of Labor employees and low-income women who are able to work only because the Department could provide day care.

As increasing numbers of mature women sought employment, the Bureau stressed programs to stimulate interest in their counseling, training and placement. It participated in a series of "Business Needs You" symposiums sponsored by American Girls Service and local department stores. Colleges, universities, centers for continuing education, and women's business and professional organizations also requested Bureau assistance and participation in conferences and seminars on this subject. The Women's Bureau in cooperation with the President's Study Group on Careers for Women and the American Women's Medical Association sponsored a conference on "Meeting Medical Manpower Needs -- Fuller Utilization of the Woman Physician." A study on "Facts on Prospective and Practicing Women in Medicine" was prepared for the meeting.

The Bureau sought to stimulate and encourage training and guidance of girls for full use of their skills. The new series of leaflets on "Careers for Women" has been well received by educators, vocational counselors, youth serving agencies, and professional organizations interested in attracting women to careers in which there are manpower shortages. Engineering schools and professional societies gave wide distribution to "Why Not Be An Engineer?" The American Pharmaceutical Association plans to distribute "Why Not Be a Pharmacist?" in drugstores throughout the country during National Pharmacy Week.

The Bureau of Apprenticeship and Training sought the assistance of the Women's Bureau in improving opportunities for girls and women as apprentices and a joint letter stating this goal was sent to Regional and State directors of Apprenticeship Programs.

Most of the Bureau's efforts toward encouraging new or improved State legislation were devoted to the promotion of legislation which can and does have the greatest impact on the economic status of women workers, particularly those living in poverty or employed in the poorest paid occupations. Of major concern to the Bureau was the lack of minimum wage protection in some States, inadequate minimum wage standards, limited premium pay protection, inflexible hours limitations and weight-lifting standards.

Analyses of minimum wage, equal pay and fair employment practices laws in individual States were made for conferences and for groups working on specific legislative proposals.

Significant gains in State laws were achieved during fiscal year 1968. Arkansas, Massachusetts, New Hampshire and Oregon substantially improved their minimum wage rates and the coverage of their minimum wage laws. Minium wage rates were also increased in four additional States -- California, Delaware, Pennsylvania, and Wisconsin.

A noticeable trend developed toward flexible administration of maximum hours standards with the adoption of legislative amendments and related programs in Arizona, California, Illinois, Michigan, Nebraska, North Carolina, Oregon, and Wisconsin. Greater flexibility in permissible nightwork was achieved by amendments in New Hampshire and Wisconsin.

Massachusetts and Puerto Rico enacted new weightlifting standards but the latter gave the Labor Commissioner authority to vary the standards when deemed appropriate to satisfy emerging concepts of worker safety.

Oklahoma enacted a comprehensive anti-discrimination law which includes prohibitions against sex discrimination. An equal pay law was adopted in Nebraska, and California extended coverage of its equal pay law to men.

Increased interest in the civil and political status of women meant that the Bureau was called upon to provide highly specialized assistance to professional groups and to develop simplified materials for more general distribution. The Bureau prepared a highly technical analysis of State consanguinity laws for the American Bar Association and of State domicile laws for the Citizens' Advisory Council on the Status of Women Task Force on Family Law. A comprehensive summary of State laws affecting the legal status of women was prepared. It included information on equal employment opportunity legislation and family support laws.

Interest was sustained in reconstituting the occupation of private household work and of improving its status, with the publication of the report of a Consultation on the Status of Household Employment. The National Consumers League and the National Council of Negro Women requested consultative services and technical assistance from the Bureau. The Bureau

also participated in the New England Conference on the Status of Household Employment at Goddard College, in sessions on upgrading household employment at several regional conferences of State Commissions on the Status of Women, and in numerous other meetings on the subject. The Bureau continued to cooperate with the National Committee on Household Employment which developed and supervised seven MDTA-funded demonstration projects. The Bureau explored with the Bureau of Employment Security the effect of importing foreign household workers on wages, hours, working conditions and employer-employee relations of American workers in this occupation. Material on this subject was prepared for the National Committee on Household Employment and the National Consumers League.

Because many household workers live in porverty, the Bureau conferred with the President's National Advisory Council on Economic Opportunity to urge that the poverty program provide training programs, including supportive services, for private household workers. The Bureau also provided information on household workers to the Institute of Research in Poverty, University of Wisconsin, for its data bank on household workers and published a "Summary of Labor Laws Affecting Private Household Workers."

Six regional conferences were cosponsored by State Commissions on the Status of Women and the Women's Bureau. Bureau staff served as speakers, panelists, workshop leaders and in advisory capacities. Bureau publications were supplied to all conferences and special, relevant, studies were made for them.

During fiscal year 1968 the Bureau distributed 404,000 publications to schools and individual students; libraries, educators and counselors; Youth Opportunity, Neighborhood Youth Corps, and Women's Job Corps centers; commissions on the status of women, youth-serving agencies, women's organizations, conventions and meetings, labor unions, government agencies, and members of Congress.

As the secretariat for the Interdepartmental Committee on the Status of Women and the Citizens' Advisory Council on the Status of Women, the Women's Bureau prepared background information for their use and provided technical assistance on a continuing basis.

The third annual report of the Commission and Council to the President, "Report of Progress in 1966 on the Status of Women" and the reports of the task forces, including their recommendations were published. Council newsletters were distributed in September 1967 and December 1967.

The Fourth National Conference of Commissions on the Status of Women, sponsored by the Commission and Council was held in June 1968 in Washington, D. C. Bureau staff members served on the planning committee and carried the responsibility for implementing the committee's recommendations on program and arrangements.

The Bureau provided orientation sessions on the role of women in the economy of the United States for 104 members of teams and individuals from other countries. In addition, 65 leaders had separate discussions with Women's Bureau staff. A number of position papers for U. S. delegates to intergovernmental meetings, and reports for international agencies were prepared.

In 1969, it is planned to carry forward the on-going work of the Bureau, with major emphasis on programs related to disadvantaged women and girls. The Office of Federal Contract Compliance has requested assistance in orienting OFCC personnel and the Bureau will give priority to this cooperation as well as continued assistance to the national office and regional staff of the Equal Employment Opportunity Commission in this area of work. The community coordinated child care program also

will receive special attention. The Bureau has been asked by the Bureau of Prisons to provide technical and consultative services on how to improve vocational training at the two Women's Federal prisons in order to provide a better link between on-the-job training and the world of work. Staff participated in a three-day workshop for the National Association of Colored Women's Clubs, Inc. The Bureau will cosponsor with the D. C. Commission on the Status of Women a conference on the vocational training needs of high school girls and mature women in relation to employment opportunities. The report of this can serve as a guide to other areas. Other conferences are planned with the University of California at Los Angeles, Illinois Governor's Commission on the Status of Women, Women's Educational and Industrial Unit, and the University of Houston's Center of Human Resources, focusing on sex discrimination in employment practices, women's role in the changing community, and the mature woman's needs.

The Bureau in cooperation with the Bureau of Apprenticeship and Training will encourage the expansion of apprenticeable occupations for women and girls, especially in shortage fields such as health, and will produce a popular type leaflet on "Why Not Be an Apprentice?" The Bureau will promote the provision of increased day care services emphasizing the need for facilities and will cosponsor with State Commissions on the Status of Women, several State conferences to promote day care services for the children of working mothers. In cooperation with Commissions on the Status of Women, the Bureau will promote State minimum wage and overtime, equal pay and equal opportunity (anti-discrimination) laws.

Major publications will include the "1968 Handbook on Women Workers", a report of child-care services available to health personnel at certain hospitals in the United States, a series of leaflets on employment opportunities available to women and girls with less than a high school education, a report on the unmet training needs of women and girls, and a special study on "Employment Opportunities for Women in Sub-Professional Occupations."

In 1970, the Bureau will promote expanded training and education opportunities for girls and women with low income or with less than a high school education including vocational and apprenticeship training and improved vocational counseling. Attention will be given to employment related programs for unwed mothers. New and expanded child care and other community services for women who are in training programs, working mothers, and other women with family responsibilities will be promoted. This will include activities in connection with the Federal Panel on Early Childhood and the Work Incentive and other poverty programs.

New programs will be initiated or developed with industry and unions in such areas as employment opportunities for women and girls, the elimination of discrimination against women, including age discrimination, and barriers to women's advancement. Work will be expanded with respect to maternity benefits, including assembly of information and development of policy recommendations.

New or improved State legislation of concern to women workers will be promoted.

Upon request, the Bureau plans to provide general technical and advisory services and information to women's groups, Commissions on the Status of Women, and other organizational and individuals concerned with the special problems of women workers. The Bureau will continue to provide information to or for the use of international organizations, exchange information with other countries, and participate in orientation of and training programs for foreign visitors and in international conferences. The Bureau will serve as a clearinghouse and central source of information within the Federal Government on women workers for other Federal, State,

and local government agencies, civic and women's organizations, the news media, industry, unions, educators, and the general public.

WORKLOAD STATISTICS

	Actual 1967	Actual 1968	Estimate 1969	Estimate 1970
Major conferences cosponsored by Women's Bureau and State agencies, universities, or other groups	14	13	14	14
Participation in conferences, conventions, and other meetings, regional and departmental	830	939	939	939
Technical and advisory services rendered	14,371	15,054	15,054	15,054
Washington Office	6,089	6,100	6,100	6,100
Regional Office	8,282	8,954	8,954	8,954
Number of requests for materials	42,006	18,930	19,000	19,000

Changes for 1970

Mandatory changes amount to (WLSA-7)	+$7,700
Program changes	NONE

Basis for the Estimate

The estimate for fiscal year 1970 provides for a continuation of the fiscal year 1969 base plus mandatory changes. The estimated workload is on the basis of experience from 1966 through fiscal year 1968 and is based on the assumption of employment at the 1969 level.

Major Publications and Informational Materials
of the Women's Bureau - 1968

Exploding the Myths - Report of the Conference on Expanding Employment Opportunites for Career Women.

Negro Women in the Population and in the Labor Force

Underutilization of Women workers.

Trends in the Educational Attainment of Women.

Conozca Sus Derechos (Know Your Rights)

Legislation in the United States Governing the Employment of Women Before and After Childbirth.

State and Federal Statutes Relating to Maternity Leave and Benefits.

Working Wives - Their Contribution to Family Income.

Summary of Labor Laws Affecting Private Household Workers.

Fair Employment Practices Law by States - July 1, 1967.

Part-Time Employment of Women.

Continuing Education Programs and Services for Women.

Working Mothers and the Need for Child Care Services.

Why Not Be: An Optometrist
A Pharmacist
A Medical Technologist
A Public Relations Worker

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Activity 6 PROVIDING COMPENSATION FOR PERSONS COVERED BY FEDERAL WORKMEN'S COMPENSATION LAWS (1969, $5,785,700, Pos. 579; 1970, $5,980,500, Pos. 579)

Narrative Description of Program

This activity, administered by the Bureau of Employees' Compensation, provides compensation for persons covered by the Federal Employees' Compensation Act and the Longshoremen's and Harbor Workers' Compensation Act and its extensions.

The Federal Employees' Compensation Act provides coverage to over 3 million employees of the Federal Government. The purpose of the Act is to ease the burden imposed on individual workers and their families as a result of job connected injury or death. The large majority of the workers are in unskilled or semi-skilled occupations, and the financial burden imposed by such injuries or by death are often overwhelming. It is the Bureau's primary responsibility to provide prompt, efficient and equitable service to these individuals of their families.

The Longshoremen's and Harbor Workers' Act provides workmen's compensation benefits and vocational rehabilitation services for certain employees of private employers who are engaged in maritime activities and other activities covered under extension of the Act. In addition to administering the benefit provisions of this Act, the Bureau makes studies of the causes of accidents, determines the authority of insurance carriers to write workmen's compensation insurance under the several laws and determines the authority of employers to act as self-insurers under such laws.

Federal Employees' Compensation Act

In fiscal year 1968 the Bureau administered activities under the Federal Employees' Compensation Act at a total cost of $4,104,300 or approximately $23 per case. Benefit payments increased from $89,146,000 in 1967 to $98,624,000, an increase of 10 percent. Total administrative costs amounted to 4.2 percent of benefit payments; a figure considerably lower than the 10 to 15 percent administrative costs prevalent in the private insurance field.

There were 125,341 reports of new injuries received and processed in fiscal year 1968, an increase of 3.3 percent over new injuries in 1967. For the most part, this increase was due to increased Federal employment.

Compensation adjustments necessitated by a 3.7 percent increase in the Consumer Price Index were made effective January 1, 1968, in approximately 14,600 cases. In addition, adjustments were made as a result of changes in Federal pay rates in July 1968. A number of other adjustments were also created by passage of this law which provided authority for the Bureau to make optional insurance deductions from compensation payments for those beneficiaries who elect the new Federal optional insurance.

Activity under the Bureau's FECA hearings and review operations has also increased. The Division of Hearings and Review, implemented as a result of the 1966 Amendments to the Federal Employees' Compensation Act, received a total of 125 cases in fiscal year 1968 and completed action on 82.

In fiscal year 1969, it is estimated that new FECA injury reports will exceed 130,000. An estimated 28,000 cases will be reopened; and 21,500 permanent disability cases will require servicing. The total case load for the year will therefore be 179,500 as compared with the 1968 total of 175,400.

In addition, hearings and reviews will be held in approximately 350 cases. A CPI adjustment was required in December 1968. Adjustments will also continue to increase as a result of both regular and optional insurance changes.

Also in fiscal year 1969, the Bureau will have the results of a study conducted by a private management consulting firm initiated in the latter part of fiscal year 1968. The primary purpose of the study is to reduce the time-lag in the payment of compensation benefits to injured Federal employees.

P.L. 90-291, effective April 19, 1968, provides compensation for law enforcement officers, not employed by the United States, killed or injured while apprehending persons suspected of committing Federal crimes, and for other purposes. The Bureau has prepared and distributed a pamphlet explaining the benefits under the law to local law enforcement agencies throughout the country. Approximately 1 million law enforcement officers throughout the country come under the provision for this law. The full impact of this legislation on the Bureau's workload has not been determined as of this date.

In fiscal year 1970, it is estimated that the Bureau will receive and process 130,000 new FECA reports which, together with an estimated 30,000 reopenings and 22,000 on the periodic payment rolls, will bring the total overall case workload to 185,000. This is a significant increase over the 1968 total of 175,400 and the 1969 estimated total 179,500.

At least one CPI adjustment will in all probability be required (there is a possibility that two may occur in fiscal year 1970). Further adjustments will be required at the beginning of Fiscal Year 1970 as a result of Federal pay rate changes effective July 1, 1969. It is anticipated that activities will increase in the hearings and review area based on the increase in workload and particularly the increase in the reopening of cases. Additional adjustments due to regular and optional insurance changes are also anticipated.

As the overall workload increases, and as continuing adjustments in cases are required, the Bureau's FECA case backlog will also increase.

Longshoremen's and Harbor Workers' Compensation Act

In 1968, under the longshoremen's and harbor workers' program, new injuries reported totaled 94,578, a decrease of approximately 6 percent from 1967. This decrease has resulted from the maritime safety program as well as from some ports showing a decline in man-hours worked and tonnage handled. In other ports work stoppages of short periods of time has resulted in reduced workload and the number of injuries reported. However, with the overall decrease in caseload under this program the Bureau has received approximately 100 cases under the Defense Bases Act, as extended by the War Hazards Act as a result of the Vietnam conflict. The War Hazards Act provided for payment of benefits to families of Defense Bases Act employees who are captured by hostile forces, and it is determined that the injury or death was caused by a war risk hazard.

In 1969 and 1970, the number of new injuries reported is estimated at approximately the same level as 1968.

Administrative and Management Services

In 1968, the administrative and management services program of the Bureau assisted the Department in establishing the cost accounting system for the Bureau, as well as developing the needs to establish ancillary accounts in the fourteen field offices. Two offices were selected for pilot installation for a period of three months. Six reviews and evaluations were made in the field offices. In addition, Administrative and Management Services helped establish the Division of Hearings and Review under the FECA program.

In 1969 and 1970, evaluation of field offices will continue with recommendations relating to changes in policies, procedures and regulations. Results of the pilot ancillary accounting system will be reviewed and determinations made regarding complete installation in all field offices.

Changes for 1970

Mandatory changes amount to (WLSA-7)	$194,800
Program changes	NONE

Basis for the Estimate

The estimate for fiscal year 1970 provides for a continuation of the fiscal year 1969 base plus mandatory changes. It is anticipated that there will be a slight increase in workload for the Federal Employees' Compensation program over actual experience for 1968. This increase will be absorbed by the present staff.

DISTRIBUTION OF FIELD STAFF

Supervising Offices	1969			1970		
	Profes-sional	Clerical	Total	Profes-sional	Clerical	Total
Atlanta, Ga.....	7	4	11	8	5	13
Baltimore, Md.....	6	5	11	8	6	14
Birmingham, Ala.....	1	1	2	1	1	2
Boston, Mass.....	16	21	37	16	21	37
Chicago, Ill.....	25	39	64	28	40	68
Cleveland, Ohio.....	16	29	45	16	29	45
Dallas, Tex.....	8	5	13	12	6	18
Denver, Colo.....	3	1	4	3	1	4
Detroit, Mich.....	2	1	3	2	1	3
Ft. Lauderdale, Fla.....	1	1	2	--	--	--
Galveston, Tex.....	4	7	11	4	7	11
Honolulu, Hawaii.....	5	7	12	5	7	12
Houston, Tex.....	4	2	6	4	2	6
Jacksonville, Fla.....	14	23	37	15	24	39
Kansas City, Mo.....	4	3	7	6	3	9
Los Angeles, Cal.....	3	1	4	3	1	4
Mobile, Ala.....	2	1	3	3	2	5
New Orleans, La.....	21	36	57	23	37	60
New York, N.Y.....	40	75	115	41	76	117
Norfolk, Va.....	4	3	7	4	3	7
Philadelphia, Pa.....	11	8	19	14	9	23
Portland, Ore.....	2	1	3	4	2	6
St. Louis, Mo.....	1	1	2	1	1	2
San Francisco, Cal.....	37	66	103	41	67	108
Savannah, Ga.....	2	1	3	2	1	3
Seattle, Wash.....	16	26	42	18	27	45
Washington, D.C.....	18	30	48	18	30	48
Total Field Staff...	273	398	671	300	409	709

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation $9,807,472

The estimate provides for 1,076 permanent positions or 960 man-years of employment. The estimated increase of $508,451 includes $154,397 for the net cost of within-grade promotions and $88,954 for the restoration of pay costs absorbed in 1969 and annualization of 1968 pay costs. An increase of $292,000 for the six month cost of 52 new positions and 25 man-years is partially offset by a decrease of $21,000 and 2 positions and a reduction of $5,900 to more adequately reflect financible man-years.

Personnel benefits $ 826,576

The estimate provides for personnel benefits based on man-years of employment. The increase includes $36,764 for the net cost of within-grade promotions and the cost of pay restoration and annualization. $2,542 is included for increased contributions to the Federal Employees' Compensation Fund. $22,900 is included for the cost of 52 new positions (25 man-years) and is partially offset by decreases of $2,130.

Travel and transportation of persons $ 574,590

	1969	1970	Change
Number of travelers.....	328	365	+37
Number of days traveled.....	15,750	17,000	+ 1,250
Estimated costs.....	$534,690	$574,590	+$39,900

Transportation of things $ 36,250

The estimate provides for interstation transfer of employees as required by the Administration and bulk shipment of materials.

	1969	1970	Change
Estimated costs.....	$ 36,250	$ 36,250	--

Rent, communications and utilities $ 320,439

The estimate provides for penalty mail, regular postage, telephone service, for the rental of space and other equipment. The increase of $47,756 includes $40,956 for Federal Telecommunications System services and $3,000 for the annualization of 1969 space. $3,800 is included for the additional costs for penalty mail, space rental, and telephone and teletype services for new positions.

	1969	1970	Change
Penalty Mail.....	$ 84,050	$ 84,550	+$ 500
Regular Postage.....	4,300	4,300	--
Space Rental.....	28,000	33,500	+ 5,500
FTS Services.....	35,772	76,728	+ 40,956
Telephone and teletype services.....	73,211	74,011	+ 800
Rental of other equipment.....	47,350	47,350	--
Total.....	$272,683	$320,439	+$47,756

Printing and reproduction $237,575

The estimate provides for the printing of regulations, technical and other publications and forms, Appeals Board Decisions as well as all duplicating services. Included in the increase is $11,300 for the publication of additional training and technical materials in the occupational safety and workmen's compensation areas partially offset by a $5,400 reduction in other printing costs.

	1969	1970	Change
Government Printing Office.....	$222,475	$228,375	+$ 5,900
Appeals Board decisions.....	9,200	9,200	--
Total.....	$231,675	$237,575	$ 5,900

Other services $741,500

The estimate provides for all central services provided by the Department for miscellaneous repairs and services, for stenographic reporting services, collection of accident data by the Bureau of Labor Statistics and workmen's compensation studies. The increase of $78,150 is composed of $33,000 for additional workmen's compensation studies, $35,100 for the Working Capital Fund for new positions and $10,050 for the Working Capital Fund for restoration of pay costs absorbed in 1969.

	1969	1970	Change
Working capital fund.....	$510,920	$556,070	+$45,150
Stenographic reporting services.....	35,500	35,500	--
Injury statistics data (BLS).....	30,500	30,500	--
Workmen's compensation studies.....	30,000	63,000	+ 33,000
Repairs and services.....	56,430	56,430	--
Total.....	$663,350	$741,500	+$78,150

Supplies and materials $ 58,100

This estimate provides for necessary desk top and miscellaneous supplies. An estimated increase of $1,800 for new positions is included.

	1969	1970	Change
Other supplies and materials....	$ 56,300	$ 58,100	+$ 1,800

Equipment $ 68,498

The estimate provides for the replacement of obsolete office machines, safety equipment and literature, books and subscriptions. Included in an increase of $14,500 for the cost of equipment for new positions. This increase is partially offset by a decrease of $4,200 for non-recurring equipment for new positions for 1969.

	1969	1970	Change
Equipment for new positions.....	$ 4,200	$ 14,500	+$10,300
Film strips.....	2,000	2,000	--
Safety equipment.....	6,000	6,000	--
Replacement of office machines and furniture.....	38,398	38,398	--
Books and subscriptions.....	7,600	7,600	--
Total.....	$ 58,198	$ 68,498	+$10,300

Insurance claims and indemnities $6,000

The estimate is for partial payment of benefits authorized under Section 44 of the Longshoremen's and Harbor Workers Compensation Act.

	1969	1970	Change
Benefit payments.....	$6,000	$6,000	--

SUMMARY OF NEW POSITIONS

Activity 3. DEPARTMENTAL	Number	Grade	Amount
Labor standards adviser...	7	GS-13	$100,863
Safety engineer.....	2	GS-13	28,818
Stenographer.....	3	GS-5	17,196
FIELD OFFICES			
Safety engineer.....	28	GS-13	403,452
Stenographer.....	12	GS-5	68,784
Total.....	52		$619,113

Employees Compensation Claims and Expenses

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970
Appropriation or estimate	$ 52,691,000	$ 54,916,000
Advance to prior year	- 5,743,460	---
Estimated program supplemental	11,100,000	---
Reimbursements from other agencies (P.L. 86-767)	43,928,000	50,057,000
Appropriation or estimate, revised	101,975,540	104,973,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1969	Estimate, 1970	1970 Change
1. Federal civilian employees benefits	$ 43,925,540	$ 41,133,500	-$ 2,792,040
2. Armed forces reservists benefits	11,575,000	11,175,000	- 400,000
3. War claims act benefits	400,000	400,000	---
4. Other benefits	2,147,000	2,207,500	+ 60,500
Total direct obligations	58,047,540	54,916,000	- 3,131,540
1. Federal civilian employee benefits financed by reimbursements from other agencies	43,928,000	50,057,000	+ 6,129,000
Total obligations	101,975,540	104,973,000	+ 2,997,460

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1969	Estimate, 1970	1970 Change
42 Insurance claims and indemnities	$101,975,540	$104,973,000	+$ 2,997,460
Deduct:			
Reimbursements from other agencies	43,928,000	50,057,000	+ 6,129,000
Total direct obligations	58,047,540	54,916,000	- 3,131,540

SUMMARY OF CHANGES

	Direct Appropriation	Authorization by Transfer	Estimated Available
1969 Enacted Appropriation.....	$52,691,000	$43,928,000	$96,619,000
Advance to prior year.....	- 5,743,460	---	- 5,743,460
Estimated program supplemental..	11,100,000	---	11,100,000
1969 Appropriation, revised.....	58,047,540	43,928,000	101,975,540
1970 Estimate.....	54,916,000	50,057,000	104,973,000
Total Change.....	- 3,131,540	+ 6,129,000	+ 2,997,460
Mandatory Items:			
Federal civilian employee benefits: Increase in benefits for this activity are attributed to: (a) increase in disability and death compensation (page FUND 6).....	+ 2,560,500	---	+ 2,560,500
(b) increased medical based on experience (page FUND 6).....	+ 776,460	---	+ 776,460
Federal civilian employee benefits: Increase to be recovered from federal agencies for injuries or deaths to their employees occurring after 12/1/60 as provided by Section 209 of P.L. 86-767 approved 9/13/60, amending Section 35 of the Federal Employees' Compensation Act (5 U.S.C. 785) (page FUND 6).....	- 6,129,000	+ 6,129,000	---
Armed forces reservists benefits: This activity reflects a continuing decrease in benefits for injury or death of members of the Armed forces, which legislation was repealed by Public Law 881 approved August 1, 1956 (page FUND 7).....	- 400,000	---	- 400,000
Other benefits: Programs under this activity involve coverage of relatively small groups. An overall increase is anticipated in fiscal year 1970 (page FUND 8).....	+ 60,500	---	+ 60,500
Total Change.....	- 3,131,540	+ 6,129,000	+ 2,997,460

Activity 1. FEDERAL CIVILIAN EMPLOYEES' BENEFITS (1969, $87,853,540; 1970, $91,190,500)

Narrative Description of Program

This Act authorizes payment of benefits to civilian employees of the United States disabled as a result of injuries sustained while in the performance of duty, and to dependents of employees who die as the result of such injuries. Certain of these benefits are payable during the lifetime of the beneficiary, and the principal annual cost is for permanent disability and death compensation for which liability was incurred in prior years. Expenditures from this fund for temporary disability and for medical care are directly influenced by changes in the number of new cases received within the current and preceding year. Other factors influencing the costs are increases in number of civilian employees, increases in wages on which compensation is based, the severity and frequency of injuries, the increased cost of medical expense, adjustments in benefits for cost-of-living increase based on the Consumer Price Index, educational benefits for dependent children, lump-sum payments to widows and dependent widowers upon remarriage, and other adjustments provided by the passage of the 1966 amendments to the Federal Employees' Compensation Act.

Public Law 86-767 amended Section 35 of the Act to provide that other Government agencies reimburse the Compensation Fund for costs incurred due to injuries or deaths occurring after December 1, 1960. The Bureau must provide each agency, prior to August 15 each year, with a statement of such costs. Each agency is then required to include in its annual budget, a request for appropriation in an amount equal to such costs. Sums appropriated pursuant to such requests are deposited to the credit of the Compensation Fund within 30 days after they become available.

In April, 1968, Congress passed legislation which provides coverage to non-Federal law enforcement officers killed or injured while apprehending or attempting to apprehend persons accused of violating Federal laws (P.L. 90-291). This law will be administered under the Federal Employees' Compensation Act.

Changes for 1970

Mandatory changes amount to:	+$3,336,960
Direct appropriation	(-$2,792,040)
Reimbursements	(+$6,129,000)

The total increase requested for this activity is $3,336,960 which is offset by an increase in reimbursements under the "Chargeback" program of $6,129,000 with a net decrease of $2,792,040 in the direct appropriation.

Estimated increases in payments, in 1969 and 1970, for disability and death compensation is $2,560,500. New injuries reported in 1968 were 125,341 an increase of 3.3 per cent over the previous year. New claims received for disability and death were 17,102, an increase of 11.7 per cent and reopened cases increased 9.1 per cent.

It is anticipated that new injuries reported in fiscal years 1969 and 1970 will increase 3.7 per cent over 1968. This increase is based on the average increase of 3 per cent in new cases during the period 1963 - 1968. In spite of this increase in new injuries reported the frequency rate has not increased proportionately. Although new injuries are increasing the number of injuries occurring per million man-hours worked are decreasing.

The estimated increase requested for medical costs for fiscal year 1969 and 1970 is $1,786,000 or 11.9 per cent over fiscal year 1968. This estimate is based on actual expenditures for: 1966, $11,481,688, 4.1 per cent over 1965; 1967, $13,596,920, 18.4 per cent over 1966; and 1968, $14,989,176, 10.2 per cent over 1967. This trend of expenditures is, in part, a result of the continuing rise in medical costs.

During fiscal year 1968 the Bureau was required to make an automatic cost-of-living adjustment of 3.7 per cent in compensation payments based on the Consumer Price Index. In addition adjustments were made as a result of changes in Federal pay rates effective October, 1967 and optional insurance deductions from compensation payments for beneficiaries who elected the optional insurance.

In fiscal year 1969 adjustments were made as a result of increases in Federal pay rates effective July 14, 1968 and a cost-of-living adjustment of 4.1 per cent was required in December, 1968 based on the Consumer Price Index as of September, 1968. Supplemental funds have been requested for increased benefit payments, medical costs, the cost-of-living adjustments and pay increases which cannot be financed from the funds available in the 1969 appropriation.

Reimbursements to the Compensation Fund by other agencies will total $50,057,000, an increase of $6,129,000 over 1969. Nine establishments, namely the Post Office Department, Departments of the Navy, Army, Air Force, Agriculture, Interior, Transportation, the Veterans Administration and the Tennessee Valley Authority comprise 86 per cent of the reimbursements under the "Chargeback Program."

Activity 2. ARMED FORCES RESERVISTS BENEFITS (1969, $11,575,000; 1970, $11,175,000)

Narrative Description of Program

For a number of years the benefits of the Federal Employees' Compensation Act were extended for the injury or death of members of the Reserve components of the Armed Forces occurring in line of duty when on active duty or when engaged in authorized training in time of peace. Public Law 881, approved August 1, 1956, repealed legislation providing compensation for reservists in respect to casualties occurring after December 31, 1956.

Changes for 1970

Mandatory changes amount to:..... -$400,000

The payments under this activity continue to decrease each year as the beneficiaries remarry and dependent children become of age. The experience has been as follows: 1966, 50,213; 1967, 47,205; and in 1968, 46,063. The estimated decrease in 1969 and 1970 will be approximately 1,000 payments each year. In 1968 there were approximately 3,500 cases on the compensation roll and it is estimated they will decrease to 3,400 and 3,300 respectively through 1969 and 1970.

Activity 3. WAR CLAIMS ACT BENEFITS (1969, $400,000; 1970, $400,000)

Narrative Description of Program

Benefits for claims arising under sections 4 (c) and 5 (f) of the War Claims Act of 1948 covers employees of Government contractors and civilian American citizens who were captured by the Japanese Government during World War II. Costs during the current fiscal year under sections 4 (c) and 5 (f) are estimated to be $400,000 the same as in fiscal year 1969.

This program is of a liquidating nature and no injuries are anticipated to be reported, however, as the present beneficiaries become older more medical expenses are incurred.

Changes for 1970

NONE

Activity 4. OTHER BENEFITS (1969, $2,147,000; 1970, $2,207,500)

Narrative Description of Program

Programs under this activity involve coverage of relatively small groups. Estimates for fiscal year 1970, except for Relief Work Employees are based on the 1967 and 1968 experience. The estimate for Relief Work Employees includes a normal increase and a cost of living adjustment in fiscal year 1969.

Changes for 1970

Mandatory changes amount to:..... +$60,500

The table below reflects the changes under this activity:

Program	Actual 1967 Cases	Actual 1967 Amount	Actual 1968 Cases	Actual 1968 Amount	Estimate 1969 Cases	Estimate 1969 Amount	Estimate 1970 Cases	Estimate 1970 Amount	Change Cases	Change Amount
Civilian Air Patrol.....	43	$ 92,247	42	$ 66,425	42	$ 65,000	42	$ 65,000	---	---
Reserve Officer Training Corps.....	2	17,264	7	24,742	8	30,000	8	30,000	---	---
Relief Work Employees..	818	1,739,533	790	1,749,499	790	1,765,000	790	1,830,500	---	+$65,500
Employees of Government Contractors	6	95,064	3	93,812	3	94,000	3	94,000	---	---
Civilian War Benefits...	34	29,189	32	32,203	34	35,000	34	35,000	---	---
Maritime War Risk Benefits...	38	90,639	37	81,990	35	75,000	35	70,000	---	- 5,000
Economic Opportunity Act.....	11	37,762	10	19,688	11	25,000	11	25,000	---	---
Administrative Expenses for Legal Services...	---	51,641	---	56,000	---	58,000	---	58,000	---	---
Total	952 1/	$2,153,339	921 1/	$2,124,359	923	$2,147,000	923	$2,207,500	---	+$60,500

1/ Number of cases on payrolls as of June 30, 1967 and June 30, 1968.

U. S. DEPARTMENT OF LABOR

Reimbursement to Employees' Compensation Fund in accordance with Public Law 86-767

Federal civilian employees benefits Department or Agency	Fiscal Year 1968 costs for reimbursement in Fiscal Year 1970	Increase or Decrease over payments for Fiscal Year 1969
Department of Agriculture	$ 2,307,028	$ 104,881
Department of Commerce	279,045	6,673
Department of Defense	1,011	- 4,076
Defense Atomic Support Agency	31,134	- 908
Defense Communications Agency	816	546
Defense Intelligence Agency	15,074	6,602
National Security Agency	36,080	15,650
Defense Supply Agency	479,301	78,490
Department of the Air Force	5,629,670	872,838
Department of the Army	5,531,875	664,590
Corps of Engineers Civil Functions	705,477	49,878
National Cemeteries and Ryukyu Islands Civil Administration	43,115	- 570
National Guard	336,497	103,164
Department of the Navy	8,158,030	534,547
U. S. Marines	210,742	- 30,898
Department of Health, Education and Welfare	560,208	108,537
Department of Housing and Urban Development	80,075	5,004
Department of Interior	1,751,649	216,729
Department of Justice	474,369	130,364
Department of Labor	101,968	49,393
Department of State	82,096	- 46,441
Agency for International Development	234,358	10,904
International Boundary and Water Commission	1,691	- 2,968
Peace Corps	559,812	44,735
Department of Transportation	908,004	- 58,811

Federal civilian employees benefits (continued)	Fiscal Year 1968 costs for reimbursement in Fiscal Year 1970	Increase or Decrease over payments for Fiscal Year 1969
Department or Agency		
Department of the Treasury	$ 256,397	$ 21,154
Internal Revenue Service	712,210	217,060
Post Office Department	14,076,596	2,192,731
American Battle Monuments Commission	258	201
Atomic Energy Commission	70,172	- 10,831
Architect of the Capitol	32,651	4,867
Bureau of the Budget	186	- 1,102
Civil Aeronautics Board	3,325	- 1,212
Civil Service Commission	14,906	33
Export-Import Bank of Washington	---	- 21,728
Federal Communications Commission	1,675	79
Federal Deposit Insurance Corporation	---	- 13,180
Federal Home Loan Bank Board	17,828	- 2,188
Federal Power Commission	---	- 50
Federal Maritime Commission	25	25
Federal Mediation and Conciliation Service	14,703	14,558
Federal Reserve System	205	14
Federal Trade Commission	33	- 2,200
Foreign Claims Settlement Commission of the U. S.	1,282	1,282
General Accounting Office	23,545	1,777
General Services Administration	620,825	101,795
Government Printing Office	86,193	11,184
Government of the District of Columbia	6,782	6,782
Interstate Commerce Commission	40,191	21,580
Library of Congress	1,904	225
National Aeronautics and Space Administration	499,205	112,594
National Capital Housing Authority	4,730	3,728
National Capital Transportation Agency	---	- 159
National Labor Relations Board	190	- 15,097

Federal civilian employees benefits (continued) Department or Agency	Fiscal Year 1968 costs for reimbursement in Fiscal Year 1970	Increase or Decrease over payments for Fiscal Year 1969
National Science Foundation	$ 179	$ 97
Office of Economic Opportunity	76,903	22,086
Office of Emergency Planning	36	- 15
Railroad Retirement Board	788	- 6,704
Renegotiation Board	---	- 32
Selective Service System	27,098	- 14,968
Securities and Exchange Commission	6,461	- 5,046
Small Business Administration	38,070	1,249
Smithsonian Institution	18,331	1,205
National Gallery of Art	126	- 268
National Zoological Park	3,312	- 95
Soldiers Home	7,682	- 2,772
Tax Court of the United States	80	80
Tennessee Valley Authority	1,961,083	352,763
U. S. Courts	49,912	47,807
U. S. House of Representatives	13,887	10,004
U. S. Information Agency	99,328	52,707
U. S. Senate	4,947	- 1,255
U. S. Tariff Commission	173	52
Veterans Administration	2,721,565	165,706
Veterans Canteen Service	21,826	3,659
Total	$50,056,929	$6,129,035
Rounded	$50,057,000	$6,129,000 1/

1/ Increase in "Chargeback" as reflected on the Summary of Changes.

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STATEMENT OF ACTUAL BENEFIT PAYMENTS - 1967

	Payments	Unit Cost	Total Cost
Total disability.....	181,997	$ 247	$44,932,133
Total medical.....	174,864	78	13,596,920
Total death.....	66,411	230	15,250,610
Miscellaneous costs.....	7,218	57	409,364
1. Benefits Federal civilian employees	430,490	172	74,189,027
2. Reservists of the Armed Forces	47,205	261	12,342,007
3. Civil Air Patrol	544	168	92,247
4. Reserve Officer Training Corps	138	125	17,264
5. Federal Relief Work Projects	10,613	164	1,739,533
6. Employees of government contractors	606	157	95,064
7. Civilian war benefits	440	66	29,189
8. Maritime war risk benefits	490	185	90,639
9. Economic Opportunity Act	176	215	37,762
Total benefits, F.E.C.A.....	490,702	181	88,632,732
Employees of government contractors.	1,669	119	198,417
Civilian American Internees.....	2,384	110	262,738
10. Benefits under War Claims Act	4,053	114	461,155
Sub-total.....	494,755	180	89,093,887
11. Administrative Expenses for Legal Services	---	---	51,641
Grand Total.....	494,755	180	89,145,528

STATEMENT OF ACTUAL BENEFIT PAYMENTS - 1968

	Pay-ments	Unit Cost	Total Cost
Total disability.....	190,920	$ 268	$51,126,656
Total medical.....	189,477	79	14,989,176
Total death.....	75,193	227	17,217,845
Miscellaneous costs.....	7,385	55	407,261
1. Benefits Federal civilian employees	462,975	180	83,740,938
2. Reservists of the Armed Forces	46,063	259	11,974,366
3. Civil Air Patrol	505	131	66,425
4. Reserve Officer Training Corps	214	115	24,742
5. Federal Relief Work Projects	10,115	172	1,749,499
6. Employees of government contractors	530	177	93,812
7. Civilian war benefits	425	75	32,203
8. Maritime war risk benefits	465	176	81,990
9. Economic Opportunity Act	117	168	19,688
Total benefits, F.E.C.A.....	521,409	187	97,783,663
Employees of government contractors.	1,638	120	197,420
Civilian American Internees.....	2,113	108	227,378
10. Benefits under War Claims Act	3,751	113	424,798
Sub-total.....	525,160	187	98,208,461
11. Administrative Expenses for Legal Services	---	---	56,000
Grand Total.....	525,160	187	98,264,461

STATEMENT OF ESTIMATED BENEFIT PAYMENTS - 1969

	Pay-ments	Unit Cost	Total Cost
Total disability.....	195,893	$ 272	$53,283,000
Total medical.....	195,104	82	15,998,540
Total death.....	79,680	228	18,167,000
Miscellaneous costs.....	7,364	55	405,000
1. Benefits Federal civilian employees	478,041	184	87,853,540
2. Reservists of the Armed Forces	45,063	257	11,575,000
3. Civil Air Patrol	500	130	65,000
4. Reserve Officer Training Corps	273	110	30,000
5. Federal Relief Work Projects	9,677	182	1,765,000
6. Employees of government contractors	531	177	94,000
7. Civilian war benefits	467	75	35,000
8. Maritime war risk benefits	426	176	75,000
9. Economic Opportunity Act	149	168	25,000
Total benefits, F.E.C.A.....	535,127	190	101,517,540
Employees of government contractors.	1,602	120	194,000
Civilian American Internees.....	1,907	108	206,000
10. Benefits under War Claims Act	3,509	114	400,000
Sub-total.....	538,636	189	101,917,540
11. Administrative Expenses for Legal Services	---	---	58,000
Grand Total.....	538,636	189	101,975,540

STATEMENT OF ESTIMATED BENEFIT PAYMENTS - 1970

	Pay-ments	Unit Cost	Total Cost
Total disability.....	196,247	$ 281	$55,118,000
Total medical.....	199,997	83	16,775,000
Total death.....	82,811	228	18,892,500
Miscellaneous costs.....	7,364	55	405,000
1. Benefits Federal civilian employees	486,419	187	91,190,500
2. Reservists of the Armed Forces	44,063	253	11,175,000
3. Civil Air Patrol	500	130	65,000
4. Reserve Officer Training Corps	273	110	30,000
5. Federal Relief Work Projects	9,770	187	1,830,500
6. Employees of government contractors	531	177	94,000
7. Civilian war benefits	467	75	35,000
8. Maritime war risk benefits	397	176	70,000
9. Economic Opportunity Act	149	168	25,000
Total benefits, F.E.C.A.....	542,569	193	104,515,000
Employees of government contractors.	1,602	120	194,000
Civilian American Internees	1,907	108	206,000
10. Benefits under War Claims Act	3,509	114	400,000
Sub-total.....	546,078	192	104,915,000
11. Administrative Expenses for Legal Services	---	---	58,000
Grand Total.....	546,078	192	104,973,000

WAGE AND HOUR DIVISION

WITNESSES

BEN P. ROBERTSON, ACTING ADMINISTRATOR
ROBERT D. MORAN, ADMINISTRATOR DESIGNEE
IRVING LEVINE, ASSISTANT ADMINISTRATOR
WILLIAM R. REISE, CHIEF, DIVISION OF PLANNNG AND EVALUATION
CONRAD M. JONES, DIRECTOR, OFFICE OF BUDGET POLICY AND REVIEW

Mr. NATCHER. We take up next the Wage and Hour Division. We have before the committee Mr. Ben P. Robertson who is the Acting Administrator.

Mr. Robertson, we are glad to have you appear at this time. I believe you have a statement for the record which is quite lengthy. Would it meet with your approval to have the statement inserted in the record in its entirety and then to make certain observations to us from your statement?

Mr. ROBERTSON. Yes, sir.

(Mr. Robertson's statement follows:)

WAGE AND HOUR DIVISION, SALARIES AND EXPENSES

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Permanent positions	17,176	18,909	19,361
Positions other than permanent	119	113	113
Other personnel compensation	14	30	30
Total personnel compensation	17,309	19,052	19,504
Personnel benefits: Civilian employees	1,470	1,582	1,623
Benefits for former personnel	22		
Travel and transportation of persons	1,254	1,237	1,237
Transportation of things	63	77	77
Rent, communications, and utilities	608	644	711
Printing and reproduction	199	192	192
Other services	2,736	2,831	2,831
Supplies and materials	32	25	25
Equipment	135	184	184
Insurance claims and indemnities	4		
Total obligations	23,834	25,824	26,384

PERSONNEL SUMMARY

Total number of permanent positions	1,954	2,035	2,035
Full-time equivalent of other positions	19	20	20
Average number of all employees	1,758	1,771	1,771
Average GS grade	9.6	9.6	9.5
Average GS salary	$10,088	$10,721	$10,920

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Enforcement	19,326	20,786	21,323
2. Wage determinations and regulations	1,755	2,140	2,149
3. Research and legislative analysis	1,725	1,957	1,964
4. Administration and management services	811	941	948
Total program costs, funded	23,617	25,824	26,384
Change in selected resources [1]	216		
Total obligations	23,834	25,824	26,384
Financing:			
Receipts and reimbursements from: Federal funds	−43	−48	−48
Unobligated balance lapsing	344		
Budget authority	24,134	25,776	26,336
Budget authority:			
Appropriation	24,166	26,311	26,336
Transferred to other accounts	−32	−27	
Appropriation (adjusted)	24,134	26,284	26,336
Proposed transfer to other accounts to pay increases		−508	
Distribution of budget authority by account:			
Wage and Hour Division, salaries and expenses	24,134	25,276	26,336
Preventing age discrimination in employment		500	
Relation of obligations to outlays:			
Obligations incurred, net	23,791	25,776	26,336
Obligated balance, start of year	1,527	1,719	2,044
Obligated balance, end of year	−1,719	−2,044	−2,105
Adjustments in expired accounts	−99		
Outlays	23,499	25,451	26,275
Distribution of outlays by account:			
"Wage and Hour Division, salaries and expenses"	23,499	25,066	26,275
"Preventing age discrimination in employment"		385	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1967, $432,000 (1968 adjustments −$7,000: 1968, $642,000; 1969, $642,000; 1970, $642,000.

STATEMENT BY BEN P. ROBERTSON, ACTING ADMINISTRATOR, WAGE AND HOUR DIVISION, APPROPRIATIONS COMMITTEE

WAGE AND HOUR DIVISION SALARIES AND EXPENSES

Mr. Chairman and members of the committee, the Wage and Hour Division's budget request for fiscal year 1970 is $26,336,000, which compares to $25,776,401 for fiscal year 1969. This request combines the separate appropriations which were made in 1969 for the regular budgeted activities of the Wage and Hour Division, and for administration of the Age Discrimination in Employment Act which became effective in June 1968. The changes for 1970 reflect the following:

	Funds
Reclassification of 187 wage-hour investigator positions from GS–11 to GS–12 as a result of increased responsibilities and complexities of enforcement	+$247,500
Mandatory changes such as within-grade promotions, increased charges for Federal telecommunications system services, and increased contributions to the Federal employees' compensation fund	+312,099
Total change	+559,599

These estimates will provide for programs to investigate complaints and selected establishments for compliance with the minimum wage, overtime, equal pay, and child labor provisions of the Fair Labor Standards Act, including changes in the coverage and standards of the act which occur in 1969 and 1970; to administer and conduct investigations under the McNamara-O'Hara Service Contract Act and the Walsh-Healey Public Contracts Act; for administration of the Age Discrimination in Employment Act; for coordination of enforcement activities of Government contracting agencies and making investigations under the Davis-Bacon and related acts and the Contract Work Hours

Standards Act; and for carrying out preliminary activities for enforcement of title III (restriction on garnishment) provisions of the Consumer Credit Protection Act which become effective July 1, 1970.

Changes resulting from legislation

The 1966 amendments to the Fair Labor Standards Act, and subsequent economic growth, have increased the total number of workers entitled to the wage guarantees of the act to more than 44.6 million. An estimated 10.4 million workers are in activities newly covered by the 1966 amendments, and 34.2 million are in activities covered prior to the amendments. The present coverage estimate represents a total increase of over 12 million from the estimated covered employment prior to the amendments. In addition, the 1966 amendments provided for successive annual changes increasing the minimum wage and overtime standards under the act. For previously covered workers, the minimum hourly wage increased from $1.25 to $1.40 on February 1, 1967, and to $1.60 on February 1, 1968. For newly covered workers (except agricultural employees), the act provides for annual 15-cent increases in the minimum from $1 an hour in February 1967 to $1.60 an hour by 1971. For most newly covered workers, the overtime workweek standard, which was initially set at 44 hours, on February 1, 1969 becomes identical to the 40 hour standard for other covered workers.

Among the newly covered workers are an estimated 1.5 million persons to whom the act's minimum wage and overtime standards will apply for the first time effective February 1, 1969. These are employees of an estimated 100,000 establishments which as enterprises doing an annual gross volume of business of between $250,000 and $500,000 become subject to the act's provisions of that date. More than three-quarters of all nonsupervisory employees in the private sector of the economy and almost 2.7 million Federal, State, and local government employees are now subject to the minimum wage and equal pay provisions of the Fair Labor Standards Act.

About 38.9 million of the 44.6 million employees subject to the minimum wage provisions of the act are also subject to the act's overtime provisions.

Other new major responsibilities which are demanding significant attention in 1969 and which will continue to require substantial efforts in 1970 include obtaining compliance with the Age Discrimination in Employment Act of 1967, the Davis-Bacon and related acts, and the Contract Work Hours Standards Act. The Age Discrimination in Employment Act, which became effective June 12, 1968, prohibits discrimination in employment based upon age affecting persons 40 to 65 years of age. There are an estimated 42 million persons employed by the 675,000 establishments subject to the act. It is not known how many of these employees are 40 to 65 years of age, but about half of the civilian labor force overall is within this age group. In 1968, the Wage and Hour Division was delegated the enforcement responsibilities of the Secretary of Labor with respect to the Davis-Bacon and related acts and the Contract Work Hours Standards Act, including investigations and coordination of the enforcement activities of contracting agencies. Coverage under these acts was significantly increased by the Federal-Aid Highway Act of 1968, which extended prevailing wage and overtime protections to workers on all federally financed or assisted highway construction. Previously, only highway construction within the Federal Interstate System and the Appalachia program was covered.

As a result of legislation enacted in late 1968, it will also be necessary to develop regulations, conduct staff training, and provide information to the public regarding restrictions on wage garnishment which become effective July 1, 1970, under the Consumer Credit Protection Act.

These added responsibilities, combined with extended coverage and the multiplicity of wage standards and individual exemptions applicable to employees within the standard period covered by investigations, have enlarged the demands placed upon the Wage an Hour Division's enforcement staff and increased the need for trained, highly professional investigator personnel. For these reasons, an estimated 187 investigator positions currently classified at grade GS–11 are being reclassified to grade GS–12 under the current Civil Service Commission classification standards applicable to wage-hour law enforcement personnel. A single program increase of $247,500 is requested for this purpose. No additional positions are being requested.

Enforcement program

In 1968 the Wage and Hour Division received 30,911 complaints alleging violations of the various acts enforced. At present complaints are being received

at an annual rate about 40 percent higher than in 1966, and by 1970, as a result of the additional changes in the coverage and standards of the Fair Labor Standards Act, the annual rate of complaints is expected to be almost 50 percent higher than in 1966. In each of the years 1966 through 1970 it is expected that between 970 and 975 investigator man-years will be available for enforcing the acts, although a total of 1,198 such positions are currently authorized. Nevertheless, the Wage and Hour Division has achieved a 30-percent increase in the number of investigations made annually since 1966, either as a result of complaints, or initiated by the Division to secure compliance with the various acts enforced. This program increase has been accomplished primarily by the introduction of more flexible investigation procedures which give investigators greater discretion to limit investigations when an examination of current records indicates compliance. In total, 75,022 establishments employing 2.4 million covered workers were investigated in 1968, with complaint investigations accounting for approximately 54 percent of total investigation time.

Although the number of investigations made annually has increased, the Wage and Hour Division's enforcement responsibilities have increased even more rapidly. Extensions in coverage provided by the 1966 amendments to the Fair Labor Standards Act, combined with business growth, have increased the number of covered establishments by nearly 60 percent with 1.9 million establishments now estimated to be subject to the act including 100,000 establishments brought under the act by the changes in coverage effective February 1, 1969.

With the additional responsibilities for enforcement assigned to the Wage and Hour Division during and since 1966 by the McNamara-O'Hara Service Contract Act of 1965, the Age Discrimination in Employment Act of 1967, and delegated responsibilities under the Davis-Bacon and related acts and the Contract Work Hours Standards Act, the Wage and Hour Division's enforcement capability relative to coverage has been further reduced. To compensate for these changes it has been necessary to redirect enforcement efforts to give primary attention to the correction of current violations and the disclosure of violations involving the most significant underpayments to employees.

As a direct result of investigations, in 1968 the Wage and Hour Division's enforcement staff disclosed for the 2-year period covered by investigations over $80 million in unpaid back wages due 421,916 employees, 5 and 14 percent respectively over the 1967 findings. Agreements to pay back wages found due in investigations in 1968 amounted to $26,723,863. Such agreements to pay back wages were obtained from 74 percent of the establishments in which violations were disclosed benefiting 54 percent of all employees found underpaid.

As a consequence of the emphasis given to the correction of current violations, investigations conducted during 1968 resulted in a 22-percent increase over 1967 in monetary findings during the "current workweek" (the most recent payroll workweek in each investigated establishment) and a 47-percent increase in current workweek minimum wage findings. Since minimum wage underpayments typically involve the lowest paid covered workers, correction of such wage practices may make the difference between continued poverty and an above poverty income.

In the first 6 months of 1969, the Wage and Hour Division has received a total of 16,652 complaints alleging violations of the various acts enforced. With regard to the Davis-Bacon and related acts and the Contract Work Hours Standards Act, the Division is investigating all complaints received alleging violations of those acts and is coordinating enforcement efforts undertaken by the contracting agencies. If investigations scheduled under the Fair Labor Standards Act or other acts administered show coverage under either the Davis-Bacon and related acts or the Age Discrimination in Employment Act, concurrent investigations are made to insure compliance with all of the acts. In total, 36,316 investigations were completed in the first half of 1969, disclosing 232,043 employees underpaid $43,322,728 in back wages. It is anticipated that the year-end totals of investigations made will be approximately equal to 1968 with a small increase in total underpayments disclosed.

Programs to obtain voluntary compliance are an important complement to the Division's investigation programs. Such efforts have been particularly effective in meeting the Division's new responsibilities under the Age Discrimination in Employment Act, and in carrying out the Supreme Court's decision with respect to public schools and hospitals in the case of *Maryland* v. *Wirtz*. In the first 6 months following the effective date of the Age Discrimination in Employment Act, nearly 6,200 informational compliance contacts with employers, employ-

ment agencies, and labor organizations were made by the Division leading toward some affirmative action being taken to comply with the act. Similarly, the 1968 Supreme Court decision in *Maryland* v. *Wirtz* was a significant development affecting future compliance activity under the Fair Labor Standards Act. In this case the Court held that the extension of the act's coverage to employees of State hospitals, schools, and institutions of higher learning was a valid exercise of the Congress' authority under the commerce clause of the Constitution. Contacts with State and local education and hospital officials following the decision have in general shown a willingness to comply and substantial amounts of back wages already have been paid.

With regard to all of the Division's enforcement responsibilities, both old and new, emphasis is given to obtaining voluntary compliance through the use of mass media, nationwide mailings to covered employers, and distributions of informational materials through large organizations and associations. Radio and TV scripts, slides, tnd tapes, together with press releases are used to the maximum extent possible. Such efforts included mailings of a combination information brochure and official notice for posting to more than 2 million employers regarding the changes in the coverage and standards of the Fair Labor Standards Act effective in February 1968 and 1969. A similar mailing was made to covered employers prior to the effective date of the Age Discrimination in Employment Act. In cooperation with the Building Trades Council, AFL–CIO, a special educational program was undertaken concerning the Davis-Bacon and related acts. New materials, some specifically directed to reaching low-income wage earners and poverty groups, have been developed for use in conjunction with a program of local seminars and clinics in which business, industry, labor and community groups participate. The Division's field staff is widely dispersed and its office locations publicized extensively to facilitate personal contacts with the public.

During 1970, emphasis will continue to be placed on information activities and informal contacts to bring about voluntary compliance with the various acts enforced, particularly in the areas of new coverage and with respect to the higher minimum wage and overtime standards which go into effect in February 1969 and 1970 under the Fair Labor Standards Act. Initial information activities will also be undertaken to inform employers, employees, and other affected parties of the wage garnishment restrictions under title III of the Consumer Credit Protection Act which takes effect July 1, 1970.

In 1970, the Wage and Hour Division's enforcement activity is planned at approximately the same level as in 1969, with modifications as ncessary to meet new responsibilities and standards. It is estimated that 75,000 investigations will be completed, disclosing wage underpayments of about $86 million due an estimated 460,000 employees. With the changes in the coverage and the standards of the Fair Labor Standards Act which take place in February 1969 and 1970, complaints are expected to continue to increase to 35,000 annually. Workloads are also expected to grow under the McNamara-O'Hara Service Contract Act, the Age Discrimination in Employment Act, and the Davis-Bacon and related acts as new highway starts subject to the Federal-Aid Highway Act of 1968 are undertaken.

Wage order program—Puerto Rico, Virgin Islands, and American Samoa

The 1966 amendments to the Fair Labor Standards Act required automatic increases in wage order rates for all previously covered industries equivalent to the percentage increases in the mainland minimum wage which occurred in February 1967 and 1968, unless a hardship review was granted resulting in different rates. In 1968 special review committees were appointed and hearings held for the sugar and the handkerchief industries in Puerto Rico. To carry into effect the recommendations of these two committees and the automatic increases applicable to the other previously covered industries, 32 wage orders were issued.

In 1969 the regular biennial review program was resumed under the requirements of the Fair Labor Standards Act. The law requires that the wage levels in Puerto Rico, the Virgin Islands, and American Samoa reach mainland minimum rates as rapidly as possible, provided that the wage levels established "will not substantially curtail employment in the industry, and will not give any industry in Puerto Rico or in the Virgin Islands a competitive advantage over any industry in the United States outside of Puerto Rico and the Virgin Islands." Eleven hearings were held in Puerto Rico and the Virgin Islands during the first half of 1969 for industries with employees who were newly covered by the 1966 amendments to the act, and wage orders have been issued establishing mini-

mum wage rates for these industries. Minimum wage levels for many occupations have been set either at or close to the current mainland minimum. Ten hearings are scheduled for the second half of 1969 in Puerto Rican industries that were previously covered, and an additional hearing is scheduled for all industries in American Samoa.

Hearings will be conducted and wage orders issued during 1970 for the remaining 18 covered industries in Puerto Rico, and an additional hearing will be conducted for one industry in the Virgin Islands. Three industries in Puerto Rico have all occupations already at the mainland minimum rate of $1.60 an hour and will not require review. In the latter part of 1970 industry surveys and economic reports will be begun in connection with hearings for a number of industries to be reviewed in the first part of the 1971–72 biennial period.

Special minimum wage program

Nearly 25,000 special minimum wage certificates were issued in 1968 authorizing the employment of full-time students, handicapped workers, student learners, apprentices, learners, and clients of sheltered workshops at rates below the statutory minimum. This was an increase of more than 4,000 over the number issued in 1967. Increases in the number of applications received and certificates issued were for the most part for individual worker certificates, particularly student learners and handicapped workers. A total of almost 17,000 individual certificates were issued. Estimated employment under full-time student certificates nearly doubled in 1968 due primarily to the elimination of the requirement that student employment authorized by certificate not exceed 10 percent of the total hours of employment in the establishment. This change, which occurred in February 1967, had its impact on certificates issued for the 1967–68 school year. Estimated employment at special minimum wages under other types of certificates declined slightly due to a reduction in the number of applications received for the industrial employment of learners.

It is estimated that about 29,000 certificates will be issued in 1969. This number is expected to increase in 1970 as a result of the changes in the coverage and standards of the act which occur in February 1969 and 1970, and the emphasis being given nationally to job opportunities for youth and handicapped workers for whom individual certificates are issued.

Government contracts wage determination program

Under provisions of the McNamara-O'Hara Service Contract Act, determinations are made of prevailing wage rates and fringe benefits for different groups of service employees. These determinations apply to Federal service contracts exceeding $2,500, and set the minimum wage rates and fringe benefits that contractors must provide to employees. Priority is given to determinations affecting employees in low-wage classifications, to determinations covering contracts with the greatest number of employees, and to determinations in areas of substantial contract activity.

In 1968 a total of 1,087 wage determinations were issued, over 300 more than in 1967. Significant amendments to the regulations and interpretations under the Service Contract Act were published at the beginning of 1969 which are expected to create greater awareness on the part of Federal contracting officers of their responsibility to provide timely notice of their intention to make service contracts subject to the act. During the first half of 1969, 5,543 notices of intention were received as compared with 3,949 during the same period in 1968, or an increase of about 40 percent. During 1969 and 1970 the number of service contract wage determinations issued and the number of service contract notifications to which wage determinations are applicable are expected to continue to increase through the cumulative effects of an expanded base of wage data and the additional number of determinations in effect which may be applicable.

Wage rates developed for wage board employees under the Civil Service Commission's new Coordinated Federal Wage System are being evaluated to determine the potential for cooperative efforts. To the extent that the data developed or wage rates set for wage board employees can be used by the Division, it may be possible to make wage determinations for an increased number of Federal service contracts.

Research program

As required by section 4(d) of the Fair Labor Standards Act, the Secretary of Labor annually submits to the Congress a report on the effects of the act and recommendations for further legislation. Supplementing this year's report are

special economic studies on the effects of the 1966 amendments to the act on hired farmworkers, nursing homes and related facilities, laundries and cleaning services, and a summary of the first phase of a survey of the agricultural handling and processing industry. In addition, a followup report on sheltered workshops and handicapped clients is included. This latter report contains 1968 information on the wage rates paid to clients of sheltered workshops and makes comparisons with data presented in the initial report submitted to the Congress last year.

Two separate reports have been submitted as required by the Age Discrimination in Employment Act of 1967. These include a general evaluation of the initial effects of the act, and a special analysis of the desirability of changing the upper and lower age brackets established as limits of coverage. No change in the age limits is recommended at this time.

Planning is nearly completed for studies to be finished in 1970, and initial consideration is being given to possible areas of study for 1971. Studies to be submitted in 1970 include the complete report on the agricultural processing industry, as well as special reports on educational institutions and hospitals. Under the Age Discrimination in Employment Act, special studies are being considered of the air transportation, banking, and electrical machinery industries which all have a markedly lower percentage of employees over 45 than exists in industry generally.

Aside from studies to be submitted to the Congress, reports are prepared in three distinct areas: (1) economic briefs of industry conditions and practices in support of administrative proceedings and litigation activites; (2) wage data for use by industry committees in issuing wage orders for industries in Puerto Rico, the Virgin Islands and American Samoa; and (3) studies for use in the development of regulations and interpretations under the various acts administered. In the latter area, data on the present salary levels of executive, professional, and administrative employees have been collected in connection with the Division's regular investigation program to provide a basis for evaluating the present salary tests for exemption of these categories of employees from the overtime provisions of the Fair Labor Standards Act. Statistics on the activities carried on by the Division are also collected and analyzed for use in effectively carrying out its program responsibilities.

Summary

Significant gains have been made in extending the basic protections of the Fair Labor Standards Act to additional workers, in improving the minimum wage and overtime standards provided by this legislation, and in protecting the rights of wage earners against discriminatory practices in employment based on sex and age. The wage garnishment restrictions of the Consumer Credit Protection Act, for which regulations and enforcement procedures will be developed in 1970, will provide an additional element of safeguard to the wages of low-income workers. In consideration of increased workloads under the various acts administered, the amount requested for 1970 represents the minimum appropriation necessary to sustain operations at essential levels. The budget request is for 2,035 positions and $26,336,000, which compares to 2,035 positions and $25,776,401 for fiscal year 1969.

Mr. NATCHER. We will be glad to hear from you at this time.

Mr. ROBERTSON. I would like first to introduce the Administrator-designate on my left, Mr. Robert D. Moran.

Mr. NATCHER. Glad to have you with us.

Mr. MORAN. Glad to be here, sir.

BIOGRAPHICAL SKETCHES OF PRINCIPAL WITNESSES

Mr. NATCHER. Before you make your statement on this request, Mr. Robertson, we will place the biographical sketches for Mr. Moran and you in the record.

(The biographical sketches follow:)

ROBERT D. MORAN, WAGE AND HOUR AND PUBLIC CONTRACTS DIVISION

On February 26, 1969, Secretary of Labor George P. Shultz announced on behalf of the President the nomination of Robert D. Moran, of Massachusetts,

to be Administrator of the Department's Wage and Hour and Public Contracts Divisions. In this position, Mr. Moran will direct the Divisions responsibilities under the Fair Labor Standards Act, the Age Discrimination in Employment Act, the Walsh-Healey Public Contracts Act, and the Service Contracts Act.

Mr. Moran, 39, is an attorney and labor arbitrator. Since 1966 he has served in the related Commonwealth of Massachusetts posts of chairman of the minimum wage commission, chairman of the State board of conciliation and arbitration, and associate commissioner of the department of labor and industries. Between 1961 and 1966, he served a 5-year term as a public administrator of Hampden County, Mass. He was a lawyer on the staff of the Assistant Secretary of Defense (Manpower and Personnel) and the Assistant Secretary of Defense (Legislative and Public Affairs) from 1954 to 1956.

Entering the Army as a private in 1953, Mr. Moran was released from active service 2½ years later as a first lieutenant. He is presently an Army Reserve major in the Judge Advocate General Corps. Except for his periods of military and government service, he has been in private law practice in Springfield, Mass., since 1952.

Mr. Moran has served as a member of the board of special advisers to the American Arbitration Association's New England plan for settlement of labor disputes in the public service, Industrial Relations Research Association, Association of Labor Mediation Agencies, Boston Bar Association, Massachusetts Bar Association, the labor arbitration panels maintained by the Federal Mediation and Conciliation Service, American Arbitration Association, National Mediation Board, New York City Office of Collective Bargaining, and the New York State Public Employment Relations Board.

Born October 25, 1929, Mr. Moran received a B.A. from the University of Maine in 1950 and an LL.B. from Boston School of Law in 1952. He has also done graduate work at Georgetown Law School, the Judge Advocate General School, American International College, Industrial College of the Armed Forces, and Cornell University.

He and his wife, the former Joan Ellen Leonard, have five children: Kevin 11, Brian 10, Mark 9, Sean 6, and Kathleen 4.

Biographical Sketch of Ben P. Robertson

Home, Seabrook, Md.; voting residence, Maryland; birthday, April 27, 1916; birthplace, Louisville, Ky.

Education: A.B. in Economics, University of Louisville, Louisville, Ky.; University of Louisville Graduate School.

Employment: Deputy Administrator, Wage and Hour and Public Contracts Divisions, U.S. Department of Labor. Director, Division of Regulations and Exemptions, Office of Wage Determinations and Regulations, 1964–67; Deputy Assistant Administrator, Office of Planning and Management, 1962–64; Assistant to Regional Director, Cleveland, Ohio, 1956–59. Entered Government service with the Wage and Hour and Public Contracts Divisions in 1941. Held various positions of increasing responsibility in the field until joining the national office staff in 1959. Served in the U.S. Army for 3½ years during World War II, including 2½ years in Europe with the 9th Air Force. Active in the U.S. Army Reserve with the rank of lieutenant colonel.

General Statement

Mr. Robertson. The request for the Wage and Hour Division for fiscal year 1970 is $26,336,000. This request combines the two separate appropriations which were made this past year for the regular budgeted activities of the Division and for administration of the Age Discrimination in Employment Act which became effective on June 12, 1968.

The changes for 1970 total $559,599 over the revised 1969 appropriation and will provide, first, an additional amount of $312,099 to cover certain mandatory increases such as the net additional costs of within-grade promotions, increased charges for Federal telecommunications services and a net increase in contributions to the Federal Employees Compensation Fund. Additionally, we are requesting $247,500 for

increased costs in the enforcement activity as a result of a reclassification of 187 wage-hour investigators. This reflects the increased complexity of the responsibilities carried out by these men and is mandatory in relation to revised classification standards which have been issued by the Civil Service Commission.

EFFECT OF 1966 AMENDMENTS

The 1966 amendments to the Fair Labor Standards Act added approximately 12 million employees to coverage under that act. We had an increase as a result of these amendments and normal economic growth from 1.1 million covered establishments to approximately 1.9 million covered establishments. The increase in the workload is proportionately greater than indicated by these figures due to the tendency on the part of the lower paying industries to which coverage was extended to violate the laws which we enforce.

In recognition of this increased workload we have tended to increase our emphasis on the information operations. We have continued our past policy of making mass mailings to some 2 million establishments notifying them of coverage or changes under these laws. We plan to continue this in the future. We will continue to emphasize the informational approach, particularly in the field of the coverage which was extended to governmental employment, the State schools, hospitals, and so on. We have tried to emphasize the informational aspect of the job rather than enforcement thus far. Other major responsibilities include information and enforcement programs to obtain compliance with the Age Discrimination in Employment Act, the Service Contract Act, the Walsh-Healey Public Contracts Act, the Contract Work Hours Standards Act, and the Davis-Bacon and related acts.

In 1970 as measures of the level of investigation activity under all of the acts enforced, we estimate that we will find some $86 million in wage underpayments due to an estimated 460,000 employees; that we will find approximately 40,000 establishments in violation of one or more of the monetary provisions of these laws; that the number of establishments for which complaints are received alleging violations will reach a level of 35,000 annually.

We expect to complete approximately the same number of investigations as were completed last year, 75,000, and the number of trained investigators on our staff will remain approximately the same as last year.

In other activities in 1970 we expect to issue about 1,400 wage determinations under the Service Contract Act and will issue 32,000 certificates authorizing special minimum wages to prevent the curtailment of employment opportunities. We will complete the biennial review of wage rates in Puerto Rico, the Virgin Islands, and American Samoa. In the research area we will make further evaluations of the impact of the current statutory minimum wage rates, and the conclusions of these studies will be reported to the Congress as required under section 4(d) of the Fair Labor Standards Act, next January.

A similar evaluation and study is required in connection with the Age Discrimination in Employment Act.

In consideration of these workloads, we feel that this budget is the minimum required to sustain our operation at essential levels.

This will conclude my statement and I will address myself to your questions.

WORKLOAD INCREASE

Mr. NATCHER. Thank you.

The budget schedule shows no increase in personnel, so the increase that you are requesting is all for the increased cost of doing business with the staff that you now have. I believe that is correct, is it not?

Mr. ROBERTSON. Yes.

Mr. NATCHER. What about workload? Is it likely to be higher or lower or about the same?

Mr. ROBERTSON. In terms of violations, we anticipate that there will be an increased workload.

EMPLOYEES UNDERPAID

Mr. NATCHER. I notice in the table on page 13 that the number of employees underpaid has gone up substantially during the last few years. Now, why is that?

Mr. ROBERTSON. This reflects the extension of coverage into industries and areas which were the lowest paying in the United States: retail establishments in the 1961 amendments; hotels, motels, restaurants, laundries, schools, hospitals, nursing homes, as a result of the 1966 amendment.

Mr. NATCHER. Mr. Robertson, do you think if you had a few more investigators you might have kept that from happening?

Mr. ROBERTSON. This gets to be a judgment question: How much enforcement is enough enforcement? Do we need a policeman on every corner or on every third corner or on every 10th corner? We feel we can do a job and maintain a level of compliance by emphazing our information activities and maintaining a balance with the enforcement efforts, investigations with the ultimate use of prosecution in appropriate cases.

MINORS ILLEGALLY EMPLOYED

Mr. NATCHER. The same table shows a substantial decrease in the number of minors illegally employed. What do you believe is the reason for that?

Mr. ROBERTSON. This, I think, probably reflects primarily the reduction in agricultural employment. This is due to the increased use of automatic equipment on the farms and the lessening use of young children.

Mr. NATCHER. I believe in addition we have nonagriculture going down, too, don't we?

Mr. ROBERTSON. Yes, we do. Child labor is a little bit hard to explain. We have a theory that child labor occurs where you find it. Just as a theory, it may well be the increasing complexity of industrial operations as well, where it is no longer profitable to employ children in operations where historically they have been or may have been used.

INVESTIGATIVE PROCEDURES

Mr. NATCHER. Tell us a little about the new investigative procedures you put into effect in 1968.

Mr. ROBERTSON. There are really three basic techniques that we have employed. We have had for many years an investigation procedure, where in order to complete the investigation our man would go through certain specified steps. We did not make appointments in advance for these investigations. Our people sometimes lost time by having to wait to contact the person in authority to permit them to proceed. We are now utilizing an appointment approach, wherever this is possible. We send a letter or even a phone call. We tell them what the investigation will involve, we ask them to have the proper records for us at the time that we will call. We find that this facilitates the approach and saves a considerable amount of time. We have largely now a trained investigative staff, people whose judgment we fell we can rely on. The investigator is authorized to carry his investigation only so far as he considers necessary to determine that there are no significant violations. We are not interested in turning over every little rock to see if there might have been some minor error. In other words, when in the investigator's judgment he has examined sufficient payrolls and interviewed enough employees he can terminate his investigation. Also, we have eliminated detailed reporting requirements in no-violation investigations and in investigations involving only small amounts of money where there is agreement with respect to future compliance and payment of back wages. We felt that we were accumulating surplus paper which was of no lasting benefit. It has worked well. We have managed to maintain the level of investigations in face of an increased workload.

AGE AND SEX DISCRIMINATION

Mr. NATCHER. Roughly, what proportion of your staff's time is spent on enforcing the laws regarding discrimination because of age and discrimination because of sex? Can you give us briefly some estimate?

Mr. ROBERTSON. It is very difficult to estimate on that. We use a concurrent investigation approach. In other words, we send a man out and our scheduling is primarily in terms of the anticipation of finding wage violations. When we have a man there we have the responsibility for all of these Government contract laws and the discrimination laws, and we include equal pay investigation in every investigation, all 75,000 of them, because there is concurrent coverage. The Equal Pay Act is incorporated into and made a part of the Fair Labor Standards Act.

On age discrimination, however, we have a 25-employee test for coverage. So that we have perhaps 20,000 of the investigations that we make for compliance with the Fair Labor Standards Act—and we make 75,000 of them—approximately 20,000 of these may be subject to the Age Discrimination Act.

Timewise, it is very difficult to break it out. If we develop a significant equal pay case, this is very time-consuming because we have to look in detail at job content to determine whether or not the work of men and women is equal within the statutory definition that requires equal skill, effort, and responsibility under similar working conditions. I am afraid I can't give you a definite answer as to the breakout of staff time.

Mr. NATCHER. All right. Mrs. Reid?

TIME LAG IN INVESTIGATING COMPLAINTS

Mrs. REID. You say that your Division received 30,911 complaints alleging violations of the various acts which you enforce?

Mr. ROBERTSON. One or more of the acts which we enforce.

Mrs. REID. Certainly, you must have to defer investigating some of these. What is the time lag in this situation?

Mr. ROBERTSON. The staff in a particular locality becomes a problem. We have people stationed at some 300 or 400 points in the United States but when we get out into the areas where we have geography instead of people, for instance South Dakota, we have probably one or two people in the whole State, and it is not economical to send a man 300 or 400 miles to investigate one establishment with three employees. So we try to schedule it at the time that he may have an itinerary in that area so we can get the maximum benefits from the travel dollar.

There is an inequity in complaint buildup as between one locality and another. We sometimes detail investigators from one office to another to keep up with the workload and keep the complaint backlog in balance.

Mrs. REID. Do you have any idea how long it would be for some?

Mr. ROBERTSON. We try to work these within 3 months. We have some cases which have to be postponed longer than this. For instance with agricultural processing establishments which operate only in the summertime, we find it is a losing cause to attempt to investigate plants which are closed down, where the records are not available and the people are not available for interview. In circumstances of that kind, which are relatively rare, we may have to put it off until the next operating season. But generally speaking we try to keep within a 3-month deadline. As a matter of fact, we have a continuing control on this. We have an aging procedure where we keep tabs on the age of each complaint and after 3 months we demand a written explanation as to why that complaint has not been serviced.

Mrs. REID. That is all. Thank you.

Mr. NATCHER. Mr. Smith.

Mr. SMITH. No questions.

Mr. HULL. No questions.

Mr. NATCHER. Mr. Casey.

EMPLOYMENT OF STUDENTS

Mr. CASEY. I notice under your special minimum wage program, you state that nearly 25,000 special minimum wage certificates were issued in 1968, an increase of 4,000 over 1967 and almost 17,000 were individual certificates. Now, this is the full-time student, the handicapped workers, student learners—is that right?

Mr. ROBERTSON. Yes.

Mr. CASEY. What is a student learner?

Mr. ROBERTSON. This authorizes employment in vocational education primarily through coordination with the local school system where they make placements in study-related job activities. Once the local school makes application for a certificate it provides temporary authorization for the employment until we have acted upon it.

Mr. CASEY. They are employees of the school; is that it?

Mr. ROBERTSON. No, sir. This is placement in industry.

Mr. CASEY. In industry?

Mr. ROBERTSON. Yes.

Mr. CASEY. What is the minimum that has to be shown in order to get a certificate of this nature?

Mr. ROBERTSON. In relation to the student learner, the certification activity is carried out by the school coordinator, basically. I have copies of the forms here.

Mr. CASEY. I have one, too.

Mr. ROBERTSON. All right.

Mr. CASEY. Have you ever given any consideration to the theory that learning to work is one of the things that they are trying to stimulate people in adulthood to do at the present time?

Mr. ROBERTSON. Yes, sir. The Department has programs, which I am sure you are aware of, designed to stimulate training in this transition from school to work. They are spending many millions of dollars on it.

Mr. CASEY. Has there ever been any consideration given for a young man or a young woman's first job that if someone will take them on just green for their first job, that there should be some consideration given to paying less than the minimum wage?

Mr. ROBERTSON. Congress, in the 1966 amendments, in the committee, considered such a proposal and did not enact it as part of the statute.

Mr. CASEY. What latitude do you have in making decisions whether less than the minimum wage may be paid?

Mr. ROBERTSON. Very little. We have the statutory requirement for 85 percent of the minimum wage in full-time student employment in retail and service establishments and in agriculture. Here, by statute, the employment is limited to relation to the number of students employed at less than the $1 an hour rate in 1961. Now, this is a proportionate thing. This could be increased, I am sure, but it would require legislative action. We have had an increase in this type of employment. I think in terms of hours we had something in the neighborhood of 7 million hours authorized in 1967 and 14 million in 1968. We anticipate 19 million hours in 1969 and 22 million in 1970.

Mr. CASEY. Do you think your form is simple enough so that it does not scare an employer off if he wanted to try to give a boy an opportunity?

Mr. ROBERTSON. The basic information that we have is in terms of the statutory requirements. The assistance that is received with respect to a student learner's application is from a specialist in the school authority, where they become accustomed to providing it, and in the event of inadequacies they have a temporary authorization while we thrash it out with the school coordinator.

On the full-time student certificate, our difficulties and complexities arise from the statutory requirement that we have information by month as to the number of hours of employment in the base period, which we must have if we are to authorize a comparable employment in the current period.

Mr. CASEY. We are all seeking, so I understand, to try to get the hard-core unemployed to work and trying to encourage work for young people, particularly where the family needs it. Have you gotten any ideas of how you might do this, might you make some recommendations for a change in the law? Have you examined what latitude

you have for encouragement of industry and busness to hire young people?

Mr. ROBERTSON. We work with the Manpower Administration. We have, to the extent of our ability in relation to those programs, removed roadblocks which might have been raised by the Fair Labor Standards Act.

Now, Secretary Shultz has a very strong interest in youth employment. It is my understanding that he has a task force working in the Department of Labor now looking into the question of whether he should make some recommendations in this area.

Mr. CASEY. Were you at these hearings last year?

Mr. ROBERTSON. Yes; I was.

Mr. CASEY. You recall that I suggested that you might do a little advertising to try to encourage people to make application in this area?

Mr. ROBERTSON. Yes. We have done that. We have one pamphlet which we call "A Message to Young Workers About the Fair Labor Standards Act," which we distribute widely at the beginning of each year, where we have attempted to emphasize the positive. That is to say, what 14-year-olds and 15-years-old may do in the way of work and what 16-year-olds and 17-year-olds may do in the way of work. I understand that there has been some interest in filling station employment. As far as filling stations are concerned, the vast majority of them are not subject to the wage provisions of the law. Under the revised child labor standards, we permit 14- and 15-year-old employees to do everything in the filling station except drive a truck or operate the grease rack or work in the pits. This is for 14- or 15-year-olds. That is on page 28 of this publication.

Now, we have the 16- and 17-year-olds who can do practically anything in the filling station except drive a wrecker. So I think many of the bars to this type of employment now may be in terms of insurance rates or things of this sort where an employer might incur additional cost if he used young workers rather than any prohibition of the Fair Labor Standards Act against such employment.

Mr. CASEY. I hope that you will continue to keep this in mind and do what you can within the realm of flexibility and discretion which you do have.

Mr. ROBERTSON. I think we mentioned this last year, and I would like to mention again that we have a comprehensive, intensive information program that we put on at or about the time schools are dismissed every year where we use radio, TV, newspapers, brochures. We work through the State employment offices in attempting to tell young people where they can go, what jobs they can get, what is permissible. We have tried to avoid any emphasis on the negative aspects here.

Mr. CASEY. Thank you very much.

Mr. NATCHER. Mr. Robertson, we want to thank you for appearing before our committee at this time and for an excellent presentation.

Mr. ROBERTSON. Thank you, sir.

Mr. NATCHER. The committee will adjourn until 10 o'clock tomorrow morning.

JUSTIFICATION MATERIAL

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970
Appropriation or estimate	$26,311,000	$26,336,000
Amount reserved under P.L. 90-364	-1,500,000	--
Proposed release of reserves for pay increase costs (P.L. 90-206, E. O. 11413, effective July 14, 1968)	+ 992,000	--
Non-recurring rental costs transferred to GSA	- 26,599	--
Appropriation or estimate, revised	25,776,401	26,336,000

OBLIGATIONS BY ACTIVITY

	Appropriation Revised, 1969		Estimate, 1970		1970 Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1. Enforcement	1,762	$20,786,301	1,762	$21,323,100	--	+$536,799
2. Wage determinations and regulations	120	2,140,100	120	2,148,600	--	+ 8,500
3. Research and legislative analysis	75	1,957,100	75	1,963,800	--	+ 6,700
4. Administration and management services	78	892,900	78	900,500	--	+ 7,600
Total obligations	2,035	25,776,401	2,035	26,336,000	--	+ 559,599

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1969	Estimate, 1970	1970 Change
Total number of permanent positions	2,035	2,035	--
Positions other than permanent	20	20	--
Average number of all employees	1,771	1,771	--
11 Personnel compensation	$19,052,000	$19,504,100	+$452,100
12 Personnel benefits	1,581,500	1,622,700	+ 41,200
21 Travel and transportation of persons	1,237,200	1,237,200	--
22 Transportation of things	77,000	77,000	--
23 Rent, communications, and utilities	644,401	710,700	+ 66,299
24 Printing and reproduction	192,400	192,400	--
25 Other services	49,700	49,700	--
Services of other agencies	2,733,700	2,733,700	--
26 Supplies and materials	25,000	25,000	--
31 Equipment	183,500	183,500	--
Total obligations	25,776,401	26,336,000	+ 559,599
Working Capital Fund items included above	(827,100)	(827,100)	(--)

SUMMARY OF CHANGES

	Pos.	Amount
1969 Enacted Appropriation	2,035	$26,311,000
Amount reserved under P.L. 90-364	--	- 1,500,000
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)	--	+ 992,000
Non-recurring rental costs transferred to GSA	--	- 26,599
1969 Appropriation, revised	2,035	25,776,401
1970 Estimate	2,035	26,336,000
Total Change	--	+ 559,599

Mandatory Items: (page WH-7)

Increases:

Net additional cost of within-grade promotions effective for part year in 1969	--	+ 111,200
Net cost of within-grade promotions becoming effective in 1970	--	+ 127,800
Net additional cost for Federal Telecommunications Systems services	--	+ 66,299
To provide for net increase in contributions to the Federal Employees' Compensation Fund	--	+ 6,800
Sub-total, Mandatory Items	--	+ 312,099

Program Items:

Increases:

To provide for increased costs in the enforcement activity (page WH-12)	--	+ 247,500
Sub-total, Program Items	--	+ 247,500
Total Change	--	+ 559,599

MANDATORY CHANGES BY ACTIVITY

	Net additional cost of within-grade promotions effective for part-year in 1969	Net within-grade promotion costs initially effective in 1970	Contributions to FEC Fund (+)	Net additional cost for Federal Telecommunications Systems services	Total
Activity 1.....	$105,200	$119,800	$ 6,800	$ 57,499	$289,299
Activity 2.....	2,300	2,800	--	3,400	8,500
Activity 3.....	1,800	2,200	--	2,700	6,700
Activity 4.....	1,900	3,000	--	2,700	7,600
Total.....	111,200	127,800	6,800	66,299	312,099

MANDATORY CHANGES FOR 1970

Increases:

Within-grade promotion costs:

1970 net additional cost of within-grade promotions effective for part-year in 1969.....		+$111,200
Personnel compensation.....	$195,257	
Deduct lapse.....	-3,757	
Deduct savings due to turnover.	-88,200	
Personnel benefits.....	7,900	
Net cost.....	$111,200	
Net cost of within-grade promotions becoming effective during 1970.....		+$127,800
Personnel compensation.....	$ 226,352	
Deduct lapse.....	-4,252	
Deduct savings due to turnover.	-103,300	
Personnel benefits.....	9,000	
Net cost.....	$ 127,800	
To provide a net increase in contributions to the Federal Employees' Compensation Fund.....		+$ 6,800
Net additional cost for Federal Telecommunications Systems services.....		+$ 66,299
Total.....		+ $312,099

PROGRAM CHANGES BY ACTIVITY

	11 Personnel compensation	12 Personnel benefits	Total
Activity 1	$230,000	$ 17,500	$247,500
Positions	--	--	--
Total	230,000	17,500	247,500
Positions	--	--	--

Activity 1. ENFORCEMENT (1969, $20,786,301 Pos. 1,762;
1970, $21,323,100 Pos. 1,762)

Narrative Description of Program

This program provides for enforcement and related activities to secure compliance with the following statutes: the Fair Labor Standards Act (including Equal Pay), the Age Discrimination in Employment Act, the McNamara-O'Hara Service Contract Act, the Walsh-Healey Public Contracts Act, the Davis-Bacon and related Acts, and the Contract Work Hours Standards Act. Information activities and investigations are conducted to obtain compliance with the various provisions of these laws. Complaints alleging specific violations are investigated and other investigations are initiated where violations of minimum standards are likely and will further the following objectives:

1) assure that employed persons in low-wage industries and localities receive not less than the minimum hourly rate provided by statute, certificate, wage order, or wage determination;

2) preclude employment of minors which interferes with their schooling or their health and well-being;

3) create additional employment opportunities and/or reduce excessive hours of work by requiring the payment of premium pay for overtime work;

4) require equal pay for equal work regardless of sex;

5) prohibit discriminatory practices which restrict the employment opportunities of older workers;

6) eliminate unfair competition among Government contractors by prohibiting the payment of wage rates below the established minimum;

7) eliminate unfair competition among employers resulting from noncompliance with the Fair Labor Standards Act; and,

8) further litigation objectives, help resolve questions of law, and establish legal precedents.

The major program efforts of the Wage and Hour Division's enforcement staff have and will continue to be directed toward obtaining compliance with the law of most general application, the Fair Labor Standards Act. The 1966 amendments to this Act, and subsequent economic growth have increased the total number of workers entitled to the wage guarantees of the Act to more than 44.6 million. This number includes more than three fourths of all non-supervisory employees in the private sector of the economy and represents an increase of over 12 million workers from the estimated total covered employment prior to the 1966 amendments. Among the newly covered workers are an estimated 1.5 million to whom the Fair Labor Standards Act will apply as a result of a change in the coverage standards which becomes effective February 1, 1969. Typically these employees will be in smaller retail service-type establishments where wage rates and the extent of union representation for the employees tend to be low. Special emphasis will be given in the Division's programs during the next several years to these newly covered employees and establishments.

The 1968 Supreme Court decision in Maryland v. Wirtz is a significant recent development affecting the Division's compliance activities under the Fair Labor Standards Act. In this case, the Court held that the extension of the Act's coverage to employees of State hospitals, schools, and institutions of higher learning was valid under the commerce clause of the Constitution. Pending the Court's decision on this question, the Wage and Hour Division was enjoined from enforcement of the Act's provisions with respect to employees of the twenty-eight States which were parties to the suit. Once the decision was handed down, the Division initiated a continuing program in each of the 50 States to aid State and local governments to come into and remain in compliance.

Investigations to obtain compliance with the provisions of the Equal Pay Act of 1963 and the McNamara-O'Hara Service Contract Act which became effective in 1966, continue to reveal and correct substantial violations. The need for investigations of contractor's pay practices for work covered under the Service Contract Act is expected to grow as wage determinations for additional industries, locations and occupations are put into effect. With regard to the elinination of pay practices which reflect discrimination based upon sex, much has been accomplished by the Division particularly in large establishments and national retail chains where the improvements achieved often have been dramatic. However, much still remains to be done in establishments where this type of discrimination is not as apparent and where the numbers of employees involved are smaller.

New major responsibilities assigned to the Division that are demanding significant attention include obtaining compliance with the Age Discrimination in Employment Act of 1967, the Davis-Bacon and related Acts, and the Contract Work Hours Standards Act. The Age Discrimination Act, which became effective June 12, 1968 is designed to protect persons 40 to 65 years of age by prohibiting discrimination in employment based upon age. The Division will provide information on the Act and enforce its provisions through investigation, negotiation and legal action as necessary. The enforcement responsibilities delegated to the Wage and Hour Division by the Secretary of Labor under the Davis-Bacon and related Acts and the Contract Work Hours Standards Act, include making investigations, recovering back wages for employees of Government contractors who violated the wage provisions included in their contracts, and coordinating the enforcement activities of contracting agencies.

With regard to all of the Division's enforcement responsibilities both old and new, emphasis is given to obtaining voluntary compliance through the use of the mass media, nation-wide mailings to covered employers, and distributions of informational materials through large organizations and associations. Radio and TV scripts, slides, and tapes together with press releases are used to the maximum possible extent in these efforts. The Division's field staff is widely dispersed and its office locations publicized extensively to facilitate personal contacts with the public. Techniques such as the use of telephone answering devices at times when offices are not manned also are employed wherever appropriate.

In 1968, new investigation procedures were introduced emphasizing the correction of current violations and allowing investigators greater discretion to conclude investigations in which current practices show compliance. The introduction of these new procedures enabled the Division to increase the number of investigations completed to 75,022. In the 75,022 establishments investigated which employed 2.4 million covered workers, the Division's enforcement staff disclosed over $80 million in wage underpayments due 421,916 employees. These amounts are 5% and 14% respectively over the 1967 findings. Monetary findings during the "current workweek" (the most recent payroll workweek in each investigated establishment) increased 22% over 1967, and current minimum wage underpayments were 47% above 1967. The number of minors found illegally employed declined in 1968, particularly in agriculture where mechanization has increased and the availability of school facilities has continued to improve. Additional statistical data is shown in the table on page WH-13.

Examples of specific information activities initiated by the Division in 1968 to obtain compliance with the minimum labor standards for which it is responsible include:

a. Mailing a brochure, including an official poster, to approximately 2 million employers to inform them of the changes in the Fair Labor Standards Act effective February 1, 1968. These changes included increasing the minimum hourly wage for previously covered workers to $1.60, increasing the minimum hourly wage to $1.15 for newly covered employees and changing the weekly overtime for such employees from 44 to 42 hours.

b. Developing and mailing a similar brochure to all employers likely to be covered by the Age Discrimination in Employment Act to aid them in complying with the Act.

c. Establishing cooperative arrangements through the AFL-CIO for handling and forwarding complaints of violations from both union and non-union workers.

d. Sponsoring local community seminars and meetings for providing low-income, unorganized workers with factual, clear-cut information about the Fair Labor Standards Act and other labor standards.

e. Initiating a cooperative educational program by contacting and working through local OEO sponsored Community Action Program projects throughout the country.

As an integral part of these and other related activities, 9 million pieces of informational material were distributed to the public and 1,250 groups of employers, employees and other interested persons were addressed by the Division's staff.

In 1969, complaints alleging violations of the acts administered are expected to increase to 33 thousand as a result of changes in the coverage and standards of the Fair Labor Standards Act which are effective February 1, 1969, and because of publicity concerning the Division's new responsibilities under the Age Discrimination in Employment Act, the Davis-Bacon and related Acts, and the Contract Work Hours Standards Act. This rate of complaint inflow is more than 40% greater than that which existed prior to the 1966 FLSA amendments. The increasing number and complexity of the acts administered, together with increased number of complaints being received, are expected to offset the additional productivity resulting from new investigation techniques introduced during 1968 and the slight increase in effective investigator man-years estimated to be available. It is estimated that approximately 75 thousand investigations will be completed in 1969. These investigations are expected to disclose $84 million in back wage underpayments due 450,000 employees. Most of the approximately $4 million increase over the amount of underpayments disclosed in 1968 which is included in the 1969 estimate represents unpaid minimum wages. The total amount of back wage underpayments which employers agree to pay also is expected to be higher than in 1968. Additional statistical data is shown on page WH-13.

Increased complaint workloads, new program responsibilities related to age discrimination and wage standards for employees working on Government contracts, the substantial changes in coverage under the FLSA effective February 1, 1969, and the results of the Supreme Court decision in the case of Maryland v. Wirtz, all will have an important bearing on the scope and direction of the Division's enforcement programs. Staffing restrictions will require continued reevaluation of program objectives, current workloads and the deployment of staff to meet the Division's increased responsibilities.

Programs to obtain voluntary compliance continue to be an important complement to the Division's investigation programs in 1969. Such efforts have been particularly effective in meeting some of the Division's new responsibilities by eliminating discriminatory advertising and other practices prohibited by the Age Discrimination in Employment Act, and in carrying out the Supreme Court decision in the case of Maryland v. Wirtz. In the latter example, contacts have been made with State and local officials throughout the country to provide advice and assistance in paying employees in compliance with the Fair Labor Standards Act. In general, State and local officials have shown a willingness to comply with the Act's standards, and substantial amounts of back wages have been paid to employees as a result of these consultations. Since these amounts are not as a direct

result of investigations they are not reflected in the Division's enforcement statistics. Other major efforts undertaken during 1969 for obtaining voluntary compliance will include:

a. Mailing material to more than 2 million employers regarding the changes under the FLSA effective February 1, 1969 which provide (1) coverage for the first time for an estimated 1.5 million employees in approximately 100,000 establishments doing an annual dollar volume of business of between $250,000 and $500,000, (2) an increase from $1.15 to $1.30 in the minimum hourly wage rate for employees newly covered by the 1966 amendments to the Act, and (3) a change from a 42 to a 40 hour weekly overtime standard for newly covered workers.

b. Undertaking in cooperation with the Building Trades Council, AFL-CIO, a special educational program concerning the Davis-Bacon and related acts.

c. Carrying out a program of seminars and clinics at the local level in conjunction with business, industry, labor and agricultural groups as well as public organizations. New materials (some specifically directed to reaching low-income wage earners and poverty-level groups) have been developed for this purpose, including pamphlets, radio and TV spots and a film narrated by a popular entertainer.

In 1970, the minimum wage rate for most employees newly covered by the 1966 Fair Labor Standards Act amendments will increase to $1.45 an hour effective on February 1, 1970. With this change and the changes in standards and coverage which will take place in February 1969, complaints are expected to continue to increase to 35 thousand annually. The Wage and Hour Division's enforcement activity in 1970 is planned to be at approximately the same level as in 1969, with modifications as necessary to meet new responsibilities and standards. It is estimated that 75 thousand investigations will be completed, disclosing violations affecting an estimated 460 thousand employees and wage underpayments of about $86 million.

Workloads are expected to continue to grow under the McNamara-O'Hara Service Contract Act as the number of wage determinations issued increases (see table, page WH-15), and under the Age Discrimination in Employment Act as additional experience is gained. A large but presently undetermined number of additional workers engaged in Federally-aided highway construction will be subject to the protections of the Davis-Bacon Act as a result of the extended coverage provided by the Federal-Aid Highway Act of 1968. Projects advertised for bids prior to the effective date of this act were subject to the prevailing rate provisions of the Davis-Bacon Act only if a part of the Federal Interstate System or Appalachia Program. The regular Federal-aid highway program was excepted.

During 1970, emphasis will be placed on information activities and investigations of establishments which come under the coverage of the Fair Labor Standards Act for the first time on February 1, 1969, or which become subject to higher minimum wage and overtime standards under the Act in 1969 and 1970. Initial information activities will also be undertaken to inform employers, employees, and other affected parties of the wage garnishment provisions (Title III) of the Consumer Credit Protection Act which take effect July 1, 1970.

Changes for 1970

Mandatory changes amount to (page WH-7)	+$289,299
Program changes amount to	+$247,500
Positions	NONE

In 1970, a program increase of $247,500 is provided to implement the reclassification of 187 investigator positions from GS-11 to GS-12 under the existing

classification standards approved by the Civil Service Commission. The need for reclassification of these positions results primarily from the increased complexity of enforcement responsibilities of investigators under the numerous acts now administered by the Division.

Basis for the Estimate

Estimates and the output projections for 1970 indicated in the table below are based on the experience gained during 1968 and the first half of 1969 utilizing newly adopted investigation procedures and allowing for additional workloads in the new areas of legislation enforced.

Investigation Results, Fiscal Years 1967 and 1968 and Estimated Results for Fiscal Years 1969 and 1970

	Actual 1967	Actual 1968	Estimated 1969	Estimated 1970
Authorized investigator positions	1,024	1,147	1,198	1,198
Available investigator staff (Man-Years)	970	960	975	975
Total number of establishments investigated	58,159	75,022	75,000	75,000
Covered employees in investigated establishments	1,844,143	2,411,203	2,400,000	2,400,000
Number of employees underpaid	368,582	421,916	450,000	460,000
Underpayments disclosed in current workweek 1/	$ 981,005	1,196,354	1,250,000	1,300,000
Total underpayments disclosed	$76,092,726	80,009,717	84,000,000	86,000,000
Minimum wages	$18,839,742	20,437,008	24,000,000	25,500,000
Overtime	$53,737,920	54,507,347	54,500,000	55,000,000
Equal pay	$ 3,252,319	2,488,405	2,500,000	2,500,000
Service Contract Act	$ 262,745	2,576,957	3,000,000	3,000,000
Amount Agreed to Pay	$26,693,123	26,723,863	30,000,000	31,000,000
Number of employees whom employers agree to pay	194,496	228,213	250,000	260,000
Number of minors illegally employed	18,536	14,117	11,500	11,500
Agriculture	4,201	1,555	1,500	1,500
Non-agriculture	14,335	12,562	10,000	10,000
Complaints received	24,857	30,911	33,000	35,000
Litigation filed	1,717	1,661	1,650	1,650

1/ Does not include McNamara-O'Hara Service Contract Act underpayments.

Activity 2. WAGE DETERMINATIONS AND REGULATIONS (1969, $2,140,100 Pos. 120; 1970, $2,148,600 Pos. 120)

Narrative Description of Program

This program provides for development of regulations, wage determinations, and interpretations of the laws administered. Under provisions of the McNamara-O'Hara Service Contract Act, determinations are made of prevailing wage rates paid and fringe benefits given different groups of service employees. These determinations apply to Federal service contracts exceeding $2,500 and set the minimum wage rates and fringe benefits that contractors covered by the determination must provide to employees. Special minimum wage certificates for learners, handicapped workers, student-learners, student-workers, apprentices, sheltered workshops, and full-time students in retail or service establishments or in agriculture are issued under Section 14 of the Fair Labor Standards Act to the extent necessary to prevent the curtailment of employment opportunities. Also under this Act, industry committees establish special minimum wage rates for covered employment in Puerto Rico, the Virgin Islands, and American Samoa.

Government Contract Wage Determinations

In 1968, a total of 1,087 wage determinations were issued in response to notices by Federal agencies of their intent to make contracts subject to the McNamara-O'Hara Service Contract Act. Wage determinations were applicable to or were issued covering 5,084 of the intended contracts. Priority was given to determinations affecting employees in low wage classifications, to determinations covering contracts with the greatest number of employees, and to determinations in areas of substantial contract activity. On request, 84 special area wage surveys and 5 special industry surveys were made by the Bureau of Labor Statistics in addition to its annual published series of 86 area wage surveys. As of June 30, 1968, 1,319 service contract wage determinations were in effect.

A significant development during 1968 involved the decision to resume the issuance of wage determinations applicable to mail-haul contracts. A study was completed by the management consultant firm of Booz-Allen and Hamilton on the feasibility of computerizing the wage determination retrieval system for the Service Contract Act. On the basis of its review of existing manual procedures, the judgment factors involved, and the workload, it was determined that the use of ADP is impractical at this time.

An omnibus determination was issued effective February 1, 1968, increasing the minimum wage applicable to Federal supply contracts under the Walsh-Healey Public Contracts Act to at least $1.60 in all industries unless a previously issued higher individual determination applies.

In 1969, significant amendments to the regulations and interpretations under the Service Contract Act were published at the beginning of the year. It was anticipated that this would create a greater awareness on the part of Federal contracting officers of their responsibilities under the Act and result in an increase in the number of notices of intention to make a service contract received. Actual experience during the first half of 1969 has been that 5,543 notices of intention have been received as compared with 3,949 during the same period in 1968, or an increase of about 40%. During this period 523 wage determinations have been issued, about 150 more than were issued in the same period last year. It is planned to issue about 1,250 wage determinations during the fiscal year, reflecting improved procedures and the availability of additional wage data.

In order to obtain the necessary data on prevailing wage rates and fringe benefits, the Bureau of Labor Statistics has been requested to make 91 special area wage surveys and special industry surveys of forestry and land management, laundry and dry-cleaning, and food service operations. These will supplement regularly published area wage surveys. Wage rates set for Federal wage board employees under the Coordinated Federal Wage System, which is being put into effect by the Civil Service Commission, are being evaluated to determine to what

extent, if any, they can be used by the Division in setting prevailing minimum wage rates for work on contracts subject to the Service Contract Act.

In 1970, the number of service contract wage determinations issued and the number of service contract notifications to which determinations are applicable are expected to continue to increase. This will be accomplished through the cumulative effects of an expanded base of wage data and the additional number of determinations in effect which may be applicable. Approximately 1,400 new wage determinations are currently planned for 1970. A continuing need for wage and fringe benefit data from the Bureau of Labor Statistics for special geographic areas and industries is anticipated in addition to the use of the regular area wage survey data. To the extent that the data developed or wage rates set under the Coordinated Federal Wage System can be used by the Division, wage determinations issued should cover a higher percentage of service contracts.

Government Contract Wage Determination Activity 1967-1970

	Actual 1967	Actual 1968	Estimated 1969	Estimated 1970
Wage determinations issued	757	1,087	1,250	1,400
Notices to which wage determinations apply ...	4,064	5,084	7,000	9,000

Special Minimum Wages

In 1968, the number of applications received for special minimum wage certificates increased slightly more than 25% over 1967, although the number of certificates issued increased only about 21%. Increases in the number of applications received and certificates issued by the regional and district offices were for the most part for individual worker certificates, primarily for student-learners and handicapped workers. A total of 24,799 certificates were issued, of which 16,927 were issued to individual workers. Certificates issued by the National Office and in Puerto Rico for the industrial employment of learners at special minimum wage rates declined by 20% to 1,047, reflecting a 15% drop in the number of applications received and an increased rate of denials in the apparel industries for which certificates are issued under supplemental regulations. As a result, the overall employment authorized by special minimum wage certificates, exclusive of full-time student certificates, declined.

Estimated employment under full-time student certificates increased in 1968, largely due to the elimination, effective February 1, 1967, of the requirement that the proportion of student employment authorized by certificate not exceed 10% of the total hours of employment in the establishment. The impact of this change occurred in certificates issued during the 1967-68 school year. No statistical count of full-time student employment can be maintained because it is authorized on an hourly basis proportionate to total employment. However, it is estimated that in 1968 this proportion would allow 14,244,000 hours of part-time employment (not to exceed 20 hours a week when school is in session) as compared to 7,442,000 hours in 1967. Similarly, vocational employment authorized under student-learner certificates increased from 6,598 individuals in 1967 to 9,460 in 1968. Increases in student certificates issued during 1968 reflected the impact of changes in the statutory minimum wage in both February 1967 and 1968.

Based on a review of operations following the changes in the provisions of Section 14 of the Fair Labor Standards Act which became effective February 1, 1967, the full-time student regulations and regulations for the annulment and withdrawal of certificates were revised in 1968. Also, to the extent practicable within the framework of the Act's statutory requirements and principles, certification procedures and related instructions were examined to ensure that action was taken to remove or clarify points with which applicants had experienced particular difficulty.

In 1969, as a result of the changes in the coverage and standards of the Act which occur February 1, 1969, and the emphasis being given nationally to job opportunities for youth and handicapped workers, and on the basis of experience so far this year, it is estimated that the total number of certificates issued will continue to increase. However, the issuance of establishment certificates for the employment of learners at special minimum wage rates has declined and is expected to continue to do so. In total, it is estimated that 30 thousand applications will be received and that approximately 29 thousand certificates will be issued. Total employment authorized by these certificates is expected to increase to 108 thousand, exclusive of full-time student employment. The estimated hours of part-time employment allowed by full-time student certificates is expected to increase to 19 million because of the February 1969 changes in the coverage and standards of the Act.

Revised regulations for the issuance of certificates to sheltered workshops and work activity centers employing handicapped persons were issued in July 1968, based upon recommendations of the Advisory Committee on Sheltered Workshops. A review of sheltered workshop forms has been undertaken to determine the best means of simplification.

In 1970, it is expected that an even greater number of student-learner and handicapped worker certificates will be applied for and granted, increasing the total number of certificates issued to about 32 thousand. Employment authorized by the certificates is expected to increase to 113 thousand, exclusive of full-time students. A further increase in hours of authorized employment for full-time students is anticipated during the 1969-70 school year as a result of the changes in coverage and standards of the Act in February 1969 and further changes in standards in February 1970. The operation of the revised regulations under Section 14 of the Act will be closely studied in 1970 and further revisions will be made as necessary.

Special Minimum Wage Certificate Activity 1967-1970

	Actual 1967	Actual 1968	Estimated 1969	Estimated 1970
Applications Received	21,191	26,677	30,000	33,500
Certificates Issued	20,420	24,799	29,000	32,000
Employment Authorized				
Full-time Students (Hours)1/	7,442,000	14,244,000	19,000,000	22,000,000
Other (Individuals)	103,972	101,515	108,000	113,000

1/ Estimated. Certificates for full-time students authorize a maximum proportion of hours of student employment to total employment in an establishment, rather than a specific number of employees.

Wage Order Program

In 1968, as in 1967, the regular biennial reviews of wage order rates in Puerto Rico and the Virgin Islands were replaced by automatic increases required by the 1966 amendments to the Fair Labor Standards Act. Automatic increases in wage order rates equivalent to the percentage increase in the mainland minimum wage (14.3%) were required in 1968 for all wage order industries covered prior to the 1966 amendments. Under specified conditions, provision was made for the appointment of special hardship review committees to study the need for a smaller increase. Applications for hardship reviews were filed in 1968 by nine of the thirty-one Puerto Rican wage order industries covered prior to the amendments. After review of the applications, committees were appointed and hearings held for the sugar and handkerchief industries in Puerto Rico. To carry into effect the recommendations of these two committees, and the automatic increases applicable to the minimum rates in the other wage order industries in Puerto Rico covered prior to the 1966 amendments, 31 wage orders were issued. In addition, a wage order was issued to effect automatic increases in the Virgin Islands.

In 1969, the regular biennial review of industry wage rates has been resumed under the requirements of the Fair Labor Standards Act. Eleven hearings have been held for industries with employees who were newly covered by the 1966 amendments to this Act. A considerable amount of progress has been made in bringing the minimum wage levels prescribed up to the mainland standard for newly covered workers. Wage orders have been issued for ten of these industries, and minimum wage levels for nearly all occupations have been set either at or close to the current mainland minimum. Ten hearings are scheduled for the remaining half of 1969 in industries that were previously covered in Puerto Rico, and an additional hearing is scheduled for all industries in American Samoa. Industry surveys and economic reports are made in connection with each hearing to provide the necessary data on which the committees can base their findings. Industry surveys will also be begun during the year for those industries scheduled to be reviewed in the early part of 1970.

In 1970, hearings will be conducted and wage orders issued for the 18 remaining industries covered by the Fair Labor Standards Act in Puerto Rico. This will complete the biennial review initiated in 1969. Three industries in Puerto Rico have all occupations already at the mainland minimum rate of $1.60 an hour and will not require review. In the latter part of 1970, surveys will be started for a number of industries to be reviewed in the first part of the 1971-1972 biennial period. In addition, another hearing is planned in the Virgin Islands for certain newly covered employees.

Regulations and Interpretations

In 1968, nineteen regulations or interpretations were published in the Federal Register. Major revisions were made in the record-keeping regulations under the Fair Labor Standards Act to provide for the changes made by the 1966 amendments, including a provision for agricultural coverage, and in the regulations dealing with wage payments to include a section on payment of wages to tipped employees. Also under this Act, a revised interpretative bulletin was issued on overtime compensation and six determinations were made establishing the eligibility of specified industries for one or both of the partial overtime exemptions for seasonal industries.

Record-keeping regulations under the Age Discrimination Act were published in May 1968, and interpretations with regard to the age brackets 40-65, help-wanted notices and advertisements, bona fide occupational qualifications, and differentiations based on reasonable factors other than age were published in June.

In 1969, it is planned to continue to develop positions on problem areas, resulting in the issuance of regulations and interpretations at approximately the same level as in 1968. It is planned to expedite the publication of additional interpretations as they are developed. Efforts will be continued to develop new materials under the Fair Labor Standards Act to ensure that all of the changes included in the 1966 amendments are given proper effect. A review of the existing regulations and interpretations under this Act is presently being conducted, and a revised interpretative bulletin on coverage is planned.

Currently, a large volume of inquiries is being received regarding the Age Discrimination Act, and a similar heavy workload is anticipated when the changes in coverage and standards under the Fair Labor Standards Act become effective on February 1, 1969. The development of opinion letters provides the basis for the publication of regulatory materials. Regulations and interpretations already published in 1969 include three seasonal industry determinations under the Fair Labor Standards Act, revisions of the regulations for the Age Discrimination Act, and new regulations for the Service Contract Act. The publication of revised and amplified regulations on the Service Contract Act provides contracting agencies and contractors with needed guidance on the application and requirements of the Act, and should aid greatly in obtaining compliance thereto. A proposal has been published to amend the current regulations to require contracting agencies to modify a contract's terms when the absence of a wage determination was due to lack

of timely notice being provided concerning an agency's intention to make a contract.

In 1970, it is planned to continue the processes of reviewing and analyzing existing regulations and interpretations in order to ensure that the social and economic goals and objectives of the acts administered are met. This is particularly important because of the necessity to reflect court decisions, legal opinions, and changes in industry practices. Among the major areas of the acts for which revisions or new material are being considered for 1970 are:

1) revised salary standards for the Fair Labor Standards Act exemption for executive, professional, and administrative employees. Survey work to gather data on present salary levels is now being performed in connection with the regular investigation program. After necessary analysis and public hearings are conducted, recommendations with respect to appropriate salary levels will be developed;
2) revised positions and new materials under the Age Discrimination Act. It is expected that experience gained during 1969, the first year of the Act's effectiveness, will indicate the need for new or revised positions to cover the various situations encountered in enforcing the Act;
3) a revised interpretative bulletin regarding the exemption for retail and service establishments under the Fair Labor Standards Act. Some positions have already been developed on specific points, and initial consideration given to others.

In addition, it is anticipated that basic regulatory materials concerning the wage garnishment provisions of the Consumer Credit Protection Act will be published before July 1, 1970, the effective date of these provisions.

Changes for 1970

Mandatory changes amount to (page WH-7)..... +$ 8,500

Program changes amount to ..... NONE

Basis for the Estimate

One hundred and twenty positions and $2,148,600 are requested for this activity. These positions represent the minimum number that has been found necessary to support:

1) the development of regulatory and interpretive materials for the acts administered, particularly with new responsibilities such as the Age Discrimination Act, the Consumer Credit Protection Act, changes under the Fair Labor Standards Act including the equal pay provisions, and the Service Contract Act;
2) the operation of the statutorily required biennial review program which sets wage rates for covered industries in Puerto Rico, the Virgin Islands, and American Samoa. A level program has been designed to review half of these industries each year, with Industry Committees appointed to bring them up to mainland standards as soon as possible;
3) the issuance of special minimum wage certificates under the Fair Labor Standards Act to prevent the curtailment of job opportunities for special categories of workers. With changes in the standards

and coverage of the Act, the number of applications for such certificates that are received and must be processed in expected to continue to rise and will require as a minimum the present level of resources; and,

4) the making of wage determinations by job occupation and geographic location under the Service Contract Act. The Bureau of Labor Statistics is the primary source of data on which to make wage determinations, and the only source of information for some areas and industries. $749,100 of the budget request is for special surveys to gather data on these areas and industries. With the present authorized staff, increased data availability and greater productivity are expected to allow the largest contracts and the areas with the most covered employees to be included in the 1,400 wage determinations to be issued in 1970.

Activity 3. RESEARCH AND LEGISLATIVE ANALYSIS (1969 $1,957,100, Pos. 75;
1970 $1,963,800, Pos. 75)

Narrative Description of Program

This program provides for the planning and conduct of research and legislative analysis of the laws administered by the Wage and Hour Division. This includes studies of the economic effects of these laws, including the development of material for use in connection with administration and enforcement. Statistical and economic analyses are used in the development of regulations and interpretations, the setting of special wage standards, and the allocation of enforcement and information resources. Sections 4(d) of the Fair Labor Standards Act and 13 of the Age discrimination Act require the Secretary of Labor to submit annual reports to the Congress including evaluations of the standards established by the acts and recommendations for improving the legislation. Research is an on-going, year-round program involving a determination of research priorities, planning the dimensions of proposed studies, analyzing the data collected, and preparing comprehensive reports including recommendations for future congressional or administrative action.

In 1968, the report submitted to the Congress on the Fair Labor Standards Act was devoted to analyzing the economic effects of the higher standards and new coverage provided for in the 1966 amendments. In addition to a general evaluation of these effects, specific studies on food service workers in retail establishments, eating and drinking places, hotels and motels, and hired farmworkers were also included. Three special studies specifically requested by the Congress on handicapped clients in sheltered workshops, overtime and premium pay practices, and wage rates for Federal workers in the Canal Zone were also completed. These provided information on which to evaluate existing standards and to determine a need for modification of present legislation or the need for new legislation.

Initial planning for studies to be completed in 1969 and 1970 was begun during the year. Also, estimates as of February 1, 1968 of covered and uncovered employment under the Fair Labor Standards Act by industry and State were developed. Such estimates are used in research projects, in enforcement and information programs, and in the allocation of resources. Economic briefs were prepared in connection with fifteen cases that were in litigation, including the notable case of Maryland v. Wirtz establishing the constitutionality of extending Fair Labor Standards Act coverage to State schools and hospitals.

In 1969, the report to the Congress on the Fair Labor Standards Act comprises a general evaluation of the economic effects of the Act, as well as the second part of the hired farmworkers survey, and special studies of nursing homes and related facilities, laundries and cleaning services, the first of a two-part agricultural handling and processing study, and a supplemental report on sheltered workshops. Two reports were prepared for the Congress in 1969 as required by the Age Discrimination in Employment Act, which became effective in June 1968. These included a general evaluation of the initial effects of the Act and a special report on the desirability of changing the upper and lower age brackets established as limits of coverage. The latter recommended that no change be made in the age limits at this time.

Data on the present salary levels of executive, professional, and administrative employees are being collected in connection with the regular investigation program as a basis for evaluating the present salary tests for exemption from the overtime provisions of the Fair Labor Standards Act for these categories of employees.

Planning work has been underway for studies of educational institutions and hospitals to be published in 1970. The survey work will be conducted during the spring of 1969. Impact data are being developed for twenty-two industries in Puerto Rico, the Virgin Islands, and American Samoa which are to be reviewed in 1969 in connection with the issuance of new wage orders under the Fair Labor Standards Act. With the extension of coverage under this Act into new areas and with new responsibilities under the Age Discrimination in Employment Act, it is

anticipated that between twenty and twenty-five economic briefs will be prepared in support of litigation activity.

In 1970, it is planned to continue the general research study program at the same level as in 1969. The report to the Congress on the Fair Labor Standards Act will include the special studies of educational institutions and hospitals as well as the second part of the agricultural handling and processing study. Survey work is planned for studies of the effects of the $1.45 an hour minimum wage and the implications of the final escalation to $1.60 an hour in two low-wage service industries-hotels and restaurants. Data will be collected separately for tipped employees to ascertain the value of tips and the extent to which employers are using the tolerance for tips provided by the 1966 amendments.

A general evaluation of the effects of the Age Discrimination in Employment Act will be prepared and plans are now under consideration to make specific studies of the air transportation, banking, and electrical machinery industries which all have a markedly lower percentage of employees over age 45 than is true of employment in general. Impact data will be prepared for nineteen industries in Puerto Rico which are to be reviewed for revisions of applicable wage orders. In addition, the litigation workload is likely to result in a further increase of five in the number of economic briefs required. It is estimated that some twenty-five to thirty such briefs will be prepared in 1970.

Changes for 1970

Mandatory changes amount to (page WH-7)..... + $ 6,700

Program changes amount to ..... NONE

Basis for the Estimate

Estimates of fund requirements to gather data for the economic studies required by the acts administered are based upon the costs of field surveys and tabulations made by the Bureau of Labor Statistics, the Agriculture Department, and other agencies. $1,138,500 is required by these agencies in order to gather and process the data needed for the studies planned for 1970, and for the tabulation of data on program results for use by management in planning and evaluation programs. With the studies outlined above, anticipated increases in the number of economic reports required in support of litigation and in the development of regulations, interpretations, and wage orders, as well as statistical tabulations used for management purposes, seventy-five positions and a total of $1,963,800 are estimated to be the minimum necessary to carry out these programs effectively in 1970.

Activity 4. ADMINISTRATION AND MANAGEMENT SERVICES (1969, $892,900, Pos. 78; 1970, $900,500, Pos. 78)

Narrative Description of Program

This activity provides leadership and coordination in the planning of bureau-wide programs and administrative policies. Plans and programs are designed to meet the social and economic goals and objectives of the laws administered by the Wage and Hour Division. Specifically, actions are planned and directed in the fields of program planning, personnel administration, budget and fiscal administration, organization and management analysis, and systems management, with necessary administrative services provided in support of the execution of programs.

In 1968, efforts were continued toward the development and implementation of improved management systems. Regional program plans developed in the field were analyzed and used in the allocation of personnel and other resources. On a quarterly basis, each region's accomplishments and problems encountered or foreseen were reviewed and analyzed to ensure that both the overall social and economic goals of the acts administered and the specific program objectives of the regions were attained. Increased resources budgeted in 1968 were distributed geographically based on changes in enforcement and information workloads as a result of the 1966 Fair Labor Standards Act amendments.

Management surveys were conducted of several organizational units to provide a comprehensive review of the applicable functions, workload, systems, and procedures. Such surveys resulted in the establishment of six new district offices in 1968 to allow greater management flexibility and to facilitate program planning at the local level, with no increase in costs. Also, an ancillary accounting system for the disbursement of back wage monies recovered from employers was implemented. The use of Treasury Department regional deposit offices resulted in more expeditious handling and disbursing of some $3.5 million in back wages owed to more than 30 thousand workers. A total of 147 new employees attended the investigator training course during the year. In other areas, 539 suggestions for improvements were made by employees, with more than 150 being adopted. Telephone answering equipment was purchased in lieu of leasing arrangement at some 60 field station locations to provide better service at a lower unit cost.

In 1969, experience gained has proven useful in the development of program plans and in estimating the future resource requirements needed for the execution of programs. Data needed for more refined analysis of costs and outputs is to be gathered in the department-wide cost accounting system being implemented this year. With new responsibilities assigned under the Age Discrimination in Employment Act and the Davis-Bacon and related Acts, as well as changes in the Fair Labor Standards Act effective during 1969, this data, when available, will be used to ensure the optimum utilization of the Division's limited resources.

Each member of the investigator staff has been receiving additional training to aid in meeting the Division's new responsibilities under the Age Discrimination in Employment Act and the Davis-Bacon and related Acts. Programs such as the youth opportunity campaign are being actively supported with some 45 youths participating so far this year. Refinements of computer printouts of defense agency procurement actions and contractor facilities listings are being made to provide the field with more meaningful and timely information for investigation programming under the Service Contract Act and the Public Contracts Act.

In 1970, it is planned to continue to provide required organization support for the Division's programs. As the full impact is felt of the additional responsibilities under the Age Discrimination in Employment Act, the Davis-Bacon and related Acts, and the changes in the Fair Labor Standards Act effective in February 1969, administrative workloads will increase. Organizational changes, the greater emphasis being placed on program planning and evaluation, and other management improvements are designed to help meet these increased workloads.

After program and management analyses are made, indicated actions will be taken in such areas as personnel recruitment, financial management, administrative services, and the allocation of resources. Further efforts are planned to ensure that personnel are trained to meet the new responsibilities, including the wage garnishment provisions of the Consumer Credit Protection Act which becomes effective July 1, 1970. It is also planned to conduct preliminary cost/benefit analyses of several aspects of the Division's programs.

Changes for 1970

Mandatory changes amount to (page WH-7)..... +$7,600

Program changes amount to..... NONE

Basis for the Estimate

Changes in the Fair Labor Standards Act and additional responsibilities under the Davis-Bacon and related Acts, the Age Discrimination Act, and the Consumer Credit Protection Act make the effective use of resources a continuing necessity. At least the present level of staff is needed to accomplish the objectives of the increasingly complex and varied programs of the Wage and Hour Division. Therefore, seventy-eight positions and $900,500 are requested for this activity. This will allow management to effectively carry out its responsibilities for program planning and evaluation, recruitment and training of personnel, allocation of resources, management analysis, and budget and financial management as well as providing required administrative services.

DISTRIBUTION OF FIELD STAFF

Supervising Offices	1969 Profes-sional	1969 Clerical	1969 Total	1970 Profes-sional	1970 Clerical	1970 Total
Atlanta, Ga.....	194	51	245	194	51	245
Birmingham, Ala.....	118	33	151	118	33	151
Boston, Mass.....	63	21	84	63	21	84
Philadelphia, Pa.....	95	27	122	95	27	122
Chicago, Ill.....	205	53	258	205	53	258
Dallas, Texas.....	167	41	208	167	41	208
Kansas City, Mo.....	112	29	141	112	29	141
Nashville, Tenn.....	144	38	182	144	38	182
New York City, N.Y.....	112	28	140	112	28	140
San Francisco, Calif....	137	35	172	137	35	172
Santurce, Puerto Rico...	29	11	40	29	11	40
Total Field Staff...	1,376	367	1,743	1,376	367	1,743

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation $19,504,100

This estimate provides for 2,035 full-time positions or 1,750.9 net man-years, and 20.5 man-years of temporary and intermittent employment. Of this, 1,472.8 man-years and $16,309,300 are allocated to field personnel compensation and 298.6 man-years and $3,194,800 for Departmental. The increase of $452,100 from 1969 provides $222,100 for within-grade promotion costs and $230,000 for the reclassification of 187 investigator positions from GS-11 to GS-12.

Personnel benefits $ 1,622,700

This estimate is based upon personnel compensation for 1970. The increase of $41,200 from 1969 provides $16,900 for within-grade promotion costs, $17,500 for the reclassification of 187 investigator positions from GS-11 to GS-12, and a net increase of $6,800 in contributions to the Federal Employees' Compensation Fund. This estimate covers the following benefits:

Contribution to the C.S.C. Retirement Fund.....	$1,255,500
Employees' group life insurance	65,700
Employees' health benefits	149,100
Contribution under the Federal Insurance Contribution Act	5,900
Contribution to Federal Employees' Compensation Fund	10,600
Employees' moving allowances	102,000
Cost of living allowance	33,900
	$1,662,700

Travel and transportation of persons $ 1,237,200

This estimate provides for per diem, mileage, parking fees, and transportation costs for investigators, field office supervisors, administrative officials, and industry committee members.

	1969	1970	Net Change
Per diem	$ 375,000	$ 375,000	---
Mileage	689,200	689,200	---
Other transportation costs...	173,000	173,000	---
	$ 1,237,200	$ 1,237,200	---

Transportation of things $ 77,000

This estimate provides for the movement of household goods and personal effects of approximately 70 employees and $19,000 for shipment of supplies, equipment, and printed matter to field installations.

	1969	1970	Net Change
Movement of household goods ...	$ 58,000	$ 58,000	---
Shipment of supplies and materials	19,000	19,000	---
	$ 77,000	$ 77,000	---

Rent, communications, and utilities $ 710,700

The increase of $66,299 from 1969 provides for the increased cost of the Federal Telecommunications Systems services.

	1969	1970	Net Change
Paid official mail	$ 233,400	$ 233,400	---
Telephone services	342,001	408,300	+$ 66,299
Teletype services	3,600	3,600	---
Rent and utility services	65,400	65,400	---
	$ 644,401	$ 710,700	+$ 66,299

Printing and reproduction $ 192,400

The estimate provides for the following:

	1969	1970	Net Change
Special purpose publications	$ 163,800	$ 163,800	---
Administrative publications	28,600	28,600	---
	$ 192,400	$ 192,400	---

Other services $2,783,400

The estimate provides for the following:

	1969	1970	Net Change
Bureau of Labor Statistics for tabulation of investigator statistics	$ 54,100	$ 54,100	---
Bureau of Labor Statistics for collection of data necessary to the administration of the Service Contract Act	749,100	749,100	---
Bureau of Labor Statistics for wage surveys related to economic effects of the acts administered by the Wage and Hour Division	929,000	929,000	---
Surveys and studies to provide a basis for developing legislative recommendations and to study the economic effects of the acts administered by the Wage and Hour Division	155,400	155,400	---
Bureau of Census and other agencies for special tabulations related to covered establishments	15,000	15,000	---
Security investigations	4,000	4,000	---
Miscellaneous other services	49,700	49,700	---
Working capital fund	827,100	827,100	---
	$2,783,400	$2,783,400	---

Supplies and materials $ 25,000

The estimate provides for the following:

	1969	1970	Net Change
Desk top supplies	$ 25,000	$ 25,000	---

Equipment $ 183,500

The estimate provides for the following:

	1969	1970	Net Change
Equipment	$ 168,500	$ 168,500	---
Subscriptions to permanent reference materials	15,000	15,000	---
	$ 183,500	$ 183,500	---

TUESDAY, MARCH 11, 1969.

BUREAU OF LABOR STATISTICS

WITNESSES

GEOFFREY H. MOORE, COMMISSIONER
BEN BURDETSKY, DEPUTY COMMISSIONER
PETER HENLE, CHIEF ECONOMIST
SOL SWERDLOFF, CHIEF, DIVISION OF PROGRAM PLANNING AND EVALUATION
ARNOLD CHASE, ASSISTANT COMMISSIONER
THOMAS GAVETT, ASSISTANT COMMISSIONER
HAROLD GOLDSTEIN, ASSISTANT COMMISSIONER
DONALD KEUCH, DIRECTOR, OFFICE OF ADMINISTRATIVE MANAGEMENT
WILLIAM D. STEAD, CHIEF, BRANCH OF FISCAL CONTROL
CONRAD M. JONES, DIRECTOR, OFFICE OF BUDGET POLICY AND REVIEW

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 est.	1970 est.
Personnel compensation:			
Permanent positions	11,317	12,364	13,372
Positions other than permanent	501	355	396
Other personnel compensation	169	240	239
Total personnel compensation	11,987	12,958	14,007
Personnel benefits: Civilian employees	907	960	1,038
Travel and transportation of persons	654	677	693
Transportation of things	27	20	20
Rent, communications, and utilities	1,002	631	694
Printing and reproduction	484	341	346
Other services	5,751	6,162	6,461
Supplies and materials	104	23	24
Equipment	113	219	252
Total obligations	21,028	21,991	23,535

PERSONNEL SUMMARY

Total number of permanent positions	1,391	1,321	1,345
Full-time equivalent of other positions	74	74	81
Average number of all employees	1,302	1,264	1,347
Average GS grade	8.7	8.7	8.8
Average GS salary	$9,599	$10,438	$10,608
Average salary of ungraded positions	$5,284	$5,284	$5,284

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Manpower and employment	8,452	8,799	9,289
2. Prices and cost of living	3,203	3,571	3,692
3. Wages and industrial relations	3,498	3,593	3,666
4. Productivity, technology, and growth	985	1,370	1,414
5. Foreign labor and trade	414	476	498
6. Program staff services	1,717	1,822	1,906
7. Administration and management services	2,374	2,361	2,471
8. Revision of the Consumer Price Index			600
Total program costs, funded	20,643	21,991	23,435
Change in selected resources [1]	375		
Total obligations	21,018	21,991	23,535
Financing:			
Receipts and reimbursements from Federal funds	—50	—58	—58
Unobligated balance lapsing	7		
Budget authority	20,975	21,933	23,477
Budget authority:			
Appropriation	20,933	21,763	23,477
Transfer to other accounts	—2	—10	
Transferred from other accounts	54		
Appropriation (adjusted)	20,985	21,753	23,477
Proposed supplemental for civilian Pay Act increases		180	
Relation of obligations to outlays:			
Obligations incurred, net	20,978	21,933	23,477
Obligated balance, start of year	1,379	1,241	1,182
Obligated balance, end of year	—1,241	—1,182	—1,184
Adjustments in expired accounts	—172		
Outlays, excluding pay increase supplemental	20,944	21,812	23,475
Outlays from civilian Pay Act supplemental		180	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1967, $658,000 (1968 adjustment, —$469,000; 1968, $575,000; 1969, $575,000; 1970, $575,000.

Mr. FLOOD. We have the Bureau of Labor Statistics, and the Commissioner, Mr. Geoffrey H. Moore.

Mr. Moore, I see that you have a statement. How do you want to proceed?

INTRODUCTION OF STAFF

Mr. MOORE. If I may, I would like to introduce my staff and then proceed to summarize my statement.

Mr. FLOOD. All right, go ahead.

Mr. MOORE. Deputy Commissioner, Mr. Burdetsky here.

Mr. FLOOD. Where are you from?

Mr. BURDETSKY. Philadelphia.

Mr. FLOOD. Big-city boy. How long have you been in town?

Mr. BURDETSKY. Since 1955.

Mr. FLOOD. Then you are no beginner.

Mr. MOORE. Mr. Leon Greenberg, Chief Statistician, is not here. He is out of town at the moment.

Peter Henle is the Chief Economist.

Mr. FLOOD. How long have you been around?

Mr. HENLE. I have been with the BLS for about 8 years.

Mr. FLOOD. You should be used to us by this time.

Mr. MOORE. Mr. Sol Swerdloff, Chief of the Division of Program Planning and Evaluation.

Mr. FLOOD. None of these are new people?

Mr. MOORE. Mr. Keuch is relatively new.

Mr. FLOOD. Relatively?

Mr. MOORE. Six months.

Mr. FLOOD. You may summarize your statement, if you wish.

Mr. MOORE. I would like to have the statement in the record, if you will.

Mr. FLOOD. Very well.

(The biographical sketch and statement follow:)

BIOGRAPHICAL SKETCH: DR. GEOFFREY H. MOORE, COMMISSIONER OF LABOR STATISTICS

Dr. Geoffrey H. Moore was formerly vice president-research of the National Bureau of Economic Research, a private nonprofit organization, in New York City. The national bureau publishes reports on a wide range of economic and statistical subjects.

A Phi Beta Kappa graduate of Rutgers University with a Ph. D. in economics from Harvard University, Mr. Moore began his career as an instructor in agricultural economics at Rutgers University in 1936. He joined the National Bureau of Economic Research as a staff researcher in 1939. He became associate director of research in 1948, director of research in 1965, and vice president-research in 1967. Mr. Moore has also lectured on economics at both New York University and Columbia University.

Mr. Moore is the immediate past president of the American Statistical Association, and is a member of the American Economic Association, the Academy of Political Science, and the American Association for the Advancement of Science. He is a member of the Advisory Board for Research and Graduate Education of Rutgers University, and a member of the Board of Directors of the Social Science Research Council. He was formerly a member of the Consultants Group to the U.S. Treasury and of the Advisory Committee on Statistical Policy, Bureau of the Budget.

Mr. Moore has published a number of papers and books on the use of statistics in interpreting and forecasting short-term economic trends.

STATEMENT BY GEOFFREY MOORE, COMMISSIONER OF LABOR STATISTICS

BUREAU OF LABOR STATISTICS SALARIES AND EXPENSES

Mr. Chairman and members of the committee, in the few weeks that have elapsed since I was nominated as Commissioner of Labor Statistics, I have found considerable satisfaction in exploring and getting to know, in greater depth, the significant and wide-ranging programs of the Bureau. I was, of course, familiar with its output in a number of areas, since much of the work of the National Bureau of Economic Research, which I helped to direct for many years, has relied heavily on BLS data.

In carrying out its congressional mandate, laid down in 1884, to "* * * collect information upon the subject of labor * * * the hours of labor, and the earnings of laboring men and women * * *," the Bureau of Labor Statistics provides data on employment and unemployment, characteristics of the labor force, its industrial and occupational distribution, hours of work, and wages and salary rates. Charged by the Congress also to collect information upon the means of promoting their material and social prosperity, the Bureau produces information on consumer and wholesale prices, family budgets, fringe benefits, and industrial injuries. In accordance with that part of the congressional mandate which refers to the collection of information on labor's "relation to capital," the Bureau provides data on productivity, labor costs, the effects of technological changes on the labor force, and labor-management agreements.

It is, of course, precisely these concerns that are at the center of attention today. In connection with the problem of inflation, the statistics on consumer prices, wholesale prices, wages, productivity, and unit labor costs provided by the BLS are of inestimable value. In connection with the effort to maintain full employment, the statistics on employment, hours of work, and unemployment provided by the BLS are indispensable. In connection with our endeavors to improve the economic opportunities of young people, of those who live in proverty, of the poorly educated or unskilled, of those who endure discrimination

or handicaps, the statistics and analysis provided by the BLS help us to assess the dimensions of the problem, to provide a foundation of fact upon which to build a strategy for attacking it, and to measure the degree of success or failure in results. These are only a few of the ways in which the work of the BLS impinges upon our economic and social problems, but they serve to indicate why I am proud to have been chosen to guide its future course.

Let me say at this point that my efforts will be directed to preserve the past high standards of excellence in the Bureau's work, and wherever possible improve upon them. I shall be particularly concerned with four aspects. First, the relevance of our statistical and research program to the important problems of today and tomorrow. Second, the timeliness of our results, in terms of production and publication schedules. Third, the quality of the statistical products, the methodology used, and the research findings. And fourth, the impartiality of our work, in terms of formulation of projects, selection of personnel, and presentation of results.

I should like now to call to your attention some of the Bureau's achievements during the past year under the leadership of Commissioner Arthur Ross and Acting Commissioner Ben Burdetsky.

(1) A number of significant improvements have been made in our manpower statistics in response to needs of the Department of Labor and other government agencies and to promote general public understanding of the issues involved.

To get greater insight into employment and unemployment problems in local areas, the Bureau began to issue special reports on the employment situation in the proverty neighborhoods of the 100 largest metropolitan areas as a group, in each of the 20 largest metropolitan areas separately, and in the central cities of 14 of these areas. We will shortly be reporting unemployment figures for some of the largest States individually.

Of particular interest, I believe, is a program launched during the past year to survey in depth the employment problems of people in the poverty areas of six cities. This survey will provide data on barriers to employment, problems associated with looking for work, lifetime work experience, and attitudes toward and expectations about work. Preliminary results of this survey were issued on February 20.

A joint report with the Bureau of the Census, "Social and Economic Condidition of Negroes in the United States," was published in 1968. Other work under way includes updating the analysis of the location of jobs in metropolitan areas and a study of the migration of persons from the central city to the suburbs.

The Bureau has taken on the responsibility for technical design and direction of a new program being carried out jointly with the Bureau of Employment Security to collect information on job opportunities in 50 major metropolitan areas. This will help to fill a vital need, particularly in a period of labor shortage and price inflation, for information on the unfilled demand for labor—in what localities, industries and occupations it exists.

At the request of the Department of Urban Affairs, the Bureau made a pilot study of the manpower situation in key professional and administrative occupations in urban governments. This will be used as a planning source for future studies of manpower requirements and resources needed to operate model cities programs on the local level.

The Bureau's guide for young people in choosing an occupation—the "Occupational Outlook Handbook"—makes a major contribution to a better adjustment of the supply of skilled labor to the demands, and to the reduction of structural unemployment. The need and usefulness of this information is illustrated by the sale through the Government Printing Office of more than 80,000 copies of the most recent edition and of 1 million copies of the various individual reprints on occupational sections. A new edition is now in preparation.

(2) In the area of price information and living conditions the Bureau has continued to explore ways to improve the Consumer Price Index and to provide meaningful budget information for consumers.

Reports have been issued in recent months on the cost of complying with Federal safety standard for new automobiles.

By the end of this fiscal year, adaptation of the Consumer Price Index to processing on an electronic computer will be completed. This will not only speed up the release of the figures but will make it possible to provide analytical data not previously available.

For the first time, the Bureau has developed budgets at three levels for a four-person city worker's family. A forthcoming bulletin will show the costs of the three budgets at spring 1967 prices, with separate data for each of 39 metropolitan areas, regional averages for smaller cities, and a U.S. urban average.

An estimated budget for a retired couple was published, based on autum 1966 prices. Development of budgets at a higher and at a lower level is underway.

(3) In a year of significantly large wage increases, the Bureau has improved its current information on labor compensation.

Information on occupational wages for local areas has been extended to an additional 24 areas, giving needed, accurate information to private and public users.

In response to the need to know more about the impact of minimum wages, the Bureau prepared studies of selected low wage industries which have recently been brought under the Fair Labor Standards Act.

For the first time, comprehensive estimates of the costs of all elements of compensation—wages, salaries, public and private fringe benefits—were developed for the private nonfarm economy. These results have been used, for example, in comparing the level of fringe benefits paid by the Federal Government to those paid by private industry.

(4) Over the past year there has been continued concern with the competitive position of U.S. products in the world market and the impact of foreign trade on U.S. employment. The Bureau has made several studies in this area, and I hope it can push ahead vigorously along this line.

A report was issued which compares labor cost and output in the iron and steel industry of the United States, Germany, France, and the United Kingdom.

A study was made of the impact of exports on domestic employment and research is underway regarding the impact of imports.

(5) The Bureau has also engaged in special studies of two major industries in response to high-level Government requests.

Construction: A study was made of the problems of seasonality of employment, a factor which not only results in unemployment but also affects construction costs and wages.

Railroads: Materials were prepared on employment and labor force characteristics of the shop crafts and on historical wage relationships between shop crafts employees and similar occupations in other industries.

Wide use has been made of all these and other results of the Bureau's work. Our measures of this utilization are imperfect, but some statistics are indicative. The Bureau responded to nearly half a million requests for information during 1968. It distributed nearly two and a half million publications or other reports. Much of this work of providing information to the public was carried out by our eight regional offices. They also serve as important sources of information to the Bureau through their field work on various surveys of prices, employment, et cetera.

While the Bureau has made progress in its programs—some of which I have just enumerated—personnel and budget restrictions have significantly affected the Bureau's work. As you know, the Revenue Expenditures Control Act of 1968 requires that the Government agencies reduce their employment by limiting the number of vacancies that are filled. This has meant a significant decrease in BLS employment during the current fiscal year. The resulting reduction in staff has affected the Bureau in various ways. It has reduced the Bureau's ability to respond promptly to special requests for information or research made by the Secretary of Labor, other executive agencies or the Congress. We have also had to cut back or eliminate some programs. For example, we are reducing the number of industries for which productivity measures are being prepared. We have had to delay the annual bulletin on work stoppages. We have had to postpone the study on regional variations in professional, administrative, technical, and clerical salaries. Our ability to assist State and local manpower analysts in making manpower projections has been diminished.

Now I should like to turn to the budget situation. For the current fiscal year, the budget for the Bureau of Labor Statistics is $21,932,755. For fiscal year 1970 the budget submitted by President Johnson requested $23,477,000, an increase of $1,544,245. Of this increase, $1,097,245 is for mandatory items and the remainder of $447,000 represents $800,000 of new program requests offset by program decreases in the amount of $353,000.

The new program requests include funds for two major areas.

It has become increasingly apparent that unemployment, on which most of our attention has been traditionally focused, is only one of the many serious problems facing American workers. Many can get only part-time jobs or jobs at low wages, while others have given up the search for work because of physical handicaps or discouragement resulting from long periods of unemployment.

The responsibility within the Government for establishing and operating programs directed at alleviation of these problems lies to a considerable degree with the Department of Labor. However, in order to carry out this mandate, the Department, as well as other responsible Government agencies, needs basic data on the total number of people affected by these various employment problems, who they are, and the reasons for their difficulties.

To develop new measures of persons experiencing employment problems, we plan to undertake more extensive tabulation and analysis of data now obtained in the Current Population Survey and to collect new information on income and employment experience.

This program would cost $200,000. A large share of this sum will go to the Bureau of the Census for collection of new data and processing of existing data to provide new cross-tabulations. The remainder of the money will be used by the Bureau to handle the analytical work.

The second proposal concerns funds for the initial steps toward revision of the Consumer Price Index. Revision is expected to take about 6 years, with the first revised index appearing in 1975.

Periodic revision of the Consumer Price Index is essential. The "CPI" measures the change in the purchasing power of the consumer's dollar and is one of our most important economic indicators. It is probably more closely watched today than any other single indicator, with the possible exception of the unemployment rate. The movement of the Index directly or indirectly affects the full range of private and public wage negotiations, the paychecks of millions of wage earners, and the annuities of Federal civil service and military retirees. Thus, it is essential that the Index accurately reflect changes in the prices of goods and services which consumers are buying. It is also essential that new concepts of the Index be considered and that recently developed and advanced statistical procedures be introduced.

To assure these ends requires comprehensive review and revision of the whole structure of the Index at approximately 10-year intervals. During periods of this length, the national economy changes significantly. People change their ideas about what they wish to buy—some items lose favor while others gain, and the introduction of new products and services over a decade steadily reshapes buying habits. People also change their buying habits with respect to the kinds of retail establishments they patronize. Population shifts result in different patterns of needs and satisfactions.

The first steps in the revision, proposed for fiscal year 1970, include the initiation of pilot surveys of consumer expenditures in two metropolitan areas. By means of these pilot studies, alternative methods of collecting data will be tested, providing guidelines for the nationwide comprehensive consumer expenditure surveys to be conducted in 1972–73, which will furnish the basic framework for the revision of the index.

The Bureau is requesting $600,000 for the first year of the program. It is estimated that the total cost for the entire 6-year program will be about $11 million based on 1968 costs.

Although I played no role in shaping these two requests for additional funds, I do endorse them. May I add, also, that there are other important needs for statistical information that I believe the Bureau of Labor Statistics is in a position to fill. I hope to have the opportunity to present the case for them in the revision of the budget that is now being prepared.

General Statement

Mr. Moore. For the few weeks that I have been here as Commissioner-designate of Labor Statistics, I have found considerable satisfaction in getting to know something about the Bureau of Labor Statistics, though I was familiar with much of its work and some of its staff for a good many years.

Mr. Flood. Are you one of the people who would die for Rutgers?

Mr. MOORE. Well, I was there and I did my bit, I think. I didn't die on the football field.

The work of the BLS, as you undoubtedly know, is of vital significance with respect to the provision of statistics bearing on inflation, on employment and unemployment and the distribution of economic opportunities among young people, poor people, the poorly educated, unskilled, and so on.

For these reasons, I am particularly proud to have been chosen to guide the course of the BLS over the next few years. One thing that I have stressed in my first work at the BLS is the importance of four particular aspects of the work. I would like to stress those here.

First, the relevance of our program, both on the research and the statistical side, to the important problems, both those that are immediate and those that we face in the future. Second, the timeliness of our results in terms of publication of the research findings and the statistics. Third, the quality of our statistical products, maintaining a very high standard of quality. And finally, the impartiality of our work in terms of formulating projects, selecting people to undertake them, and presenting the results.

ACHIEVEMENTS DURING THE PAST YEAR

I have listed in the statement a number of significant achievements by the BLS during the past year under the leadership of the former Commissioner, Arthur Ross, and the Acting Commissioner, Ben Burdetsky. One item on the side of manpower statistics is, I think, of particular interest: The effort to survey in considerable depth the employment problems and people in poverty areas. We have selected six cities in which to work, and the program of survey began last July. We issued preliminary results in February and further results will be coming out during the course of this year.

In the area of price information and living conditions, one report that will be issued very shortly will be city workers' family budgets. These budgets will be presented at three different levels, a medium, a lower and a higher budget.

Mr. FLOOD. As an instructor in agricultural economics at Rutgers, why aren't you interested in some areas beside the poor people in cities? Are the poor people anyplace else? You should know.

Mr. MOORE. There are certainly many poor people on farms as well. I think to some extent the Agricultural Department's program covers many of the aspects of the farm problem. BLS has traditionally concentrated on the urban areas. We will be giving attention in various programs to rural and farm people.

The program in the international labor field has developed some significant analyses of labor costs in different industries and in the United States and other countries. We have recently been working on the problem of the impact of exports on domestic employment and the impact of imports on employment here.

In all of this work during the past year the BLS has had to pay particular attention to the requirements of the Revenue and Expenditure Control Act of 1968, and in meeting the requirements of that act there have been significant decreases in BLS employment during the current fiscal year.

This has reduced the Bureau's ability to respond to various requests for information and to produce some of our work as promptly as we would like to have it come out.

BUDGET FOR 1970

Let me turn now briefly to the budget situation. For the current fiscal year the budget for the Bureau of Labor Statistics is $21,932,755. For the fiscal year 1970, the budget submitted by President Johnson requested $23,477,000, an increase of about $1.5 million.

Of this increase, $1,097,245 is for mandatory items and the remainder of $447,000 represents $800,000 of new program requests offset by program decreases in the amount of $353,000.

The new program request included in the Johnson budget provides funds for two major areas. One is in the field of unemployment and represents a project to obtain better data about the unemployment problems or employment problems facing American workers. A total of $200,000 is provided for that project.

The second proposal is for the beginning of work on the revision of the Consumer Price Index. That revision is expected to take about 6 years, and a total of $600,000 is allowed for the initial steps in that program of revision.

Although these two new projects, the one on unemployment problems and the one on the Consumer Price Index, were originated before I arrived, they are both worthy projects and I would like to endorse them. I also feel that there are other needs for statistical information that the Bureau of Labor Statistics is in a position to fill and I hope to have the opportunity to present the case for them in the revision of the budget that is now being prepared.

Mr. Chairman, I have summarized this very briefly and I will be glad to answer any questions.

REVISION OF THE CONSUMER PRICE INDEX

Mr. FLOOD. Most of your program increase is $600,000 and 49 jobs for the initiation of a program to revise the Consumer Price Index?

Mr. MOORE. Yes, sir.

Mr. FLOOD. Your justifications and your statement set forth the reasons why this is needed. Do you have any feeling you should add something at this point, or do some of your people feel something should be added?

When was the Consumer Price Index first published?

Mr. MOORE. Mr. Chase is here. He is in charge of that.

Mr. CHASE. Mr. Chairman, it goes back to 1913.

Mr. FLOOD. How many revisions have been made in that period of time?

Mr. CHASE. The first was in 1935–36, when it was completely revised. The next was in 1953 and the last was in 1964.

Our proposed revision would be completed about 10 years later.

Mr. FLOOD. What is the procedure for this kind of revision? Why in the world should it take 6 years and cost over $11 million?

Mr. CHASE. Well, sir, it is a very complicated process. In the beginning we have to get information on actual consumer expenditures.

This is done by comprehensive surveys covering about 15,000 families throughout the country. They cover all expenditures in great detail for all items that the family buys.

Mr. FLOOD. How do you do this? What is the procedure? Do you use a crystal ball?

Mr. CHASE. No, sir. Actual field surveys are made. We have people on the staff in the regional offices, most of whom are part-time employees, who actually go to the sample households. The interview time with the family in the last survey amounted to about an average of 8 hours. This was not all at one time. They had to make two or three calls because no family can spend that much time with an interviewer. This gives you some idea of the detail that we have to get on actual expenditures of the sample families.

Mr. FLOOD. $11 million, 6 years?

Mr. CHASE. Yes, sir.

Mr. FLOOD. That goes on like Tennyson's brook.

Mr. CHASE. There is more to it than these surveys of family expenditures.

Mr. FLOOD. What more is there to it? What is the procedure? What do you do? Why don't you expand this for the record?

Mr. CHASE. Having gotten the information on how families actually spend their money, then we have to determine what new items need to be included in the index on the basis of these expenditures data. After they are processed and tabulated, select a new sample of items to be representative of current purchases.

(The following additional statement was provided:)

TIME REQUIREMENTS FOR THE REVISION OF THE CONSUMER PRICE INDEX IN THE 1970's

Plans for the comprehensive Consumer Price Index revision in the 1970's are based on experience in previous revisions with respect to both time and cost. They take account of the fact that this is an extremely complicated statistical program, with each phase of the program building upon the results of the phase which precedes it. Successful completion of the program depends upon having time to analyze and evaluate the results of each phase as the revision proceeds. Any material compression of the time schedule would result in loss of efficiency, higher costs, and a less accurate product.

The first 2 years of the program will be spent in preparation and careful testing in pilot surveys of different methods of obtaining data on consumer expenditures. Research since the last revision (mostly by private organizations) indicates that some new survey techniques can be devised which will (1) hold down costs, (2) reduce the interview time and, consequently, the reporting burden on families, and (3) provide more accurate results. The Bureau of Labor Statistics wishes to take advantage of these more advanced techniques, but first they must be perfected and tested in a survey of this type. This phase of the program, plus preparations for the comprehensive surveys of consumer expenditures during the following 2 years will cost about $2 million at 1968 prices.

The second principal phase of the program involves actually collecting and processing data on consumer expenditures from approximately 15,000 families throughout the country. The magnitude and comprehensiveness of this task can be illustrated by the fact that collection of the data in 1960–61 required an average of 8 hours' interview time with each family, and publication of the results filled 14 large volumes of statistical tables. These are the basic data for deriving the weights for the Consumer Price Index, determining what items should be included in the index, and in what types of retail outlets they should be priced. This phase is scheduled to take 2 years, and to cost about $4 million.

The final phase calls for evaluating the consumer expenditures data, deriving the new weights, selecting items to be included, developing and testing techniques

for pricing them, and compiling both the revised and unrevised indexes for a 6-month-overlap period. This phase also is scheduled to take 2 years, and to cost about $4½ million in 1968 prices.

Throughout the revision program, it will be necessary to carry on research to develop new techniques and new concepts for the index to keep it appropriate to serve changing needs. Funds have not been available for this purpose since the last revision was completed in 1964.

If it is determined that the Consumer Price Index should be revised more frequently in the future, the underlying research should be carried on continuously, so that each revision can be accomplished within a year on a regular schedule. The accumulated results of smaller scale annual surveys of consumer expenditures, and a continuing research program would permit this to be done.

Mr. FLOOD. Do you have a lot of people asking you to collect stuff for them that they don't want to pay for themselves and ask you to do it as the path of least resistance?

Mr. CHASE. No sir. There is a great deal of use made of these family expenditures data other than——

Mr. FLOOD. No. You are not a pigeon for a lot of industrial-commercial enterprises that don't want to do this themselves; you are not a sucker?

Mr. CHASE. No, sir; we are not.

Mr. FLOOD. How long have the last two revisions taken? How much did they cost?

Mr. CHASE. The last one, the 1964 revision took 5 years. That was from 1959 to 1964. It cost about $6.5 million.

Mr. FLOOD. The one before that?

Mr. CHASE. It took 3 years and it cost $4,251,000.

PROPOSED LANGUAGE RELATING TO TEMPORARY PERSONNEL

Mr. FLOOD. Take a look at page 1 of the justifications. Take a good look at the language you are proposing there. We will enter the language into the record at this point.

(The language follows:)

BUREAU OF LABOR STATISTICS

SALARIES AND EXPENSES

For expenses, not otherwise provided for, necessary for the work of the Bureau of Labor Statistics, including advances or reimbursement to State, Federal, and local agencies and their employees for services rendered, [$21,763,000] *$23,477,000, of which $600,000 shall remain available until December 31, 1975, for expenses of revising the Consumer Price Index, including salaries of temporary personnel at rates fixed by the Secretary of Labor without regard to Civil Service laws and the Classification Act of 1949, as amended (29 U.S.C. 2, 7, 181.)*

Mr. FLOOD. I have been around here a long time and I have helped handle an awful lot of bills in Defense appropriations for 20 years. They are not amateurs, believe me. This is without any doubt some of the broadest language that I have ever seen with regard to personnel. Did you read it?

Mr. MOORE. Yes, sir.

Mr. FLOOD. Do you know the significance of it? Do you people really expect to get that language?

Mr. BURDETSKY. If I may, Mr. Chairman?

Mr. FLOOD. Go ahead.

Mr. BURDETSKY. The revision of the Consumer Price Index historically has been presented, I believe, as a separate budget in and of it-

self. It appeared as a separate budget, and this is the original manner in which we presented it to the Department. It is a decennial revision. It has been recognized as such. This language was, I think, agreed upon after the decision was made to include it within the context of our regular salaries and expense budget.

Mr. FLOOD. Agreed upon by whom?

Mr. BURDETSKY. This is almost the precise language that appeared the last time the program was revised.

Mr. FLOOD. How long ago?

Mr. BURDETSKY. Ten years ago.

Mr. FLOOD. We realize very well that you have some special problems and headaches and that you need special authorities for your experts and other temporary employees, and if you have to spend time going through all the redtape of the civil service to get these people it would handicap you in the work on this revision. Perhaps you wouldn't even be able to get them. We know you need special authority. But, for heaven's sake, let us work out something that will give you what you really need and that will also make sense to the average Member of Congress. This certainly won't. Look at that, "at rates fixed by the Secretary of Labor without regard to civil service laws and the Classification Act of 1949, as amended."

Mr. BURDETSKY. I reviewed the 1960 hearings at which this subject was discussed and the same question was asked at that time.

Mr. FLOOD. It is being asked now in this year of our Lord 1969. This is a new ballgame.

Mr. CHASE. Mr. Chairman, I might help you.

Mr. FLOOD. Help me? You better help yourself.

Mr. CHASE. Yes, sir.

This is short-time employment, which you know the procedures involved in civil service——

Mr. FLOOD. A lot of Government agencies hire short-time employees, but they never dreamt of anything like this. The guy who wrote this 10 years ago must have left town; did he not?

Mr. CHASE. No, sir. It was not abused. I was the director of this project.

Mr. FLOOD. Well, just out of an abundance of caution, so you know, you better get your heads together and sit around the coffee table on this one. You may have trouble with it. Obviously this language would be legislation on the appropriation bill and one Member could knock this out on a point of order. You should consider that contingency

Mr. BURDETSKY. Mr. Chairman, can we submit something to you that will set out in specific terms——

Mr. FLOOD. In show business, I gave you a cue. You picked it up.

Mr. BURDETSKY (continuing). Our concept as to how this would work and why we think it is necessary.

Mr. FLOOD. You better talk it over with Mr. Moyer after you come up with something and see what can be worked out that will meet your needs and won't be such an open invitation for some Member to make a point of order against it.

Mr. MOORE. We will do that.

(The following was subsequently submitted for the hearing record:)

JUSTIFICATION OF SPECIAL APPROPRIATION LANGUAGE FOR CONSUMER PRICE INDEX REVISION

The proposed appropriation language for the Consumer Price Index contains the following phrase: "for expenses of revising the Consumer Price Index, including salaries of temporary personnel at rates fixed by the Secretary of Labor without regard to civil service laws and the Classification Act of 1949, as amended." Similar language was contained in previous appropriations for the 1950–1952 and the 1959–1964 revisions.

The reason for the use of this language for the Consumer Price Index Revision is to enable the Bureau of Labor Statistics to quickly recruit and hire employees on a temporary basis for the duration of the project and, more importantly, to enable the Bureau to reduce its staff at the end of the project without the necessity of having to effect a Bureau-wide reduction-in-force that would affect the total Bureau staff.

The Consumer Price Index revision is a project that will cover a 6-year-period. During this time, the Bureau will have to add large numbers of personnel to its staff to accomplish the work required under the project. Under this appropriation language, personnel for the revision will be recruited and hired with the clear understanding that their employment is of a temporary nature, i.e., for this one project only, and that upon completion of their phase of the work, they will be terminated unless they can qualify under Civil Service Commission regulations for available vacancies within the Bureau at that time.

The ability to hire employees for the CPI revision on a temporary basis eliminates the problem of having to conduct a Bureau-wide reduction-in-force at the end of the project and allows the Bureau to simply terminate these employees. In actual practice, the Bureau has made every effort in the past to help the temporary employees qualify for competitive positions in BLS or other agencies if they are interested in full-time competitive employment.

If the CPI revision were conducted under normal civil service procedures, it would mean that the Bureau would not be able to hire its required temporary employees unless they were first fully rated and certified by the Civil Service Commission and placed on a roster. This procedure is a time-consuming one and would adversely affect the Bureau's ability to obtain qualified professional and clerical staff for the CPI revision project when needed. In addition, civil service regulations currently limit the use of temporary appointments to less than 1 year. Since the project is planned to extend over a 6-year period, the Bureau would be forced to either replace its temporary staff on the project each year or request the Civil Service Commission to make a special exception in each case on an annual basis.

While the language originally proposed also would allow the Secretary of Labor to fix salary rates without regard to existing regulations, in actual practice the Bureau has hired employees by using the same qualification standards, salary and promotion restrictions that are contained in the Civil Service Commission regulations. This same practice is planned to be used in the future.

Mr. FLOOD. With regard to your regular work, you are not budgeting any very significant changes and you have a net reduction of 25 people in your personnel. That is about right?

Mr. MOORE. Yes, sir.

MEASUREMENT OF UNDEREMPLOYMENT

Mr. FLOOD. The one increase that you have is $200,000 to provide for the development of new measures of persons with employment problems. Could you tell us a little bit more about that? What does that mean?

Mr. MOORE. May I ask Mr. Goldstein to speak to that? He is in charge of our manpower and employment work.

Mr. FLOOD. All right.

Mr. GOLDSTEIN. Mr. Chairman, we have been using unemployment as a general measure of employment problems for a long time. We are

all coming to realize that there are a lot of people who are not unemployed, but——

Mr. FLOOD. Underemployed?

Mr. GOLDSTEIN. Underemployed.

Mr. FLOOD. We know that term.

Mr. GOLDSTEIN. There are various aspects of underemployment we have to be concerned about. Some people can get only a part-time job although they want a full-time job. Some people are employed full time but at very low earnings so they cannot support their families.

Mr. FLOOD. You do not intend to approach this whole problem of employment from the avenue of underemployment, do you?

Mr. GOLDSTEIN. We are trying to get a fix on the total number of people who have a serious problem in the area of employment.

Mr. FLOOD. That includes people who are unemployed and people who are underemployed?

Mr. GOLDSTEIN. Yes, sir.

Mr. FLOOD. In our anxiety to take care of the people who are unemployed we have had a tendency to forget the underemployed. That is probably what you mean?

Mr. GOLDSTEIN. That is exactly it.

Mr. FLOOD. You are not going to use the one weapon to approach the employment quadrant? You are going to use both?

Mr. GOLDSTEIN. Yes, sir. What we want to do is get an estimate of the total number of people who have one or another kind of problem in the field of employment, whether it is unemployment or various kinds of underemployment. How many people there are in the United States who have employment problems of these kinds and what their characteristics are—age, color, educational level, skill—so that the Department of Labor or other people interested——

Mr. FLOOD. You won't lump them all in one table? You will tell us the difference between underemployment and unemployment?

Mr. GOLDSTEIN. Exactly. We want the whole picture.

INDUSTRY-OCCUPATIONAL MATRIX PROGRAM

Mr. FLOOD. I do feel we have neglected underemployment in our statistics.

Look at page 14 of your justifications. Here is a beauty. What is the "industry-occupational matrix program"?

Mr. GOLDSTEIN. May I comment on that?

Mr. FLOOD. Go ahead, sure.

Mr. GOLDSTEIN. An industry-occupational matrix is simply——

Mr. FLOOD. Simply?

Mr. GOLDSTEIN. I am trying to make it simple.

Mr. FLOOD. Go ahead.

Mr. GOLDSTEIN. It is a statistical table in which you show all the occupations down on the side and all the industries in the United States across the top. It shows——

Mr. FLOOD. That is the matrix?

Mr. GOLDSTEIN. Yes. It can be used in estimating how many people are employed in each occupation.

Mr. FLOOD. That deals with industry occupational problems and the whole thing is a program?

Mr. GOLDSTEIN. It is a program in that we have to do work on it. We use it for various things. We use it in estimating current employment by occupation. We use it in making projections of future manpower needs by occupation, which serve as a basis for our work for the Occupational Outlook Handbook, and projections of how many people have to be trained for different occupations.

Mr. FLOOD. As you acquire the statistics from the industries, they go into this matrix?

Mr. GOLDSTEIN. Yes, sir. As we develop from surveys new figures on the number of people in each occupation employed, in, let us say, the machinery industry, we put them into the matrix as substitutes for the figures we now have on that industry, which are a few years old, to bring them up to date.

ORGANIZATIONAL CHANGES

Mr. FLOOD. What were the organizational changes in the BLS this last year?

Mr. BURDETSKY. The major change was to pull out from each of the program offices—and by program office I am talking about manpower and employment statistics, wages, and so forth—all of the survey operations, processing, development of schedules, development and design of survey samples, methodology for collection of data, and things of that sort, and bring them together to form a single Office of Data Collection and Survey Operations. The idea was to do this: To separate program planning, research, and the conceptual work from the operational aspect of the work that was then occupying an inordinate amount of the time of the professional staff; to bring our survey operations together into a single unit where the people previously assigned to individual programs could now work on a number of different kinds of surveys. In this way we hoped to develop a higher degree of expertise by bringing together in one place a number of talented survey operations people. We also brought together in one place all of the Bureau's computer applications people who had been scattered throughout the Bureau in small units. This was done to enable them to develop a greater professional expertise by working together, and by providing better supervision in a professional sense.

Also, in the previous organization each of our program offices had more or less a direct line of authority down to the data collectors in the field. They had their own data collectors, as it were. The idea was to develop a more flexible staff to enable the regional director to utilize his field data collectors interchangeably in a variety of programs as the need arose. Fundamentally, the purpose was to functionalize responsibilities and to improve the Bureau's ability to respond to emerging needs by developing greater flexibility.

Mr. FLOOD. How long did you say you have been here?

Mr. BURDETSKY. With the BLS, a little over 2 years.

Mr. FLOOD. I mean in Government.

Mr. BURDETSKY. Since 1955.

NEW REGIONAL FIELD OFFICES

Mr. FLOOD. On page 32 you say that you opened two new regional field offices in the last year, in Philadelphia and Dallas. I certainly

have no objections to opening field offices in Pennsylvania, but what made you suddenly decide you needed two more regional field offices?

Mr. BURDETSKY. Mr. Chairman, this decision was reached jointly by former Secretary Wirtz and Commissioner Ross. It was a recognition of the fact that the Southwest area, for example, had been greatly underrepresented in terms of our ability to service it with information and technical support. We had a regional office in Atlanta that also covered the entire Southwest area. Atlanta's region extended all the way from the east coast to New Mexico. It was a vast area that made it difficult for regional staff to make their way around the region. They could not adequately provide information or technical help to various business, labor, or academic groups, nor in those areas could they adequately aid the States with whom we have cooperative statistical programs.

In the Philadelphia complex we had the New York region covering all of the States from New York down through and including North Carolina. It is a fantastic economic complex. The New York-New Jersey area alone now constitutes about 20 percent of our entire workload. The Philadelphia office just about split the previous workload in half. It was a very large operational problem. It also enables us to give more attention to problems in Philadelphia, Pittsburgh, Baltimore, Washington, and other important cities in and around the region.

Mr. FLOOD. Historically this is about the same set of reasons that has given birth to a series of regional offices in Philadelphia for various departments?

Mr. BURDETSKY. I think so. There was a tendency to concentrate a great deal of our efforts in and around New York and inadequately cover four of the Nation's 20 largest cities plus the rapidly developing Midsouth area.

Mr. FLOOD. Mr. Michel?

REPORTING OF UNEMPLOYMENT STATISTICS FOR INDIVIDUAL STATES

Mr. MICHEL. Let me go through your statement first before getting to some of the questions that I had in mind prior to your coming before the committee.

I note on page 3 you say that "We will shortly be reporting unemployment figures for some of the largest States individually."

Is this a new thing for your shop?

Mr. MOORE. Yes, sir.

Mr. MICHEL. Up to this point it has just been a reporting of those figures on a national scale?

Mr. MOORE. Yes, sir.

Mr. MICHEL. What advantage do we get by having them by individual States? Have the Governors themselves been requesting this? Did you just determine it would be good to have it broken down more finitely?

Mr. MOORE. I will have to ask Mr. Goldstein to reply.

Mr. MICHEL. Is there understandable recognition? Since you are now just coming into the shop, feel free to field these questions to whomever in the area is responsible for it.

Mr. GOLDSTEIN. Sir, we have been publishing, as you say, national figures for a long time and there has been a lot of interest, in the last

few years particularly, in connection with the unemployment and employment problems we talked about earlier, in pinpointing exactly where the problems are, what particular groups of the population are having these problems. We have been getting more data on the poverty areas of the large cities, and as part of this pinpointing we have begun to issue every year averages of employment, unemployment, and labor force data for the 20 largest metropolitan areas. As still another attempt to pinpoint the data and the problems, we can use the same national sample that we have been using to get annual average statistics for some of the largest States.

Mr. MICHEL. Actually in the past haven't we gone down to the county level? Obviously somebody came up with the statistics that determine whether or not in my district, for example, one county qualified for assistance under the depressed areas legislation. Those figures were developed in your shop, were they not?

Mr. GOLDSTEIN. No, sir. Those are developed by the State employment security agencies on the basis of information that they have on the number of insured unemployed in the counties, and particularly in the metropolitan areas.

Mr. MICHEL. When we were doing that in the States, were they obliged then to feed that into the Federal Establishment for whatever computing requirements you might have had at that time?

Mr. GOLDSTEIN. They have sent those data in regularly to the Bureau of Employment Security. This, I believe, is a reporting requirement for the State employment security agencies. The data that they have had to make these estimates for local areas have been basically the insured unemployment data which cover only half of the total number of unemployed. A lot of people are not covered by unemployment insurance programs. The State employment security agencies had to make the best estimates or judgments they could make about the other unemployed to come up with estimated totals on unemployment. What we have been able to do is to help in this by tabulating data from the national labor force monthly surveys for large individual metropolitan areas, and now we will be able to do it for large States, taking the sample we get in each State and averaging it over a whole year. The sample is not big enough for any one month to give you an estimate for a State or metropolitan area, but if you average it for a whole year you can get pretty good estimates.

COMPUTATION OF UNEMPLOYMENT RATE

Mr. MICHEL. Refresh my memory. Did I hear in the last day or two unemployment as such is now at the lowest rate it has been in 17 years?

Mr. GOLDSTEIN. Yes, sir; since the Korean war.

Mr. MICHEL. What is it precisely?

Mr. GOLDSTEIN. 3.3 percent.

Mr. MICHEL. Has the computation of what is considered to be an unemployed person, or the factors that go into determining what makes a person unemployed, changed over that 17-year period?

Mr. GOLDSTEIN. We made a very minor change beginning in January of 1967 as a result of recommendations made by a Presidential committee to examine unemployment statistics.

Mr. MICHEL. What was that change?

Mr. GOLDSTEIN. We changed basically the base period for reference as to when a person had been looking for work. Our definition of unemployment is based on whether the person was not working but looking for work. Up to then it had been if he had looked for work in the previous week, with certain exceptions being made; for example, if a person looked earlier and was waiting for the results of that application in the previous week. The President's Committee pointed out this was an unclear instruction to our enumerators so we, after looking at it very carefully, made a clear instruction that if a person had looked for work anytime within the past 4 weeks and was still looking for work last week, then he is to be counted as unemployed.

Mr. FLOOD. Not only is your unemployment figure at the lowest but your employment figure is at its height.

Mr. GOLDSTEIN. Yes, sir. There was another change we made in January 1967. Up to then we had been counting in the labor force for all statistics on employment and unemployment, everybody 14 years of age and over. This included a number of young people whose employment was either babysitting or youngsters who delivered newspapers, and it was felt that they ought not to be considered in the general statistics on unemployment.

Beginning in January 1967 we began at age 16. We still publish statistics on the 14- and 15-year-olds.

Mr. MICHEL. While we are on this subject, would you spell out in the record just a little bit of breakdown of how many people are represented in this 3.3 percent and what are the general categories in which they fall? Are we talking about young people between the ages of 15 and 20? Are they principally in the 20 to 25 area? Are they black, white? Give a few breakdowns that I am sure you people must have. Let us not take up the time here now but spell it out for the record.

Mr. GOLDSTEIN. I will be glad to do so.

I could offer for the record a report we issued yesterday which has those figures in it.

Mr. FLOOD. Male and female?

Mr. MICHEL. Right.

(The information follows:)

THE EMPLOYMENT SITUATION: FEBRUARY 1969

Employment continued to rise substantially and unemployment remained at a post-Korean low in February, the U.S. Department of Labor's Bureau of Labor Statistics reported today. Jobless rates for all major groups of workers were virtually unchanged from January, and the overall unemployment rate remained at 3.3 percent for the third consecutive month.

INDUSTRY EMPLOYMENT

Nonagricultural payroll employment increased by 380,000 in February to a new high of nearly 70 million, after seasonal adjustment. About 60,000 of the overall advance was due to the net return of workers off payrolls in January because of strikes.

The rise in February marked the fifth consecutive month of substantial gains. Since September, nonfarm payroll employment (seasonally adjusted) has risen by 1.6 million, or by an average of 325,000 a month; throughout most of last year (from January through September 1968), monthly gains had averaged 165,000. The acceleration has occurred mainly in State and local government, durable goods manufacturing, services, and construction.

The February employment rise was broadly based, with increases recorded in all major industry sectors except mining. The greatest increase occurred in contract construction (110,000 seasonally adjusted), as the usual large February employment decline failed to materialize, primarily because of continued strong construction activity. Construction employment this February was at an alltime high for the month.

Manufacturing employment rose by 75,000 in February after seasonal adjustment; about half of the gain was due to the return of striking workers in the petroleum industry. Aside from the increase in the petroleum industry (45,000), the largest gain was reported in the electrical equipment industry (15,000). The only sizable drop among the individual manufacturing industries was in the apparel industry, where employment fell by 15,000.

NONAGRICULTURAL PAYROLL EMPLOYMENT, SEASONALLY ADJUSTED

[In thousands]

Industry	February 1969	Average monthly increase: September 1968 to February 1969	Average monthly increase: January to September 1968
Total nonagricultural payroll employment	69,997	323	166
Mining	642	1	4
Contract construction	3,480	46	18
Manufacturing	20,063	62	18
Durable goods	11,818	48	5
Nondurable goods	8,245	13	13
Transportation and public utilities	4,422	11	6
Wholesale and retail trade	14,489	53	51
Finance, insurance, and real estate	3,475	18	12
Services	10,846	60	27
Government	12,580	73	30

Employment in services and Government rose by 55,000 each in February; most of the gain in Government continued to occur in the State and local sector. Other increases occurred in trade (40,000), transportation and public utilities (30,000, about half of which was due to the return to work of striking New York longshoremen), and finance, insurance, and real estate (15,000).

HOURS AND EARNINGS

Average weekly hours for rank and file workers on nonagricultural payrolls were unchanged in February at 37.8 hours (seasonally adjusted). An increase in the workweek in contract construction was offset by declines in manufacturing and trade.

The average workweek in manufacturing, at 40.5 hours, was down one-tenth of an hour, the fifth consecutive monthly decline on a seasonally adjusted basis. Factory hours in February were at their lowest level in about a year and were 0.3 hour below last February.

Average hourly earnings for all rank and file workers on nonagricultural payrolls rose 1 cent in February. Average weekly earnings were up 37 cents over the month to $111, surpassing the former record reached in September 1968. Compared with a year ago, average weekly earnings for all rank and file workers were up $6.47 or 6.2 percent.

UNEMPLOYMENT

The number of unemployed persons was 2.9 million in February, about the same as in January. One-fourth of the unemployed workers were seeking part-time jobs.

Over the year, unemployment has fallen by 350,000 persons—250,000 adult men, 50,000 adult women, and 50,000 teenagers. The bulk of the decline for adults was among those who had lost their last jobs. For white workers, virtually all of the decrease was among job losers; for nonwhites the majority of the decline was among job leavers and entrants into the labor force.

The overall unemployment rate was 3.3 percent in February, unchanged from the post-Korean low recorded in both December and January. The unemployment rate for adult men was 1.9 percent, near the record low of 1.8 percent reached in December 1968. The unemployment rate for fulltime workers was virtually unchanged at 2.8 percent, and the rate for married men held at 1.4 percent, its lowest point since that series began in 1955.

The unemployment rates for adult women and teenagers were unchanged in February. The rate for adult women has held steady at 3.5 percent for the last 4 months, equaling the lowest rate in 15 years. The teenage rate remained at 11.7 percent in February; this rate has been below 12 percent only 4 other months in the last 11 years.

The unemployment rate for nonwhites, at 5.7 percent, was the lowest since the Korean war period. The total white rate also was at a post-Korean low of 2.9 percent.

Unemployment rates for most occupations declined or were unchanged in February; nearly all were below the rates of a year ago, with the greatest declines occurring for blue-collar workers. Jobless rates for clerical workers and operatives were close to their 1968 lows, while those for nonfarm laborers and service workers were the lowest since the occupational series began in the late 1950's.

The unemployment rate for persons covered under State unemployment insurance programs has edged up slightly in the last 2 months. This rate was 2.2 percent in February, after reaching a post-World War II low of 2 percent in December.

CIVILIAN LABOR FORCE AND EMPLOYMENT

The February increases in the civilian labor force and total employment were substantially larger than usual for this time of year. After seasonal adjustment, the civilian labor force was 80.4 million, an increase of 500,000 from January—150,000 adult men, 300,000 adult women, and 50,000 teenagers. Throughout most of last year, the size of the labor force fluctuated erratically; between December 1967 and October 1968, labor force increases averaged only 50,000 a month on a seasonally adjusted basis. Since October, however, the monthly labor force increase has averaged 400,000.

Total employment rose by 500,000 (seasonally adjusted) in February to 77.7 million. The gains for each age-sex group were in line with their labor force growth. Nonagricultural employment accounted for 375,000 of the increase and agricultural employment for 125,000.

Over the year, total employment was up by 2.1 million persons. Adult women accounted for 1.2 million of the additional employed, adult men for 700,000, and teenagers for 200,000. More than three-fourths of the gain was among full-time workers.

This release presents and analyzes statistics from two major surveys. Data on labor force, total employment, and unemployment are derived from the sample surveys of households conducted and tabulated by the Bureau of the Census for the Bureau of Labor Statistics. Statistics on industry employment, hours, and earnings are collected by State agencies from payroll records of employers and are tabulated by the Bureau of Labor Statistics. A description of the two surveys appears in the BLS publication "Employment and Earnings and Monthly Report on the Labor Force."

TABLE A-1.—EMPLOYMENT STATUS OF THE NONINSTITUTIONAL POPULATION BY AGE AND SEX

[In thousands]

Employment status, age, and sex	Feb. 1969	Jan. 1969	Feb. 1968	Seasonally adjusted: Feb. 1969	Jan. 1969	Dec. 1968	Nov. 1968	Oct. 1968
TOTAL								
Total labor force	82,579	81,711	80,869	83,831	83,351	82,868	82,559	82,403
Civilian labor force	79,104	78,234	77,402	80,356	79,874	79,368	79,042	78,800
Employed	76,181	75,358	74,114	77,729	77,229	76,765	76,388	76,002
Agriculture	3,285	3,165	3,462	3,881	3,752	3,842	3,706	3,525
Nonagricultural industries	72,896	72,192	70,653	73,848	73,477	72,923	72,682	72,477
On part time for economic reasons	1,630	1,605	1,741	1,638	1,605	1,673	1,711	1,687
Usually work full time	900	898	942	870	805	872	852	907
Usually work psrt time	730	707	799	768	800	801	859	780
Unemployed	2,923	2,876	3,288	2,627	2,645	2,603	2,654	2,798
MEN, 20 YEARS AND OVER								
Civilian Labor force	45,911	45,618	45,514	46,280	46,131	46,093	45,871	45,782
Employed	44,777	44,477	44,123	45,422	45,231	45,254	44,940	44,773
Agricult re	2,557	2,479	2,739	2,732	2,680	2,763	2,753	2,656
Nonagricultural industries	42,220	41,998	41,384	42,690	42,551	42,491	42,187	42,117
Unemployed	1,134	1,142	1,391	858	900	839	931	1,009
WOMEN, 20 YEARS AND OVER								
Civilian labor force	27,229	26,752	26,085	27,230	26,950	26,737	26,630	26,480
Employed	26,168	25,720	24,957	26,264	25,999	25,802	25,702	25,495
Agriculture	482	463	441	731	691	722	621	541
Nonagricultural industries	25,686	25,257	24,516	25,533	25,308	25,080	25,081	24,954
Unemployed	1,061	1,031	1,127	966	951	935	928	985
BOTH SEXES, 16-19 YEARS								
Civilian labor force	5,964	5,864	5,803	6,846	6,793	6,538	6,541	6,538
Employed	5,236	5,161	5,034	6,043	5,999	5,709	5,746	5,734
Agriculture	247	223	282	418	381	357	332	328
Nonagricultural industries	4,989	4,938	4,752	5,625	5,618	5,352	5,414	5,406
Unemployed	729	703	769	803	794	829	795	804

TABLE A-2.—UNEMPLOYED PERSONS 16 YEARS AND OVER BY DURATION OF UNEMPLOYMENT

[In thousands]

Duration of unemployment	February 1969	January 1969	February 1968	Seasonally adjusted: February 1969	January 1969	December 1968	November 1968	October 1968
Less than 5 weeks	1,427	1,661	1,697	1,436	1,476	1,363	1,576	1,542
5 to 14 weeks	1,104	861	1,076	829	741	825	785	892
15 weeks and over	393	355	515	346	316	322	348	381
15 to 26 weeks	278	227	338	237	193	177	221	253
27 weeks and over	115	127	178	109	123	145	127	128

TABLE A-3.—MAJOR UNEMPLOYMENT INDICATORS

[Persons 16 years and over]

Selected categories	Persons unemployed (thousands)		Seasonally adjusted rates of unemployment (percent)					
	Feb. 1969	Feb. 1968	Feb. 1969	Jan. 1969	Dec. 1968	Nov. 1968	Oct. 1968	Feb. 1968
Total (all civilian workers)	2,923	3,288	3.3	3.3	3.3	3.4	3.6	3.7
Men, 20 years and over	1,134	1,391	1.9	2.0	1.8	2.0	2.3	2.3
Women, 20 years and over	1,061	1,127	9.5	3.5	3.5	3.5	3.7	3.9
Both sexes, 16 to 19 years	729	769	11.7	11.7	12.7	12.2	12.3	12.7
White	2,379	2,620	2.9	3.0	3.0	3.0	3.1	3.3
Nonwhite	544	668	5.7	6.0	6.0	6.5	7.3	7.1
Married men	731	896	1.4	1.4	1.4	1.6	1.6	1.7
Full-time workers	2,206	2,517	2.8	2.9	2.7	3.0	3.0	3.3
Unemployed 15 weeks over [1]	393	515	.4	.4	.4	.4	.5	.6
State insured [2]	1,498	1,541	2.2	2.1	2.0	2.2	2.1	2.3
Labor force time lost [3]			3.6	3.6	3.6	3.8	3.9	4.2
OCCUPATION								
White-collar workers	779	838	1.9	1.9	1.9	2.0	2.0	2.1
Professional and managerial	193	209	1.0	1.0	1.0	1.1	1.2	1.1
Clerical workers	405	472	2.7	3.0	2.7	3.1	2.6	3.2
Sales workers	181	157	3.3	2.6	2.9	2.5	3.2	2.9
Blue-collar workers	1,331	1,558	3.6	3.8	3.6	3.9	4.0	4.4
Craftsmen and foremen	324	372	2.1	2.1	1.9	2.3	2.2	2.5
Operatives	741	837	4.2	4.2	4.2	4.3	4.3	4.9
Nonfarm laborers	266	349	5.5	6.6	6.1	6.8	7.3	7.4
Service workers	435	491	3.8	4.2	4.2	4.2	4.7	4.4
INDUSTRY								
Nonagricultural private wage and salary workers [4]	2,266	2,686	3.3	3.4	3.3	3.4	3.6	3.8
Construction	337	421	5.5	5.5	5.4	6.5	6.0	7.4
Manufacturing	706	861	2.9	3.2	2.8	3.2	3.4	3.5
Durable goods	356	477	2.4	2.7	2.6	3.1	3.2	3.3
Nondurable goods	350	384	3.6	3.9	3.3	3.3	3.6	3.9
Transportation and public utilities	108	120	1.8	1.8	1.6	2.1	2.2	2.1
Wholesale and retail trade	597	641	3.9	3.8	4.1	3.9	4.0	4.3
Finance and service industries	500	525	3.1	3.1	3.2	3.0	3.4	3.5
Government wage and salary workers	209	216	1.7	1.8	1.7	1.8	1.7	1.8
Agricultural wage and salary workers	75	97	4.1	5.8	5.7	4.5	5.8	4.6

[1] Unemployment rate calculated as a percent of civilian labor force.
[2] Insured unemployment under State programs; unemployment rate calculated as a percent of average covered employment.
[3] Man-hours lost by the unemployed and persons on part time for economic reasons as a percent of potentially available labor force man-hours.
[4] Includes mining, not shown separately.

Note: Unemployment by occupation includes all experienced unemployed persons, whereas that by industry refers only to experienced wage and salary workers.

TABLE A-4.—FULL- AND PART-TIME STATUS OF THE CIVILIAN LABOR FORCE

Full- and part-time employment status	Total		Men, 20 and over		Women, 20 and over		Both sexes, 16–19 years	
	Feb. 1969	Feb. 1968	Feb. 1969	Feb. 1968	Feb. 1969	Feb. 1968	Feb. 1969	Feb 1968
FULL TIME								
Civilian labor force	67,700	66,655	43,735	43,501	21,338	20,546	2,627	2,608
Employed:								
Full-time schedules	63,588	62,020	41,801	41,171	19,685	18,796	2,102	2,052
Part time for economic reasons	1,906	2,118	933	1,065	811	865	163	188
Unemployed, looking for full-time work	2,206	2,517	1,001	1,265	843	885	362	367
Unemployment rate	3.3	3.8	2.3	2.9	4.0	4.3	13.8	14.1
PART TIME								
Civilian labor force	11,404	10,747	2,176	2,013	5,891	5,538	3,337	3,196
Employed (voluntary part time)	10,687	9,976	2,043	1,887	5,673	5,296	2,971	2,793
Unemployed, looking for part-time work	717	770	132	126	218	242	367	402
Unemployment rate	6.3	7.2	6.1	6.3	3.7	4.4	11.0	12.6

TABLE A-5.—EMPLOYED PERSONS BY AGE AND SEX

[In thousands]

Age and sex	Feb. 1969	Jan. 1969	Feb. 1968	Seasonally adjusted				
				Feb. 1969	Jan. 1969	Dec. 1968	Nov. 1968	Oct. 1968
Total, 16 years and over	76,181	75,358	74,114	77,729	77,229	76,765	76,388	76,002
16 to 19 years	5,236	5,161	5,034	6,043	5,999	5,709	5,746	5,734
16 and 17 years	2,085	2,008	1,982	2,570	2,524	2,394	2,373	2,366
18 and 19 years	3,151	3,153	3,052	3,492	3,527	3,364	3,387	3,370
20 to 24 years	8,904	8,737	8,425	9,165	9,026	8,955	8,914	8,827
25 years and over	62,040	61,459	60,655	62,552	62,217	62,121	61,777	61,438
25 to 54 years	48,100	47,786	47,105	48,466	48,366	48,127	47,811	47,517
55 years and over	13,941	13,673	13,550	14,113	13,973	14,016	13,931	13,846
Males, 16 years and over	47,697	47,356	46,825	48,875	48,686	48,579	48,235	48,030
16 to 19 years	2,920	2,880	2,702	3,453	3,455	3,325	3,295	3,257
16 and 17 years	1,235	1,189	1,181	1,557	1,532	1,463	1,444	1,439
18 and 19 years	1,685	1,691	1,522	1,919	1,950	1,890	1,864	1,836
20 to 24 years	4,690	4,620	4,628	4,887	4,814	4,921	4,830	4,790
25 years and over	40,087	39,857	39,495	40,568	40,407	40,356	40,091	39,978
25 to 54 years	31,150	31,055	30,733	31,466	31,422	31,339	31,083	30,984
55 years and over	8,936	8,802	8,762	9,111	9,062	9,040	9,010	8,972
Females, 16 years and over	28,484	28,002	27,289	28,854	28,543	28,186	28,153	27,972
16 to 19 years	2,316	2,281	2,332	2,590	2,544	2,384	2,451	2,477
16 and 17 years	849	819	802	1,013	992	931	929	927
18 and 19 years	1,466	1,462	1,530	1,573	1,577	1,474	1,523	1,534
20 to 24 years	4,215	4,117	3,797	4,278	4,212	4,034	4,084	4,037
25 years and over	21,953	21,603	21,160	21,984	21,810	21,765	21,686	21,460
25 to 54 years	16,949	16,732	16,373	17,000	16,944	16,788	16,728	16,533
55 years and over	5,004	4,871	4,787	5,002	4,911	4,976	4,921	4,874

Note: Due to the independent seasonal adjustment of several of the series, detail will not necessarily add to totals

TABLE A-6.—UNEMPLOYED PERSONS BY AGE AND SEX

Age and sex	Thousands		Percent looking for full-time work, Feb. 1969	Seasonally adjusted unemployment rates					
	Feb. 1969	Jan. 1969		Feb. 1969	Jan. 1969	Dec. 1968	Nov. 1968	Oct. 1968	Feb. 1968
Total, 16 years and over	2,923	2,876	75.5	3.3	3.3	3.3	3.4	3.6	3.7
16 to 19 years	729	703	49.7	11.7	11.7	12.7	12.2	12.3	12.7
16 and 17 years	320	302	27.5	13.1	13.5	15.0	13.7	14.6	15.4
18 and 19 years	409	401	67.0	11.1	10.5	10.9	10.5	10.8	11.4
20 to 24 years	602	557	81.2	5.5	5.2	5.3	5.9	6.1	6.2
25 years and over	1,592	1,616	85.1	2.1	2.1	2.0	2.1	2.2	2.4
25 to 54 years	1,252	1,300	87.7	2.0	2.2	2.0	2.2	2.3	2.4
55 years and over	340	316	75.6	2.0	1.9	2.1	2.1	2.1	2.3
Males, 16 years and over	1,539	1,568	76.2	2.6	2.7	2.6	2.7	2.9	3.0
16 to 19 years	405	426	42.2	11.0	11.8	11.6	11.3	11.7	12.0
16 and 17 years	202	201	27.2	12.5	13.2	14.2	13.7	14.1	13.6
18 and 19 years	203	225	57.1	9.5	10.6	9.5	8.6	10.0	10.5
20 to 24 years	307	289	76.9	4.9	5.0	4.2	4.7	5.7	5.4
25 years and over	826	853	92.6	1.5	1.6	1.5	1.7	1.8	1.9
25 to 54 years	623	646	96.1	1.4	1.5	1.4	1.7	1.7	1.8
55 years and over	203	206	81.8	1.7	1.9	1.9	2.0	2.0	2.2
Females, 16 years and over	1,384	1,308	74.7	4.5	4.3	4.5	4.4	4.6	4.9
16 to 19 years	323	276	59.1	12.7	11.6	14.1	13.3	13.1	13.6
16 and 17 years	118	101	28.0	13.9	14.0	16.2	13.7	15.3	18.0
18 and 19 years	205	175	77.1	13.0	10.4	12.6	12.8	11.8	12.3
20 to 24 years	295	268	85.4	6.1	5.5	6.5	7.2	6.6	7.2
25 years and over	766	763	77.0	3.1	3.2	2.9	2.9	3.1	3.4
25 to 54 years	629	653	79.3	3.2	3.4	3.1	3.1	3.3	3.6
55 years and over	138	109	65.9	2.5	1.9	2.4	2.5	2.4	2.6

TABLE A-7.—UNEMPLOYED PERSONS, BY REASON FOR UNEMPLOYMENT, SEX, AGE, AND COLOR

Reason for unemployment	Total unemployed		Male, 20 years and over		Female, 20 years and over		Both sexes, 16 to 19 years		White		Nonwhite	
	February 1969	February 1968	February 1969	February 1968	February 1969	February 1968	February 1969	February 1968	February 1969	February 1968	February 1969	February 1968
Unemployment Rate												
Total unemployed, in thousands	2,923	3,288	1,134	1,391	1,061	1,127	729	769	2,379	2,620	544	668
Lost last job	1,245	1,519	707	898	394	465	145	156	1,000	1,229	245	290
Left last job	409	466	167	198	153	164	89	104	343	378	66	88
Reentered labor force	947	979	232	262	457	447	257	271	778	762	169	217
Never worked before	323	323	28	34	57	51	238	238	258	251	65	73
Total unemployed, percent distribution	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lost last job	42.6	46.2	62.3	64.5	37.1	41.2	19.9	20.3	42.0	46.9	45.0	43.3
Left last job	14.0	14.2	14.7	14.2	14.4	14.6	12.2	13.6	14.4	14.4	12.1	13.2
Reentered labor force	32.4	29.8	20.5	18.8	43.1	39.6	35.3	35.2	32.7	29.1	31.0	32.5
Never worked before	11.0	9.8	2.4	2.5	5.4	4.6	32.7	30.9	10.9	9.6	11.9	10.9
Unemployment Level												
Total unemployment rate	3.7	4.2	2.5	3.1	3.9	4.3	12.2	13.3	3.4	3.8	6.3	7.8
Job-loser rate	1.6	2.0	1.6	2.0	1.5	1.8	2.4	2.7	1.4	1.8	2.8	3.4
Job-leaver rate	1.0	.6	.4	.4	.6	.6	1.5	1.8	.5	.5	.8	1.0
Reentrant rate	1.2	1.3	.5	.6	1.7	1.7	4.3	4.7	1.1	1.1	1.9	2.5
New entrant rate	.4	.4	.1	.1	.2	.2	4.0	4.1	.4	.4	.7	.9

TABLE B-1.—EMPLOYEES ON NONAGRICULTURAL PAYROLLS, BY INDUSTRY

[In thousands]

Industry	February 1969	January 1969	December 1968	February 1968	Change from January 1969	Change from February 1968	Seasonally adjusted February 1969	Seasonally adjusted January 1969	Seasonally adjusted December 1968	Seasonally adjusted Change from January 1969
Total	68,754.0	68,522.0	70,123.0	66,393.0	232.0	2,361.0	69,997	69,618	69,310	379
Mining	624.0	628.0	637.0	591.0	−4.0	33.0	642	643	638	−1
Contract construction	2,972.0	3,005.0	3,241.0	2,893.0	−33.0	79.0	3,480	3,369	3,387	111
Manufacturing	19,872.0	19,768.0	19,990.0	19,425.0	104.0	447.0	20,063	19,988	19,974	75
Production workers	14,556.0	14,480.0	14,687.0	14,231.0	76.0	325.0	14,722	14,673	14,663	49
Durable goods	11,740.0	11,702.0	11,753.0	11,439.0	38.0	301.0	11,818	11,789	11,724	29
Production workers	8,541.0	8,512.0	8,568.0	8,323.0	29.0	218.0	8,604	8,587	8,535	17
Ordnance and accessories	349.2	350.8	353.2	335.5	−1.6	13.7	348	349	352	−1
Lumber and wood products	595.9	594.9	602.6	584.8	1.0	11.1	624	623	615	1
Furniture and fixtures	489.1	488.1	489.9	462.5	1.0	26.6	493	491	488	2
Stone, clay, and glass products	638.1	638.7	651.0	583.2	−.6	54.9	666	663	662	3
Primary metal industries	1,307.8	1,299.8	1,288.9	1,300.7	8.0	7.1	1,312	1,310	1,302	2
Fabricated metal products	1,431.4	1,427.1	1,433.6	1,359.3	4.3	72.1	1,441	1,436	1,426	5
Machinery, except electrical	1,997.4	1,983.7	1,965.7	1,961.2	13.7	36.2	1,993	1,986	1,968	7
Electrical equipment	2,005.2	1,998.8	2,000.1	1,960.7	6.4	44.5	2,009	1,995	1,980	14
Transportation equipment	2,043.9	2,043.8	2,066.0	2,029.5	.1	14.4	2,030	2,030	2,025	0
Instruments and related products	455.9	456.3	458.0	448.5	−.4	7.4	457	458	457	−1
Miscellaneous manufacturing	426.2	420.1	443.9	413.5	6.1	12.7	445	448	449	−3
Nondurable goods	8,132.0	8,066.0	8,237.0	7,986.0	66.0	146.0	8,245	8,199	8,250	46
Production workers	6,015.0	5,968.0	6,119.0	5,908.0	47.0	107.0	6,118	6,086	6,128	32
Food and kindred products	1,703.3	1,718.3	1,775.9	1,685.7	−15.0	17.6	1,791	1,788	1,792	3
*Tobacco manufactures	81.4	85.6	90.1	83.4	−4 2	−2.0	85	86	84	−1
Textile mill products	987.9	981.9	992.0	973.5	6.0	14.4	996	995	994	1
Apparel and other textile products	1,427.5	1,407.4	1,420.9	1,411.4	20.1	16.1	1,419	1,432	1,425	−13
Paper and allied products	712.3	709.9	714.3	682.8	2.4	29.5	719	716	713	3
Printing and publishing	1,072.2	1,071.3	1,080.6	1,052.2	.9	20.0	1,075	1,077	1,074	−2
Chemicals and allied products	1,046.7	1,039.8	1,042.6	1,015.0	6.9	31.7	1,055	1,050	1,050	5
Petroleum and coal products	168.7	124.6	185.8	182.0	44.1	−13.3	172	127	189	45
Rubber and plastics products, n.e.c.	577.6	574.4	578.3	543.2	3.2	34.4	580	574	574	6
Leather and leather products	354.4	352.3	356.9	357.1	2.1	−2.7	353	354	355	−1
Transportation and public utilities	4,342.0	4,328.0	4,409.0	4,264.0	14.0	78.0	4,422	4,394	4,400	28
Wholesale and retail trade	14,140.0	14,223.0	15,124.0	13,585.0	−83.0	555.0	14,489	14,449	14,271	40
Wholesale trade	3,722.0	3,728.0	3,766.0	3,572.0	−6.0	150.0	3,771	3,751	3,725	20
Retail trade	10,418.0	10,495.0	11,358.0	10,013.0	−77.0	405.0	10,718	10,698	10,546	20
Finance, insurance, and real estate	3,440.0	3,418.0	3,421.0	3,271.0	22.0	169.0	3,475	3,460	3,442	15
Services	10,662.0	10,575,0	10,658,0	10,228.0	87.0	434.0	10,846	10,791	10,755	55
Hotels and other lodging places	685.1	671.5	675.3	667.4	13.6	17.7	740	735	732	5
Personal services	996.8	1,004.9	1,025.7	1,010.5	−8.1	−13.7	1,022	1,015	1,022	7
Medical and other health services	2,789.6	2,766.0	2,745.9	2,566.9	23.6	222.7	2,795	2,780	2,760	15
Educational services	1,121.2	1,099.6	1,113.6	1,083.3	21.6	37.9	1,080	1,064	1,072	16
Government	12,702.0	12,577.0	12,643.0	12,136.0	125.0	566.0	12,580	12,524	12,443	56
Federal [1]	2,741.0	2,735.0	2,769.0	2,697.0	6.0	44.0	2,766	2,760	2,715	6
State and local	9,961.0	9,842.0	9,874.0	9,439.0	119.0	522.0	9,814	9,764	9,728	50

[1] Beginning in January 1969, Federal employment includes approximately 39,000 civilian technicians of the National Guard, who were transferred from State to Federal status in accordance with Public Law 90-486.

Note: Data for the 2 most recent months are preliminary.

TABLE B-22.—AVERAGE WEEKLY HOURS OF PRODUCTION OR NONSUPERVISORY WORKERS[1] ON PRIVATE NONAGRICULTURAL PAYROLLS, BY INDUSTRY

Industry	Not seasonally adjusted						Seasonally adjusted			
					Change from—					
	February 1969	January 1969	December 1968	February 1968	January 1969	February 1968	February 1969	January 1969	December 1968	Change from January 1969
Total private	37.5	37.5	37.7	37.6	0.0	−0.1	37.8	37.8	37.5	0.0
Mining	42.2	42.6	43.4	41.6	−.4	.6	42.9	42.9	43.4	0
Contract construction	36.4	36.6	37.1	36.2	−.2	.2	38.1	37.7	37.8	.4
Manufacturing	40.3	40.4	41.1	40.6	−.1	−.3	40.5	40.6	40.7	−.1
Overtime hours	3.4	3.5	3.9	3.3	−.1	.1	3.6	3.7	3.7	−.1
Durable goods	41.1	41.1	41.7	41.2	0	−.1	41.3	41.2	41.2	.1
Overtime hours	3.6	3.7	4.1	3.4	−.1	.2	3.9	3.9	3.8	0
Ordnance and accessories	40.4	41.1	41.9	42.0	−.7	−1.6	40.6	40.8	41.3	−.2
Lumber and wood products	40.5	39.8	40.9	40.4	.7	.1	41.3	40.2	41.2	1.1
Furniture and fixtures	40.7	40.1	41.3	40.5	.6	.2	41.2	40.8	40.4	.4
Stone, clay, and glass products	41.2	40.9	41.9	41.0	.3	.2	42.1	41.6	42.0	.5
Primary metal industries	41.7	41.8	41.6	41.7	−.1	0	41.8	41.7	41.5	.1
Fabricated metal products	41.1	41.4	42.0	41.0	−.3	.1	41.5	41.9	41.6	−.4
Machinery, except electrical	42.5	42.3	42.7	42.3	.2	.2	42.4	42.3	42.3	.1
Electrical equipment	40.0	40.2	40.8	40.3	−.2	−.3	40.0	40.3	40.2	−.3
Transportation equipment	41.3	41.4	42.6	41.4	−.1	−.1	41.8	41.3	41.6	.5
Instruments and related products	40.5	40.4	40.9	40.8	.1	−.3	40.5	40.6	40.6	−.1
Miscellaneous manufacturing	38.4	38.8	39.1	39.7	−.4	−1.3	38.4	39.2	38.8	−.8
Nondurable goods	39.1	39.4	40.1	39.7	−.3	−.6	39.4	39.7	39.9	−.3
Overtime hours	3.0	3.3	3.5	3.0	−.3	0	3.2	3.6	3.4	−.4
Food and kindred products	40.0	40.3	41.1	40.1	−.3	−.1	40.7	40.7	40.9	0
Tobacco manufactures	36.1	36.2	37.7	37.9	−.1	−1.8	38.2	37.1	36.3	1.1
Textile mill products	40.2	40.5	41.7	41.5	−.3	−1.3	40.3	40.8	41.4	−.5
Apparel and other textile products	35.6	35.7	36.0	36.5	−.1	−.9	35.6	36.2	36.2	−.6
Paper and allied products	42.7	43.0	43.6	42.4	−.3	.3	43.1	43.4	43.3	−.3
Printing and publishing	37.7	37.9	38.9	38.0	−.2	−.3	37.9	38.2	38.4	−.3
Chemicals and allied products	41.7	41.7	42.1	41.7	0	0	41.9	42.0	42.0	−.1
Petroleum and coal products	41.3	41.3	42.1	41.5	0	−.2	42.1	41.8	42.4	.3
Rubber and plastics products n.e.c.	40.7	41.4	41.8	41.2	−.7	−.5	41.1	41.5	41.3	−.4
Leather and leather products	36.6	37.6	38.4	39.0	−1.0	−2.4	36.3	37.3	37.6	−1.0
Wholesale and retail trade	35.4	35.5	35.9	35.8	−.1	−.4	35.7	35.8	35.7	−.1
Wholesale trade	39.8	39.9	40.2	39.8	−.1	0	40.0	40.0	39.9	0
Retail trade	34.0	34.0	34.6	34.5	0	−.5	34.4	34.3	34.3	.1
Finance, insurance, and real estate	37.2	37.2	37.1	36.9	0	.3	37.2	37.2	37.0	0

[1] Data relate to production workers in mining and manufacturing; to construction workers in contract construction; and to nonsupervisory workers in wholesale and retail trade, finance, insurance, and real estate; transportation and public utilities; and services. These groups account for approximately ⅘ of the total employment on private nonagricultural payrolls. Transportation and public utilities, and services are included in "Total private" but are not shown separately in this table.

Note: Data for the 2 most recent months are preliminary.

TABLE B-3.—AVERAGE HOURLY AND WEEKLY EARNINGS OF PRODUCTION OR NONSUPERVISORY WORKERS [1] ON PRIVATE NONAGRICULTURAL PAYROLLS, BY INDUSTRY

Industry	Average hourly earnings						Average weekly earnings					
					Change from—						Change from—	
	February 1969	January 1969	December 1968	February 1968	January 1969	February 1968	February 1969	January 1969	December 1968	February 1968	January 1969	February 1968
Total private	$2.96	$2.95	$2.93	$2.78	$0.01	$0.18	$111.00	$110.63	$110.46	$104.53	$0.37	$6.47
Mining	3.49	3.49	3.48	3.28	0	.21	147.28	148.67	151.03	136.45	−1.39	10.83
Contract construction	4.54	4.55	4.53	4.27	−.01	.27	165.26	166.53	168.06	154.57	−1.27	10.69
Manufacturing	3.12	3.12	3.11	2.94	0	.18	125.74	126.05	127.82	119.36	−.31	6.38
Durable goods	3.31	3.31	3.31	3.12	0	.19	136.04	136.04	138.03	128.54	0	7.50
Ordnance and accessories	3.35	3.36	3.37	3.25	−.01	.10	135.34	138.10	141.20	136.50	−2.76	−1.16
Lumber and wood products	2.61	2.59	2.62	2.47	.02	.14	105.71	103.08	107.16	99.79	2.63	5.92
Furniture and fixtures	2.54	2.53	2.55	2.42	.01	.12	103.38	101.45	105.32	98.01	1.93	5.37
Stone, clay, and glass products	3.07	3.06	3.07	2.90	.01	.17	126.48	125.15	128.63	118.90	1.33	7.58
Primary metal industries	3.70	3.69	3.67	3.47	.01	.23	154.29	154.24	152.67	144.70	.05	9.59
Fabricated metal products	3.27	3.27	3.26	3.08	0	.19	134.40	135.38	136.92	126.28	−.98	8.12
Machinery, except electrical	3.51	3.50	3.48	3.30	.01	.21	149.18	148.05	148.60	139.59	1.13	9.59
Electrical equipment	3.06	3.05	3.04	2.88	.01	.18	122.40	122.61	124.03	116.06	−.21	6.34
Transportation equipment	3.84	3.85	3.87	3.59	−.01	.25	158.59	159.39	164.86	148.63	−.80	9.96
Instruments and related products	3.08	3.08	3.08	2.93	0	.15	124.74	124.43	125.97	119.54	.31	5.20
Miscellaneous manufacturing	2.62	2.61	2.58	2.49	.01	.13	100.61	101.27	100.88	98.85	−.6	1.76
Nondurable goods	2.84	2.83	2.82	2.68	.01	.16	111.04	111.50	113.08	106.40	−.46	4.64
Food and kindred products	2.92	2.91	2.88	2.75	.01	.17	116.80	117.27	118.37	110.28	−.47	6.52
Tobacco manufactures	2.59	2.57	2.55	2.47	.02	.12	93.50	93.03	96.14	93.61	.47	−.11
Textile mill products	2.28	2.28	2.28	2.16	0	.12	91.66	92.34	95.08	89.64	−.68	2.02
Apparel and other textile products	2.27	2.28	2.26	2.18	−.01	.09	80.81	81.40	81.36	79.57	−.59	1.24
Paper and allied products	3.14	3.15	3.14	2.96	−.01	.18	134.08	135.45	136.90	125.50	−1.37	8.58
Printing and publishing	3.60	3.59	3.59	3.39	.01	.21	135.72	136.06	139.65	128.82	−.34	6.90
Chemicals and allied products	3.36	3.36	3.36	3.19	0	.17	140.11	140.11	141.46	133.02	0	7.09
Petroleum and coal products	3.86	3.69	3.79	3.70	.17	.16	159.42	152.40	159.56	153.55	7.02	5.87
Rubber and plastics products, n e c	3.02	3.02	3.01	2.85	0	.17	122.91	125.03	125.82	117.42	−2.12	5.49
Leather and leather products	2.32	2.31	2.30	2.20	.01	.12	84.91	86.86	88.32	85.80	−1.95	−.89
Wholesale and retail trade	2.51	2.49	2.45	2.36	.02	.15	88.85	88.40	87.96	84.49	.45	4.36
Wholesale trade	3.17	3.14	3.14	3.00	.03	.17	126.17	125.29	126.23	119.40	.88	6.77
Retail trade	2.25	2.24	2.21	2.11	.01	.14	76.50	76.16	76.47	72.80	.34	3.70
Finance, insurance and real estate	2.92	2.87	2.84	2.69	.05	.23	108.62	106.76	105.36	99.26	1.86	9.36

[1] See footnote 1, table B-2.

Note: Data for the 2 most recent months are preliminary.

SURVEYS OF POVERTY AREAS IN SIX CITIES

Mr. MICHEL. I notice in the next item that you are launching a program, or did this past year, to survey in depth the employment problems of people in the poverty areas of six cities. What were those six cities?

Mr. GOLDSTEIN. New York, Detroit, Chicago, Atlanta, Houston, and Los Angeles.

Mr. MICHEL. Is it contemplated this would be expanded to any other additional cities in the coming year?

Mr. GOLDSTEIN. We don't have any plans for expansion.

Mr. MICHEL. Did you get any significant results from those six cities surveyed? What does it tell you that we didn't know before?

Mr. GOLDSTEIN. We think it will tell us a lot about the special problems of the people in the poverty areas of these cities. Our general statistics don't focus clearly enough on their problems. We think that these problems are not the kind of general problems that the population as a whole has. They include things like this: if they live in the center of the city, and the jobs are in the suburbs, and transportation is difficult in that city, this may be an insuperable obstacle for some of these people. Or they may have problems of another kind. They may have a police record. They may have garnishments on their salaries which have made it difficult for them to get employers to take them on because this is a nuisance to employers. In order to get insight into these special problems, we ought to be asking questions of those people only—questions which would not make very much sense if we asked them of the general run of people in the United States in our monthly surveys.

A lot of these people don't seem to apply for some of the manpower training programs that the Department of Labor has been running. We want to find out why. The Department feels it will give them insight into how to meet these people's needs.

Mr. MICHEL. I see here a preliminary result of this survey was issued on February 20. Is that published?

Mr. GOLDSTEIN. Yes, sir.

Mr. MICHEL. What is the name of it? Under what designation?

Mr. GOLDSTEIN. We can supply that.

Mr. MICHEL. I might say that a little fetish of mine is that we go around spending all kinds of money gathering statistics, information, material, and then I wonder what the devil ever happens to it after we got it. Who gets the benefit of it? Unless we can translate something into tangible results, realizing some benefits from it, that is the only way to sell me on gathering of information in the first place.

Mr. MOORE. We can supply for the record the press release describing those results, if you wish.

Mr. MICHEL. Le us have it right here in the record. What is it called?

Mr. MOORE. The title is "Employment Situation Surveyed in Slum Areas of Six Large Cities."

(The press releases follow:)

U.S. DEPARTMENT OF LABOR, OFFICE OF INFORMATION
NEWS

EMPLOYMENT SITUATION SURVEYED IN SLUM AREAS OF SIX LARGE CITIES

Workers living in slum areas have an unemployment rate 2½ times higher than the national average.

Unemployment among teenagers is especially severe: 30 percent of slum youths are unemployed.

Weekly earnings under $65 were reported by one out of six full-time workers.

These are the highlights of the first urban employment survey, a new data collection program established by the Department of Labor to examine the employment situation, barriers to employment, attitudes and motivations of slum area residents. Included in the survey are the concentrated employment program areas of Atlanta, Chicago, Detroit, Houston, Los Angeles, and New York City.[1]

The survey is being directed by the Bureau of Labor Statistics with the cooperation and financing of the Manpower Administration. The Bureau of the Census is collecting the information.

The first results of the urban employment survey cover basic labor force information for all six slum areas combined for the 3-month period July–September 1968. Similar information covering a 6-month period for the six individual areas will be published later. Additional data for each area will become available later this year.

Here are additional findings of the urban employment survey.

Population

Approximately 825,000 men and women 16 years old and over resided in the selected slum areas of the six cities. Of the residents, 68 percent were Negro; the remainder were about equally divided between Spanish Americans and other white persons.

Educational attainment

Workers living in the urban employment survey areas had not completed as much schooling as their counterparts in the Nation as a whole. Slum area workers 18 years and over averaged 10.7 years of school completed, compared with 12.3 years for all the Nation's workers and 11.1 years for Negro workers in March 1968. Only 37 percent of the workers in these areas, compared to 60 percent of the workers in the Nation as a whole, had completed 4 years of high school or more. About the same proportion of Negro and white workers in the survey areas had completed high school.

Adult women workers (25 years and over) living in UES slum areas were better educated than men. The proportions who completed 4 years of high school or more were 39 percent for women and 30 percent for men. In the Nation as a whole, about three out of five of both adult men and women workers had completed at least 4 years of high school.

Labor force participation and employment

During the third quarter of 1968, 59 percent of the persons 16 years and over living in the UES slum areas were in the labor force—working or looking for work. That was about the same as the national proportion. Adult women in the survey areas were more likely to be in the labor force than women in the Nation as a whole. In the case of adult men, the labor force participation rate was lower in the slum areas than nationally.

An unusually large proportion of the persons not in the labor force reported that they wanted work: 23 percent of the slum area residents who were not in the labor force reported that they wanted a job "now," as compared to 8 percent of the nonparticipants nationally. More than half of those in slum areas who wanted a job indicated that they intended to look for work during the next 12 months; this compares with 78 percent in the Nation as a whole.

Nearly half of the men in the urban employment survey areas who were not in the labor force but wanted a job, listed health problems as one of the

[1] The survey area in New York City includes additional target neighborhoods outside the CEP designated areas. The balance of the cities of Atlanta and Detroit are also included in the survey.

reasons they were not looking for work. Health problems and family responsibilities were the main reasons given by women for nonparticipation.

About 80 percent of the employed persons at work in UES areas were working full time (35 hours or more weekly) during the third quarter of 1968, less than the national average (86 percent). Of those who were working part time, most did so voluntarily, although others wanted but couldn't find full-time jobs. About one out of every five slum area part-time workers was on short hours because of circumstances beyond his control, such as slack work, material shortages, and repairs to plant and equipment. That was about the same proportion as in the Nation as a whole.

Unemployment

At 9.5 percent, the unemployment rate for workers in the UES slum areas was more than 2½ times the national average (3.6 percent) during the third quarter of 1968. The jobless rate for Negro workers in the UES slum areas was 10.4 percent compared with 6.8 percent for all Negro workers in the United States. White workers in the UES areas and in the Nation as a whole had unemployment rates of 7.2 and 3.2 percent, respectively.

Teenagers residing in these slum areas were particularly affected by unemployment. The teenage unemployment rate was 30 percent in the UES areas; this compares with 12.2 percent for all teenagers and 24.4 percent for Negro teenagers in the entire country. Jobless rates in these slum areas were 5.2 percent for adult men and 9.3 percent for adult women, compared to respective rates of 1.9 and 4 percent for all adult workers in the Nation. Heads of households had an unemployment rate of 4.2 percent for men and 8 percent for women, about three times the corresponding national averages.

Work experience

One of the best measures of the employment problems faced by residents of slum areas is their work experience over a full year. This contrasts with the labor force status information described earlier which relates to an individual's employment and unemployment experience during the calendar week immediately prior to the interview.

Nearly 110,000 persons living in the UES areas—about one out of every five who worked or looked for work—were unemployed at some time during the 12 months prior to the survey week. This contrasts with about one out of every eight in the Nation as a whole in 1967. Negro workers were more likely than white workers to be jobless at some time during the year. About one out of four slum residents who experienced unemployment did not work at all during the year; this was more than twice the proportion in the entire Nation.

Of the 110,000 persons with some unemployment during the year, one-fourth were out of work for a total of 15 or more weeks—about the same proportion as in the Nation as a whole. For men 20 to 64 years old who were heads of households, the proportion was much higher—38 percent. Another one-third of the unemployed experienced a total of 5 to 14 weeks of joblessness. Thus, well over half of those who experienced some unemployment during the previous 12-month period were out of work 5 weeks or more, slightly higher than the proportion in the entire Nation.

Earnings

About one out of six full-time workers from the UES areas reported earning less than $65 a week, or about the equivalent of the current Federal minimum wage for a 40-hour week. Women were four times more likely than men to be among the low earners. There was little variation in the proportion of Negro and white workers earning less than $65 weekly.

Although a large proportion of slum area workers received low earnings, many other UES residents had substantial weekly earnings; about one out of seven full-time workers earned $150 or more a week. Median weekly earnings for all full-time workers were $92, with men averaging $106 and women $74.

Median earnings for all workers in the UES areas (including both full- and part-time workers) were $85 a week in the third quarter of 1968. About one out of four earned less than $65 weekly, while more than one out of three workers earned more than $100 a week.

Family income

A disproportionate number of slum area residents are members of families with very low yearly incomes—which include earnings, welfare payments, rents,

and money from all sources. About 20 percent of the UES area families with four persons or more reported incomes of less than $3,500 during the previous 12 months. This level of income approximates the poverty line developed by the Social Security Administration, which takes into account such factors as family size, number of children, and farm-nonfarm residence, as well as the amount of money income. On the other hand, nearly one-third of these families had incomes of $8,000 or more. There was little difference in the proportion of white and Negro UES area families with that level of income. The median annual income for all UES families was $5,400, compared to the 1967 U.S. average (median) of $8,000 for all families and $5,100 for all Negro families. Although median income levels were significantly lower than the U.S. average for families in the slum areas, about one out of four slum area families received $8,000 or more.

Unrelated individuals residing in the UES slums reported a median annual income of $2,500. Two-thirds of them received incomes of less than $3,500 during the 12-month period.

Future UES reports

This preliminary release has furnished basic labor force information for the six poverty areas combined, although there are significant variations in the economic and social characteristics of persons residing in the separate UES areas. As the UES sample is accumulated to a satisfactory degree of statistical reliability, the data for each individual UES area will be published. Subsequent reports will also provide additional information on employment and unemployment as well as detailed data on job-seeking methods, work history, job mobility, migration patterns, job skills, transportation problems, and attitudes toward work.

Attached is a technical note, including statistical tables, on the Urban Employment Survey.

URBAN EMPLOYMENT SURVEY—TECHNICAL NOTE

The statistics for the first report on the urban employment survey were compiled from household interviews of persons 16 years old and over residing in the concentrated employment program (CEP) areas of six cities—Atlanta, Chicago, Detroit, Houston, Los Angeles, and New York City. The survey area in New York City includes additional target neighborhoods outside the CEP designated areas. The survey is also being conducted in the balance of the cities of Atlanta and Detroit. Information on these two areas will be available at a later date.

Concentrated employment program (CEP) areas refer to target areas in which the Department of Labor has combined separate manpower programs in order to concentrate the impact of these programs on specific slum neighborhoods. The selection of CEP areas in these six cities was in large part based on the extent of unemployment and poverty in the areas, as shown mostly by the 1960 Decennial Census.

Although the CEP areas covered in this report are often described as slum areas, it should be noted that they are often diverse neighborhoods which include a substantial number of persons and families who are not living in slum or poverty conditions and who do not have serious employment problems.

The data were collected by trained Census Bureau interviewers from a sample of about 5,400 households in the six UES areas, accumulated over a 3-month period (July–September 1968). For the year as a whole (July 1968–June 1969) approximately 3,600 households will be sampled in each of the six slum areas, as well as in the balance of Atlanta and Detroit.

Data on nonwhites are used to represent the situation for Negroes, who comprise about 97 percent of nonwhites 16 years and over residing in UES areas. Information for white persons in UES areas is not strictly comparable with that for white persons in the United States as about half of the white persons living in these areas are Spanish-Americans.

Data for the six UES slum areas should not be confused with data on urban poverty neighborhoods released quarterly by the Bureau of Labor Statistics. The urban poverty neighborhood data refers to the poorest one-fifth of the census tracts in the 100 largest metropolitan areas, whereas the "Urban Employment Survey" data refer only to the very worst of these areas in six cities. See USDL–10–175, January 16, 1969, The Employment Situation in Urban Poverty Neighborhoods: Fourth Quarter 1968.

Reliability of the estimates

Since the estimates in this report are based on a sample, they may differ from the figures that would have been obtained if it were possible to take a complete census using the same schedules and procedures. Therefore, differences between levels and rates, particularly for small estimates, should be interpreted with caution.

The standard error is a measure of the sampling variability, that is, the variations that might occur by chance because only a sample of the population is surveyed. The changes are about two out of three that an estimate from the sample would differ from a complete census by less than the standard error. The chances are about 19 out of 20 that the difference would be less than twice the standard error.

Following are the statistical tables for the six UES areas combined for the July–September 1968 period. Table A shows the average standard error on the levels presented in this report while table B shows the standard error on the rates and percentages.

Table A.—Standard error of level of quarterly estimates for all 6 CEP areas combined (third quarter 1968)

Size of estimate:	*Standard error*
1,000	310
2,000	450
2,500	500
5,000	710
7,500	870
10,000	1,000
25,000	1,650
50,000	2,400
100,000	3,600
250,000	6,600
500,000	11,200
750,000	16,600

TABLE B.—STANDARD ERROR OF PERCENTAGE OF QUARTERLY ESTIMATES FOR ALL 6 CEP AREAS COMBINED (3D QUARTER 1968)

Base of percentage	Estimated percentage				
	2	5	10	25	50
10,000	1.4	2.2	3.0	4.3	5.0
25,000	.9	1.4	1.9	2.7	3.1
50,000	.6	1.0	1.3	1.9	2.2
100,000	.4	.7	.9	1.3	1.6
250,000	.3	.4	.6	.9	1.0
500,000	.2	.3	.4	.6	.7
1,000,000	.1	.2	.3	.4	.4

TABLE 1.—EMPLOYMENT STATUS OF PERSONS IN COMBINED UES AREAS BY COLOR, AGE, AND SEX, 3RD QUARTER 1968

[In thousands]

Employment status	Total	White	Nonwhite
BOTH SEXES, 16 YEARS AND OVER			
Civilian noninstitutional population	827	265	562
Civilian labor force	487	142	345
Civilian labor force participation rate	58.9	53.6	61.5
Employed	441	132	309
Part time for economic reasons	15	3	12
Unemployed	46	10	36
Unemployment rate	9.5	7.2	10.4
Not in the labor force	339	123	217
In school	22	6	16
Keeping house	191	73	118
Unable to work	53	15	37
Other	75	29	46
MEN, 20 YEARS AND OVER			
Civilian noninstitutional population	314	109	205
Civilian labor force	246	83	163
Civilian labor force participation rate	78.2	75.7	79.5
Employed	233	80	154
Unemployed	13	3	10
Unemployment rate	5.2	3.7	5.9
Not in the labor force	69	27	42
WOMEN, 20 YEARS AND OVER			
Civilian noninstitutional population	423	133	291
Civilian labor force	189	46	143
Civilian labor force participation rate	44.6	34.7	49.1
Employed	171	42	129
Unemployed	18	4	14
Unemployment rate	9.3	8.0	9.7
Not in the labor force	234	87	148
BOTH SEXES, 16-19 YEARS			
Civilian noninstitutional population	89	23	66
Civilian labor force	53	14	39
Civilian labor force participation rate	59.1	58.2	59.5
Employed	37	10	27
Unemployed	16	4	12
Unemployment rate	30.2	25.9	31.6
Not in the labor force	37	10	27

TABLE 2.—WEEKLY EARNINGS FOR PERSONS 16 YEARS AND OVER IN COMBINED UES AREAS, BY SEX AND COLOR, 3D QUARTER 1968

[Percent distribution]

Weekly earnings	Total			White			Nonwhite		
	Both sexes	Male	Female	Both sexes	Male	Female	Both sexes	Male	Female
TOTAL PERSONS WITH EARNINGS									
Number (in thousands)	343	196	147	103	65	38	240	132	108
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
$0 to $49	16.0	7.6	27.2	12.8	7.2	21.7	17.5	7.8	29.2
$50 to $64	10.9	5.8	17.9	10.7	4.6	20.9	11.1	6.4	16.8
$65 to $74	11.5	8.3	15.8	11.5	8.4	17.0	11.4	8.1	15.4
$75 to $99	25.3	27.0	22.9	25.1	28.0	20.1	25.3	26.5	23.8
$100 to $149	23.3	32.8	12.9	24.8	30.3	15.7	24.1	34.0	12.0
$150 or more	12.1	18.5	3.3	15.3	21.5	4.7	10.6	17.1	2.9
Median weekly earnings	$85	$102	$67	$88	$102	$68	$84	$101	$67

TABLE 2.—WEEKLY EARNINGS FOR PERSONS 16 YEARS AND OVER IN COMBINED UES AREAS, BY SEX AND COLOR, 3D QUARTER 1968

[Percent distribution]

Weekly earnings	Total			White			Nonwhite		
	Both sexes	Male	Female	Both sexes	Male	Female	Both sexes	Male	Female
PERSONS ON FULL-TIME SCHEDULES									
Number (in thousands)	270	166	104	86	57	29	185	109	75
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
$0 to $49	7.0	2.9	13.4	6.3	3.5	12.1	7.3	2.6	14.1
$50 to $64	10.3	5.1	18.5	9.4	3.5	21.0	10.7	6.0	17.6
$65 to $74	12.1	8.1	18.6	11.9	7.9	20.0	12.2	8.2	18.0
$75 to $99	28.4	28.5	28.0	28.1	30.7	23.1	28.4	27.5	29.8
$100 to $149	28.1	35.1	17.0	27.6	32.1	18.3	28.4	36.6	16.4
$150 or more	14.1	20.3	4.3	16.6	22.3	5.5	13.0	19.2	4.0
Median weekly earnings	$92	$106	$74	$93	$105	$72	$92	$106	$75

Note: The total number of persons with earnings includes only employed persons who were "at work" and reported weekly earnings.

TABLE 3.—EXTENT OF UNEMPLOYMENT DURING PREVIOUS YEAR IN COMBINED UES AREAS, BY COLOR, AGE AND SEX, 3D QUARTER 1968

[Percent distribution]

Age, sex, and extent of unemployment	Total	White	Nonwhite
BOTH SEXES, 16 YEARS AND OVER			
Total working or looking for work (thousands)	541	154	387
Percent with unemployment	20.0	18.1	20.8
Total with unemployment:			
Number (thousands)	108	28	81
Percent	100.0	100.0	100.0
1 to 4 weeks	42.2	39.3	43.2
5 to 14 weeks	33.0	35.7	32.1
15 to 26 weeks	14.7	17.9	13.6
27 to 39 weeks	5.5	3.6	6.2
40 or more weeks	4.6	3.6	4.9
MEN, 20 YEARS AND OVER			
Total working or looking for work (thousands)	255	86	169
Percent with unemployment	14.5	14.0	14.8
Total with unemployment:			
Number (thousands)	37	12	25
Percent	100.0	100.0	100.0
1 to 4 weeks	27.0	23.1	28.0
5 to 14 weeks	35.1	38.5	36.0
15 to 26 weeks	24.3	23.1	24.0
27 to 39 weeks	8.1	7.7	8.0
40 or more weeks	5.4	7.7	4.0
WOMEN, 20 YEARS AND OVER			
Total working or looking for work (thousands)	220	52	168
Percent with unemployment	19.1	19.2	19.0
Total with unemployment:			
Number (thousands)	42	10	32
Percent	100.0	100.0	100.0
1 to 4 weeks	42.9	40.0	43.8
5 to 14 weeks	33.3	30.0	34.4
15 to 26 weeks	11.9	20.0	9.4
27 to 39 weeks	7.1	10.0	6.3
40 or more weeks	4.8	----	6.3

TABLE 4.—ANNUAL MONEY INCOME OF FAMILIES AND UNRELATED INDIVIDUALS IN COMBINED UES AREAS BY COLOR, 3D QUARTER 1968

[Percent distribution]

Money income	Total	White	Nonwhite
FAMILIES (2 OR MORE MEMBERS)			
Number (thousands)	295	92	203
Percent	100.0	100.0	100.0
0 to $3,499	27.4	27.4	27.4
$3,500 to 4,999	16.9	17.4	16.8
$5,000 to 7,999	29.5	27.7	30.1
$8,000 to 9,999	11.7	12.5	11.5
$10,000 or more	14.5	15.1	14.3
Median income	$5,373	$5,313	$5,418
FAMILIES (4 OR MORE MEMBERS)			
Number (thousands)	130	38	92
Percent	100.0	100.0	100.0
0 to $3,499	20.0	19.6	20.3
$3,500 to 4,999	17.5	19.6	16.1
$5,000 to 7,999	31.0	32.5	30.4
$8,000 to 9,999	13.0	14.0	12.8
$10,000 or more	18.5	14.3	20.4
Median income	$5,952	$5,611	$6,126
UNRELATED INDIVIDUALS			
Number (thousands)	175	58	117
Percent	100.0	100.0	100.0
0 to $3,499	63.6	62.9	63.9
$3,500 to 4,999	18.0	17.2	18.3
$5,000 to 7,999	12.8	11.4	13.6
$8,000 or more	5.6	8.5	4.2
Median income	$2,485	$2,388	$2,529

TABLE 5.—EDUCATIONAL ATTAINMENT OF WORKERS IN COMBINED UES AREAS, BY AGE, SEX, AND COLOR, 3D QUARTER 1968

[Percent distribution]

Years of school completed	Both sexes, 18 years and over			Men, 25 years and over			Women, 25 years and over		
	Total	White	Nonwhite	Total	White	Nonwhite	Total	White	Nonwhite
Number (thousands)	466	137	329	218	74	144	162	37	123
Total (percent)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
No school years completed	1.3	2.5	.9	2.1	3.4	1.5	.9	2.3	.5
Elementary:									
1 to 7 years	19.4	21.4	18.6	24.6	26.4	23.6	20.5	18.9	21.0
8 years	11.5	12.3	11.2	14.4	13.8	14.7	11.3	13.4	10.6
High school:									
1 to 3 years	31.0	27.6	32.4	29.3	27.1	30.3	28.6	23.0	30.4
4 years	26.7	23.1	28.2	20.1	17.0	21.6	28.6	26.4	29.3
College:									
1 to 3 years	6.4	7.5	6.0	5.2	5.0	5.4	6.0	10.3	4.7
4 years	2.1	2.3	1.9	2.2	3.0	1.9	2.5	2.6	2.6
5 years or more	1.6	3.4	.8	2.2	4.3	1.0	1.5	3.4	1.0
Median years of school completed	10.7	10.5	10.8	9.9	9.7	10.0	10.8	11.0	10.8

TABLE 6—REASONS NOT LOOKING AND FUTURE JOBSEEKING INTENTIONS OF PERSONS NOT IN THE LABOR FORCE WHO WANT A JOB NOW BY COLOR, 3D QUARTER 1968

[Percent distribution]

Reasons not looking for work	Total	White	Nonwhite	Intend to look in next 12 months
Number (thousands)	96.0	24.0	72.0	50.0
Percent	100.0	100.0	100.0	100.0
Retirement, old age, or school	14.6	18.6	13.3	18.4
Health	32.6	27.1	34.4	26.3
Family responsibilities	28.9	31.4	28.0	28.7
Looked but couldn't find a job	5.2	3.4	5.8	6.9
Lack of skill, experience, or education	8.4	8.9	8.3	8.3
Other reasons	10.3	10.6	10.2	11.5

USE MADE OF REPORT

Mr. MOORE. I might say the general title for this survey is the "Urban Employment Survey," UES.

Mr. MICHEL. Have you had any significant number of requests for this report?

Mr. GOLDSTEIN. I don't have a count on them. It did appear in the newspapers and we have a number of clippings. It was publicized.

Mr. MICHEL. Would you automaticaly feed that to such organizations as the Urban Coalition or the President's—what do we call this new thing—Urban Council, or whatever it is?

Mr. GOLDSTEIN. Yes, sir; we do. In the cities in which the surveys are being made, our regional offices have been in contact with various community groups, industry groups, and city government agencies.

Mr. MICHEL. Surely all manpower training development administrators would want to be getting their hands on this kind of thing, would they not?

Mr. GOLDSTEIN. Yes, sir. The Manpower Administration of the Department is funding this. They are very much interested in it.

COST OF FEDERAL SAFETY STANDARDS FOR NEW AUTOMOBILES

Mr. MICHEL. On page 5, I see where reports have been issued in recent months on the cost of complying with Federal safety standards for new automobiles. What can you tell us about what we found thus far? Has that been published yet?

Mr. CHASE. That was published in the regular monthly report of the Consumer Price Index.

Mr. MICHEL. What was the significant pronouncement?

Mr. CHASE. As I recall, the average price increase was $41 for all makes of cars. We found that the cost of those safety improvements which were required by Federal safety standards amounted to an average of $4 on these 1969 models. In addition to that, the manufacturers installed certain other safety features in the 1969 models which they anticipated will be required by future Federal standards or that they deemed advisable, whether required or not. So there was a total value of $14 attributed to the improvements that were of the safety kind.

Mr. MICHEL. Did you then in that report spell out specifically what was included in that safety package?

Mr. CHASE. Yes, sir.

Mr. MICHEL. Do you have any idea what it was? Was that including seatbelts or is that something that is considered now to be standard equipment?

Mr. CHASE. Seatbelts required by an earlier standard.

Mr. MICHEL. Is that included in this later computation?

Mr. CHASE. No, sir. We covered only the changes made on the 1969 models.

Mr. MICHEL. What were they; the more significant ones?

Mr. CHASE. A number of those required by the Federal standards were the side-marker lights; also, the defrosting-defogging system had to be improved. Those in the $10 figure that were not required by Federal standards included most notably the side-rail protection from collision, and protection of the passenger compartment in collisions. Also, there were improved brakes on a number of the models.

DELAYS IN PUBLISHING CURRENT STATISTICS

Mr. MICHEL. I see for the first time the Bureau developed three budgets for a city worker's family. You say that a forthcoming bulletin will show the costs of the three budgets at spring 1967 prices with separate data for each of 39 metropolitan areas. Well, if memory serves me correctly, prices have gone up at least 4 percent in 1968 alone. The basis of your figures here are spring 1967. It distresses me that you are using these doggoned figures which are so far behind the times by the time you get them published. What good does it do us to be that far behind? We can throw them all out as being obsolete. Everybody will agree there has been such a marked increase in prices they are meaningless and we have to start over. Why the devil did we do it in the first place? Why can't we improve our statistical gathering machinery to get the results to the people quickly enough to be of some significance? Respond, please.

Mr. MOORE. One thing that I very definitely want to do in my administration is to improve that situation. It was one of the four points I mentioned in my statement, that is, the timeliness of results, and I think that we can very definitely improve and should improve that. In this particular case, if I am correct—Mr. Chase can correct me if I am not—the figures were updated through the fall of 1968—that is, just last fall—by a somewhat arbitrary procedure. It was not quite as accurate as the original spring 1967 results. Nevertheless, it gave a more current estimate of where those budgets would be at current prices.

Mr. MICHEL. Some add-on percentages?

Mr. CHASE. Yes, sir, that will be included in this report. That is the press release of this report.

You underestimated the amount of increase, actually. It was 6.6 percent from spring 1967 to October 1968. That will be shown in current dollars when this report is issued. It will be on a more current schedule from here on, sir.

Mr. MICHEL. Then I see further in that next point the estimated budget for a retired couple was published based on 1966 prices. Of course, here it is again even more outdated.

INFORMATION FOR LOCAL AREAS

I see that information on occupational wages for local areas has been extended to an additional 24 areas. How many did we have before?

Mr. MOORE. Mr. Gavett.

Mr. GAVETT. We now covered in that occupational program approximately 180 areas. About 155 areas were previously covered in the program.

Mr. MICHEL. That pretty well blanketed the country?

Mr. GAVETT. Yes, sir. Although we frequently receive complaints we don't cover enough areas, we do cover quite a few.

Mr. MICHEL. Spell that out a little more for the record. Where have you had any gripes or complaints about particular areas that you can think of offhand?

Mr. GAVETT. Well, I suppose one of interest to the chairman, I just got a letter yesterday from Reading, Pa., which does not happen to go into our survey program. We have requests to have this included. These requests are really not focused in any one area of the country. With 180 areas we do cover quite a few areas, but not every one and quite frequently there will be a local manufacturers group or union, or someone else saying "We want a survey for our area. Why are we not included?"

Mr. MICHEL. Does the squeaky wheel get the grease in this case?

Mr. GAVETT. No, sir.

Mr. MICHEL. What is your criteria for that?

Mr. GAVETT. First let me note, the part of the program financed completely out of Bureau of Labor Statistics funds is 86 of the area. The cities that have been included in that program have been selected so that they can collectively, by weighting, represent all metropolitan areas in the United States. So they have to be selected in such a way as to represent the geographical distribution of cities that you find in the United States and in a particular area the industrial composition of employment.

In addition to those 86 areas we cover four areas for the State of New York with their funds. They have entered into a contract requesting us to do four of the cities in New York. Those cities we have to do. They are paying for it. Almost all of the other areas are covered under funds for the administration of the McNamara-O'Hara Service Contracts Act which, as you may recall, is to determine what the prevailing wages in a particular area are to establish rates that must be paid by Government service contractors. In that case the choice of the particular areas is basically dictated by the administrators of the Service Contracts Act law. In the areas where they need information on wages to establish prevailing wages for the law, they tell us to go ahead and make a survey. So again there we are pretty well bound by the needs of the administration of the law. We only have flexibility in the 86 areas that are paid for out of our own funds. Here we do have to be cautious of geographic distribution and the varying composition of employment.

COMPARISON OF BENEFITS IN PRIVATE AND PUBLIC EMPLOYMENT

Mr. MICHEL. Further on, I note for the first time comprehensive estimates of the cost of all elements of compensation, wages, salaries,

public and private fringe benefits, were developed for the private nonfarm economy, and you go on to say these results have been used in comparing the level of fringe benefits paid by the Federal Government to those paid by private industry. What is the most significant finding there? Do they compare favorably?

Mr. GAVETT. There are differences as far as particular types of fringe benefits are concerned in private and public. When we lump them all together, fringe benefits paid by the Government are roughly comparable, give or take a few pennies, to what are paid in private industries. If you wish, I could supply for the record a single table in that report which compares private industry with the Federal sector.

Mr. MICHEL. I wish you would.

(The information follows:)

EXPENDITURES ON SUPPLEMENTARY COMPENSATION BY PRIVATE INDUSTRIES AND THE FEDERAL GOVERNMENT

Compensation practice	Expenditures as a percent of basic wages and salaries	
	Private industries,[1] calendar 1966	Federal Government, fiscal 1967
Total, all supplements except penalty pay	24.5	23.8
Total paid leave except sick leave	8.1	11.5
Vacations and holidays	7.9	11.2
Vacations	5.0	8.2
Holidays	2.8	3.0
Civic and personal leave	.2	.4
Health benefit programs	4.9	5.2
Legally required work-connected disability programs	.7	.4
Other legally required programs	[2]	[2]
Sick leave	.9	3.4
Life, accident, and health insurance	3.3	1.4
Retirement programs	8.6	6.8
Legally required programs	3.9	.3
Private pension and retirement plans	4.7	6.5
Unemployment programs	1.5	.3
Legally required programs	1.3	.2
Payments to employees	.1	.1
Payments to funds	.1	[2]
Nonproduction bonuses (including awards)	1.1	.1
Savings and thrift plans	.3	[3]

[1] Industry coverage is the same as for the BLS national survey of professional, administrative, technical, and clerical pay (the data relate to nonoffice workers as well as to office and related workers in both private industry and Government).
[2] Less than 0.05 percent.
[3] No such program in Federal Government.

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

Mr. MICHEL. Would it be fair to say that among the fringe benefits that retirement annuities in the Federal Government are better, on the whole, than those annuities from private pension funds of industry?

Mr. GAVETT. Really the appropriate comparison would be the Federal pension versus private pension plus social security, which is not applied to most Federal employees. As I recall, if you take private pension fund benefits plus social security it is roughly comparable to Federal retirement benefit payments.

IMPACT OF FOREIGN TRADE ON U.S. EMPLOYMENT

Mr. MICHEL. I note point 4 on page 6:

Over the past year there has been continued concern with competitive position of U.S. products in the world market and the impact of foreign trade on U.S. employment. The Bureau has made several studies in this area.

Have we found out anything yet of significance worth publishing, talking about?

Mr. MOORE. Possibly Mr. Henle can answer that.

Mr. MICHEL. It says, "continued concern with the competitive position." I am concerned, too, and every member of this subcommittee is concerned. I guess we need more than just concern. We ought to be doing something about it. If so, what?

We turn to you to ask what figures you have to shore up our position, whichever one we might be inclined to take.

Mr. HENLE. I think everyone would agree, Mr. Congressman, this is not an easy area to get firm figures and hard facts. We do have a few statistical techniques we have been utilizing to estimate the impact of foreign trade upon U.S. employment, both in terms of those people in the United States who are employed producing and transporting and getting ready for export those goods which are exported from this country, and some estimate in terms of the number of people who might be employed in this country if we undertook to produce the imports to this country which are competitive with our own products.

Obviously we have to remember that imports are in a number of different categories. We would presumably not be ready to undertake the extra cost involved in growing bananas or coffee or things of that sort. But if you develop a classification of those imports that are competitive, there is a statistical technique we can use to translate the value of those imports into a rough estimate of the number of jobs that might be needed to produce them.

Mr. MICEL. You say a report was issued which compares labor costs and output in the iron and steel industry of the United States, Germany, France, and the United Kingdom. Again, what is this particular publication called? It says the report was issued. What date?

Mr. HENLE. It was issued about last spring or early summer. I am sorry, I do not believe we have a copy here but we will supply it. I think the committee would find this interesting because this was a quite detailed attempt to examine labor costs in different countries for a particular industry. This was the first time that this has been done. We are now working to extend this comparison to include Japan.

What you do find is with reference to United States and the European countries, that of course the European countries are paying less per hour in compensation. Their productivity is also less. So this offsets some, but not all of the difference in compensation.

Mr. MICHEL. Do you recall what that labor input differential was in the steel industry between the United States and, for examule, Germany?

Mr. HENLE. I had better not rely on my memory.

Mr. MICHEL. Could we have that for the record?

Mr. HENLE. Yes.

(The information follows:)

In Germany the manufacture of a ton of steel requires approximately 60 to 80 percent more man-hours than in the United States. (See table 4.)* How-

*U.S. Department of Labor, Bureau of Labor Statistics. "An International Comparison of Unit Labor Cost in the Iron and Steel Industry, 1964: United States, France, Germany, United Kingdom." Bulletin 1580, 1968.

ever, as shown in table 3, German expenditures per man-hour are less than 40 percent of the expenditures per man-hour in the United States. The result is that the unit labor cost per ton of steel in Germany is between 60 and 70 percent of that in the United States (See table 2.)

Mr. MICHEL. And a study was made of the impact of exports on domestic employment, and research is underway regarding the impact of imports. We have pretty well developed this. Do you have a target date on when you would hope to complete this current study?

Mr. HENLE. There is an article shortly to be published dealing with the export side of this problem. On the import side we have just recently obtained some figures, and probably it will be several months before we are able to develop an article that will appear in print.

Mr. MICHEL. I see that the Bureau is also engaged in special studies of two major industries in response to high-level Government requests. What are those two industries?

Mr. HENLE. One is in terms of construction and the other is in terms of railroads.

COST OF LIVING INDEX COMPARED WITH CONSUMER PRICE INDEX

Mr. MICHEL. Some of us here in the Congress have introduced legislation in the past to tie social security benefits in the future to the cost-of-living index rather than legislating from time to time as we do. When you talk about a consumer price index, are you talking about the same thing we are when we say a cost-of-living index. Are those two terms synonymous?

Mr. CHASE. May I say that it might be desirable to have separate cost-of-living index for older people, since the pattern of expenditures in the cost of living for older people is different from that of young families and that is especially true since medicare and medicaid. We are considering whether to structure the revised index so that we can prepare a separate index for the elderly.

With regard to the difference between that type index and a cost-of-living index——

Mr. MICHEL. Before we get to that point, the big labor-management contracts around the country in the main are tied to the cost-of-living index?

Mr. CHASE. Yes.

Mr. MICHEL. I guess that is in varying degrees. If it goes up whatever arbitrary figure is agreed upon in the negotiations, wage-earners' hourly wage goes up some arbitrary figure so much an hour, or down, as the case may be. Those contracts now, when they are tied to the consumer price index, there is only one consumer price index we are talking about?

Mr. CHASE. That is right.

Mr. MICHEL. Which would include young and old. But you are suggesting now on this proposition of tying social security benefits in the future to some consumer price index or cost-of-living index, in view of some of the concessions we have made—it just comes to mind the additional $600 exemption for income tax if you are over 65, and you mentioned medicare and there are probably a few others that do not come to mind—that it would be more appropriate if there were a

separate index developed for those of our senior citizens, say 65 or over. I personally would not argue against that. It is a good point.

Now, going back to the Consumer Price Index versus cost-of-living index, how are they different?

Mr. CHASE. The Consumer Price Index, as the name implies, is a price index although it is almost always referred to as the cost-of-living index. There are many differences. I might mention a few though.

Take, for example, mortgage interest. This is a factor which has been important in the recent rise in this index. It is based on current mortgages; that is, mortgages that are currently contracted, to the extent that here are new mortgages contracted. In other words, the weight of mortgage interest in the index reflects not all mortgages but only the rate of current mortgage contracts. This would be for both old and new houses, of course.

It is also modified to reflect not the full term of mortgages. For example, FHA mortgages are now running around 25 to 26 years, but the housing data tell us that the average mortgage life is only 11 to 12 years because people move and sell and new mortgages are consummated.

However, if it were a cost-of-living index, it ought to cover the cost of all mortgages and that would be a stable factor because most mortgages are old, and there ought to be that stabilizing influence. That would be a cost-of-living index.

Mr. MICHEL. I hate to make a personal reference here, but just to dramatize the point, I have the only remaining GI home loan mortgage still in existence at one of our financial institutions at home at 4.5 percent. I was kicking this around with all of the high cost of money these days last weekend, and querying my father on the first house he bought after he came to this country, and was rather shocked to learn he was paying 8-percent interest.

Obviously, if my mortgage rate of interest was taken into account in computation here over the life of that mortgage, it tends to bring the whole average down.

Mr. CHASE. Yes.

Mr. MICHEL. You are saying in effect as we come into a period of high interest rates, those who obligate themselves to an interest rate today of 6 or 7 percent and will be paying that for 15, 20, whatever years the life of the mortgage is, that tends obviously to increase it.

I guess it is pretty hard to determine whether or not those highs and those lows over an extended period of time average themselves out.

Mr. CHASE. We think they do. In other words, there is no long-term bias in the index as it is presently constituted. It just overreacts to the current change in mortgage interest rates.

There is another aspect and this gets rather complicated, but maybe I can illustrate it in this way: About 2 years ago meat prices became very high at the same time that poultry prices were quite low. In the present index these weights are kept fixed. In other words, we know that people buy less meat and more poultry when they get this kind of price differential. And for a price index I think the present

procedure is appropriate, but it is not appropriate for a cost-of-living index. The cost-of-living index should reflect this shift in consumer buying as there are differential changes in prices. There is a loss of utility to the consumer. He would rather have meat than poultry at least 5 days a week. But the loss in utility we think is not proportional to the differential change in prices.

REVISION OF CONSUMER PRICE INDEX

We need to take account of the fact that there is a shift in buying in proportion to the change in utility to the consumer. This is one of the things that we are investigating in connection with the revision of the index.

Mr. MICHEL. It is being updated how frequently currently?

Mr. CHASE. About every 10 years.

Mr. MICHEL. This is in your whole computation procedure?

Mr. CHASE. Yes.

Mr. MICHEL. We get out the Consumer Price Index, it reads so-and-so on January 1, and when does the next one come out?

Mr. CHASE. Each month; January, February.

Mr. MICHEL. It currently comes out monthly?

Mr. CHASE. Yes, sir.

Mr. MICHEL. Then that would take into account, would it not, people for example purchasing meat versus poultry at one season of the year against the other?

Mr. CHASE. No, because the weights are kept fixed. It implies that people consume the same quantity of meat no matter what the price.

Mr. MICHEL. And you are not flexible enough—is it impossible or is it unobtainable to be more finite in your feed-in?

Mr. CHASE. What is called a constant utility index is a very complicated process and, as a matter of fact, even the mathematicians have not fully figured out how to devise such an index because you do have to measure utility and you can measure this only by what people actually buy. I think we can come closer to reflecting these things if this is built into the index during the next revision.

But as it stands now, we do not have the data or technique to do this.

Mr. MICHEL. I will yield to the gentlewoman.

Mrs. REID. Previously you said there is a revision every 10 years. I was wondering, are there any special reasons perhaps other than the cost, why this is not done more frequently. Would it be more practical to have this review more frequently?

Mr. CHASE. We think it is possible to develop techniques for annual surveys of consumer expenditures. We think we may recommend this. But up to this time we have not been able to get that program started.

Mrs. REID. Thank you.

Mr. MICHEL. How long will it take to complete the current revision? It cannot be done in a year, can it?

Mr. CHASE. No, sir; it will take 6 years.

Mr. MICHEL. Does this $600,000 increase cover the total life of that?

Mr. CHASE. No. Only the first year.

Mr. MICHEL. So, on the basis of what you said, the last one cost, $6.5 million, I believe, which ran between 1959 and 1964, your projected cost of this is going to be what in total?

Mr. CHASE. 11 million.

Mr. MICHEL. You do not know what we are going to get for the $11 million. What did we learn from our $6.5 million last revision. Give me just two or three things that changed in the makeup of your Consumer Price Index. What did you put in that you did not 5 or 6 years before, what did you take out that you had in 6 years before. Is that not really what we are talking about in this revision?

Mr. CHASE. Yes. And what weight applies to these various items, not only the items themselves but the weight that they are given.

I would have to supply for the record a list of the things that went in and those that came out. It has been 5 years now.

Mr. MICHEL. I would like you to do that.

(The information follows:)

CHANGES IN CONSUMER PRICE INDEX AS A RESULT OF THE LAST REVISION, 1959–64

As a result of the 1959–64 revision, the weights for the various components of the Consumer Price Index were revised (as shown in table I). In addition, techniques were developed for improving the methods of collecting price statistics. As a result of the consumer expenditure studies, significant changes were made in the list of items to be priced for CPI. Some items were dropped and other items added as shown in table II.

TABLE I.—RELATIVE WEIGHT OF MAJOR GROUPS IN CONSUMER PRICE INDEX BEFORE AND AFTER REVISION, DECEMBER 1963

Groups	December 1963	
	Before revision	After revision
All items	100.0	100.0
Food	28.2	22.4
Housing	30.7	33.2
Apparel and upkeep	10.6	10.6
Transportation	11.6	13.9
Health and recreation	18.1	19.5
Medical care	5.9	5.7
Personal care	2.3	2.8
Reading and recreation	5.6	5.9
Other goods and services	4.3	5.1

TABLE II.—*Significant changes in items included in the Consumer Price Index when it was revised in January 1964*

FOODS

Items Dropped	*Items Added*
Biscuit mix	Cracker meal
Corn meal	Whole wheat bread
Rolled oats	Layer cake
Leg of lamb	Sweet rolls
Canned luncheon meat	Porterhouse steak
Canned salmon	Rump roast
Lemons	Beef liver
Peaches (fresh and canned)	Sausage
Sweet potatoes	Smoked picnics
Corn on the cob	Lamb chops
Green beans, fresh	Bologna
Strawberries, frozen	Salami
Pineapple, canned	Liverwurst
Pineapple juice, canned	Canned ham
Prunes	Chicken breasts
Peas, frozen	Turkey
Corn, canned	Shrimp
Shortening	Canned sardines
Lard	Skim milk
Salad dressing, cooked	Asparagus
Peanut butter	Peppers
Corn syrup	Spinach
Tomato soup	Mixed fruit juice, canned
Beans with pork	Salad dressing, Italian
Pickles	Salad oil
Tomato catsup	Chocolate syrup
Gelatin	Fruit drink
	Bean soup
	Chicken soup
	Spaghetti in tomato sauce
	Mashed potatoes, instant
	Pretzels

HOUSING AND HOUSEKEEPING

Porch flooring	Hotel and motel rooms
Painting garage	House paint, interior
Refinishing floor	Shelving
Faucet replacement	Furnace air filter
Dinette sets	Cement mix
Sewing machine	Evergreen shrub
Saucepan	Dinning room suite
	Hollywood bed
	Aluminum chair
	Crib
	Floor tile, vinyl
	Clothes dryer
	Air conditioner
	Room heater
	Garbage disposal unit
	Venetian blinds
	Power mower
	Electric drill
	Liquid detergent
	Solid detergent
	Air deodorizer
	Scouring pad
	Baby sitter
	Day care for children
	Moving expense

CLOTHING

Items Dropped	*Items Added*
Work gloves	Suit, tropical
Fur coat	T-shirt
Woman's nightgown	Women's car coat
	Women's topper
	Women's cocktail dress
	Women's slacks
	Women's suit
	Women's anklets
	Girls' slacks
	Girls' slip
	Girls' duster
	Girls' handbag
	Women's evening shoes
	Men's wrist watch
	Ladies' wrist watch
	Earrings
	Zippers

TRANSPORTATION

	Automobile lubrication
	Water pump replacement
	Motor tune-up
	Replacing muffler
	Automatic transmission repair
	Parking fees
	Auto financing charges
	Taxicabs
	Airplane fares
	Intercity bus fares

MEDICAL CARE

Appendectomy	Dentures
Tonsillectomy	Pediatrician
Men's pay ward in hospital	Psychiatrist
	Laboratory test
	Hernia operation

PERSONAL CARE

Face cream	Hand lotion
Shampoo	Deodorant
Razor blades	Women's haircut

RECREATION

	TV tube
	Tape recorder
	Outboard motor
	Phonograph record
	Movie camera
	Dog food
	Film
	Bowling fees
	Drive-in movies
	Golf fees
	Film developing

READING AND EDUCATION

Items Added

College tuition fees
Magazines
Pocket books
College text books

PERSONAL EXPENSES

Funeral services
Bank service charges
Legal services

Mr. CHASE. There is a very basic shift in consumer buying over longer periods, as the standard of living rises, in the direction of a smaller proportion of the total family budget going for food.

Mr. MICHEL. Yes.

In our Agriculture Subcommittee, we keep talking about it currently being something like 17 percent as against 25 percent. When I was going to school, in economics class we were talking about a quarter of income going for food.

Mr. CHASE. There is also a decline, as the standard goes up, in clothing expenditures. The two things that did increase most in this last revision—I can give you broad categories—are services of all kinds. As we become more affluent, we demand more services of all types, and better services. We also are spending more on transportation of all kinds than we were 15 years ago, not only automobiles but other types of transportation, and various types of recreation goods, bicycles and other sorts of things. Those were the major shifts that took place.

I think the next survey will show this has continued. We did bring in television sets with a much greater weight in the last revision. There is not any new development of this kind I can think of right at the moment since 1964.

NEED FOR SPECIAL LANGUAGE PROVISION RELATING TO TEMPORARY EMPLOYEES

Mr. MICHEL. Now Commissioner, on this language being so broad, I gather from what has taken place heretofore across the table on this issue that one of the problems is the part-time people that are utilized in the revision of the Consumer Price Index. Certainly if we were to even think about this kind of broad language I think we would also say "but not to exceed the rate for grade GS–15," or some such thing like that. I want to know, do you think you can get by cheaper in the long run if you have the flexibility?

I am not sure, when we write in particular restrictions, we always know what we are doing. I want to make sure that if we are writing in any kind of restriction, it does not serve as a base from which everything else flows or that is a norm, when in fact, you are thinking about paying people something less than that to get the job done.

What is it really? Can you spell it out for us?

Mr. BURDETSY. Can I show you something?

Mr. MICHEL. I do not know what you want to do.

Fisrt, I want an answer to my question.

Mr. BURDETSKY. We have set out in what we call a PERT chart method—Program Evaluation and Review Technique—all of the steps involved in revising the CPI. We have had a planning committee and a number of people spend a lot of time laying out each and every step that must be undertaken in order to complete the Consumer Price Index revision.

Each of these steps appears on the PERT chart. There has been a determination made as to how long each step should take, and thus, the total job. We know what time and effort are necessary to get from one task to another in order to complete the total project within the time frame set out.

One of the things we do not know in our experimentation is what we will actually find out or where we will be at any given time. In past revision years when they had reached a critical point in this complex project, they often had to hire x number of temporary employees meeting the same basic qualification standards as any of our regular employees, get them on board quickly, and train them without any undue loss of time. This special authority has been in that area. We have had something like this for a number of years for certain intermittent positions based on an agreement with the Civil Service Commission relating to our current data collection staff in the price program.

These intermittents are people who work only during the period when we collect prices. They are mainly housewives who are trained by us and who are generally with us for a number of years.

We have written into this agreement grade levels and the numbers that we can hire at grade 5, 4, and so forth. Guidelines are spelled out as to their employment situations, what they are entitled to, and what they are not entitled to. There are also rules concerning hours at work, travel restricitons, earnings, and certain other limitations. They do not fall within the regular GS standard schedules, but they do have basically all of the same kind of controls that have been established over the years for classified employees.

This appropriation language related to temporary employees, is requested to enable the Bureau to get temporary personnel on board quickly and train them. Thereafter, their efforts are supervised and controlled by regular classified people.

Our effort will run over a number of years. We will, happliy, learn something in our experimental surveys; that is, ways to do the job better and more economically. We may start an experiment and need suddenly to change direction. As we may find a better way to do something, our immediate demand for temporary staff may be critical. You have to locate people, get them on board fast, train them and put them to work. Regular personnel procedures often limit the ability to move quickly to hire the number and kinds of people required by a project such as this. I think that is the whole purpose of the language.

Mr. MICHEL. Thank you for that response. I think you have an opportunity in the record, in response to a question from the chairman, to say anything you want on this particular subject, and the more we have upon which to make a good judgment, I guess the better.

That does not mean by verbiage and pages. The more brief and succinct you can be in telling your story, the more readily it will be read by the members of this committee.

DATA PROCESSING COSTS

How much of your budget is going for data processing?

Mr. BURDETSKY. We have some figures right here. I knew you were interested in the subject. In 1970 in our salaries and expense budget, it will be approximately $1,255,000.

Mr. MICHEL. Compared to a 1969 figure of?

Mr. BURDETSKY. About $1,198,000.

Mr. MICHEL. Will that remain pretty much constant for the next several years, in your judgment?

Mr. BURDETSKY. It will depend, sir. We serve as a service center for other components in the Department of Labor, and their payments increase our ADP expenditures significantly. And we also do work for other Government agencies.

There is a project underway in the Department——

Mr. MICHEL. Do you get reimbursed?

Mr. BURDETSKY. Yes, sir, we get reimbursed. They pay their proportionate share of the cost of the equipment, the operators, keypunchers, and system and programing staff we provide for them.

We have a regular costing and billing system for this.

There is underway in the Department an investigation of new equipment which will centralize all of the Deprtment's data processing facilities in a single departmental center. So in terms of the future, it is difficult to say where we will be 2 or 3 years from now.

STRIKES BY PUBLIC EMPLOYEES

Mr. MICHEL. Last year the Department proposed a program of analytical studies of employer organizations, collective-bargaining agreements and so forth. At that time I asked if information was being gathered on strikes in the public sector.

I wonder if we have come up with any meaningful data in the past year on that particular subject.

Mr. MOORE. I have some data that Mr. Gavett has supplied on work stoppages in Government. They do show perfectly amazing increases in the past 2 years in the number of workers involved and the number of man-days made idle through these strikes in State and local government.

Mr. MICHEL. Could we have that placed in the record at this point? It tells pretty clearly what I am after.

I think from the number of figures and columns I see on the data sheet, it is what I am after.

Mr. MOORE. I will be glad to supply it.

(The information follows:)

WORK STOPPAGES IN GOVERNMENT 1958–68 [1]

Year	Number of stoppages	Total workers involved	Man-days idle during year
1958	15	1,720	7,510
1959	25	2,050	10,500
1960	36	28,600	58,400
1961	28	6,610	15,300
1962	[2] 28	31,100	79,100
1963	29	4,840	15,400
1964	41	22,700	70,800
1965 [3]	42	11,900	146,000
1966	142	105,000	455,000
1967	181	132,000	1,250,000
1968	[5] 250	[4] 116,000	[4] 2,250,000

[1] Includes stoppages lasting a full day, or shift or longer, and involving 6 workers or more.
[2] Includes 5 stoppages of Federal employees, affecting 4,190 workers, resulting in 33,800 man-days of idleness.
[3] Idleness in 1965 resulting from a stoppage that began in 1964.
[4] Attributable to 5 major stoppages. Data on other stoppages not currently available.
[5] Preliminary.

Note: Data on stoppages and workers refer to stoppages beginning in the year; man-days idle refer to all stoppages in effect during the year. Because of rounding, sums of individual items may not equal totals.

STATISTICS ON JOB OPPORTUNITIES

Mr. MICHEL. Under your current job opportunities program, is this done in conjunction with the job bank program in the Bureau of Employment Security?

Mr. GOLDSTEIN. No, sir; the job bank program is a program to get actual job orders into a computer system so they can be effectively used in placement.

What we are doing here is getting general statistics on the numbers of job vacancies in the community. Not all job vacancies that occur result in job orders to the public employment office; as a matter of fact, only a small percentage of them do, something less than 30 percent.

What we want to get here is the total number of vacant jobs so we can, for one thing, understand what proportion of the job vacancies are coming to the public employment office, in what industries and what occupations, and those which are not coming to them. That will be a help to them in their operation as well as providing information to analyze conditions in the labor market.

Mr. MICHEL. How do you go about collecting the statistics for the job opportunities and to whom do you report them?

Mr. GOLDSTEIN. These are going to be collected in a cooperative program the way our employment statistics are collected. The State employment security agencies will be sending out every month questionnaires that we have developed to a sample of firms in these communities; they will use the data in making estimates of job vacancies in the community, and will also send the data in to Washington for analysis here.

Mr. MICHEL. I think you covered everything else, Mr. Chairman.

Mr. FLOOD. Mr. Natcher?

DETERMINATION OF ELIGIBILITY FOR ASSISTANCE UNDER ECONOMIC DEVELOPMENT ACT

Mr. NATCHER. As you know, Dr. Moore, under EDA, that is administered in the Department of Commerce, from time to time they

have to go back and check counties to see if they qualify. The program further, as you know, is based mainly on unemployment and from the standpoint of this qualification.

Assuming that a county previously under the program had been dropped out, then they call on your Department and your section to do a little checking to see if the county is again qualified to come back under the program, what procedure do you use?

Mr. MOORE. I do not know myself.

Mr. GOLDSTEIN. The Bureau of Labor Statistics does not get involved in those determinations. These are made by the State employment security agency under general instructions issued by the Bureau of Employment Security in the Labor Department. They make the estimates in the local office or State office of the Employment Security Agency as to the level of unemployment.

Mr. NATCHER. Are you sure about that?

Mr. GOLDSTEIN. Yes.

Mr. NATCHER. In other words, there is nothing that transpires in the Department of Labor before a determination can be made that the county can come back under the program?

Mr. GOLDSTEIN. I will give you a more complete statement on that.

Briefly, the State Employment Security Agency makes an estimate of the level or rate of unemployment in the community. They send that estimate into the Bureau of Employment Security in Washington, and at that point the estimate is checked, verified, and then the determination is made as to the classification of the area with respect to its general level of unemployment.

Mr. NATCHER. That verification. You used that word. That is what I am interested in.

As far as the figures that are submitted from the State agency, how do you verify them? What procedure do you use?

Mr. GOLDSTEIN. I am not sure I can answer that for the Bureau of Employment Security, which actually does it, sir, but I believe they review the estimates to see if they have been made in accordance with the procedures that have been laid out for these estimates by the Bureau of Employment Security.

Mr. NATCHER. This does not come through your Department at all?

Mr. GOLDSTEIN. No.

Mr. HENLE. It goes through the Labor Department, but not the BLS.

Mr. MICHEL. That parallels one of the earlier questions I had because I have been in the same kind of fix where they are in that slot and then out and I wonder what do you develop in way of statistics to put them back in again. I am happy to have it cleared up.

Mr. NATCHER. Thank you. Mr. Chairman.

USE OF CENSUS BUREAU'S POPULATION CENSUS

Mr. FLOOD. Mr. Shriver?

Mr. SHRIVER. Thank you, Mr. Chairman.

Mr. Moore, has your Bureau requested any questions to be asked by the Census Bureau in the next census?

Mr. MOORE. I really do not know.

Mr. GOLDSTEIN. The population census?

Mr. SHRIVER. Yes. They ask many questions, they have a long procedure and form.

I understand from explanations that are being given here that in your agency you have your own method of getting the data and information which you need, but do you also rely upon the Bureau of Census?

Mr. GOLDSTEIN. Yes, sir.

Mr. SHRIVER. And do you ask for the inclusion of any particular questions at the time of the census?

Mr. GOLDSTEIN. I should mention first that the Census Bureau collects for us a monthly labor force survey we use in estimating employment and unemployment, and we tell them what questions we would like asked in that survey. This is of course cleared by the Bureau of the Budget and all the Government agencies concerned have a say in it. Basically that is the arrangement on the monthly labor force survey.

On the decennial population census, this is the responsibility of the Census Bureau. Again, they do check throughout the Government and with many people in private life to get recommendations as to the content of the questions in the census. We have a chance to make recommendations on the content we would like.

Mr. SHRIVER. What have you asked for this time?

Mr. GOLDSTEIN. Nothing new. We have asked for a continuation basically of the questions that we are interested in on employment and the labor force that they have been collecting in the past.

Mr. SHRIVER. I mean the census coming up, the big one?

Mr. GOLDSTEIN. The 1970 one, yes.

(The requested information follows:)

BUREAU OF LABOR STATISTICS USE OF DATA FROM DECENNIAL CENSUSES OF POPULATION

The Department of Labor has not asked for the inclusion of any specific questions by the Census Bureau in past censuses or in the next one.

However, we have participated with the Census Bureau and other interested agencies in the development of questions which provide statistics used by the Bureau of Labor Statistics.

The economic, demographic, and social statistics collected by the Bureau of the Census in their Censuses of Population have been used extensively by the Bureau of Labor Statistics in various aspects of its research to develop information on employment and unemployment problems for the use of the Labor Department, the Congress, and the public. Among the many kinds of information collected in 1970 Census of Population, those in which the Bureau of Labor Statistics has a particular interest, include data on employment, unemployment, occupation, and industry of the employed, earnings, family income, school enrollment, and mobility status. In analyzing these data, we make use of cross-classifications of these figures by standard demographic characteristics such as age, sex, race, marital status, presence of children, relationship to head of household, geographic location, and many others. For much of this information, the decennial census is the only source that can provide detailed cross-classifications, including data for small geographic areas.

Mr. HENLE. I might indicate in a general sense that not just BLS but other people in the Labor Department involved in questions of work, occupation, and in industry, labor force participation, employment, and hours of work, have to rely on the census as the only survey available to provide data for small geographical areas, for small towns, for rural areas, and sections of cities. There just is no other informa-

tion-gathering survey of the Government that can possibly meet this need.

Mr. SHRIVER. The reason I am asking about this is at the present time I am receiving a great deal of mail about questions to be covered in the forthcoming census. I do not know why.

Mrs. REID. Are these letters about invasion of privacy?

Mr. SHRIVER. Yes.

TIMELY PUBLICATION OF DATA

You say you pay particular attention to the timeliness of reproduction and publication schedules.

I understand the President has ordered that such publication schedule be placed on a regular basis, but there has been some press speculation that this would prove to be impractical.

Would you care to comment on that?

Mr. MOORE. I think in our particular organization, the Bureau of Labor Statistics, we have already made some improvement, some reduction in the time it takes to get data released to the public, just in the past few weeks since I have been here.

The employment data are now released 2 days earlier than they were previously, reducing the interval from the time we have firm figures available to the time that they are released to the public to approximately 2 working days.

In the case of price data, the Consumer Price Index, we have also reduced that period of time, after we have the figures quite firmly in hand, the time it takes to prepare a press release and review the figures to attempt to understand their implications, and then release them to the public. We have already reduced that time and I think we can make further progress in that direction.

STUDIES OF EMPLOYMENT PROBLEMS

Mr. SHRIVER. Would you explain the difference between the study mentioned on page 3 of your statement, employment problems of people in the poverty areas of six cities, and the new study proposed at a cost of $200,000 in 1970? What is the difference? Are they the same?

Mr. MOORE. No, sir; they are not the same. Mr. Goldstein, I think, can answer that.

Mr. GOLDSTEIN. The one on the six cities, sir, concentrates on the slum area, the poverty areas of those cities, and asks a lot of additional questions on such subjects as why they have difficulty in getting employment, their migration history, are they people that come from a rural area and are now living in the city poverty area, and their motivation toward taking training courses, why some of them do not take the courses being offered, and that sort of thing.

The proposal that we have here for measurement of employment problems would cover the United States as a whole. It would use basically the data already collected in the monthly labor force survey and retabulate those data in such a way that we can get the total number of people that have each kind of employment problem and the characteristics of those people. It is very general coverage and

designed to give us the picture of the total number of people who need help of one sort or another with their employment problems.

Mr. SHRIVER. Would you for the record summarize the results of that study of the manpower situation in urban governments in connection with the model cities program?

Mr. GOLDSTEIN. This was a pilot study designed to identify some of the individual occupations that are employed in the city government agencies—planning and administrative occupations. What we did is to go into five or six cities and, just working with the local government agencies, got lists of the kinds of occupations, the kind of employment requirements that they had, and some information on whether they are having trouble hiring people of these kinds. That is the general substance of it.

STUDIES OF THE IMPACT OF MINIMUM WAGE REQUIREMENTS

Mr. SHRIVER. In connection with the impact of minimum wages, could you identify the selected low-wage industries used in your study.

Mr. GAVETT. Last year we had covered nursing homes and laundry and drycleaning establishments to get information for Wage-Hour and Public Contracts evaluation of impact. This year they have requested us to do a study of education institutions, the nonsupervisory nonprofessional workers in hospitals. The results of those studies will be presented to the Congress next January.

Mr. SHRIVER. Have you results from the first study?

Mr. GAVETT. The results from the first two studies on nursing homes and laundry and drycleaning were presented to the Congress in the Secretary of Labor's co-called 4(d) report, which was submitted on January 20.

Mr. SHRIVER. Who in the Congress received the report?

Mr. GAVETT. This part of it is actually handled by the Wage-Hour Administration. I am not certain which committee it is that would have jurisdiction, the House Education and Labor Committee I suppose, over the Fair Labor Standards Act. Copies of this would go to all of the members of that committee, of course. I am not certain whether copies are distributed to other Members of Congress.

We will also publish a somewhat expanded version of the study giving the data in those industries and our bulletin will be issued probably next month.

Mr. SHRIVER. That is all, Mr. Chairman, thank you.

Mr. FLOOD. Mrs. Reid?

DISTRIBUTION OF REPORTS AND STUDIES

Mrs. REID. I noted that last year the Bureau published an estimated budget for retired couples.

Mr. MOORE. Yes.

Mrs. REID. Is this widely available to retirees who need it, and how is this distributed?

Mr. MOORE. All of our publications are available to anyone who wishes them. This was the bulletin called "A Retired Couple's Budget" that was issued in the autumn of 1966. We can supply figures on the number of copies, I presume.

Mrs. REID. What interests me is how is this distributed? How do you make certain it is made available to the people who really need it?

Mr. HENLE. Of course we are vitally interested in making certain our publications have as wide distribution as possible.

In the case of these studies on budgets, we try, for example, to provide advance information to the press so that they will get adequate press coverage. In addition, copies are distributed through our network of regional offices so that people out in the field will hear of them and, of course, copies are available at the Government Printing Office. We try to see that recognition of a program such as this is taken in more popular journals and magazines and through newspaper articles.

DISCONTINUATION OF PROGRAM

Mrs. REID. You mentioned new program requests. What programs, if any, have been discontinued or phased out during the past year?

Mr. MOORE. Possibly Mr. Burdetsky can answer that question better since I was not here during the past year.

Mr. BURDETSKY. I cannot think of any program that has been phased out. We have because of personnel reduction reduced our efforts in some areas. We have offered some reductions for 1970 amounting to about $353,000 in actual program costs. No program in its entirety has been phased out.

Mrs. REID. Do you expect to have any discontinued next year?

Mr. BURDETSKY. We are examining that. When we reach the point in research programs where the effort is such that the quality of the product is questionable, it is better to drop it, we believe, than to continue with a product which we are not able to stand up and support professionally.

Mrs. REID. Thank you.

That is all, Mr. Chairman.

SHORTENING OF WORKWEEK

Mr. FLOOD. To get back to the question of underemployment and unemployment. I am concerned about whether we are seeing a danger signal in the shortening of the workweek. Generally in the manufacturing fields, if there is a cutback in orders the first thing you see is the shortening of the week and it follows, q.e.d., that unemployment is in the offing.

Is there anything now in the midst of this high employment and low unemployment, are you up against any problem in the shortening of the workweek, are there any flags up, any indicators we might be concerned about?

Mr. MOORE. I think as a rule the observation you made is correct, that frequently when there is a decline in orders for goods, the workweek is one of the first reflections of that decline.

In the present situation, though, as far as I can see there has been no decline in orders for goods generally. They may not have been increasing as fast as they have been, but there has been no general cutback in orders.

Mr. FLOOD. But the statistics you have given us show a shortening of the workweek?

Mr. MOORE. Yes.

Mr. FLOOD. Are we to be alarmed at these statistics?

Mr. MOORE. I think that that shortening has not gone far enough or long enough to really become alarming.

Mr. FLOOD. As of now?

Mr. MOORE. Yes. It may be a sign that we will recognize later on.

Mr. FLOOD. Watch that one.

Mr. MOORE. I will certainly watch it.

Mr. FLOOD. It is a very delicate instrument.

Thank you very much.

Mr. MOORE. Thank you.

JUSTIFICATION MATERIAL

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970
Appropriation or estimate	$21,763,000	$23,477,000
Amount reserved under P.L. 90-364	-700,000	--
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413 effective July 14, 1968)	700,000	--
Proposed supplemental appropriation for pay increases (P.L. 90-206, E.O. 11413 effective July 14, 1968)	180,000	--
Non-recurring rental costs transferred to General Services Administration	-10,245	--
Appropriation or estimate, revised	21,932,755	23,477,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1969 Pos.	Amount	Estimate, 1970 Pos.	Amount	1970 Change Pos.	Amount
1. Manpower and employment	330	$ 8,786,000	334	$ 9,276,000	+ 4	+$ 490,000
2. Prices and cost of living	289	3,548,600	279	3,670,200	-10	+ 121,600
3. Wages and industrial relations	309	3,593,300	298	3,665,700	-11	+ 72,400
4. Productivity, technology, and growth	82	1,369,500	80	1,414,000	- 2	+ 44,500
5. Foreign labor and trade	40	475,600	39	497,800	- 1	+ 22,200
6. Program staff services	156	1,821,800	154	1,905,800	- 2	+ 84,000
7. Administration and management services	115	2,337,955	112	2,447,500	- 3	+ 109,545
8. Revision of the consumer price index	-	-	49	600,000	+49	+ 600,000
Total obligations	1,321	21,932,755	1,345	23,477,000	+24	+ 1,544,245

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1969	Estimate, 1970	1970 Change
Total number of permanent positions	1,321	1,345	+ 24
Positions other than permanent	74	81	+ 7
Average number of all employees	1,264	1,347	+ 83
11 Personnel compensation	$12,905,000	$13,954,600	+$1,049,600
12 Personnel benefits	955,500	1,033,600	+ 78,100
21 Travel and transportation of persons	676,200	692,000	+ 15,800
22 Transportation of things	20,000	20,200	+ 200
23 Rent, communications, and utilities	631,355	694,300	+ 62,945
24 Printing and reproduction	341,100	345,800	+ 4,700
25 Other services	1,650,100	1,763,100	+ 113,000
Services of other agencies	4,512,100	4,698,100	+ 186,000
26 Supplies and materials	22,600	23,800	+ 1,200
31 Equipment	218,800	251,500	+ 32,700
Total obligations	$21,932,755	$23,477,000	+$1,544,245
Working Capital Fund items included above	(921,300)	(1,002,300)	(81,000)

SUMMARY OF CHANGES

	Pos.	Amount
1969 Enacted Appropriation	1,321	$21,763,000
Amount reserved under P.L. 90-364	-	-700,000
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413 effective July 14, 1968)	-	700,000
Proposed supplemental appropriation for pay increase cost (P.L. 90-206, E.O. 11413 effective July 14, 1968)	-	180,000
Non-recurring rental costs transferred to General Services Administration	-	-10,245
1969 Appropriation, revised	1,321	21,932,755
1970 Estimate	1,345	23,477,000
Total Change	+24	+ 1,544,245

Mandatory Items: (page BLS-8)

Increases:

Net additional pay increase costs not completely funded in 1969	-	+ 734,000
Net additional cost of within-grade promotions effective for part year in 1969	-	+ 117,000
Net cost of within-grade promotions becoming effective in 1970	-	+ 110,200
Net additional cost for Federal Telecommunications Systems services	-	+ 23,045
Payments to states for increased salary rates in connection with the Cooperative Employment Statistics and Labor Turnover Programs (non-labor $113,000)	-	+ 113,000
Sub-total, Mandatory Items	-	+ 1,097,245

	Pos.	Amount
Program Items:		
Increases:		
To provide for the development of new measures of persons experiencing employment problems ($81,300 personal services; $118,700 non-labor costs) (page BLS-17)	+ 8	+ 200,000
To provide for the initiation of the six-year program for the periodic revision of the Consumer Price Index, beginning with experimental pilot surveys of consumer expenditures ($484,100 personal services; $115,900 non-labor costs) (page BLS-35)	+ 49	+ 600,000
Sub-total, increases	+ 57	+ 800,000
Decreases:		
Reduction in staff and program on occupational employment statistics ($45,500 personal services; $1,800 non-labor costs) (page BLS-16)	- 4	- 47,300
Reduction resulting from computerization of the Consumer Price Index ($38,800 personal services) (page BLS-22)	- 7	- 38,800
Reduction resulting from other improvements of operations in data collection, processing and analysis in the Price area ($29,000 personal services) (page BLS-22)	- 3	- 29,000
Reduction resulting from improvements in data collection procedures, use of the computer to review schedules and the phasing out of liaison work as a result of decreasing participation in single wage board activities ($133,200 personal services) (page BLS-25)	- 11	- 133,200
Reduction in technological studies program ($25,000 personal services) (page BLS-28)	- 2	- 25,000
Reduction in Foreign Labor publication program ($11,200 personal services) (page BLS-30)	- 1	- 11,200
Reduction resulting from improved administrative and management methods in the Program Staff and Administrative areas. This includes Working Capital Fund adjustments in the above decreases ($46,200 personal services; $22,300 non-labor costs) (page BLS-32,34)	- 5	- 68,500
Sub-total, decreases	- 33	- 353,000
Sub-total, program items	+ 24	+ 447,000
Total Change	+ 24	+ 1,544,245

MANDATORY CHANGES BY ACTIVITY

	Net additional pay increase costs	Net additional cost of within-grade promotions effective for part-year in 1969	Net within-grade promotion costs initially effective in 1970	Payments to states for increased salary rates	Increased cost of Federal Telecommunications Service charge	Total
Activity 1	+$164,100	+$ 28,200	+$ 26,600	+$113,000	+$ 5,400	+$ 337,300
Activity 2	+ 142,300	+ 23,400	+ 20,100	-	+ 3,600	+ 189,400
Activity 3	+ 149,300	+ 26,600	+ 25,800	-	+ 3,900	+ 205,600
Activity 4	+ 48,500	+ 9,200	+ 9,800	-	+ 2,000	+ 69,500
Activity 5	+ 21,900	+ 5,900	+ 4,800	-	+ 800	+ 33,400
Activity 6	+ 83,100	+ 12,700	+ 12,800	-	-	+ 108,600
Activity 7	+ 124,800	+ 11,000	+ 10,300	-	+ 7,345	+ 153,445
Total	+ 734,000	+ 117,000	+ 110,200	+ 113,000	+ 23,045	+ 1,097,245

MANDATORY CHANGES FOR 1970

Mandatory Items:

Increases:

To provide for full year cost of pay increases effective July 14, 1968 and to provide full funding of part-year costs			$ 734,000
Within-grade promotion costs:			
1970 net additional cost of within-grade promotions effective for part-year in 1969		+$ 117,000	
Personnel compensation	$109,100		
Personnel benefits	7,900		
Net cost			$ 117,000
Net cost of within-grade promotions becoming effective during 1970		+$ 110,200	
Personnel compensation	$112,154		
Deduct lapse	- 9,254		
Personnel benefits	7,300		
Net cost			$ 110,200
Increased cost of Federal Telecommunication Systems services			$ 23,045
Payments to states for increased salary rates in connection with the cooperative employment statistics and labor turnover programs (Non-labor)			$ 113,000
Total			+ 1,097,245

PROGRAM CHANGES BY ACTIVITY

	11 Personnel compensation	12 Personnel benefits	21 Travel and transportation of persons	22 Transportation of things	23 Rent, communications, and utilities	24 Printing and reproduction	25 Other services	26 Supplies and materials	31 Equipment	Total
Activity 1	+$ 33,300	+$ 2,500	-$ 1,800	-	+$ 4,700	+$ 3,700	+$105,300	+$ 100	+$ 4,900	+$152,700
Positions	+ 4	-	-	-	-	-	-	-	-	+ 4
Activity 2	- 62,900	- 4,900	-	-	-	-	-	-	-	- 67,800
Positions	- 10	-	-	-	-	-	-	-	-	- 10
Activity 3	- 123,700	- 9,500	-	-	-	-	-	-	-	- 133,200
Positions	- 11	-	-	-	-	-	-	-	-	- 11
Activity 4	- 23,300	- 1,700	-	-	-	-	-	-	-	- 25,000
Positions	- 2	-	-	-	-	-	-	-	-	- 2
Activity 5	- 10,400	- 800	-	-	-	-	-	-	-	- 11,200
Positions	- 1	-	-	-	-	-	-	-	-	- 1
Activity 6	- 22,800	- 1,800	-	-	-	-	-	-	-	- 24,600
Positions	- 2	-	-	-	-	-	-	-	-	- 2
Activity 7	- 20,100	- 1,500	-	-	-	-	- 22,300	-	-	- 43,900
Positions	- 3	-	-	-	-	-	-	-	-	- 3
Activity 8	+ 460,700	+ 33,400	+ 17,600	+$ 200	+ 35,200	+ 1,000	+ 33,000	+ 1,100	+ 27,800	+ 600,000
Positions	+ 49	-	-	-	-	-	-	-	-	+ 49
Total	+ 220,800	+ 15,700	+ 15,800	+ 200	+ 39,900	+ 4,700	+ 116,000	+ 1,200	+ 32,700	+ 447,000
	+ 24	-	-	-	-	-	-	-	-	+ 24

Bureau of Labor Statistics
(Salaries and Expenses)

BASIS FOR ESTIMATES

This general statement is intended to indicate the nature of the major sources of cost estimates in Bureau programs, and to indicate, in general terms, the ways in which the Bureau has attempted to minimize costs. The fact must be emphasized that Bureau methods and procedures are under continual review with respect to (1) the data required to meet major governmental and private needs, and (2) the most efficient ways of meeting these needs.

The estimated cost of the Bureau's programs for fiscal 1970 is based upon long and cumulative experience in the operation of complex statistical programs involving survey planning, data collection, tabulation and summarizing of data, and the preparation of analytical reports.

Methods and procedures have been constantly refined in light of advances in statistical methodology and in the technology of data processing. Constant experimentation has taken place with respect to sample design, methods of data collection, schedule editing and data tabulation.

A major element in the cost of a statistical operation is the number of units (individuals, households, establishments) from which data must be collected. In developing sampling designs, the Bureau is guided by the most efficient use of sampling techniques to provide the desired level of accuracy. The size of a sample in relation to sampling error will differ for a given survey, depending upon the number and character of the magnitudes to be estimated. In general, the larger the number of breakdowns to be derived from a given survey, the larger the sample required to provide reliable estimates. For example, data on a regional basis (e.g., for wages in the textile industry in the South) will require a larger sample than would be needed for national estimates alone.

A second major element in the cost of Bureau programs involves the method of data collection. The most efficient method of collection depends largely upon the nature of the information that is sought. Some types of information (e.g., comparatively simple magnitudes such as total employment, man-hours paid for, and total payroll of an establishment for a designated week) can be successfully collected by mailed questionnaire. On the other hand, data on the prices of selected items of apparel (involving comparability of specifications from store to store) or on occupational wages (where comparability of occupational duties from establishment to establishment is important) can only be adequately secured through personal visit to the sample units. Data for the Monthly Report on the Labor Force, which involves answers to a variety of questions by representatives of households, can only be collected by personal interview. Wherever possible, the Bureau has substituted less for more expensive collection methods. For example, after experimentation, it was concluded that the Bureau's occupational wage surveys in metropolitan areas could be conducted in alternate years largely by mailed questionnaire, with some supplementation by personal visit. A program of pilot studies is under way to determine the most effective methods of obtaining accurate occupational employment statistics from establishments - by mailed questionnaire, by a combination of mailed questionnaire and personal visits, or the addition of special questions to the occupational wage surveys. The Bureau carries on a continuing review of its work with the aim of maximizing the efficiency of collection procedures with due regard to accuracy of response.

A third major source of cost relates to the frequency of surveys. Frequency depends in part upon the uses to be made of the survey data and partly upon the volatility of the survey items. For example, monthly data on both the labor force

and prices appear to represent the minimum frequency required for both government and private decision making. Both labor force and price data tend to be volatile, thus providing an additional reason for the derivation of highly current estimates. On the other hand, occupational wages tend to change less frequently, so that annual surveys are adequate for most purposes and in most periods. Similarly, estimates of productivity, for most purposes, are adequate on an annual basis even though the Bureau is now called upon, from time to time, to provide quarterly rather than annual estimates of productivity for selected industries for internal government use. It should be noted that, in view of the increasing role of Government in the operation of the economy, all of the pressures are toward greater currency of information.

A fourth major source of cost in the operation of statistical programs is the tabulation and summarization of the data collected. In this area, the Bureau has made great strides in the use of electronic data processing equipment, and is constantly seeking for the most advanced and efficient use of this rapidly changing technology. The Bureau has a highly effective data processing center and new applications of machine equipment are under constant consideration. A data bank based on a comprehensive system of storage, retrieval, and analysis of numeral information has been developed by the Bureau of Labor Statistics for nearly three years. Its major attribute is that it gives the Bureau's social scientists direct use of the computer as a common tool in the analysis of economic affairs while bypassing the need for writing a computer language program on a job-by-job basis.

The fifth major element in the cost of Bureau programs is survey planning and data analysis. The final output of the Bureau ranges from memoranda for internal government use to public releases and reports of various kinds. The Bureau has sought to devise the most efficient methods of accomplishing its survey planning and its explanatory and analytical work. The requirement for analytical staff is determined by (1) the survey planning that must accompany the initiation and maintenance of statistical programs and (2) the level of analysis, for policy and related purposes, of the Bureau's output of statistical and economic data in terms of the full exploitation of the data collection in the vital areas with which the Bureau is concerned.

Activity 1. MANPOWER AND EMPLOYMENT (1969, $8,786,000, Pos. 330; 1970, $9,276,000, Pos. 334)

Narrative Description of Program

The Manpower and Employment Statistics program measures the activity and health of the economy and of its industrial and geographical sectors, in terms of employment, hours, earnings, and labor turnover. It also provides information on the economic status of workers in terms of their employment, unemployment, and labor force participation in relation to their personal characteristics. Particular attention is directed towards the employment problems of specific areas, principally the urban slums. Projection of labor supply and manpower requirements for the economy and by industry and occupation provide a basis for anticipating manpower problems, planning training and educational programs, and vocational guidance. The Bureau's long-term and short-term labor force projections by age, sex, and race, and its studies of the relation of labor force activity rates to economic conditions are used in developing manpower policy.

Employment and Unemployment Analysis; Labor Force Studies

This program provides for the analysis of the Nation's manpower resources on a comprehensive and regular basis. Each month the Bureau analyzes significant developments in and publishes the official statistics on the United States labor force, employment and unemployment, as revealed by the Current Population Survey (CPS) of 50,000 households conducted for the Bureau of Labor Statistics by the Bureau of the Census. Supplementary household surveys, conducted in conjunction with the Current Population Survey, provide additional insights in 8-10 reports a year on specific subjects, such as the employment experience of out-of-school youth, the annual work experience of the population, and job tenure of American workers. Information on the employment problems of specific areas and particular groups of persons is developed from the urban employment surveys (covering slum areas of 6 major American cities) and from the Current Population Survey (covering a number of metropolitan areas and central cities).

In fiscal year 1968, data on area labor force were developed, analyzed and published. Included were data on (1) the 20 largest metropolitan areas; (2) 14 central cities; and (3) the poorest one-fifth of the neighborhoods in the Nation's 100 largest urban areas. Work also began on analyses of labor force data for the 10 largest States, all metropolitan areas as a whole, and 11 non-metropolitan areas as a whole.

Analysis of a number of special topics was carried forward in accordance with plans. For example, a study of multiple jobholders, and the results of the survey of men 20 to 64 years old who were not in the labor force in February 1967 were published. In addition, projections of the educational attainment of the labor force for 1975 and an article on "Women and the Labor Force" were published.

In fiscal year 1969, plans are to continue the area labor force analysis begun in fiscal year 1968 for 10 States, aggregate the data for metropolitan areas, and for nonmetropolitan areas, and maintain and update the developments in the 20 largest metropolitan areas, 14 central cities, and poverty neighborhoods. The first results of the urban employment surveys will be made available in fiscal year 1969, providing insights into the varied employment problems of specific areas around the Nation. There will also be additional experimental work in connection with the slum surveys, to improve concepts and methodology and find significant areas for further exploration. In addition, continuing data on persons not in the labor force will provide regular information on unutilized resources as well as on the Nation's labor reserve. It is also planned to publish the results of a study of job tenure of workers and projection of the labor force to 1985.

In fiscal year 1970, the program will include development of data in more detail on persons not in the labor force and on unemployment in States, metropolitan, and nonmetropolitan areas.

Industry Employment Statistics - Establishment Survey

The Bureau of Labor Statistics, in cooperation with State agencies, collects and publishes data each month on employment, hours, and earnings in all nonagricultural activities. Nearly 198,000 reports are collected from establishments each month, of which 158,000 relate to employment, man-hours, and payrolls, and 40,000 relate to labor turnover. Monthly estimates of employment are published for 417 industries, hours, and earnings data for 367 industries, and labor turnover statistics for 222 industries. In cooperation with State agencies, monthly data on employment, hours, and earnings are published for each State. Employment data are published for 205 local areas, and hours and earnings data are published for 176. Labor turnover data are published for 89 major local areas and 36 States.

Two major publications are issued annually, one providing all national series from 1909 forward, and the other providing State and area data from the beginning date of each series.

In fiscal year 1968, the hours and earnings series for all production or nonsupervisory workers in private nonagricultural industries were extended back to 1947 on an annual average basis as planned. The annual revisions of the national employment, hours, earnings, and labor turnover series were completed and published three months earlier than in previous years; fifteen additional employment series and 10 series on hours and earnings were published. Half of these were in the trade and service industries where demand for additional detail has been greatest.

In fiscal year 1969, it is planned to continue sample expansion efforts toward obtaining the necessary 200,000 reporting units in the employment, hours, and earnings program to support more industry series in the nonmanufacturing segment.

In fiscal year 1970, the program of data on employment, hours, and earnings will continue at current levels. The two major publications which provide all national series and State and area data will be published.

Occupational Employment Statistics

In this area, the data on employment in scientific and technical occupations are collected and analyzed. A broader program covering other important occupations is being developed. Employment data for scientific and technical personnel by occupation and function are collected by mail from approximately 25,000 industrial establishments and 2,800 State government agencies. An industry-occupational matrix program is maintained. It covers about 120 industries and 170 occupations and provides a comprehensive tool for the evaluation of past and current occupational trends as well as a basis for projections.

In fiscal year 1968, the Bureau published Occupational Employment Statistics, 1960-1966, which contains currently available occupational data developed from a wide variety of sources. A comprehensive report on Occupational Employment Patterns, 1960 and 1975 (including industry-occupational matrices for these years) was prepared. Results were published from the 1967 survey of occupational employment in the manufacture of radio-television communication equipment. A report on the 1966 survey of scientific and technical personnel, with comparative data from the 1961-1964 surveys, was prepared.

In fiscal year 1969, it is planned to complete industry-occupational matrices for 1965 and 1967 to the extent possible within available resources. A survey of metal-working occupations will be undertaken. The occupational employment statistics source-book will be updated to include 1967 annual averages. Analysis and

publication of the results of the 1967 and 1968 surveys of scientific and technical personnel in industry and the 1967 survey of State government agencies will be accomplished. The first of a series of studies of the employment effects on occupations of stipulated changes in the volume of final demand for the products of selected industries will be completed. A bulletin on Federal civilian occupations, 1938-1966 will be published.

In fiscal year 1970, the survey of metal-working occupations will be completed. Three surveys of selected occupations in the printing and publishing, chemical, and petroleum refining industries will be initiated. Work will be continued on the survey of scientific and technical personnel in industry.

Manpower and Occupational Outlook

This program provides for the preparation of information on future occupational and industrial manpower requirements and resources, covering the entire spectrum of manual, white-collar, and service jobs, and all major industries. The information is prepared for the use of counselors, educators, and others who help young people choose a field of work, and for training authorities and policy makers who develop programs of education and training. The information is based on intensive research, including interviews with employers, unions, and professional societies, and data from other programs of the Bureau and other government agencies. The Occupational Outlook Handbook, the major publication of the program, is issued every other year. It provides comprehensive information on about 700 occupations and 30 industries. Additional information is published in the Occupational Outlook Quarterly, and in special reports and bulletins.

In fiscal year 1968, four major special studies were completed. A study of seasonal employment and unemployment in the construction industry was prepared as part of a report on the industry, which the President requested from the Secretaries of Labor and Commerce. An analysis was made of supply and demand for college graduates through the mid-1970's. A report was prepared on the supply and demand for teachers and other professional workers in elementary and secondary schools and in higher education, in response to a request from the Office of Education. Other accomplishments included a report on the likely growth of occupations in Appalachia and 27 subregions prepared for the Education Advisory Committee of the Appalachian Regional Commission.

In fiscal year 1969, the biennial revision and updating of the Occupational Outlook Handbook will be undertaken.

In fiscal year 1970, the program will continue to prepare information on future occupational and industrial manpower requirements and resources, without substantial change in scope.

Injury Statistics

This program provides for publication of work-injury frequency and severity rates by industry. Annual reports, based on data from approximately 120,000 establishments, provide information on work-injury frequency and severity measures for 670 manufacturing and nonmanufacturing industry classifications. Technical service, including staff training and review of procedures, is provided to insure uniformity in survey operations of the 17 States with which cooperative arrangements exist for the compilation of work-injury statistics. Special in-depth surveys of industries with high frequencies of injuries provide more detailed reports of injury frequency and severity than the annual survey and also studies of the characteristics of the injury, the accident, and the injured person.

In fiscal year 1968, reports of the annual surveys covering 1964 and 1965 and the two special studies on rates and causes of work injuries in hospitals were published. Three State agencies (Arkansas, Texas, and Vermont) participated in the program for the first time.

In fiscal year 1969, it is planned to publish both the 1966 and 1967 annual reports. The rate and cause studies of fire departments and foundries will be completed. Plans for expanding the national sample for the annual survey and for including new State agencies in the program will be made. One State agency (Georgia) participated in the program for the first time.

In fiscal year 1970, it is planned to publish the 1968 annual report on work-injury frequency and severity rates by industry. The Bureau will develop better industry weighting procedures to improve the estimates.

Current Job Opportunities

This program, until January 1969, had been concerned with the research and planning needed to initiate development of an effective current job opportunities statistical program. As directed by the 1968 amendment to the Manpower Development Training Act, the Bureau of Labor Statistics, in cooperation with the Bureau of Employment Security, began in January 1969 regular monthly collection of information on job openings in 50 metropolitan areas.

In fiscal year 1968, the first continuous monthly series of area current job opportunities data were developed for two areas (Phoenix and Oklahoma City). Such data have long been needed to provide a measure and a description of changes in the level and character of job openings for planning and implementing manpower programs. Previous surveys, limited to one or two collections, have provided only a small number of widely spaced observations. Moreover, this first continuous program has afforded the opportunity to observe and evaluate both the willingness of respondents to provide the data over an extended period of time and the presence of operational problems peculiar to the program. The 1968 surveys were closely integrated with the Labor Turnover Statistics Program because of the potential analytical and operational advantages their merger presents, and all were conducted on schedule.

In fiscal year 1969, data will be collected from a sample of employers through a cooperative Federal-State program involving State employment security agencies and the Department's Bureau of Employment Security and the Bureau of Labor Statistics. Under the expanded programs, estimates of total job openings, by industry, will be prepared monthly for all nonagricultural industries in 26 metropolitan areas. These data will be supplemented by quarterly estimates of job openings by occupation in 17 of these areas. In 24 additional areas, estimates of monthly job openings will be developed for manufacturing and mining only. The merging of the collection of job opportunities information with the existing cooperative Federal-State labor turnover statistics will provide economies of operation and analytical advantages.

In fiscal year 1970, further expansion of the job opportunity program is planned and an evaluation of the data collected will be made.

Changes for 1970

Mandatory changes amount to	+$337,300
Program changes amount to	+$152,700
Positions	+ 4
Proposal: Reduction in staff and program on occupational employment statistics	-$ 47,300

New Measures of Persons Experiencing Employment Problems

Proposal: To develop new measures of persons experiencing employment problems.

The Need: The Department of Labor and other government agencies are responsible for a large number of operating programs directed at alleviating the employment problems of individuals who do not participate in the full economic prosperity of the Nation. In order to plan, administer, and evaluate these programs, it is necessary to define and measure, and to describe the characteristics of these target populations and to develop continuing measures of changes in their situation. Currently, only partial information is available; the traditional measurement of the unemployed provides data on only a part of the underemployed, with no data at all on those fully employed but working at low wages or below their highest skill. While some of the operating programs yield useful administrative statistics, these are inadequate for describing and analyzing the total target population.

What is needed is (1) a review of the various definitions and concepts currently utilized to describe persons with employment problems, such as "subemployment," the "disadvantaged," and "handicapped," as a basis for developing usable concepts subject to measurement, and (2) a comprehensive and continuing program of data collection and analysis, building on the present labor force survey, using samples which are large enough to measure small groups of the population with reasonable accuracy, and flexible enough to yield data for current program needs and to adapt to changing conditions.

The Program: After exploratory work to reach agreement on the concepts best describing the persons to be identified and measured, the Bureau will proceed to develop a new measurement system. The basis for the new measurement system will be the current labor force survey, with such expansion and modification as will prove necessary to measure the agreed upon concepts. On the basis of preliminary investigation, it is believed that the following steps will prove necessary in developing the new measurement system:

1) Utilizing a so-called "building block" approach, annual data will be obtained for many different individual groups with specified characteristics so that data on these individual groups can be accumulated in different ways to test concepts and provide estimates of different target groups for government programs. For example, the supplementary February and March data currently obtained in the Current Population Survey will provide the nucleus of a data system under which individuals can be cross-classified by many different characteristics, such as age, sex, color, size of family, annual income, and education. Detailed income and earnings information will be provided in conjunction with information on annual employment experience so that the relationship between inadequate employment and low earnings can be quantified.

2) A new item, weekly earnings, will be collected in the Current Population Survey, so that additional measures of target groups such as the "disadvantaged" and "subemployed" can be developed. Additional questions will also be included in the annual Work Experience supplement to the survey. At present, information is obtained only on whether employment is "usually" full time or "usually" part time during the year. It is planned to expand the questions to get information annually on how many weeks of part time work were involved and the reasons for part time work during the year. This will provide a needed additional measure of underemployment caused by involuntary part time work.

3) Additional data on these and other target groups, beyond that presently available, would be tabulated for geographical breakdowns such as all large metropolitan areas, poverty areas of the 50 largest urban areas, nonmetropolitan and farm residents (to provide data on rural poverty), and others.

Base:

Positions: None Estimated Cost: None

Additional Cost:

Positions: 8 Man-years: 7.1 Estimated Cost: $200,000

Basis for the Estimate

A substantial proportion of the workload anticipated to develop new measures of persons experiencing employment problems will be carried out by the Bureau of the Census. Cost estimates to finance the Bureau of the Census involvement were prepared on the basis of cost experienced in similar survey programs by the Bureau of the Census and incorporated into the final estimate ($100,000). The remainder of the funds requested will provide staff to conduct research on conceptual problems involved in formulating new measures, and to analyze the resulting statistics so that they may be presented clearly and accurately to government policy makers for their use in formulating new programs to help those who are experiencing employment problems. The latter estimates were based on experience of the Bureau in conducting similar research and analytical efforts with data on employment and unemployment in the past.

Activity 2. PRICES AND COST OF LIVING (1969, $3,548,600, Pos. 289; 1970, $3,670,200, Pos. 279)

Narrative Description of Program

This program provides for collection and analysis of data on consumer prices and preparation of consumer price indexes for the United States and the major metropolitan areas; for pricing of industrial and agricultural products and for development and publication of wholesale price indexes on a commodity and industry basis; for development of standard family budgets; and for price and index number research.

Consumer Prices

The Consumer Price Index (CPI) for urban wage earners and clerical workers has been available as a continuous series for more than 50 years. The Consumer Price Index is used extensively to measure changes in purchasing power of the consumer dollar. It is the basis for most estimates of changes in real earnings of labor, and for comparison with productivity measures. One of the principal uses of the Consumer Price Index is in wage adjustments and collective bargaining negotiations. It is estimated that about three and a half million workers are covered by contracts which provide for automatic wage increases based on changes in the index.

Compiled and published monthly, the index is currently based on prices and quotations for about 400 items in 56 urban areas obtained mostly by personal visits to approximately 18,000 retail establishments, and rents of 40,000 tenants. The national index report includes about 375 different group index series for the United States and for 23 large metropolitan areas. In addition, average retail prices for nearly 100 food items are published for the United States and for the same 23 metropolitan areas.

In fiscal year 1968, publication of average food prices by cities was expanded to cover 11 additional cities, for a total of 23.

As planned, experimental work was undertaken toward improvement of pricing techniques for hospital room rates and home purchase costs--two important segments for which present techniques are not entirely satisfactory. Also, a systematic program for revision of specifications to provide for more careful delineation of quality features was inaugurated.

In fiscal year 1969, adaptation of the Consumer Price Index to the computer will be completed. The estimated savings of $38,800 by 1970 will be used as a partial offset to the absorption of mandatory items. It will then be possible to provide analytical data not previously available and, beginning in January 1969, to inaugurate publication of monthly indexes for individual items, formerly available only quarterly. Also, work inaugurated in fiscal year 1968 on specification review and revision will be continued.

A series of technical work papers dealing with basic concepts and principles of the index is being prepared.

In fiscal year 1970, further work will be done on specification review and revision.

Industrial Prices

The current program of industrial (non-retail) pricing is centered largely in the Wholesale Price Index, which includes monthly prices for almost 2,400 commodities, based on about 7,400 quotations. Summary indexes are calculated for 15 principal groups of products with separate details for 86 subgroups and 286 product classes, as well as for most of the individual commodities. The commodities are grouped according to a commodity classification which takes account of market structures and products having related uses.

Using essentially these same data, price indexes are compiled and published monthly for 99 manufacturing, mining, and agricultural industries grouped according to the Standard Industrial Classification.

The Wholesale Price Index is used by government and private research agencies for many purposes, including market analysis, escalation of long-term purchase and sales contracts, formulation of monetary policies, and as an indicator of economic trends. The index also is used by buyers and sellers of commodities--purchasing agents and sales managers.

In fiscal year 1968, 63 commodities were added to the Wholesale Price Index and 20 were dropped--a net addition of 43 commodities. Addition of 32 industry price indexes versus the 28 planned, represented a slightly greater gain in the data required for the Economic Growth Project and other uses of these indexes. A significant proportion of commodities added to the Wholesale Price Index was in the field of electronics for which reliable measures of price movement are essential.

In fiscal year 1969, it is planned to accomplish modest additions and improvements in industrial price data and price indexes. A few commodity series will be added to the data base for the Wholesale Price Index, and a few indexes will be compiled for additional industries. Some progress also will be made on storage of Wholesale Price Index data in the Bureau of Labor Statistics retrieval system, so that data for the Wholesale Price Index and for Industry and Sector Price Indexes in that system can be used to produce tabulations required for service to the public and for analytical uses.

In fiscal year 1970, further work will be done to include the Wholesale Price Index data in the data retrieval system. It is anticipated that a few commodity series will be added to the data base for the Wholesale Price Index, and a few indexes will be compiled for additional industries.

Price Research

This program provides for basic and applied economic and statistical research to improve existing price indexes; develop new indexes where needed; and increase knowledge of price behavior for forecasting and policy purposes.

In fiscal year 1968, major accomplishments included the completion of a four-part paper evaluating the regression approach to measuring quality change, a preliminary paper on industry price behavior, the development of a model that has potential for use in measuring changes in the true cost of living, and the formulation of the major part of the conceptual framework needed for the international price competitiveness program.

In addition, many of the components for an eleven sector (e.g., food, automobiles, transportation services, etc.) model of personal consumption expenditures were developed. Progress was made on market demand studies and linkage studies. Bureau of Labor Statistics Bulletin 1543, Price Perspectives, 1965-67, was published.

In fiscal year 1969, further research will be done on quality change adjustment for the Consumer Price Index. Theoretical models of a constant-utility cost-of-living index are to be subjected to rigorous tests with existing data. Studies dealing with price behavior in manufacturing industries and construction will be carried on. Such studies are of two types, one dealing with specific industries, the other with cross-sections of manufacturing industries, focusing on their behavior in the 1959-64 period of price stability and the subsequent period of inflation.

In fiscal year 1970, studies dealing with price behavior in major industry divisions will be expanded on the basis of the prototype models which have been completed. The problems connected with the timing of the introduction of new products into the Indexes will be studied in depth.

Standard Budgets

The program involves the development and maintenance of standard budgets for a 4-person city worker's family and a retired couple at three levels: (a) moderate; (b) a standard lower than the moderate; and (c) a standard higher than the moderate. Scales of equivalent income are developed for families of different size and composition.

Limited consultation and technical assistance are provided to public and private agencies at the Federal, State, and local levels in the use of standard budgets for planning and administering assistance programs of various kinds and in developing assistance standards.

In fiscal year 1968, the revised moderate standard budgets for a 4-person city worker's family (City Worker's Family Budget) and a retired couple (Retired Couple's Budget) were published with autumn 1966 detailed cost estimates and comparative living cost indexes for 39 metropolitan areas, 4 regional classes of nonmetropolitan areas, metropolitan U.S., nonmetropolitan U.S., and total urban U.S. For the first time, the budgets included homeowner costs, and separate cost estimates and indexes were prepared for homeowners and renters. A bulletin was prepared providing revised equivalence scales for estimating budget costs for families of different size, age, and composition.

Work was also completed on a bulletin describing the pricing procedures and specifications, and providing the average prices used in the autumn 1966 moderate standard City Worker's Family Budget. This represents the first publication of average prices used in the Bureau's standard budgets, and will meet a substantial part of the demand for such average price data by analysts and administrators of assistance and welfare programs.

Work was begun on the development of budgets, representing standards which are lower and higher than the moderate standard described in the revised City Worker's Family Budget and Retired Couple's Budget.

In fiscal year 1969, in order to establish the budget studies on a biennial "spring cycle", it is planned to complete and publish estimates of the spring 1967 costs and comparative indexes for three living standards for a 4-person city worker's family and for a retired couple. These estimates will have the same area coverage as the autumn 1966 estimates (39 metropolitan areas, 4 regional classes of nonmetropolitan areas, metropolitan U.S., nonmetropolitan U.S., and total urban U.S.).

Price data required for updating costs of the City Worker's Family Budget and Retired Couple's Budget for three living standards will be collected in spring 1969.

In fiscal year 1970, estimates of the spring 1969 costs and comparative indexes for the City Worker's Family Budgets and Retired Couple's Budgets for three living standards will be published. Analytical studies of various levels of living will be undertaken.

Consumer Expenditure Surveys

The program is concerned with preparations for the next comprehensive survey of consumer expenditures. These surveys are used, not only to provide new weights and other data for the periodic revision of the Consumer Price Index, but also to supply information necessary to the construction of standard budgets. The price research program also utilizes the survey results.

In fiscal year 1968, a nucleus staff was recruited to prepare for the pilot survey work scheduled for fiscal years 1970-71, prior to the comprehensive Consumer Expenditure Survey of fiscal years 1972-73. A basic paper was prepared which summarizes issues relating to purposes, design, content, and procedures which must be considered in methodological studies for these surveys. Research was begun in such areas as comparisons of expenditure data categories with the national accounts system, and methods of recording non-money income.

In fiscal year 1969, it is planned to continue the methodological studies initiated in fiscal year 1968, and to add further studies in such areas as measuring the costs of credit in family expenditures, the growth of personal insurance and vacation and recreation expenditures. Specific procedures for the two pilot Consumer Expenditure Surveys in fiscal years 1970-71 will be tested. Toward this end, developmental work was started on a linear programming system-Program Evaluation and Review Technique (PERT)-for projection of various methods to accomplish the total Consumer Price Index revision task. The final outcome of the Program Evaluation and Review Technique analysis will be used as an aid to decision making among alternative data collection and survey design methods.

In fiscal year 1970, the results of methodological research in about 10 subject areas will be used in the first pilot consumer expenditure survey, with further research and analysis continuing in these areas. Evaluation procedures will be designed to determine optimum methods of conducting the comprehensive surveys in fiscal years 1972-73.

Changes for 1970

Mandatory changes amount to	+$189,400
Program changes amount to	-$ 67,800
Positions	- 10
Proposal: Computerization of CPI (-7 positions)	-$ 38,800
Saving resulting from improvements in evaluation techniques in Wholesale Price Index and Consumer Price Index (e.g., increased integration of wholesale and retail analyses for similar commodities (-3 positions)	-$ 29,000

Activity 3. WAGES AND INDUSTRIAL RELATIONS (1969, $3,593,300, Pos. 309; 1970, $3,665,700, Pos. 298)

Narrative Description of Program

This program provides for the collection and analysis of basic data on wages, salaries, and supplementary benefits; changes in wages and related benefits, including the preparation of indexes and wage chronologies; employer expenditures for employees' compensation, including fringe benefits, and the composition of payroll hours.

Detailed analytical studies are made of the provisions of collective bargaining agreements and employee benefit plans, and a representative file of such agreements is maintained for public use. Reports are prepared on the structure, membership, and activities of American trade unions. Data on work stoppages are compiled.

Occupational Wage Studies

Several types of studies of occupational wages and salaries are made for use in wage and salary administration and evaluation:

Area studies - Annual surveys of wages and salaries are made on a cross-industry basis in about 180 areas. Data are collected from 17,000 establishments - by personal visit to 14,000, by mail questionnaire to 3,000. These surveys provide straight-time earnings, work schedules and supplementary benefits information for about 70 work levels of office clerical, maintenance and power plant, and custodial and material movement occupations. These data are used in private wage and salary administration, in labor-management negotiations, and by the Federal Government in setting and adjusting pay rates for its blue-collar workers. The data are also used in the administration of the McNamara-O'Hara Service Contracts Act of 1965.

Industry studies - These studies provide information on wage rates, work schedules, and supplementary benefits for occupations peculiar to 50 individual manufacturing and 20 nonmanufacturing industries. About 15 industries are covered each year, resulting in a 3-5 year study cycle.

Professional, administrative, technical, and clerical salary survey - This annual survey provides nationwide information on salary levels and distributions for about 80 occupational work levels in 21 job categories. Data are collected from about 2,600 establishments by personal visit. The results of this survey are used by the Federal Government in its administration of the Federal pay comparability principle prescribed by the Federal Pay Reform Act of 1962; they are also widely used by private industry and by State and local governments.

Union wage scales - Annual surveys of 3,750 local unions yield data on wage scales and hours of work for selected crafts in four highly unionized industries (building construction, printing, local transit, local trucking) in 68 cities of 100,000 population or more. Quarterly data are collected from 700 local unions for seven building trades in 100 cities.

In fiscal year 1968, the Bureau continued to concentrate on the improvement of existing programs. For the Professional, Administrative, Technical, and Clerical Pay Survey, new job standards and descriptions were written for additional selected jobs and additional adjustments were made in survey specifications in cooperation with representatives of the Civil Service Commission. Plans were completed for a study of occupational earnings in State and local governments.

In fiscal year 1969, the program of 178 area studies and 16 industry studies, and the national survey of Professional, Administrative, Technical, and Clerical pay will be conducted at approximately the same levels.

In fiscal year 1970, no substantial changes are anticipated.

Compensation Studies

Employer compensation expenditures and payroll hours - These studies provide measures of the level of employer expenditures for employee compensation and for each element of compensation (pay for work, leave, overtime, health and welfare, etc.), the trend in those levels, and comparisons between groups of employees, industries, areas, and differing characteristics of the employment situation. The data, collected in part by personal interview, relate to the private nonagricultural economy and separately to about 21 manufacturing and 25 nonmanufacturing industries.

Employee welfare and benefit plans - Reports are prepared periodically on the principal features of 150 major selected health and insurance plans and 150 pension plans. Analyses are made of developments regarding pension plan coverage for older workers and adapting group health insurance to Medicare.

In fiscal year 1968, work continued on developing a system of reporting total compensation, including fringe benefits. Such data were published for six manufacturing and five nonmanufacturing industries, and the biennial cross-industry survey of calendar year 1966 was completed as anticipated. This survey covers, for the first time, all classes of employees in the non-farm private economy. Studies were initiated in eight additional industries. Other program activities continued at existing levels.

In fiscal year 1969, the first full cycle of surveys under the new concept of employer expenditures for employee compensation which was begun in fiscal year 1968 will be completed. This plan calls for biennial cross-industry studies and studies of selected industries in the intervening years.

Reports will be completed covering reciprocity agreements among pension plans, 100 health insurance plans for active or retired workers over 65, recently negotiated health plans, pension plans, supplementary unemployment benefit financing, new health insurance plan benefits, and early retirement and vesting pension plans.

In fiscal year 1970, the second study of the structures of compensation and payroll hours covering the total private nonfarm economy will be published. This will, for the first time, allow a measure of trend and change in those structures for economic analysis. A digest of pension plans for salaried workers will be prepared.

Wage Trend Studies

A monthly report on current wage developments lists and analyzes details of collective bargaining agreements affecting 1,000 or more workers. Quarterly and annual statistical summaries of wage and benefit changes in major collective bargaining situations and in both union and nonunion manufacturing establishments are prepared. In addition, national indexes of wage and salary changes are maintained for several important occupational groups such as teachers and policemen. Chronologies covering about 35 key collective bargaining situations detail the history of change in the amount and characteristics of wages, benefits, and selected plant practices. This record is brought up to date at the beginning of each new contract term. Estimates of annual earnings of workers are developed, based on data obtained from the Social Security Administration.

In fiscal year 1968, the Bureau completed, as planned, pilot surveys to test collection techniques for wage change data in the construction, trade and finance, and service industries. Significant progress was made in developing estimates of annual earnings.

In fiscal year 1969, ten wage chronologies are planned. Publication of estimates of annual earnings of workers in several industries is anticipated.

In fiscal year 1970, ten wage chronologies are planned. An analysis of annual earnings of workers in a variety of industries will be published. Reports on trends of pay of firemen and policemen, and Federal workers will be issued. The monthly report on Current Wage Developments and the quarterly statistical summaries will continue to be issued.

Industrial Relations Studies

A file of approximately 5,000 collective bargaining agreements is maintained for public use; virtually all agreements covering 1,000 workers or more, excluding railroad and airlines, are included in the file. Annually, three to five reports are made, analyzing selected provisions, their prevalence, and trends in approximately 1,700 major agreements covering about 7.5 million workers. A directory of National and International Labor Unions in the United States which includes union membership data by industry, sex, state, etc. is compiled biennially.

Monthly estimates and detailed annual analyses are provided for all work stoppages in the United States, which affect 6 or more workers and last more than one shift. Included are the number of stoppages, workers involved, man-days involved, duration, and settlements. Industry studies and special analytical articles are also prepared.

In fiscal year 1968, recurring program activities continued at previous levels. Collection of basic materials (Federal laws, executive orders, administrative rulings dealing with union activities and collective bargaining for public employees, and collective bargaining agreements) continued throughout the year. Four reports were prepared.

In fiscal year 1969, work on the biennial union directory will get under way. A pilot survey of the characteristics of State employee organizations will be completed. Seven studies will be completed, each on a particular type of provision in collective bargaining contracts; namely, subcontracting, vacations and holidays, seniority in promotion and transfer, wage determination, plant movement, interplant transfer, and relocation allowances. Each study will include data on the prevalence of the provision and give sample clauses. Where earlier studies exist, trends over time will be highlighted.

In fiscal year 1970, the program of studies of collective bargaining agreements and work stoppages will continue. The work on the biennial union directory will be completed.

Changes for 1970

Mandatory changes amount to.....+$205,600

Program changes amount to.....-$133,200
Positions.....- 11

Proposal: Reduction based on savings resulting from improvement in data collection procedures (e.g., better scheduling, simplified questionnaires, etc.); use of the computer to review schedules rather than having review made by field staff; and the phasing out of liaison work as a result of decreasing participation in single wage board activities by the Bureau.....-$133,200

Activity 4. PRODUCTIVITY, TECHNOLOGY, AND GROWTH (1969, $1,369,500, Pos. 82; 1970, $1,414,000, Pos. 80)

Narrative Description of Program

This program provides for the preparation of productivity indexes and analysis of productivity trends for the private economy as a whole, separately for the agricultural, manufacturing, and nonmanufacturing sectors, and for individual industries. Studies are made of automation and other technological changes within industries, as well as across industry lines. The displacement of workers resulting from the effects of technological change is analyzed. Up-to-date information is developed on labor requirements for selected types of construction.

The current program also provides for the preparation of projections of employment, output, and productivity of the U.S. economy to 1975 and 1980 based on alternative assumptions as to the rates and patterns of economic growth and technology.

Productivity Measures

Measures of output per man-hour and unit labor cost are prepared for the total economy and for agriculture and nonagriculture, and also separately for manufacturing and nonmanufacturing. Data are analyzed for trends and for the effects of employment shifts among various sectors.

Productivity measures are also prepared for 33 different manufacturing and nonmanufacturing industries. For each of these series, indexes of output per man-hour and related data on output, employment, and man-hours are prepared and published on an annual basis.

In addition to the development of productivity indexes, the relation of these measures to other economic variables is analyzed. Studies cover such subjects as the relationship between productivity, wages, prices, and labor and nonlabor costs of production. Special studies are also being conducted to relate industry productivity and employment, project industry productivity levels based on the experience of high productivity establishments, and analyze changes in investment, technology, energy, and other factors affecting industry levels of productivity.

In fiscal year 1968, new quarterly indexes of output per man-hour, hourly compensation, and unit labor costs for the private economy, nonfarm, and manufacturing sectors were published. Accompanying each quarterly report is an interpretive analysis which is useful in assessing current economic trends. Work continued on the development of an index of productivity based on man-hours worked. Productivity indexes were constructed for three additional industries and the complex measure of output per man-hour for the motor vehicle industry was completed.

In fiscal year 1969, productivity measures for four additional industries (gray iron foundries, fiber boxes, household appliances, and bakery products) are being undertaken. Also, a report on plant productivity differentials in 17 manufacturing industries will be completed.

In fiscal year 1970, expansion of productivity measures for individual industries will be continued. Four additional industries (steel foundries, metal cans, non-metallic minerals, and pipe lines) will be covered. All existing index series will be brought up to date.

Construction Labor Requirements

Studies of the labor requirements for various types of construction are conducted annually for one or two major types of construction (schools, hospitals, public housing, etc.). These studies provide information on on-site man-hours worked, by occupations, materials, and equipment used, and the off-site man-hours generated by consumption of materials.

In fiscal year 1968, a study of construction labor requirements for schools was published as planned.

In fiscal year 1969, a study of labor requirements in hospital construction will be completed and a study of labor requirements for public housing will be started.

In fiscal year 1970, the program of labor requirements in public housing will be completed and study of multi-family dwellings will be initiated.

Technological Studies

Four major types of technology studies are currently prepared for use by industry, labor, and government officials: (1) a periodic survey of over 40 major industries providing summary information on technological prospects over the next 5-10 years and their economic and manpower implications; (2) industry outlook studies which provide detailed information about technological developments in a specific major industry undergoing significant changes; (3) technological innovation studies which provide detailed information about the status, outlook, and impact of a major type of development such as computerization, instrumentation, or conveyorization that will affect broad sectors of the economy; (4) case studies of adjustments to technological change which focus on problems of minimizing employee displacement and explore the results of job redesign and on-the-job training.

In fiscal year 1968, case studies of manpower adjustments to technological change in the telephone industry were published, as well as a report on technological change in the textile industry.

In fiscal year 1969, a study on the outlook and implications of computer control of industrial process industries, a report on technological trends in the railroad industry, and a study of the manpower impact of mechanization in harvesting fruits and vegetables will be published. Work has been undertaken on a study of the technological changes in the printing industry.

In fiscal year 1970, the program will be reduced somewhat; no case studies of adjustment to technological change will be undertaken in 1970.

Economic Growth

The major objective of the Interagency Economic Growth Project (which involves the Departments of Labor and Commerce and the Bureau of the Budget under the guidance of the Council of Economic Advisers) is to provide a more comprehensive and integrated framework than has previously been available for analyzing some of the implications of long-run economic growth for employment opportunities, as well as for other important economic problem areas. Projections and data from the Economic Growth Project are widely used by government agencies in planning manpower programs and by businessmen in developing economic and market forecasts for long-term company planning.

In fiscal year 1968, the economic growth framework of analysis was used to estimate the employment implications of Department of Defense expenditures attributed to the Vietnam buildup. Another analysis was prepared on the relationship of exports to employment by industry, both for the national economy and by State. Projections to 1980 of final demand, industry output, productivity and employment, based on different assumptions about the level of unemployment and patterns of final demand, were substantially completed.

In fiscal year 1969, the 1980 projections will be completed. Further application of the techniques of the Project to the analysis of the employment implications of various government programs such as post Vietnam reduction in defense spending, urban rebuilding, and foreign trade will be conducted.

In fiscal year 1970, the program will concentrate on the manpower implications of various Government programs (e.g., urban development).

Changes for 1970

Mandatory changes amount to	+$69,500
Program changes amount to	-$25,000
Positions	- 2
Proposal: Reduction in technological studies program	-$25,000

Activity 5. FOREIGN LABOR AND TRADE (1969, $475,600, Pos. 40; 1970, $497,800, Pos. 39)

Narrative Description of Program

This program provides for the collection, analysis, and publication of statistics and other information on labor conditions in foreign countries. Special attention is given to foreign experience which may be of interest to the United States, such as methods of handling industrial disputes, the consequences of particular kinds of labor legislation, and methods of measuring employment and unemployment. The program also includes analysis and international comparisons of wages, levels of living, productivity, trade union activities, and working conditions. Research is conducted on the impact of foreign trade on employment in the United States. In all of these areas, policy support is provided on an ad hoc basis to the Bureau of International Labor Affairs, the State Department and other agencies, and information on labor matters is published for the use of the public, especially of business men who employ an estimated 6,000,000 people abroad.

Foreign Labor Research

The research work on labor conditions in foreign countries includes the acquisition and maintenance of data from both the Foreign Service reporting system and published sources. It yields a series of comprehensive and brief analytical studies, research memoranda on policy issues, and a monthly publication, Labor Developments Abroad.

In fiscal year 1968, the production of reports was according to plan. The output included 12 issues of Labor Developments Abroad (LDA), which was improved both in format and analytical content. Labor Developments Abroad was converted into a Government Printing Office publication and received paid subscriptions above the number formerly distributed free. Output also included 51 issues of the classified weekly Foreign Labor Highlights, 12 issues of Foreign Labor Briefs, and 2 substantive articles in the Monthly Labor Review.

In fiscal year 1969, a major effort will be made to improve further the quality of the Division's publications.

In fiscal year 1970, the program will reduce somewhat its publication program in order to obtain savings to offset cost of absorbing mandatory items.

International Comparisons

Research and comparative analysis are conducted on trends in labor cost and, where possible, the absolute level of labor cost per unit of output as well as per unit of labor input. Similar analysis is also done on unemployment, manpower policies, etc. Special attention is given to the comparison of manufacturing industries and industry groups in other industrial countries with those in the United States.

In fiscal year 1968, a major report, An International Comparison of Unit Labor Costs in the Iron and Steel Industry, 1964: United States, France, Germany, United Kingdom, was published as planned.

In fiscal year 1969, a supplementary report comparing unit labor costs in the steel industries of the United States and Japan will be published.

In fiscal year 1970, unit labor cost trend studies of manufacturing industries will be developed. Pilot studies will be initiated to determine the relationship between unit labor costs and trade flows among industries.

Foreign Trade Research

Research is conducted on the impact of exports and imports on employment and other aspects of labor conditions in the United States. The research in this

field is chiefly to support Department of Labor representatives and other U.S. agency representatives who are concerned with tariff and trade matters.

In fiscal year 1968, staff members continued their participation in task force and special studies, according to plan, giving considerable attention to the textile industry.

In fiscal year 1969, a general study on the relationship between imports and U.S. employment will be completed.

In fiscal year 1970, research on the effect of the impact of imports on employment in specific industries will be undertaken.

Changes for 1970

Mandatory changes amount to	+$33,400
Program changes amount to	-$11,200
Positions	- 1

Proposal: The program will reduce somewhat its publication program ..... -$11,200

Activity 6. PROGRAM STAFF SERVICES (1969, $1,821,800, Pos. 156;
1970, $1,905,800, Pos. 154)

Narrative Description of Program

Under the Statistical Standards program, policies are established for the maintenance of statistical standards and improvements of statistical methodology. Statistical aspects of all Bureau programs are reviewed and evaluated, with special attention to data collection forms, sample design, estimation procedures, and error calculations.

The Systems Development program develops and insures use of efficient data systems throughout the programs of the Bureau and promotes the standardization and interchangeability of numerical analysis concepts within the Bureau and among its cooperating agencies.

The program of economic studies provides for interpretation of current economic developments and special analyses of economic and social issues, such as the effect of defense programs on the economy, the problems and needs of a low-income housing market, and decentralization of jobs which puts them out of reach of the city-center poor. Special economic reports are prepared for the Commissioner, the Secretary and others.

The Program Planning and Evaluation staff initiates, stimulates, and evaluates Bureau programs, budgets, and special projects; develops long-range Bureau plans and programs; coordinates Bureau research and reports involving several program offices; and reviews, analyzes, and recommends actions on pending legislation or executive orders.

The Publication Services and Correspondence staff plans the publication programs of the Bureau; edits and approves all publications and releases; maintains a central Bureau inquiry service; and reviews official correspondence.

In the field, regional offices are operated to supervise the field collection of statistical data and to provide needed information to local government officials, business, and the public.

In fiscal year 1968, highlights of Program Staff Services activities were:

An intensive analysis to develop methods of studying factors affecting cost and productivity in construction projects and how these may change over time; study of seasonal patterns of employment in the construction industry to separate real changes from statistical influences.

An extensive training program in data processing concepts to prepare the professional staff to use the computer's statistical routines and, in some cases, to write computer programs.

Continued analysis of the general development of the economy, placing current economic phenomena into their wider economic and social contexts; appraisals of the short-term economic outlook; comments on proposed legislation; a variety of special economic studies such as Social and Economic Conditions of Negroes in the United States (this study was done in cooperation with the Bureau of the Census); and participation in the development of a model for use in planning for the post-Vietnam period.

A publications user survey; publication of a complete annotated listing of BLS publications covering 81 years; issuance of the Handbook of Labor Statistics; a special issue of the Monthly Labor Review on "Labor in the South."

Establishment of two new regional field offices, in Philadelphia and in Dallas.

In fiscal year 1969, Program Staff Service activities will include:

Continuation of the study of seasonality in the construction industry to investigate the influences of differential trends along two lines: among States, and among size of establishments.

Expanded use of the computer by direct access terminals and the development of skills among the professional staff for their use; increased use of project schedule control techniques for application to major Bureau tasks, e.g. the five-year consumer expenditure survey.

Intensification of the program of special analytical studies designed to provide new insights into social and economic issues, including the areas of anti-poverty legislation and special problems of the poor, wage and employment policy, and problems of minority and other disadvantaged groups.

Development of a system of review of Bureau programs leading to new program directions and change in the focus of existing programs.

Management improvements and potential cost reduction activities in the publications field, including the use of Linotron (computer printing) equipment for very large documents.

Emphasis by the Field Administration on increased data collection efficiency through cross-training and reduction of travel time in order to free resources for additional economic analysis and services to local communities.

In fiscal year 1970, the Program Staff Services will continue to operate along the general lines discussed in the narrative description of program.

Changes for 1970

Mandatory changes amount to	+$108,600
Program changes amount to	-$ 24,600
Positions	- 2

Proposal: Reductions will be effective through economies in publication and statistical standard areas ..... -$ 24,600

Activity 7. ADMINISTRATION AND MANAGEMENT SERVICES (1969, $2,337,955, Pos. 115; 1970, $2,447,500, Pos. 112)

Narrative Description of Program

This activity includes the following:

The Office of the Commissioner is responsible for over-all operation of the Bureau, including plans, program, and administration. This Office provides substantive staff support to the Department and other organizations on economic matters, and represents the Bureau, Department, or the United States Government at conferences and other meetings of national or international significance.

The Chief Economist provides leadership and policy direction to the Bureau's program of economic analysis, undertakes special studies of economic and social issues, and develops and manages a comprehensive system of program planning and evaluation activities.

The Chief Statistician provides leadership and policy direction in the use and development of statistical standards and improved statistical techniques and provides for the development and introduction of improved data systems.

The Special Assistant to the Commissioner for Field operations coordinates the Bureau's field administrative and operating activities.

Management planning, personnel coordination, fiscal operations, and service functions are directed by the office of Management Services. This office also has a function to ensure that the administration of the Bureau is responsive to changing Bureau demands, consistent with the highest possible efficiency and productivity. The office conducts liaison and labor-management activites for the Bureau with the authorized bargaining unit of the recognized union.

In fiscal year 1968, highlights in the Administration and Management Services area were:

Implementation of major organizational changes to provide a structure which is viable and responsive to changing needs for meaningful information.

Increased emphasis on providing high-level analysis and interpretation of economic and statistical data.

Achievement of improvements in efficiency by changing the leasing/purchasing contractual arrangements for two computers, by initiating a comprehensive analytical review of the forms, reports, and records generated within the Bureau; and by the provision of new and imaginative seminar and training programs; recruitment of qualified minority group employees by directly contacting predominantly Negro colleges with economic programs, by inviting their professors to visit the Bureau, and by orienting them to its programs and occupational opportunities.

In fiscal year 1969, Administration and Management Services activities will include:

Establishment of an internal management reporting and control system.

Revision of procedures of the Automatic Data Processing center to provide better machine utilization and more prompt and complete service to its users; professional development of Bureau staff by means of continued management and supervisory training.

In fiscal year 1970, the Administration and Management Services programs will continue to operate along the general lines discussed in the narrative description of the program.

Changes for 1970

Mandatory changes amount to	+$153,445
Program changes amount to	-$ 43,900
Positions	- 3

Proposal: Reduction will be effected through better utilization of Secretarial and Clerical staff. Also included in this amount is $22,300 for Working Capital Fund ..... -$ 43,900

Activity 8. REVISION OF THE CONSUMER PRICE INDEX (1969, $0 , Pos. 0; 1970, $600,000, Pos. 49)

Revision of the Consumer Price Index

Proposal: To initiate a six-year program for the periodic comprehensive review and revision in 1975 of the Consumer Price Index, one of the most important of the Nation's economic indicators: in the first year, fiscal year 1970, to begin experimental pilot surveys of consumer expenditures, and expand research into price index concepts and improved statistical procedures.

The Need: As a critical economic indicator, the Consumer Price Index is the Nation's most important measure of change in the purchasing power of the consumer's dollar. The movement of the index directly or indirectly affects the full range of private and public wage negotiations, the paychecks of millions of wage earners, and the annuities of Federal Civil Service and military retirees. Thus, it is essential that the index accurately reflects changes in the prices of goods and services which consumers are buying. It is also essential that improved concepts as well as recently developed and advanced statistical procedures be incorporated in the index.

To assure these ends requires comprehensive review and revision of the whole structure of the index at approximately ten-year intervals for, during these periods, the national economy changes significantly. People change their ideas about what they wish to buy--some items lose favor while others gain, and the introduction of new products and services over a decade steadily shapes buying habits into different forms. People also change their buying habits with respect to the kinds of retail establishments where they most typically purchase goods and services. Population shifts result in different patterns of needs and statisfactions.

The revision program needed to realign the index to fit the conditions of economic life in the 1970's will be carefully phased over a six-year period. Basic to the entire program is the study of changes in the consumer expenditure patterns. Once these patterns are delineated, an appropriate group of consumer goods and services can be selected to be included in the revised index. Each of these will be assigned a specific weight to represent its importance in the index, as determined by the distribution of consumer expenditures. (The current Consumer Price Index is based upon the weights evolved from consumer expenditure surveys made in 1960-61.)

If the revised Consumer Price Index is to be available in 1975, the first steps should be taken in fiscal year 1970.

The Program: Scheduled for fiscal year 1970 is the initiation of pilot surveys of consumer expenditures in two metropolitan areas which will be included in the final Consumer Price Index revision. The first stage entails obtaining and analyzing data on housing characteristics within each of the metropolitan areas. From these data, samples of family units will be drawn for the second phase, the survey of actual family expenditures. These pilot surveys will begin in fiscal year 1970 and be completed in fiscal year 1971.

By means of the pilot studies, alternative methods of collecting data will be tested, providing guidelines for the nationwide comprehensive survey to be conducted in 1972-73. Early survey results which will be analyzed for changes in content of buying patterns and definitions of items will also provide a testing ground for possible data processing techniques, and will contribute to the analysis and construction of standard budgets for various types of consumer units.

Work will also be started on the design and development of sampling techniques for cities to be included in the comprehensive survey, and on the selection of items and outlets to be used in the revised index.

Base:

Positions: None Estimated Cost: None

Additional Cost:

Positions: 49 Man-years: 51.1 Estimated Cost: $600,000

Basis for the Estimate

The total cost of the six-year program to revise the Consumer Price Index is estimated at approximately $11,000,000 at 1968 salary and other cost rates. The $600,000 requested for fiscal year 1970 as the first increment in this program will provide for the initiation of two pilot surveys of consumer expenditures, including housing, in two metropolitan areas. These estimates are based in part on the cost of the 1959-65 revision, plus increases in salaries and other costs since then, and on recent experience in conducting rent and price surveys and the requisite accompanying analysis.

DISTRIBUTION OF FIELD STAFF

Permanent Positions:

Regional Offices	1969 Professional	1969 Clerical	1969 Total	1970 Professional	1970 Clerical	1970 Total
Atlanta, Ga.	17	22	39	19	22	41
Boston, Mass.	17	23	40	16	23	39
Chicago, Ill.	40	17	57	39	17	56
Dallas, Texas	17	9	26	18	10	28
Kansas City, Mo.	19	12	31	18	12	30
New York, N.Y.	31	16	47	29	16	45
Philadelphia, Pa.	19	14	33	19	14	33
San Francisco, Calif. ...	29	16	45	28	16	44
Total permanent.....	189	129	318	186	130	316

Intermittent Employment:

Regional Offices	1969	1970
Atlanta, Ga.	17	31
Boston, Mass.	17	17
Chicago, Ill.	47	47
Dallas, Texas	16	30
Kansas City, Mo.	26	26
New York, N.Y.	26	26
Philadelphia, Pa.	17	17
San Francisco, Calif. ...	56	56
Total intermittent.....	222	250

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation $13,954,600

The over-all estimate includes: $13,370,200 for 1,265.8 man-years of permanent full-time positions of which (a) $10,527,300 provides for 978.3 man-years of departmental employment, and (b) $2,842,900 for 287.5 man-years of field employment. The estimate also includes $396,400 for 81.1 man-years of temporary and intermittent employment; $188,000 for overtime, holiday and premium pay for nightwork.

The estimate provides $102,900 for the net cost of within-grade increases which become due in 1970; $109,100 for net additional cost of within-grade increases which become due in 1969; and $616,800 net additional cost due to salary increase effective in fiscal year 1969, (P.L. 90-206); an increase of $526,200 due to program increases, offset by a net decrease of $305,400 due to the elimination of 33 positions.

Personnel benefits $ 1,033,600

The estimate provides $7,300 for net cost of benefits on within-grade increases which become due in 1970; $7,900 for net additional cost of benefits on within-grade increases which become due in 1969 and $47,200 net additional cost due to salary increase effective in fiscal year 1969, (P.L. 90-206); an increase of $39,200 due to program increases, offset by a net decrease of $23,500 due to the elimination of 33 positions.

Civil service retirement fund (computed at 6.5% of full-time personal services exclusive of employees subject to the Federal Insurance Contribution Act)	$ 859,600
Employer's contribution under the Federal Insurance Contributions Act	15,500
Employee group life insurance	69,900
Employee health benefits	73,900
Incentive awards program	10,000
Employee injury compensation benefits	4,700
	$1,033,600

Travel and transportation of persons $ 692,000

The estimate provides for a decrease of $1,800 attributable to increased productivity. The estimate also includes an increase of $17,600 due to program increases. The estimate, based on past experience, provided:

	1969	1970	Change
Number of travelers	611	615	+4
Number of days traveled	25,670	26,300	+630
Estimated cost	$676,200	$692,000	+$15,800

Transportation of things $ 20,200

The estimate includes an increase of $200 due to program increase. The estimate provides:

	1969	1970	Change
Moving and drayage	$ 8,500	$ 8,500	-
Shipment of supplies and materials	10,700	10,900	+$200
G.S.A. motor truck rental	800	800	-
Totals	$20,000	$20,200	+$200

Rent, communications, and utilities $ 694,300

The estimate provides for $23,045 increase in Federal Telecommunications Systems costs. Other increases shown below are due to program increases. The estimate provides:

	1969	1970	Change
Rental of space	-	$ 34,400	+$ 34,400
Rental of tabulating equipment	$204,200	207,200	+ 3,000
Telephone, teletype, and telegraph services	42,900	45,400	+ 2,500
Federal Telecommunications Systems Services	47,955	71,000	+ 23,045
Paid official mailings	336,300	336,300	-
Totals	$631,355	$694,300	+$ 62,945

Printing and reproduction $ 345,800

The estimate includes increases as indicated below due to program increases. The estimate provides:

	1969	1970	Change
Bulletins	$ 63,700	$ 67,400	+$ 3,700
Periodicals	42,300	42,300	-
Forms and schedules	77,000	78,000	+ 1,000
Envelopes	23,200	23,200	-
Monthly Labor Review	99,400	99,400	-
Occupational Outlook Handbook	30,000	30,000	-
Other	5,500	5,500	-
Totals	$341,100	$345,800	+$ 4,700

Other Services $ 6,461,200

The estimate provides for an increase of $299,000 which reflects: $113,000 for payments to States for increased salary rates; $5,000 increase due to annualization of pay increase cost on Census contract and $100,000 increase in Census Contract due to program increase; $81,000 net increase in the Working Capital Fund, (program increases require an increase of $38,300 offset by a decrease of $22,300 due to increased productivity, and $65,000 increase due to annualization of pay increase costs).

Other Services	1969	1970	Change
Payments to cooperative States for employment and labor turnover statistics	$1,462,800	$1,575,800	+$113,000
Special reports in connection with the Economic Growth Project	107,900	107,900	-
Newspaper clipping services on work stoppages and strikes	3,500	3,500	-
Miscellaneous special reports and tabulations	24,400	24,400	-
Training program-tuition	30,000	30,000	-
Office machine repairs	9,000	9,000	-
Miscellaneous contractual services	12,500	12,500	-
Sub-totals	$1,650,100	$1,763,100	+$113,000
Services of other agencies			
Payment to the Bureau of the Census for collection and tabulations of data	$3,331,900	$3,436,900	+$105,000
Payment to the Social Security Administration for annual earnings statistics.	5,200	5,200	-
Payment to the Federal Housing Administration for housing sales information	2,200	2,200	-
Special reports and tabulations from other Federal agencies in connection with the Economic Growth Project	217,300	217,300	-

Services of other agencies (Cont'd.)

	1969	1970	Change
Working capital fund.....	$ 921,300	$1,002,300	+$ 81,000
Security investigations.....	6,000	6,000	-
Other Bureau services.....	28,200	28,200	-
Sub-totals.....	$4,512,100	$4,698,100	+$186,000
Total, other services.....	$6,162,200	$6,461,200	+$299,000

Supplies and materials $ 23,800

An increase of $1,200 is due to program increases. The estimate provides:

	1969	1970	Change
Supplies and materials.....	$22,600	$23,800	+$1,200

Equipment $ 251,500

Increases indicated below are due to program increases. The estimate provides:

	1969	1970	Change
Office furniture and machines..	$ 59,400	$ 91,200	+$ 31,800
Replacement of machines.....	20,000	20,000	-
7074 equipment.....	98,400	98,400	-
Magnetic tape.....	41,000	41,900	+ 900
Total equipment.....	$ 218,800	$ 251,500	+$ 32,700

SUMMARY OF NEW POSITIONS

Activity 1. MANPOWER AND EMPLOYMENT	Number	Grade	Amount
New measures of persons experiencing employment problems			
DEPARTMENTAL			
Senior manpower and employment specialist	1	GS-14	$ 16,946
Senior manpower and employment specialist	1	GS-12	12,174
Manpower and employment specialist	4	GS-11	40,812
Manpower and employment specialist	1	GS- 9	8,462
Statistical clerk	1	GS- 5	5,732
Total	8		$ 84,126
Total, MANPOWER AND EMPLOYMENT	8		$ 84,126

Activity 8. REVISION OF THE CONSUMER PRICE INDEX	Number	Grade	Amount
Revision of the consumer price index			
DEPARTMENTAL			
Economist	1	GS-14	$ 16,946
Statistician	1	GS-14	16,946
Economist	2	GS-13	28,818
Statistician	1	GS-13	14,409
Economist	2	GS-12	24,348
Statistician	1	GS-12	12,174
Economist	4	GS-11	40,812
Economist	2	GS- 9	16,924
Statistician	1	GS- 9	8,462
Economist or statistical assistant	4	GS- 7	27,924
Economist or statistical assistant	2	GS- 5	11,464
Clerk	2	GS- 5	11,464
Secretary	1	GS- 5	5,732
Clerk or stenographer	1	GS- 4	5,145
Total	25		$241,568
FIELD			
Economist	1	GS-12	$ 12,174
Economist	3	GS-11	30,609
Field Representative	1	GS- 7	6,981
Clerk or stenographer	1	GS- 4	5,145
Total	6		$ 54,909

	Number	Grade	Amount
Portion of data collection and survey operations allocated to this program			
DEPARTMENTAL			
Statistician	1	GS-15	$ 19,780
Statistician	1	GS-14	16,946
Statistician	1	GS-13	14,409
Computer systems analyst	1	GS-12	12,174
Price index or commodity specialist	1	GS-11	10,203
Computer systems analyst	2	GS- 9	16,924
Computer systems analyst	2	GS- 7	13,962
Statistical assistant	3	GS- 5	17,196
Secretary	1	GS- 5	5,732
Clerk or stenographer	4	GS- 4	20,580
Total	17		$147,906
Portion of data processing allocated to this program			
DEPARTMENTAL			
Digital computer programmer	1	GS-12	$ 12,174
Total	1		$ 12,174
Total, REVISION OF THE CONSUMER PRICE INDEX	49		$456,557
Grand Total	57		$540,683

BUREAU OF INTERNATIONAL LABOR AFFAIRS

TUESDAY, MARCH 11, 1969.

WITNESSES

GEORGE L. P. WEAVER, SPECIAL ASSISTANT TO THE SECRETARY FOR INTERNATIONAL AFFAIRS
HERBERT N. BLACKMAN, ADMINISTRATOR
PAUL K. PASCHKE, DIRECTOR, DIVISION OF ADMINISTRATION AND MANAGEMENT
MRS. MYRTICE M. GOODWIN, BUDGET OFFICER, DIVISION OF ADMINISTRATION AND MANAGEMENT
CONRAD M. JONES, DIRECTOR, OFFICE OF BUDGET POLICY AND REVIEW

BUREAU OF INTERNATIONAL LABOR AFFAIRS, SALARIES AND EXPENSES

OBJECT CLASSIFICATION (In thousands of dollars)

	1968 actual	1969 est.	1970 est.
Personnel compensation:			
Permanent positions	939	1,041	1,039
Positions other than permanent	33	10	3
Other personnel compensation	12	6	3
Total personnel compensation	984	1,057	1,045
Personnel benefits: Civilian employees	70	79	78
Benefits for former personnel		5	3
Travel and transportation of persons	15	33	24
Rent, communications, and utilities	37	13	18
Printing and reproduction	11	6	6
Other services	167	204	177
Supplies and materials	3	1	1
Equipment	1	2	1
Total obligations	1,288	1,400	1,353

PERSONNEL SUMMARY

Total number of permanent positions	91	91	91
Average number of all employees	84	82	83
Average GS grade	10.0	10.0	10.0
Average GS salary	$11,997	$12,907	$13,047
Average salary of ungraded positions	$27,000	$28,750	$28,750

PROGRAM AND FINANCING

[In thousands of dollars]

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. International organizations affairs	140	142	138
2. Foreign labor policy development	263	310	340
3. Labor and manpower technical services	125	146	141
4. Trade negotiations and economic policy development	384	399	372
5. Administration and management services	334	403	398
Total program costs, funded	1,246	1,400	1,353
Change in selected resources [1]	42		
Total obligations	1,288	1,400	1,353
Financing: Unobligated balance lapsing	60		
Budget authority (appropriation)	1,348	1,400	1,353
Budget authority:			
Appropriation	1,348	1,386	1,353
Proposed transfer from other accounts for pay increases		14	
Relation of obligations to outlays:			
Obligations incurred, net	1,288	1,400	1,353
Obligated balance, start of year	86	93	108
Obligated balance, end of year	−93	−108	−132
Adjustments in expired accounts	−20		
Outlays	1,261	1,385	1,329

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1967, $42,000 (1968 adjustments, −$42,000) 1968, $42,000; 1969, $42,000; 1970, $42,000.

SPECIAL FOREIGN CURRENCY PROGRAM

PROGRAM AND FINANCING

(In thousands of dollars)

	1968 actual	1969 estimate	1970 estimate
Program by activities: Labor attaché conferences (costs—obligations)		50	68
Financing:			
Unobligated balance available, start of year	−43	−118	−68
Unobligated balance available, end of year	118	68	
Budget authority (appropriation)	75		
Relation of obligations to outlays:			
Obligations incurred, net		50	68
Obligated balance, start of year			32
Obligated balance, end of year		−32	−50
Outlays		18	50

Mr. FLOOD. Now we have the Bureau of International Labor Affairs. Mr. George Weaver, Special Assistant to the Secretary for International Affairs. I see you have a statement, Mr. Weaver. We will first place your biographical sketch in the record and then you may proceed.

(Biographical sketch follows:)

GEORGE L–P WEAVER, SPECIAL ASSISTANT TO THE SECRETARY OF LABOR FOR INTERNATIONAL AFFAIRS

On January 29, 1961, the late President Kennedy appointed George L–P Weaver Assistant Secretary of Labor for International Affairs. From January 1961 until then, he had served as Special Assistant to the then Secretary of Labor, Arthur J. Goldberg. Effective January 21, 1969, Mr. Weaver again was designated Special Assistant to the Secretary of Labor, George P. Shultz, to permit completion of his term as Chairman of the Governing Body of the International Labor

Organization. Mr. Weaver was elected to this office at the General Conference of the International Labor Organization, June 1968.

Mr. Weaver was born May 18, 1912, in Pittsburgh, received his elementary and secondary schooling in Dayton, Ohio, and attended the YMCA School in Chicago (now Roosevelt University) and Howard University Law School in Washington, D. C. He was married in 1941 to Mary S. Weaver. He has spent most of his working life in the labor movement, gaining extensive experience as an administrator in the field of civil rights and international labor.

Mr. Weaver went to work for the Congress of Industrial Organizations in 1941 as a member of the war relief committee. In 1942, he was named assistant to the CIO's secretary-treasurer and director of the CIO civil rights committee, serving in both capacities until the AFL–CIO merger in 1955. After the merger, he was appointed executive secretary of the AFL–CIO Civil Rights Committee. In 1958, he became assistant to the president of the International Union of Electrical, Radio & Machine Workers from which post he directed the IUE's political education program and international affairs program.

During this period, Mr. Weaver took several leaves of absence for special assignments in the U.S. Govermnent and the International Confederation of Free Trade Unions. In October 1950, he was named Special Assistant to the Chairman of the National Security Resources Board. In 1951, he joined the Reconstruction Finance Corporation, where he helped in its reorganization. During this period, he served on several missions to the Far East and Southeast Asia to work on labor problems for the ICFTU. He also attended the 1957 and 1958 Conferences of the International Labor Organization in Geneva, Switzerland, as an American worker adviser.

As Assistant Secretary of Labor for International Affairs, Mr. Weaver is the U.S. Government representative on the Governing Body of the International Labor Organization, and is chairman of the U.S. delegation to the annual ILO Conference at Geneva. In June 1968, Mr. Weaver was unanimously elected Chairman of the Governing Body of the International Labor Organization.

In 1961, Mr. Weaver was awarded the Eleanor Roosevelt key for outstanding service to the world community. This award is the highest single award given to alumni of Roosevelt University in Chicago.

In June of 1962, Mr. Weaver was awarded an honorary degree of doctor of laws from Howard University in Washington, D.C.

In 1963, Mr. Weaver became the first American to be presented with the Malayan honorary award of Tan Sri by the Malayan Head of State at a special investiture ceremony in Kuala Lumpur.

In March of 1967, Mr. Weaver was appointed by President Johnson as a member of the newly formed Board of Vocational Education, Washington Technical Institute.

In September of 1968, Mr. Weaver was awarded the Kim Khanh Medal Second Class and the Labor Medal First Class by the Prime Minister of the Republic of South Vietnam.

A life member of the NAACP, Mr. Weaver resides in Washington, D.C.

Mr. WEAVER. First I would like to express my pleasure at once again having the opportunity to be with you. I think I missed the last two hearings. Interestingly, the budget session of the ILO was at the same time as the hearings and this year I am serving as Chairman of the ILO governing body. We just completed last week.

Mr. FLOOD. Are you the first American elected to that job?

Mr. WEAVER. No, sir. I am the third. During the war years Prof. Carter Goodrich served and provided kind of a holding operation for the ILO. I served during the war years.

Mr. FLOOD. Was Tom Kennedy of the Mine Workers ever president?

Mr. WEAVER. No. The selection is made from the government representatives. George Lodge, my predecessor, was the second Chairman. I was elected Chairman last June.

Mr. Chairman, before discussing the estimate, I would like to say that the Secretary arranged for my staying on with the Department in order that I might complete my term as Chairman of the Governing Body of the International Labor Organization.

General Statement

Mr. Chairman, our estimate for international labor activities for 1970 is for 91 positions and $1,353,000. This represents a decrease of $47,000 below the 1969 adjusted base of $1,400,000.

We see a further need to improve the exchange of experience gained in domestic manpower and labor programs and those of other countries. Programs in the United States in labor and manpower areas aim at full employment and the reduction of poverty. As in the United States, the same objectives of full employment and elimination of poverty exist in many other countries of the world. We enhance our prospects for success by utilizing all sources of information and learning from the experience of others as well as our own. It is important therefore that we coordinate even more closely the Department's international activities with the Department's basic domestic programs in the labor and manpower field.

Let me turn now to some of our specific activities.

Activities in connection with international organizations

The first area concerns international organizations. In the labor area, the International Labor Organization, now in its 50th year, is the leading forum concerned with the improvement of the status of the workingman, and programs related to that objective. I feel it worthwhile to repeat one of the founding concepts of the International Labor Organization that "lasting peace can be established only if it is based upon social justice." The methods followed by the International Labor Organization generally fall into three major areas. These are: Standard setting—The International Labor Organization has adopted about 260 international standards in the general areas of wages and conditions of employment; safety and health and protection of women and children; human rights; and social security and welfare. Informational activity—The International Labor Organization, through its collection, development, analyses, and dissemination services represents the most important international source for such data today and since 1950 it has been more deeply involved each year in technical assistance.

Technical cooperation

In 1968 the International Labor Organization's technical assistance programs, mostly for developing countries, amounted to $20.4 million, of which $17.2 million came from the United Nations development program.

The ILO is in the process now of administering technical assistance projects of well over a hundred million dollars, and the overwhelming percentage of this figure is drawn from the United Nations Development Fund, and consequently does not show up in the regular budget of the ILO.

In a somewhat different field we have been working with the International Labor Organization and the General Agreement on Tariffs and Trade (GATT) to define and agree upon multilateral enforcement of reasonable international fair labor standards for the production of goods moving in international trade. In view of the varied

stages of economic development among trading countries, we recognize from the outset that a single universal standard will not be feasible or appropriate. Therefore, we are concentrating on the institutional arrangements which can operate to produce reasonable standards. Examples of these would include the International Labor Organization conventions relating to: (1) freedom of association, (2) collective bargaining, (3) labor inspection system, and (4) wage fixing machinery.

TECHNICAL SERVICES FOR FOREIGN AFFAIRS AGENCIES

Sowewhat more broadly, as the domestic agency having primary responsibility for manpower activity, the Department of Labor provides labor and manpower technical services for foreign affairs agencies and participates in the development and execution of related aspects of U.S. foreign policy.

For example, the Department has primary responsibility for the U.S. representation on the Permanent Technical Committee on Labor Matters of the Organization of American States. This Committee has the objective of strengthening labor ministries in Latin American countries and developing their capacity for improving the economic, social and political status of workers. U.S. participation provides a vital link between U.S. and Inter-American labor institutions.

We find, incidentally, in most of the developing countries, but particularly in Latin America, that Labor Ministries as a rule, among the complex of government, are in greatest need of development and assistance. In cooperation with the Department of State, we are planning to invite the Inter-American Conference of Ministers of Labor to hold their third triennial meeting in the United States during September 1969.

These meetings, this will be the third, are significant with respect to our relations with the Latin American countries, with the Organization of American States, and our goals under the Alliance for Progress. And we have closely adhered to the first declaration of principles that was enunciated in 1963 at the first conference.

Another program for Latin America is the International Labor Organization's Regional Employment Plan (Ottawa Plan). The plan has the objective of improving the present and future employment and training opportunities and determining the factors having significant influence on such opportunities in the Latin American countries.

From these determinations, the bases for regional and subregional targets for employment creation and skill formation should emerge, along with the means for their achievement. U.S. involvement in Western Hemisphere activities requires the development of and fostering of relations in this two-way technical assistance flow. American technicians in the employ of the International Labor Organization are playing an important role in developing and carrying out the so-called Ottawa Plan.

The labor attaché corps in the Foreign Service of the United States provides a critical link in the exchange and analysis of information on labor and manpower activities abroad and those in the United States. There are 67 such labor attachés stationed abroad at the present time.

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The Department of Labor utilizes their periodic and spot reports, provides their backstopping, participates in their training, in development of their reporting instructions and in their assignments abroad.

As an outgrowth of the Secretary of Labor's participation in the Joint United States-Japan Cabinet Committee Meeting, two important studies have been undertaken and completed. The first is the Joint United States-Japan Wage Study which provides background on the level, composition, and structure of the two systems, and identifies the problems associated with wage comparisons between the two countries.

I would hasten to say this is not a complete and total study. It represents the first step.

At the outset we found great reluctance on the part of the Japanese in entering into the study. It took place as we were preparing for the Kennedy round of tariff negotiations. We assume they felt the study would be utilized in that forum rather than for the general development of information that would assist both of our countries. We didn't find this situation and attitude when we embarked upon the second, which was a joint United States-Japan employment study completed in January 1969. This study projects and confirms areas of policy development either now present or emerging in both countries.

These include: (1) Strengthening the relationship between employment and general economic policies; (2) positive effort toward mobility improvement and better utilization; (3) training of individuals and groups who might otherwise not be able to participate in economic and social activities; and (4) better collaboration between Government and private groups for providing individual skill training and for adaptation of the labor force to the changing economy.

We found the Japanese very helpful and are hopeful it is just the beginning of a closer collaboration between our two countries in this field. This is important to our close relationships overall, and particularly in the trade field.

The Department provides labor and manpower technical services in support of the human resources programs of the U.S. foreign affairs agencies abroad. Our technical specialists on long- and short-term assignments for the Agency for International Development, the International Labor Organization, and other international organizations draw upon their experience gained in the United States and seek to apply it in meeting problems abroad. At the same time, they make available the applicable lessons learned during their work in other countries. The vehicle for much of this interchange are staff papers which are distributed to those directly concerned. The technical areas in which such assistance is given include employment services, training, labor statistics, labor standards, industrial relations, and manpower topics in general. Countries involved include Brazil, Ecuador, Guyana, Korea, Morocco, Pakistan, Panama, Thailand, and Vietnam.

Another opportunity for the exchange of manpower information is provided in the formal seminars conducted by the Department's International Manpower Institute. Multinational groups of foreign nationals exchange ideas and information with their counterparts in the United States and with representatives from the academic world on a wide variety of manpower topics.

U.S. foreign economic and trade policy and its potential impact on domestic employment opportunities continues to be a major preoccupation in the Department of Labor's international activities.

COORDINATION WITH DOMESTIC PROGRAMS

Coordination with domestic programs concerning employment, with representatives of labor and management, with international organizations, and with other agencies are a continuing necessity to meet the basic manpower responsibilities of the Department. The participation of the Secretary of Labor in foreign economic development is required by statute and Executive orders. Increasing attention in recent years has been given to the effects on employment opportunities in the United States of imports, exports, investment abroad, and the needs of the developing countries.

In this regard, we have been working with the Bureau of Labor Statistics in attempting to sharpen the tools for measurement of the impact of imports and exports on employment. We would be the first to admit that it is not a precise science, but it has been made a part of our trade policy development and of our trade negotiations. There has been increased recognition on the part of our Government of the need to give attention to the impact of foreign trade on employment.

Congress held hearings in 1968 on proposed new trade legislation. Tariff cutting authority, repeal of the American selling price system of valuation of certain chemical imports and change in the adjustment assistance standards for firms and workers were covered.

Although the Department is necessarily involved in all aspects of foreign economic policy, adjustment assistance for workers adversely affected by imports is of particular concern. The standards for making adjustment assistance available to dislocated firms and workers in the Trade Expansion Act of 1962 have proven to be so rigorous as to be unworkable. The Automotive Products Trade Act of 1965 recognized this deficiency and established both new standards and a new mechanism that did work. The Department, therefore, proposed that the adjustment assistance provisions of the Trade Expansion Act be modified and that the special provisions for adjustment assistance in the automotive legislation, which expired on June 30, 1968, be extended. We continue to believe that such legislation is needed.

TEXTILE AND APPAREL IMPORTS

Another difficult and sensitive area in foreign trade concerns textile and apparel imports. Cotton textiles are controlled under the multilateral long term cotton textile arrangement negotiated under the General Agreement on Tariff and Trade in Geneva in 1962. The arrangement does not cover textile products of any other fibers. Changing technology and market demands have moved the industry increasingly in the direction of manmade fibers and blends. The sharply rising imports of manmade fiber textile and apparel products are a cause of concern and have intensified pressures from management and labor for an expanded control system to include manmade fiber and wool textile products.

The President has announced the intention of seeking to develop a voluntary textile agreement to include manmade fibers and wool.

The 33,000 textile and apparel establishments, many in communities where alternate employment opportunities are limited, and the 2.4 million workers, largely at the low end of the scale in skills and education, constitute a sizable portion of our domestic economy that must be considered in the Department's objectives of maximizing employment opportunities, manpower training, and cooperation in economic development.

In addition, we found the average age of the workers in textile plants to be higher than in most other sectors of manufacturing which means they are harder to relocate.

Mr. FLOOD. Do you include garment workers when you say textiles?

Mr. WEAVER. Both textiles and apparel; yes.

SHOE IMPORTS

Mr. FLOOD. Do you include shoes?

Mr. WEAVER. No, shoes are a separate industry and a problem.

Mr. FLOOD. It is equally difficult with the Japanese and other countries?

Mr. WEAVER. Imports from Italy are fairly high.

This is a separate problem which we have not focused on with the intensity we have textiles. We sought to find a solution for the textile problem. We believe in the Department of Labor that a long-term agreement similar to the cotton textile agreement would provide an instrument which may avert sudden market disruptions. At the same time it may provide the opportunity for developing countries to share in an orderly fashion in an ever-expanding American market.

Mr. FLOOD. Why could not you, in the shoe industry, establish a negotiated quota as you have in some other areas with the Japanese, for instance? They come forward volunteering to negotiate quotas in some areas.

Have they indiacted any desire to negotiate qoutas in shoes?

Mr. WEAVER. We have had no inkling of that. There is a Tariff Commission report pending.

Mr. BLACKMAN. The Tariff Commission has within the past 2 months, I believe, completed a report on the shoe industry and imports which is now being studied by the executive branch. No determination has yet been reached.

Mr. WEAVER. Under the existing cotton textile control arrangements, the Department participates through the Cabinet Textile Committee and the Interagency Textile Administration Committee in negotiation of multilateral and bilateral agreements and in the problems and details of administration in these agreements. These responsibilities can be expected to continue at least for the duration of the long term arrangement and can be expected to increase if there is an expansion of coverage of the textile arrangements. In his February 7, 1969 press conference, President Nixon stated that in textiles there is "a special problem which has caused very great distress in certain parts of the country, and to a great number of wage earners, as well as those who operate our textile facilities." The President went on to indicate an intention to deal with this problem through international discussions.

Legislation for the control of imports of other products is already before Congress and we expect that there will be many other legislative proposals in the trade field. The Department, because of its basic manpower responsibilities, will be called upon to contribute basic data and to participate in the development of executive branch reports on imports of such items as footwear, electronic equipment, meat, fish, dairy products, and so forth.

Special Foreign Currency Program

Mr. Flood. Thank you, Mr. Weaver.

We will place your other statement in the record at this point.

(The statement follows:)

Statement by George L. P. Weaver, Special Assistant to the Secretary for International Affairs Appropriations Committee, Bureau of International Labor Affairs, Special Foreign Currency Program

Mr. Chairman, for 1970 our estimate does not include any additional amounts of excess foreign currencies. Such funds appropriated by the Congress in prior years and still remaining available total $117,614. These funds are available for labor attaché conferences overseas. Although the Near East situation and other problems have interfered with arrangements for conferences in the past, we hope to consummate planning for conferences of labor officers for Africa and for Europe, both to be held in Tunis during the spring of 1969.

Mr. Chairman, as soon as our planning will permit, we shall keep you informed of the timing and details. You will undoubtedly recall our most recent labor officer conference in New Delhi in December 1966, which was attended by staff members of the Appropriations Committee. The potential benefit, both to our representatives abroad and to Washington-based staff in having a forum for discussion of policies and problems, cannot be overemphasized.

Mr. Chairman, this concludes my presentation, and I shall be pleased to answer questions which you and other members of the committee might have.

Employment Level

Mr. Flood. I notice you have an increase from 82 in 1969 to 83 in 1970 in your average employment, but the dollar amount for personnel compensation goes down $11,800. That is a very unusual situation.

How do you account for that?

Mr. Weaver. May I turn to the Director of Management of the Bureau?

Mr. Paschke. The decrease of $11,800 in personnel compensation is attributable to reduced estimates of intermittent employment and overtime and holiday pay. As a result of these savings, the slight increase in man-years reflects the additional effort required to conduct the ongoing activities of the Bureau.

Administration and Management Services

Mr. Flood. Over 25 percent of your personnel is budgeted for administration and management services. That seems very high.

What would be the reason for that?

Mr. Paschke. Mr. Chairman, what you say is absolutely correct.

Mr. Flood. That is why I said it.

Mr. Paschke. It is reflected that way in the budget.

There are a number of activities included which are not directly related to management.

For example, Assistant Secretary Weaver and his immediate staff are included in this activity, as are positions for the Bureau Administrator and Foreign Service Support. We have an information unit of three positions, and 12 positions are for administration and management and labor officer backstopping. So over half of the 27 positions in this activity are not directly related to management.

FOREIGN LABOR POLICY DEVELOPMENT

Mr. FLOOD. One of your activities you call foreign labor policy development. Why do we need a foreign labor policy? What is a foreign labor policy? How do you develop a foreign labor policy? That is rather a dramatic term.

Mr. WEAVER. I think, sir, it is more of a recognition of the growing importance of labor as a factor in politics abroad, particularly in the developing countries.

We have a unit, relatively small, of technicians who are assigned on a regional basis that follow very closely the cables, reports, and other material that flows in from abroad. The results of their analyses assist in the development of country and regional plans and programs for the State Department.

PARTICIPATION IN INTERNATIONAL LABOR ORGANIZATION

Mr. FLOOD. One of your basic responsibilities is participation in the International Labor Organization. What has ILO done that benefits the United States of America?

Mr. WEAVER. I think that there is a two-way exchange. Our contribution in the ILO has been substantive and their contribution back has been substantive.

For example, we were discussing this morning some of the outstanding problems facing our Department, and one is in the area of public service, in the organization of public employees.

I jotted down in the staff meeting a note to get to the Assistant Secretary in charge of this activity several meaningful reports on development of policy for organization of public service employees in other countries.

Mr. FLOOD. Where is the benefit, the payoff for Uncle Sam?

Mr. WEAVER. I think there is a payoff here in the feedback in the formulation of domestic programs.

Let me point to one that shows promise of being very specific, one very much needed.

One of the grave difficulties that has manifested itself increasingly since the completion of the Kennedy Round has been the complaint from various sectors of our population about increased imports. We are seeking through the cooperation of ILO and GATT to develop a series of fair labor standards that would apply to the production of goods in foreign trade. This is going to take a long time, but these organizations offer some opportunity for the development of such standards.

Another fundamental advantage is the opportunity to influence the direction and course of technical assistance.

Mr. FLOOD. What happens to all your standards if you run up against a border import tax?

Mr. WEAVER. This is now receiving a great deal of attention. Since completion of the Kennedy Round, nontariff barriers have become an increasing concern throughout Government. A solution through the ILO alone on the fair labor standards issue is not feasible. It would have to be done in cooperation with GATT, which deals with trade problems.

AMERICANS ON ILO STAFF

Mr. FLOOD. Let's go back to the United States.

What percentage of the ILO budget is borne by the United States and what percentage of the employees of ILO are U.S. citizens?

Mr. WEAVER. Twenty-five percent of the budget is borne by the United States, and of a total staff of 666 in the ILO regular budget, we now have 68.

Mr. FLOOD. What are we doing to increase the representation of Americans on the staff?

Mr. WEAVER. From 1965 to 1968 by my figures, we have increased it from 9 to 10.2 percent. If I may go off the record, I will explain in detail what we are seeking to do and what we have done with the cooperation of the Director General in the last 2 or 3 years to increase this.

Mr. FLOOD. Off the record.

(Off the record.)

Mr. WEAVER. We have had a dramatic increase since we identified this problem and I anticipate it continuing to go up.

On that score there is another problem, and that is the difficulty of attracting our best technicians to go into international work. There is a difference in salary. You will see this gap is being narrowed but there are fringe benefits that I think could well be considered which would enhance and increase our effort to recruit technicians.

For example, the period that an American Government employee could pay into his pension fund and continue to build up pension eligibility fund while serving an international organization. Now he can do it for 3 years, but I think if that were raised to 5 or 8 years, it would be of considerable help in attracting Americans. And the same applies to health and insurance plans.

Our health and insurance plans are superior to those of most of the U.N. systems. It was just brought to my attention that one of the officials of the ILO took sick and had an operation in New York. The health plan of the ILO provides the equivalent of about $9 a day toward his expenses. The U.S. Government health plan is far superior.

Providing some of these fringe benefits through amendment of current civil service statutes would enhance our efforts to attract more Americans into the multilateral agencies.

Mr. FLOOD. Mrs. Reid?

TECHNICAL SPECIALISTS OVERSEAS

Mrs. REID. Thank you, Mr. Chairman.

Mr. Weaver, I also serve on the Subcommittee on Foreign Operations, which, as you know, deals with various types of aid to the under-

developed nations. I am particularly interested in your comment relating to technical specialists on long- and short-term assignments to AID and other agencies.

How many are assigned to AID?

Mr. PASCHKE. At present there are 17 assigned overseas to AID.

Mrs. REID. Could you provide for the record in what countries they serve?

Mr. PASCHKE. Yes.

Mr. WEAVER. We will be delighted to.

(The information follows:)

Labor technical specialists overseas

Brazil	2	Panama	3
Guyana	1	Thailand	2
India	1	Tunisia	2
Korea	1	Turkey	1
Morocco	1	Vietnam	3

Mrs. REID. In which of the underdeveloped countries where you now have specialists do you feel you have been most helpful?

Mr. WEAVER. I can think offhand of one operation that has been helpful in Thailand, in several of the Latin American countries.

In Brazil, for example, we helped to develop a cost-of-living and consumers index which was very badly needed, both for national planning as well as in collective bargaining. Over a period of about 3 years we had as many as 17 technicians in Brazil on short- and long-term assignments.

And the advantage in the arrangement we have worked out with AID is that if they need an expert for 3 months or for 6 months, they can contract for the service and it does not add to their staff. When the technician returns we either give him another overseas assignment or he resumes his regular work in the Department.

We provided assistance to the Government of Liberia in development of a Labor Department. They had a Ministry of Agriculture and Industry and in cooperation with the ILO we assisted their development of a Labor Department.

Mrs. REID. Where do you feel the least progress has been made?

Mr. WEAVER. It is difficult to identify, and I would guess it would include some of the Latin American countries.

Mrs. REID. Perhaps you could supply for the record the ones you feel should be included in this.

Mr. WEAVER. It is very difficult to make that kind of judgment. What we are trying to do is help institution building. This has been our preoccupation to help strengthen labor ministeries, to help in development of institutions within labor ministries that are either absent or weak.

For example, employment services, labor standards, and labor statistics.

Mrs. REID. Do you feel you can develop this a little more for the record?

Mr. WEAVER. I would be delighted to.

(The information follows:)

In all of these overseas technical assistance activities, we are endeavoring to encourage the development of sound and viable indigenous institutions or to

strengthen existing institutions. Therefore, we believe that the most important single criteria in assessing the success or failure of a particular overseas assignment is the extent to which the assignment led to some permanent, continuing and wholesome institutional innovation. Using this criteria, we can make some fairly meaningful evaluations about the various assignments.

Whether or not a viable institutional innovation results from a particular assignment depends upon a wide variety of factors and considerations which are beyond the control of the technician. Therefore, when we use this criteria to make a value judgment concerning a particular assignment, we are not passing judgment upon the performance of the technician who carried out the assignment.

In this context, we would rank among the more successful assignments:

A manpower adviser's assignment to the Republic of China. After the AID-financed assignment ended, the Government of China financed the continuation of the assignment and the effort resulted in the institutionalization of important new manpower facilities in the Republic of China.

A labor administration assignment in Thailand which has contributed toward the adoption by Thailand of important new labor legislation and the establishment of a Ministry of Labor as a separate Cabinet agency.

A labor statistics series of short-term assignments in Brazil from which a fundamental reform in the Brazilian consumer price index has resulted.

Using the same criteria, the following assignments might be rated as less successful than most:

A manpower adviser's 2-year mission in Brazil in which he served as adviser in the Brazilian Ministry of Planning. The priorities in the plans of the Ministry and the AID mission were such that little of what was recommended by the expert has, as yet, been implemented.

A manpower training 2-month "diagnostic" assignment to Somalia in which the expert was expected to survey, locate, and define specific ways in which U.S. resources might be used to improve manpower training institutions. Through this assignment, the U.S. operations mission concluded at that time that U.S. manpower technical assistance could not be effectively utilized.

An unemployment insurance adviser's 3-month "exploratory" mission to Turkey in which the AID mission and the Government of Turkey explored the feasibility of instituting an unemployment insurance program in Turkey. While the comprehensive recommendations growing out of the mission are still under active consideration by the Government of Turkey, the recommendations have not yet been implemented.

Mr. MICHEL. What is your funding for United Nations activities?

Mr. WEAVER. Our funding—you mean the Bureau's funding?

Mr. MICHEL. Do you not have some activities that you fund from your shop to the U.N.?

Mr. WEAVER. No, sir; the budget for the ILO, which is our major U.N. responsibility, is the responsibility of State. It is appropriated as a joint appropriation to State.

For example, the ILO will bill the U.S. assessment to the Department of Labor. We immediately send it to State for payment.

INTERNATIONAL SEMINARS

Mr. MICHEL. Do you plan any more seminars this coming year for multinational groups of foreign manpower officials?

Mr. WEAVER. Yes; we have two scheduled for this year.

Mr. MICHEL. Do you operate those on your own?

Mr. WEAVER. This is one of the programs that we do under contract with AID.

Mr. MICHEL. AID?

Mr. WEAVER. Yes.

Mr. MICHEL. Then how is that funded?

Mr. WEAVER. It is funded through AID. We sit down with them and work out a contract on the basis of various costs.

Mr. MICHEL. How much will these seminars cost us this coming year, if there are going to be two of them?

Mr. PASCHKE. Mr. Congressman, could you mean the cost of bringing the foreign national——

Mr. MICHEL. The whole cost, what is involved, what is the cost to the American taxpayer is all I want to know. It is just that simple.

Mr. WEAVER. Last year the basic AID contract for Department of Labor or International Manpower Institute expenses was for $118,000 for two large seminars and one small one.

Mr. MICHEL. What is the bulk of that expenditure for?

Mr. WEAVER. I would have to provide that.

Mr. MICHEL. Give me a breakdown of that. Is that for last year?

Mr. WEAVER. Yes.

Mr. MICHEL. Give me a breakdown of that $118,000 expenditure, and also give me some figures that you are talking about here for the future.

You say there are going to be two,. What is the total expenditure expected to be?

(The information follows:)

The $118.000 was the 1970 estimate for direct Department of Labor personnel expenses. The funding for the participants' travel, related expenses, and tuition fees comes from AID country mission funds. The following tables illustrate the 1968 actual and 1969 estimates of costs and programs conducted. (Estimates for 1970 will be submitted to AID after congressional action on the 1970 foreign assistance appropriation.)

INTERNATIONAL MANPOWER INSTITUTE SEMINARS, FISCAL YEARS 1968–69

	1968 actual	1969 estimate
Personal services	117,585	116,700
Travel and transportation of persons	13,087	11,100
Transportation of things	30	.....
Rent, communications, and utilities	3,567	2,500
Printing and reproduction	2,612	2,600
Other services	12,358	15,500
Supplies and materials	1,636	1,600
Equipment	2,194	2,000
Grants to foreign nationals	119,687	113,000
Total obligations	272,756	265,000
Recap:		
Administrative expenses:		
Domestic budget	129,669	118,000
Tuition fees included in PIO/P's [1]	23,400	34,000
Subtotal, administrative expenses	153,069	152,000
Program funds, PIO/P's	119,687	113,000
Total obligations	272,756	265,000

[1] Project implementation orders/participants.

PROGRAMS CONDUCTED BY INTERNATIONAL MANPOWER INSTITUTE, FISCAL YEARS 1968-69

	Number of participants	
	Actual, 1968	Estimate, 1969
8th international manpower seminar: English- and Spanish-speaking Government officials (June-August 1967)	26	
9th international manpower seminar: English- and French-speaking Government officials (September-December 1967)	28	
10th international manpower seminar: English- and Spanish-speaking Government officials (May-August 1968)	16	
11th international manpower seminar: English- and French-speaking Government officials (September-November 1968)		25
12th international manpower seminar: English- and Spanish-speaking Government officials (May-August 1969)		25
A symposium on manpower and private resources (for American specialists), April 1968	78	
A symposium on the role of training and skills development in the United States for Latin American Government officials who are developing apprenticeship and training programs (participants from 20 countries), September 1968	30	
A symposium on the role of worker relocation in an active manpower program (for American specialists), April 1969		70

In addition, the International Manpower Institute performs followup activities with former participants, including issuance of newsletters, individual correspondence, and direct visits to home countries when feasible; and, on an informal basis, trains U.S. personnel engaged in international programs.

AFL–CIO WITHDRAWAL FROM INTERNATIONAL CONFEDERATION OF FREE TRADE UNIONS

Mr. MICHEL. One final question.

I believe I read in the paper not so long ago that at the AFL convention Mr. Meany and the executive group voted to withdraw, or failed to contribute to something. What was that now?

Mr. WEAVER. They voted to withdraw from the ICFTU. That is the International Confederation of Free Trade Unions. That is a private international trade union group. AFL was one of the founding members. They voted to withdraw from it.

Mr. MICHEL. And the reason being?

Mr. WEAVER. The reason being, if I remember correctly, and I would like to be able to correct this if I am wrong, basically was the dissatisfaction of the AFL–CIO with the general conduct of things in the ICFTU.

Another concerns the UAW, which after withdrawing from the AFL–CIO, made application to the ICFTU for affiliation. The constitution of the ICFTU requires consultation with the recognized national trade union center of the country concerned. With regard to the UAW application, there was consultation and Mr. Meany was dissatisfied with the way this was resolved. Although the application was rejected, there was no condemnation of the UAW for pulling away. I have a feeling that the ICFTU did not wish to become involved in internal American problems. Another reason cited was the trend among European unions for exchange of visits of the trade union officials with those behind the Iron Curtain and in Eastern European countries. The AFL–CIO has a rigid policy of no exchange with the so-called unions behind the Iron Curtain.

I get a distinct impression of European opinion from ILO circles. The Europeans believe there is a thawing and unfreezing, and

that there is advantage in the exchange. The executive council of AFL–CIO does not. This was one of the issues.

STRIKES BY PUBLIC EMPLOYEES

Mr. MICHEL. Does the ILO ever devote special consideration to the matter of strikes in the public sector?

Mr. WEAVER. Yes. This is one of the points I raised in terms of the advantage to us of being part of the ILO. We were discussing this point this morning in the Department and I made a note to myself to get to the Assistant Secretary in charge of this area of responsibility in the Department a couple of reports that have developed.

Mr. FLOOD. You did mention that.

Mr. WEAVER. Yes.

Mr. MICHEL. France is, of course, a member of ILO, are they not?

Mr. WEAVER. That is right.

Mr. MICHEL. I think they would have a lot to say on the subject in view of the past few day's news accounts of what is going on over there.

Mr. WEAVER. Their government workers' situation is in just about the same kind of ferment as there is in the United States. Their troubles broke out today in the so-called private sector as well as the nationalized companies.

This is one area in which I feel we can learn a good deal, because in Western Europe they have had collective bargaining in the public service for years. I think the most advanced is the British system.

When I was with the trade union movement assigned in Singapore, I had to learn to deal with it. I was amazed to find the development of collective bargaining to the degree and extent that it was within government. I had to go to school and learn because I had been so unaccustomed to it in the United States. So this is an area where I think we can profit, and profit considerably, from the experiences, particularly those in the Western European countries and Canada.

A report came across my desk a couple of weeks ago that the Canadian Foreign Service just completed negotiation and reached an agreement with the Ministry of External Affairs. I happen to know the chap who is this year's president of the association. He was my opposite in the ILO 5 or 6 years ago.

Mr. MICHEL. You do not know of any similar movement yet in this country?

Mr. WEAVER. No; I do not know.

Mr. MICHEL. Thank you.

Mr. FLOOD. Thank you very much.

JUSTIFICATION MATERIAL

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970
Appropriation or estimate	$1,386,000	$1,353,000
Amount reserved under P.L. 90-364	-60,000	
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968).	60,000	
Proposed transfer from Wage and Hour Public Contracts for pay increases (P.L. 90-206, E.O. 11413, effective July 14, 1968)	14,000	
Appropriation or estimate, revised	$1,400,000	$1,353,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1969 Pos.	Amount	Estimate, 1970 Pos.	Amount	1970 Change Pos.	Amount
1. International organizations affairs.	11	$ 141,800	11	$ 137,900	--	-$ 3,900
2. Foreign labor policy development	20	309,900	20	304,000	--	- 5,900
3. Labor and manpower technical services	8	146,400	8	141,100	--	- 5,300
4. Trade negotiations and economic policy development	25	399,000	25	371,600	--	- 27,400
5. Administration and management services	27	402,900	27	398,400	--	- 4,500
Total obligations	91	$1,400,000	91	$1,353,000	--	-$47,000

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1969	Estimate, 1970	1970 Change
Total number of permanent positions	91	91	--
Positions other than permanent	2	2	--
Average number of all employees	82	83	+1
11 Personnel compensation	$1,056,800	$1,045,000	-$11,800
12 Personnel benefits	79,500	78,400	- 1,100
13 Benefits for former personnel	4,800	2,500	- 2,300
21 Travel and transportation of persons	32,600	24,100	- 8,500
23 Rent, communications, and utilities	13,100	18,100	+ 5,000
24 Printing and reproduction	6,500	6,500	---
25 Other services	115,400	108,400	- 7,000
Services of other agencies	88,100	68,300	- 19,800
26 Supplies and materials	700	700	---
31 Equipment	2,500	1,000	- 1,500
Total obligations	1,400,000	1,353,000	- 47,000
Working Capital Fund items included above	(68,000)	(63,800)	(-4,200)

SUMMARY OF CHANGES

	Pos.	Amount
1969 Enacted Appropriation	91	$1,386,000
Amount reserved under P.L. 90-364	-	-60,000
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)	--	60,000
Proposed transfer from Wage and Hour Public Contracts for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)	--	14,000
1969 Appropriation, revised	91	1,400,000
1970 Estimate	91	1,353,000
Total Change	--	-47,000

Mandatory Items: (page ILAB-6)

Increases:

Net additional pay increase costs not completely funded in 1969	+ 3,000
Net additional cost for Federal Telecommunications Systems services	+ 5,000
Sub-total, Mandatory Items	+ 8,000

Program Items:

Decreases:

Reduction in domestic and international travel costs (pages ILAB 11, 13, 16, 21, 23)	- 5,000
Reduction in legal and statistical research support services (pages ILAB 11, 13, 16, 21, 23)	-50,000
Sub-total, program items	-55,000
Total Change	-47,000

MANDATORY CHANGES BY ACTIVITY

	Net additional pay increase costs	Net additional cost of Federal Telecommunications Systems services	Total
Activity 1	$ 300	$ 500	$ 800
Positions	--	--	--
Activity 2	700	1,000	1,700
Positions	--	--	--
Activity 3	300	---	300
Positions	--	--	--
Activity 4	900	500	1,400
Positions	--	--	--
Activity 5	800	3,000	3,800
Positions	--	--	--
Total	3,000	5,000	8,000

MANDATORY CHANGES FOR 1970

Increases:

To provide for full year cost of pay increases effective July 14, 1968 and to provide full funding of part-year costs.....$3,000

To provide for increase in cost of Federal Telecommunications Systems services.....$5,000

Total.....+$8,000

PROGRAM CHANGES BY ACTIVITY

	11 Personnel compensation	12 Personnel benefits	13 Benefits for former personnel	21 Travel and transportion of persons	25 Other services	31 Equipment	Total
Act. 1	-$1,800	-$ 100	-$ ---	-$1,600	-$ 900	-$ 300	-$ 4,700
Pos.	--	--	--	--	--	--	--
Act. 2	- 3,100	- 200	---	- 2,500	- 1,500	- 300	- 7,600
Pos.	--	--	--	--	--	--	--
Act. 3	- 1,300	- 100	- 2,300	- 1,000	- 600	- 300	- 5,600
Pos.	--	--	--	--	--	--	--
Act. 4	- 4,100	- 300	---	- 2,000	-22,100	- 300	- 28,800
Pos.	--	--	--	--	--	--	--
Act. 5	- 4,300	- 400	---	- 1,400	- 1,900	- 300	- 8,300
Pos.	--	--	--	--	--	--	--
Total	-14,600	- 1,100	- 2,300	- 8,500	-27,000	- 1,500	- 55,000

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Activity 1. INTERNATIONAL ORGANIZATION AFFAIRS (1969, $141,800, Pos. 11; 1970, $137,900, Pos. 11)

Narrative Description of Program

This program provides the key resources marshalling center for the Department's participation in the International Labor Organization and in the Manpower and Social Affairs Committee of the Organization for Economic Cooperation and Development. The Department has direct substantive responsibilities for the United States participation in these two organizations and plays a supporting role with respect to United States participation in other international organizations which have labor or human resources activities.

International Labor Organization Affairs

For fifty years, the International Labor Organization has served the interests of governments, employers, and workers throughout the world by devoting itself to improving the material and spiritual standards of workers. In response to the demands of its 118 member states, the International Labor Organization performs technical assistance for its member states, sets international labor standards in all areas of concern to workers, carries out research and acts as an information clearinghouse, and conducts educational activities for a fuller appreciation and understanding of its various program activities. The United States has an excellent opportunity to influence beneficially the economic and human resources development of the member states through this unique, tripartite organization. United States representatives to the various meetings of the International Labor Organization are constantly searching for new ideas, techniques, and approaches that can substantially contribute to the solution of domestic problems.

The Assistant Secretary of Labor for International Affairs is the United States Representative on the Governing Body of the International Labor Office and heads the United States delegation to the Annual Conference and other major meetings. This activity provides the Assistant Secretary with staff support from the Bureau of International Labor Affairs. In view of the tripartite nature of the International Labor Organization, the Department works closely with the American Federation of Labor and Congress of Industrial Organizations, as well as with the Chamber of Commerce of the United States, to obtain and to consider the United States worker and employer views regarding the various issues that arise in the International Labor Organization, and, as appropriate, issues arising in other international organizations.

In fiscal year 1968, accomplishments were the election in June 1968 of the Assistant Secretary of Labor for International Affairs, Mr. George L-P Weaver, as Chairman of the Governing Body of the International Labor Organization for one year, a considerable prestige success for the United States; a decision by the Annual Conference holding the line on the United States scale of assessment at 25 percent for the next three years; and attendance at major meetings.

Among the major meetings attended were the ones dealing with the textile industry, woodworking, and problems of salaried employees. Almost 100 delegates to meetings were serviced; about half were from Government, about one-fourth from the United States trade union movement, and an equal number from United States employer organizations. For these meetings, approximately 150 position papers for the guidance of United States Delegations were drafted or their preparation supervised, and consultations were held with other Executive Departments and with employer and worker organizations to incorporate, as appropriate, their respective views. Incorporating United States Government principles and policies, the papers reflect United States objectives and policy, with special reference to the labor and human resources fields.

During 1968, the United States was successful to a considerable extent in achieving the objectives set forth in the position papers both in terms of developing the International Labor Organization as an organization realistically active in dealing with human resources aspects of world economic and social problems, and in avoiding weakening actions proposed by some member states.

In fiscal year 1969, it is planned to participate in an equal number of meetings with about the same workload. Meetings will include the Fiftieth Anniversary Conference in June 1969; four Governing Body meetings; and technical, industrial meetings such as the building and construction trades, mining other than coal mining, chemical industry, leather industry, and dock labor. In addition, the Department represented the United States at the Sixth Asian Regional Conference (September 1968) and the Second Session of the Inter-American Advisory Committee of the International Labor Organization (January 1969).

The Fiftieth Anniversary Conference in June 1969 will be of special significance to the United States because (1) as part of its agenda, it will include an item on special youth employment and training schemes proposed by the United States, and (2) it will consider the question of the structure of the Organization in light of the interests of the developing nations and other member countries. The United States would prefer to see the continuance of essentially the present structure.

In fiscal year 1970, it is estimated that the workload will continue at the same level, an approximate 12 major International Labor Organization meetings. The United States will no longer have the Chairmanship of the Governing Body. However, it is anticipated that special problems will remain with respect to structure and that a return will take place to the perennial problem of seeking to align, higher than at present, the United States scale of assessments more nearly in line with that of the United Nations. In addition, there will be the need to respond to lengthy and detailed requests for information, which serve as the original basis for International Labor Organization Conventions and Recommendations and technical papers as the basis for discussions at all technical meetings.

Regional Economic Organizations

This activity provides staff support for the Department's substantive and representational responsibilities for the United States participation in the Manpower and Social Affairs Committee of the Organization for Economic Cooperation and Development, and is the focal point for drawing the Department's resources into this activity. The Committee, with 22 member states mostly from the developed world, engages in advanced socio-economic research projects to pioneer new concepts and techniques for adaptation to the solution of domestic problems, and engages in critical examinations of each other's domestic manpower policies and programs.

The program also provides staff support within the competence of the Department for United States participation in the regional economic commissions of the United Nations, and, as appropriate, to other regional intergovernmental organizations. The work concerns drafting, or supervising the preparation, of position papers to serve as instructions to United States Delegations, and in servicing the members of these delegations. In addition, the activity is concerned with replying to numerous requests for technical information for the completion of questionnaires and for technical publications.

In fiscal year 1968, the major accomplishment was to persuade the Manpower and Social Affairs Committee to place much greater emphasis on the coordination of monetary, fiscal, and manpower policies at the highest national levels so that restraint of inflation need not necessarily increase unemployment. Additionally, the program prepared or supervised the preparation of almost 200 position papers for various meetings of five different regional organizations; also, almost 90 delegates to these meetings were serviced by preparing them for the best participation possible. The time involved for the work for the meetings of the components of the Organization for Economic Cooperation and Development required

50 percent more staff time than all of the regional four Economic and Social Commissions of the United Nations and other regional intergovernmental organizations, such as the North American Treaty Organization (NATO), the European Economic Commission (EEC), the Colombo Plan, etc.

In fiscal year 1969, it is planned to introduce into the Manpower and Social Affairs Committee a new subject for consideration: "The Economic Impact of Large-Scale Retraining Programs," the results of which the Department hopes to use in domestic problems. Two other major studies include: (1) the cost-benefit analysis of geographical labor mobility versus regional economic development under several different circumstances, and (2) reduction of seasonal unemployment in the construction industry. The Department will provide the United States representation in a study of the manpower consequences of automation in the United Nations Economic Commission for Europe. It is hoped that tangible benefits will accrue to the Department from all four studies.

In fiscal year 1970, it is planned to complete approximately the same workload with respect to completion of position papers, servicing of delegates, and in fulfilling various kinds of requests for technical information. However, the agendas for the various international meetings to be held in 1970 will not be considered until the spring of 1969; and, as a result, no projection can be made at present with respect to the manpower and socio-economic fields to be considered.

United Nations Affairs

This activity supports United States participation in the United Nations and its family of organizations by coordination of the special competence of the Department in the labor and human resources areas for use of delegations attending various United Nations meetings. These include, among others: Committees II and III of the General Assembly, the Governing Council of the United Nations Development Program, the United Nations Commission on the Status of Women, the United Nations Commission for Social Development, the United Nations Human Rights Commission, and the United Nations Economic and Social Council. Upon request of the Department of State, also, the program provides expert advisers as members of United States delegations to these meetings.

This program also requires the drafting or supervising the drafting of numerous position papers, servicing delegates to meetings of various United Nations organs, and supplying technical information in the Department's areas of competence. Additionally, policy formulating activities are undertaken in regular and ad hoc meetings; for example, meetings of the United Nations Economic Committee, an interdepartmental group concerning itself with the substance of a number of United Nations organizations, and the Interdepartmental Committee on Foreign Policy Relating to Human Rights, which essentially confines itself to human rights issues.

In fiscal year 1968, the major accomplishment was the active participation of program specialists as expert advisers in the sessions of the United Nations Commission on the Status of Women, the 45th United Nations Economic and Social Council, and in the first three sessions of the President's Commission for the Observance of Human Rights Year 1968 to present the views of the Department of Labor and uphold the positions, as appropriate, of the United States Government. The Commission on the Status of Women, for example, in its January meeting, was the first United Nations body to call for family planning. A large number of position papers were cleared and delegates serviced by preparing them for the best participation possible as part of the normal activities of the program. Additionally, responses were made to a number of requests for technical data concerning discrimination, women's affairs, human rights, programs for the disadvantaged, manpower, youth, and levels-of-living.

Thirty-eight labor-oriented technical cooperation projects were reviewed and technical comment obtained for the benefit of the United Nations Development Program as an aid in their appraisal of the merits of proposed projects.

In fiscal year 1969, it is estimated that the program will continue at the same level and will include direct participation in the United Nations Conference for Ministers Responsible for Social Welfare, the Women's Commission, the Economic and Social Council, and continued support for the Department's participation in the President's Commission for the Observance of Human Rights Year 1968. Agendas for meetings scheduled this year indicate some expansion deriving from increased activities by these bodies.

In fiscal year 1970, it is planned to follow the same program with its objectives of servicing the Executive Branch and United Nations organizations. Unless there are changes in the calendar of conferences, the same general schedule for about fifteen major United Nations meetings will hold; but at this time, it is impossible to predict the contents of the agendas -- these are determined only one year in advance of meetings.

Changes for 1970

Mandatory changes amount to (Page ILAB-6)..... + $ 800

Program changes amount to (Page ILAB-7)..... - $4,700

Mandatory changes provide for net additional pay increase costs not completely funded in 1969 and for net additional estimates for Federal Telecommunications Systems services.

Program changes result from reduction in travel and reduction in legal and statistical research support services.

Activity 2. FOREIGN LABOR POLICY DEVELOPMENT (1969, $309,900, Pos. 20; 1970, $304,000, Pos. 20)

Narrative Description of Program

This activity is concerned with providing technical and policy guidance in the development and achievement of U. S. foreign policy goals as related to labor and manpower factors and with developing and executing action proposals for specific countries and geographic areas. Expertise is provided on the labor and manpower implications of political and economic developments abroad. Assistance is rendered in the Department's participation in the labor attache program of the Foreign Service. Substantive support is furnished for the participation by the United States in the specialized labor agencies of the Organization of American States.

In fiscal year 1968, recommendations were made in interagency deliberations on the labor and manpower aspects of such matters as over-all country policies and programs, technical assistance, and labor information programs, "brain drain" and refugee problems, and exchange programs. Numerous special problems were dealt with, such as participation in preparation for the Joint U. S.-Japan Cabinet Meeting, for the May 1968 meeting of the Permanent Technical Committee on Labor Matters of the Latin American Labor Ministers Conference, and in initial discussions of the Joint U. S.-Japan Study of Employment.

Contact was maintained with U. S. labor attaches and other Foreign Service officers concerned with labor matters in U. S. overseas posts. Staff work was performed in connection with recommendations to the Department of State on the assignments of labor officers and on the location of labor attache posts. The activity participated in providing guidance to labor attaches as well as in their training, servicing, and evaluation. Guidance was given to the Labor Attache in New Delhi, for example, on how to respond to Indian Government views regarding two regional labor conferences, and to the Labor Attache in Saigon on the handling of labor relations problems involving U. S. agencies. Labor officer positions in each area were as follows: Africa, 9; American Republics, 20; East Asia and Pacific, 11; Europe, 20; Near East and South Asia, 7.

Considerable assistance was rendered to the State Department in reviewing overseas labor activities and positions under the Presidential Program for Reduction of Overseas Personnel. We participated in the meetings at the State Department at which recommendations from the Embassies were reviewed and, in several cases, modified at our insistence. A guidance statement designed to clarify and simplify labor reporting was prepared by the Department for the Department of State which issued it in connection with their general program to reduce overseas personnel.

Information was provided by the Area Specialists to numerous offices of the Department and other Governmental agencies, as well as to private individuals and organizations who were interested in overseas developments or planned to travel abroad, concerning the situation in the countries of their areas as related to labor and manpower. Information for briefing U. S. Ambassadors and other key U. S. officials was a significant part of this activity. Advice given to the outgoing Ambassador to Thailand, for example, was instrumental in his decision to create a position in his Embassy for a Regional Labor Officer.

International trade union organization specialists followed and reported on developments in the international trade union field and furnished related policy and program advice. Information was supplied to the U. S. trade union movement on specific activities or developments in the international labor movements to assist policy determination or the execution of action programs of the U. S. labor movement in its relations with the international trade union bodies. For example, the staff provided information to U. S. trade union officials and officers of the Public Services International and the International Federation of Building and Woodworkers interested in promoting activities on the part of the

latter organizations throughout Central and South America. The activities in Latin America of such organizations complement in important ways the many-sided efforts the U. S. Government is making within the framework of the Alliance for Progress.

In fiscal year 1969, it is planned to continue, in general, the activities outlined above. Due to the curtailment of overseas personnel, special efforts will be made to reduce reporting requirements and other Foreign Service labor activities at U. S. posts in other countries. Plans are being developed for two labor attache conferences (Europe and Africa) to be held during the year. A third conference of Latin American Labor Ministers is expected to be held during the year, for which staff work will be required. Excess foreign currencies appropriated in prior years are available for the costs of these conferences.

In fiscal year 1970, it is planned to continue the programs outlined above. Among other things, at least two labor attache conferences (Near East and South Asia and East Asia and Pacific) are planned for the year.

Changes for 1970

Mandatory changes amount to (Page ILAB-6) ..... + $1,700

Program changes amount to (Page ILAB-7) ..... - $7,600

Mandatory changes provide for net additional pay increase costs not completely funded in 1969 and for net additional estimates for Federal Telecommunications Systems services.

Program changes result from reduction in travel and reduction in legal and statistical research support services.

Activity 3. LABOR AND MANPOWER TECHNICAL SERVICES (1969, $146,400, Pos. 8; 1970, $141,100, Pos. 8)

Narrative Description of Program

This activity is concerned with mobilizing and making available the Department of Labor's technical knowledge and resources in the labor and manpower fields in support of the overseas programs of U. S. foreign affairs agencies. It is also concerned with increasing and improving the U. S. participation and influence in the labor and manpower technical assistance programs of the intergovernmental organizations (such as the International Labor Organization, the Organization of American States, and the United Nations Industrial Development Organization) in which the U. S. is a major contributor. The subject matter fields include: (1) manpower, (2) labor statistics, (3) labor standards, (4) governmental aspects of labor-management relations, and (5) labor ministry and labor law administration.

It is the policy of the United States to assist developing countries to achieve sound economic development within the framework of democratic principles and institutions. Essential aspects of human resources development and utilization are the establishment and implementation of positive manpower programs and stimulating the "institution building" process from which viable and effective Labor Ministries and related government-labor instrumentalities emerge.

To achieve these policy objectives, the United States finances and administers directly on a bilateral basis -- principally under the auspices of the Agency for International Development -- a wide variety of technical assistance efforts in many developing countries. The United States also participates in and contributes substantially towards the financing of the international technical assistance programs of the specialized agencies of the United Nations and other multilateral, intergovernmental organizations. Important among these are the International Labor Organization, the Organization of American States, and the United Nations Industrial Development Organization.

In the human resources, manpower and labor fields, the U. S. foreign affairs agencies rely heavily upon the U. S. Department of Labor for leadership and technical support in both the bilateral and multilateral technical assistance activities.

To effectively fulfill these responsibilities, but at the same time utilize to the maximum extent possible these program activities in domestic programs, the Department of Labor has developed three principal interrelated tools for its international technical assistance. These are (1) the Department of Labor International Technical Assistance Corps (DOLITAC) program to supply American technicians for overseas technical assistance activities under either bilateral (Agency for International Development) or multilateral (International Labor Organization) auspices; (2) technical training courses for foreign nationals through such devices as manpower seminars administered by our International Manpower Institute and similar formalized technical training programs; and (3) technical manuals and resource materials designed for use in less-developed countries in the development of manpower and government-labor institutions.

Since the Agency for International Development is a primary beneficiary of the Department's work under this activity, a significant proportion of the costs are borne by that Agency. This activity is concerned with program development, executive direction, policy planning, and service tasks which cannot properly be charged to other agencies and which are necessary to assure effective Department of Labor control and coordination. A significant proportion of the workload carried by this activity is devoted to recruiting and representational efforts to improve and increase the American experts in the multilateral (particularly the International Labor Organization) technical assistance programs.

In fiscal year 1968, accomplishments included: Through the utilization of the Department of Labor International Technical Assistance Corps, 45 technical assistance assignments in 23 different less-developed countries were successfully handled for the Agency for International Development, the International Labor Organization, and the Department of Defense. This represented an increase of approximately five percent over the planned workload.

The Department continued to improve and expand the technical training courses for foreign nationals. For example, the Department's International Manpower Institute administered two formalized seminars for multi-national groups of foreign manpower officials.

Finally, the Department's efforts to locate, recruit, and make available to the International Labor Organization qualified American experts for overseas technical assistance were significantly intensified. In 1968, 130 qualified and available Americans were recruited, screened, evaluated, and nominated to the International Labor Organization for such employment. In 1967, the comparable total was 85. While this effort has not yet resulted in a significant increase in the percentage of Americans hired by the International Labor Organization, it is anticipated that some of those nominated in 1968 will be employed in 1969.

In fiscal year 1969, it is planned to meet anticipated increased demands by the United States bilateral (Agency for International Development) programs for the Department of Labor International Technical Assistance Corps technicians to fill short-term overseas technical assistance assignments. With the reduction of permanent Agency for International Development overseas staffs, it is already evident that heavier reliance will be placed upon the short-term services of technicians to help solve specific problems in the less-developed countries.

There is a gross imbalance in the proportion of Americans engaged in the International Labor Organization's overseas technical assistance activities. It is important that a strong effort be made to assure that a fair share of these positions is filled by Americans. The International Labor Organization currently employs 620 technicians of many nationalities. Of these, only about 20 are Americans. Although the U. S. contributes almost 40 percent of the money that finances these International Labor Organization technical assistance activities, only about three percent of the technicians employed by the International Labor Organization are Americans. This imbalance is particularly disadvantageous from the U. S. standpoint at a time when the U. S. Government overseas assistance staffs are being reduced.

It is planned, therefore, that in 1969 the major effort of this staff will be concentrated upon persuading the International Labor Organization to appoint more of the American nominees, and to use the Department of Labor International Technical Assistance Corps as a source of competent Americans for international assignments. Additional effort will be directed towards finding and nominating qualified Americans to the International Labor Organization.

Many of the International Labor Organization technical assistance posts call for experts in specialized management development fields for which American private industry is the logical recruitment source. We have recently begun a new active collaboration with U. S. management organizations such as the American Management Association and firms affiliated with the National Foreign Trade Council. It is anticipated that this collaboration will result in more and higher quality American candidates for the International Labor Organization management expert posts.

A high percentage of the International Labor Organization technical assistance posts call for vocational training instructors in the various crafts for which the various American trade unions are logical recruitment sources. Through recent meetings with Mr. Meany and his staff, new procedures are being worked out through which the various craft unions affiliated with the American Federation of Labor and Congress of Industrial Organizations will actively assist in finding and evaluating American candidates.

We recently began to have the Department of Labor International Technical Assistance Corps Interbureau Advisory Committee help us in the job of finding and evaluating American candidates. This Committee is made up of the Administrators of those bureaus of the Department whose resources are most relevant for overseas technical assistance work. The Committee will assist in finding qualified candidates and in evaluating their technical competence through the establishment of a series of evaluation panels. The technique will tend to guarantee that the American candidates we nominate to the International Labor Organization are of the highest quality available.

In fiscal year 1970, it is planned that the emphasis upon increased involvement by Americans in the technical assistance activities of the multilateral organizations will be continued.

Changes for 1970

Mandatory changes amount to (Page ILAB-6) ..... + $ 300

Program changes amount to (Page ILAB-7) ..... - $5,600

Mandatory changes provide for net additional pay increase costs not completely funded in 1969.

Program changes result from reduction in travel and reduction in legal and statistical research support services.

Activity 4. TRADE NEGOTIATIONS AND ECONOMIC POLICY DEVELOPMENT
(1969, $399,000, Pos. 25;
1970, $371,600, Pos. 25)

Narrative Description of Program

This program provides the staff services which are required to enable the Secretary of Labor to fulfill the functions assigned to him under the Trade Expansion Act of 1962, the Automotive Products Trade Act of 1965, and implementing Executive Orders 11052, 11075, and 11254. The program further provides for Departmental participation in the work of international trade organizations including the Organization for Economic Cooperation and Development, the General Agreement on Tariffs and Trade, and the United Nations Conference on Trade and Development. Departmental participation in interagency development and execution of foreign economic policy is designed to insure fullest practicable consideration of U. S. manpower objectives and domestic employment programs.

Trade Policy

In fiscal year 1968, accomplishments fall into three categories. The first is submission of the Trade Expansion Act of 1968 to the Congress by the Administration. This legislation provided for extension, with appropriate modifications, of those portions of the Trade Expansion Act of 1962 which expired as of June 30, 1967, elimination of the American Selling Price system of customs valuation, and revision of the eligibility criteria for the adjustment assistance program for firms and workers affected by increased imports. The Department, as planned, played an active role in development of this legislation and supporting material. In particular, the Department was responsible for the revisions in the adjustment assistance program. The Department also carried out an intensive study of the potential employment impact of the elimination of the American Selling Price system for benzenoid chemicals.

The second concerned focusing the attention of the Secretariats of the International Labor Organization and the General Agreement on Tariffs and Trade on the desirability of developing an acceptable and workable mechanism for considering fair labor standards for goods moving in international trade. The Department was instrumental in having this issue raised in various international forums including the United Nations Conference for Trade and Development, the General Agreement on Tariffs and Trade, and in the Organization for Economic Cooperation and Development. This matter is still being actively considered in these forums.

The third concerned the Department's participation in the second meeting of the Conference on Trade and Development which was held during the year to consider the question of trade relations between developing and industrialized nations. The major issue at the meeting was the development of an acceptable system of tariff preferences for the products of the Less Developed Countries. Although no final solution was reached during FY 1968, some progress was made and further action will be required in 1969.

In fiscal year 1969, it is planned to continue work with the Congress on legislation similar to the Trade Expansion Act of 1968. The issue of fair labor standards will continue to be of major importance in the Bureau's program. There is an expectation that a detailed proposal for a program to insure that trade is not based upon exploitation of human resources will be presented to the International Labor Organization Conference in June 1969.

In 1969, trade policy will be focused on the question of non-tariff barriers to trade. The Department will participate actively in work to determine the effect of both U. S. and foreign barriers on domestic employment and manpower programs.

Extensive work will be devoted to the development of appropriate policy to deal with the potential manpower implications posed by the Mexican Government's industrialization program for its northern border area. This will extend to a wider interagency study of the implications of duty-free treatment accorded to the reimportation of certain U. S. products assembled abroad.

At the conclusion of the second session of the United Nations Conference on Trade and Development, there was agreement that the developed countries would work out the details of a system of generalized preferences by mid-calendar year 1969. Extensive work on the details of such a scheme, including decisions on which items should be excepted from the preference system because of domestic manpower problems, will take place throughout the year.

In fiscal year 1970, it is anticipated that the Bureau will be deeply involved in both interagency and international consultations on the details of an operable international fair labor standards program. It is possible that the international consultations will take the form of consideration in an appropriate international forum of several complaints of violation of these standards. The work on international fair labor standards will be closely related to the issue of tariff preferences for products of the developing countries. The preference issue should also be in the stage of translation from agreement in principle to a working program.

Multi-national negotiations aimed at eliminating or easing non-tariff barriers to trade are expected to be in progress in the General Agreement on Tariffs and Trade in 1970.

Reductions in tariffs negotiated in the Kennedy Round will have an impact on the restructuring of some industries both here and abroad. Such restructuring will generate requests for further modifications in tariff levels which will in turn require international negotiations; within the interagency trade organization and before Congressional committees considering legislation on this topic, the Department will be required to supply information on the implications for U. S. manpower of proposed tariff changes.

Adjustment Assistance

In fiscal year 1968, the Automotive Agreement Adjustment Assistance Board continued activities authorized by the Automotive Products Trade Act of 1965. This Act provides that firms or groups of workers who suffer dislocation as a result of the operations of the U. S.-Canadian Agreement establishing duty-free trade in selected automotive products may petition for a determination of their eligibility to apply for adjustment assistance. The responsibility for these determinations is assigned to the Board, chaired by the Secretary of Labor; the Department furnishes the staff support necessary to the Board's operations. In 1968, the Board issued determinations on seven cases for relief filed by groups of workers, revised two earlier certifications, and terminated one certification of eligibility which had been issued in 1966. Since the start of the program, the Board had issued certifications of eligibility covering some 2,500 individual workers. Cumulative payments, including training allowances and reimbursement to the States for unemployment insurance paid to such individuals amounted to approximately $3.6 million at the end of 1968. The special adjustment assistance provisions of the Automotive Products Trade Act of 1965 expired at the end of fiscal year 1968. However, cases acted on through June 30, 1968 will result in payments of benefits through 1971.

Extensive work was done in revising the standards of eligibility for adjustment assistance for firms and workers under the Trade Expansion Act of 1962 to make the program viable. These revised standards, as well as an extension of the special standards of the Automotive Products Trade Act, were contained in the Administration's Trade Expansion Act of 1968 submitted to the Congress in May.

A major U. S.-Canadian review of the Automotive Agreement commenced in December 1967 and proceeded throughout the remainder of the year. The Assistant Secretary of Labor for International Affairs is a member of the U. S. team meeting with the Canadians, and the Office of Foreign Economic Policy represents the Department on interagency and intergovernmental working groups.

In fiscal year 1969, the U. S.-Canadian Automotive Agreement was completed and interim and final reports were submitted to the Congress.

It is expected that legislation similar to the Trade Expansion Act of 1968 will be passed by the Congress in fiscal year 1969. Depending on the final form of this Act, extensive work will be required to prepare regulations and set up mechanisms to implement the program. The 1968 proposal provided not only that the standards of eligibility be liberalized but that the mechanics also be changed so that the determinations of eligibility be made by a three-man board including a representative of the Secretary of Labor.

The second stage of the Kennedy Round tariff reductions comes into effect on January 1, 1969. An appreciable increase in adjustment assistance activity may be anticipated.

In fiscal year 1970, appreciable activity in adjustment assistance is anticipated under both the modified Trade Expansion Act and the provisions of the Automotive Products Trade Act. This will generate an increased workload for the necessary processing of petitions, monitoring of operations in the field, and continuous review of actions. The third stage of Kennedy Round tariff reductions comes into effect January 1, 1971.

The proposed revised adjustment assistance criteria do not change the level or types of benefits from those in the 1962 Act. In 1970, as experience cumulates under the new standards of eligibility, cost-benefit analysis of improvement in the level of assistance (and possibly expanding the program to the other types of government-generated dislocation) will be undertaken.

Commodity and Industry Problems

In fiscal year 1968, the Department was actively involved in the renegotiation of approximately 13 cotton textile bilateral agreements incident to the extension of the Long Term Cotton Textile Arrangement and in modification of the remaining agreements. Twenty formal restraint actions were taken during the year under the terms of the Cotton Textile Arrangement. The Long Term Cotton Textile Arrangement is designed and administered to insure that employment opportunities for U. S. workers in the textile and apparel industries are not significantly impaired by disruptive import competition. The Bureau provides the Departmental representation on the Interagency Textile Administrative Committee which is responsible for administering the Arrangement in the U. S. The Department participates actively in all negotiations because of the intensive labor interest.

The Department made significant contributions to various studies requested by the President and the Vice President relating to the economic condition of the U. S. textile and apparel industries. In particular, a major study of the labor force in this U. S. industry was prepared. In addition, the Bureau was actively involved in the preparation of documents expressing the U. S. position regarding textile problems for use before the General Agreement on Tariffs and Trade, the Organization for Economic Cooperation and Development, and the United Nations Conference on Trade and Development.

In cooperation with the other executive agencies that comprise the Interagency Textile Administrative Committee, this Department participated in the preparation, and subsequent presentation to the Cabinet Textile Committee, of data on the impact of increasing imports of textiles of man-made fibers. The intent of these analyses was to point to the growing need for expanding the textile program to provide for a system of control of international trade in man-made fiber textile products so that there would be orderly marketing in a

manner that would be acceptable to our trading partners and yet would not adversely affect our domestic industry.

A task force on carpets and glass comprising representatives of the Departments of Commerce, Labor, and the Small Business Administration was appointed by the President in October 1967. The task force was instructed to assist the two industries and the communities in which carpet and glass plants are located in avoiding employment dislocation which could develop if the escape clause rates of duty are removed in January 1970, as currently planned. The task force was instrumental in having a training program approved in one community and is continuing its efforts to generate self-help programs in the two industries.

The Department participated actively in interagency committees dealing with trade problems of specific commodities or industries -- the impact of exports of softwood lumber from the Pacific Northwest upon domestic sawmills, imports of feedstocks for the U. S. petro-chemical industry within the framework of the Oil Import program, cotton typewriter ribbon cloth imports, the problems of the watch industry, avoidance of the duty on certain wool fabrics, etc. Information was supplied to the Congress on the domestic employment impact of both increased imports of a variety of products and decreased exports which could result from restricting imports. The Bureau acted as coordinator for a major study of the employment effects of U. S. foreign trade both in total and for individual industries and communities. This study was widely used by witnesses appearing before the Ways and Means Committee hearings on U. S. trade policy, by the Administration in testimony opposing quota legislation introduced in the Congress, and in the major report "The Future of U. S. Trade Policy" submitted to the President in January 1969.

Analyses of a large number of legislative proposals affecting either tariff rates or import levels were supplied to the House Ways and Means Committee and the Senate Finance Committee.

In fiscal year 1969, it is planned to maintain the Long Term Cotton Textile Arrangement to insure that excess of imports, either in total or for specific groups of commodities, do not disrupt U. S. markets. The 22 bilateral agreements negotiated under the Arrangement will require constant surveillance and maintenance; additional bilaterals or other restraint arrangements may be required as new suppliers arise. Compilation of data and recommendations with regard to whether some form of import limitation should be extended to textile articles other than those of cotton will consume a large amount of staff time during the year as it did in relation to proposals for this purpose during FY 1968.

Efforts will be maintained to determine the continuing effects of multi-fiber imports and, as appropriate, to establish the need for expansion of the textile program to assure orderly marketing without adverse consequences to American labor.

A final report will be submitted to the President on the carpet and glass situation including general recommendations for remedial action when entire industries are adversely affected by imports.

Work on the problems of specific industries has carried over from 1968. The volume of individual item trade and tariff bills on which the Department is required to comment or testify has increased in 1969 in line with the trend of the past five years; the decline in the U. S. trade balance during the first half of calendar year 1968 will undoubtedly generate an increase in this type of activity when the Congress convenes in January 1969.

In fiscal year 1970, it will be necessary to reach policy decisions on the future of the Long Term Arrangement for Cotton Textiles which expires September 30, 1970. In this context, studies during the prior year could result in heavy Labor Department involvement in negotiation of an expanded textile program providing for multi-fiber coverage of trade to assure minimum adverse consequence of import impact on the approximately 2.5 million American workers in the textile and apparel industries.

Changes for 1970

Mandatory changes amount to (Page ILAB-6)..... + $ 1,400

Program changes amount to (Page ILAB-7)..... - $28,800

Mandatory changes provide for net additional pay increase costs not completely funded in 1969 and for net additional estimates for Federal Telecommunications Systems services.

Program changes result from reduction in travel, and reduction in legal and statistical research support services.

Activity 5. ADMINISTRATION AND MANAGEMENT SERVICES (1969, $402,900, Pos. 27; 1970, $398,400, Pos. 27)

Narrative Description of Program

This activity concerns Department-wide policy guidance, coordination, and direction of all activities in international affairs, exercise of the Department's responsibility for participation jointly with the Department of State and others for management of the Foreign Service; servicing of labor officers overseas; internal management of the Bureau; Department-wide fiscal guidance and control in connection with international programs; and for coordination and direction of analyses, planning, budgeting, execution, and review of international programs under the Department's Management System.

In fiscal year 1968, emphasis was continued in the coordination of international programs for the benefit of domestic, labor, and manpower programs of the Department. Also during the year, more effort was made toward correlating relevant domestic experience to specific country advisory and technical assistance programs in the international area. This exchange of relevant information and experience should have beneficial results for long-range planning in both international and domestic labor and manpower related activities.

During the year, the Agency for International Development technical assistance activity, as carried out by the Department of Labor, became critically involved with the overseas employment reduction program of the State Department. The administrative coordinations required in meeting overseas requirements, coupled with the State Department reductions overseas, created intense demands on all levels of management.

During the year, the Department's Foreign Service involvement also was affected by the operation of the Department of State's overseas employment reduction program. The management staff was called upon to evaluate and make recommendations regarding the various proposals concerning labor officers and their functions which were developed by American Embassies and State Department.

In fiscal year 1969, it is expected that many of the program fluctuations originating in 1968 will continue.

In order to meet these challenges and provide for a flexible and even more effective mechanism for meeting the Department's international obligations, a complete review of current resources available and their deployment is being conducted jointly by international and Departmental management officials. It is anticipated that during the year, structural and other changes may be inaugurated as necessary to accomplish this mission. The Assistant Secretary of Labor, International Affairs, as the Chairman of the Governing Body of the International Labor Organization for fiscal year 1969, will require strong and diligent support from the executive direction and management activity.

Efforts will be made through participation in international programs and through utilization of the Department's Management System to identify and utilize experience for the benefit of domestic labor and manpower programs.

In fiscal year 1970, it is planned to complete the implementation of any beneficial structural and program changes developed through the Departmental review initiated above. It is expected that the need for executive direction and management support will continue to expand because of the increasing number of international organizations sponsoring or involved in programs which have relationships with labor and manpower factors. Any new tariff or trade legislation, coupled with ongoing or new technical assistance activities--particularly that which might relate to developing countries, will have an effect on increased need for experienced decision making and management support functions.

Changes for 1970

Mandatory changes amount to (Page ILAB-6)..... + $3,800

Program changes amount to (Page ILAB-7)..... - $8,300

Mandatory changes provide for net additional pay increase costs not completely funded in 1969 and for net additional estimates for Federal Telecommunications Systems services.

Program changes are due to a reduction in legal and statistical research support services.

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation $1,045,000

This estimate provides for 91 positions and 82.5 man years of employment. This represents mandatory increases of $2,800 for increased pay costs under P.L. 90-206.

Personnel benefits $ 78,400

This estimate is based upon 7.5 percent of net personnel compensation.

Benefits for former personnel $ 2,500

This amount is required to provide personnel benefits for former employees currently serving with international organizations. The estimate covers the following items:

	1969	1970	Change
Contributions to C.S.C. Retirement Fund	$ 3,800	$ 2,000	-$ 1,800
Employees Group Life Insurance	400	200	- 200
Employees Health Benefits	600	300	- 300
Total	4,800	2,500	- 2,300

Travel and transportation of persons $ 24,100

This estimate provides for domestic and international travel of area or functional specialist, consultants, and experts; and transportation of technical advisers.

	1969	1970	Change
Number of travelers	46	46	---
Number of days traveled	500	375	- 125
Estimated cost	32,600	24,100	- 8,500

Rent, communications and utilities $ 18,100

This estimate provides for the following items:

	1969	1970	Change
Telephone rental	$ 3,600	$ 3,600	$ ---
Federal Telecommunications Systems services	3,800	8,800	+ 5,000
Teletype and telegrams	2,600	2,600	---
Paid official mail	1,600	1,600	---
Rents and utilites	1,500	1,500	---
Estimated cost	13,100	18,100	+ 5,000

This estimate reflects a mandatory increase of $5,000 for Federal Telecommunications System services.

Printing and reproduction $ 6,500

This estimate provides for the following items:

	1969	1970	Change
Publications: "International Labor"	$ 6,000	$ 6,000	$ ---
Miscellaneous printing (pamphlets, translated materials, etc.)	500	500	---
Estimated cost	6,500	6,500	---

Other services $ 176,700

This estimate provides for the following items:

	1969	1970	Change
Machine and miscellaneous repairs	$ 4,000	$ 2,500	-$ 1,500
Training programs	6,300	5,000	- 1,300
Building maintenance and alterations	1,700	1,700	---
Miscellaneous machine tabulations	25,000	25,000	---
Services of other agencies	98,300	78,500	- 19,800
Working Capital Fund	68,200	64,000	- 4,200
Estimated cost	203,500	176,700	- 26,800

Supplies and materials $ 700

This estimate provides for the following items:

	1969	1970	Change
Subscriptions and miscellaneous supplies	$ 700	$ 700	$ ---
Estimated cost	700	700	---

Equipment $ 1,000

1969	1970	Change
$ 2,500	$ 1,000	-$1,500

This estimate provides for replacement of equipment.

OFFICE OF THE SECRETARY

TUESDAY, MARCH 11, 1969.

WITNESSES

JAMES D. HODGSON, UNDER SECRETARY OF LABOR
TOM KOUZES, DEPUTY ASSISTANT SECRETARY FOR ADMINISTRATION
EDWARD J. McVEIGH, DIRECTOR, OFFICE OF PROGRAM REVIEW AND AUDIT
CHARLES D. CARLSON, DIRECTOR, OFFICE OF MANAGEMENT ASSISTANCE
CONRAD M. JONES, DIRECTOR, OFFICE OF BUDGET POLICY AND REVIEW

OFFICE OF THE SECRETARY, SALARIES AND EXPENSES

OBJECT CLASSIFICATION (In thousands of dollars)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Permanent positions	3,480	4,076	4,131
Positions other than permanent	105	32	32
Other personnel compensation	36	27	27
Total personnel compensation	3,621	4,135	4,190
Personnel benefits: Civilian employees	269	304	310
Travel and transportation of persons	169	219	219
Transportation of things	8	21	21
Rent, communications, and utilities	77	115	130
Printing and reproduction	31	34	34
Other services	793	705	709
Supplies and materials	31	35	35
Equipment	24	69	43
Insurance claims and indemnities	1		
Total obligations	5,024	5,637	5,691

PERSONNEL SUMMARY

Total number of permanent positions	334	355	350
Full-time equivalent of other positions	19	7	7
Average number of all employees	309	323	323
Average GS grade	10.2	10.3	10.3
Average GS salary	$11,674	$12,549	$12,795

PROGRAM AND FINANCING

[In thousands of dollars]

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Executive direction	1,080	1,126	1,150
2. Management and central services	3,685	4,511	4,541
3. Appeals from determination of Federal employee claims	151		
Total program costs, funded	4,916	5,637	5,691
Change in selected resources [1]	108		
Total obligations	5,024	5,637	5,691
Financing:			
Receipts and reimbursements from—			
Federal funds	−78	−82	−82
Trust funds	−538	−538	−557
Proposed increase due to civilian Pay Act increases		−18	
Unobligated balance lapsing	22		
Budget authority	4,430	4,999	5,052
Budget authority:			
Appropriation	4,388	4,878	5,052
Transferred to other accounts	−3		
Transferred from other accounts	45		
Appropriation (adjusted)	4,430	4,878	5,052
Proposed transfer from other accounts for pay increases		121	
Relation of obligations to outlays:			
Obligations incurred, net	4,408	4,999	5,052
Obligated balance, start of year	280	349	409
Obligated balance, end of year	−349	−409	−431
Adjustments in expired accounts	−68		
Outlays	4,271	4,939	5,030

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1967, $98,000; 1968, $206,000; 1969, $206,000; 1970, $206,000.

Mr. FLOOD. We will continue with the Department of Labor, the Office of the Secretary. We have the Under Secretary of Labor, Mr. James D. Hodgson.

Mr. Secretary, I see that you have a statement.

BIOGRAPHICAL SKETCH

We will include your biographical sketch and then will be happy to hear your statement.

Mr. HODGSON. Thank you.

(The biographical sketch follows:)

JAMES D. HODGSON, UNDER SECRETARY OF LABOR

James D. Hodgson, 52, was a corporate vice president of the Lockheed Aircraft Corp. He has gained a reputation for his progressive and innovative contributions in labor-management relations and in hiring and training the disadvantaged.

He started with Lockheed in 1941 as a clerk and shifted to labor relations work in 1946 after serving as an air combat intelligence officer on carriers with the U.S. Navy during World War II.

For the next 22 years, he held a series of industrial relations positions, including that of corporate director for industrial relations (1962–68) before rising to the firm's vice presidency in 1968.

A native of Dawson, Minn., he is a graduate of the University of Minnesota, majoring in sociology and economics, and has done graduate work there and at the University of California in Los Angeles.

He has taught industrial relations at UCLA and has published articles on automation, collective bargaining, and employing members of minority groups

in such publications as the Harvard Business Review and the University of Michigan Quarterly.

He has been a constultant to the California State Commission on Manpower, Automation and Technology and a community adviser to the University of California Institute of Industrial Relations.

He is a member of the Los Angeles Labor Management Executive Committee and the Town Hall Industrial Relations Planning Committee in Los Angeles.

Mr. Hodgson and his wife, the former Maria Denend, live in Northridge, Calif. They have a married daughter, Mrs. R. J. Nachman of Ann Arbor, Mich., and a son, Frederic, a college student.

Mr. FLOOD. How do you wish to proceed?

Mr. HODGSON. Mr. Chairman, if the statement can be placed in the record, I will speak to a few highlights of it as I see them.

Mr. FLOOD. Very well. Suppose we do that.

(The statement follows:)

STATEMENT BY JAMES D. HODGSON, UNDER SECRETARY OF LABOR

Office of the Secretary—Salaries and expenses

Mr. Chairman and members of the committee, I appreciate the opportunity to make this first appearance before your committee to review with you our budget request for the Office of the Secretary. The requested appropriation for 1970 for the Office of the Secretary is $5,609,000. This is a net increase of $54,000 over the comparable amount available in 1969, and reflects a reduction of 5 positions from 355 to 350.

This increase includes $14,000 in added Federal Telecommunications costs and $115,910 for increased pay and within-grade promotion costs, which is partially offset by a reduction of $50,000 for 5 positions and nonrecurring equipment costs of $25,910. Accordingly, except for these mandatory items, no increases are requested.

This appropriation provides funds for executive direction and for the Office of Information and the Office of the Assistant Secretary for Administration.

I would like to review briefly some of the plans and activities for the Office of the Secretary.

Office of Policy Planning and Research

Briefly the Office of Policy Planning and Research stimulates, initiates, and coordinates, as necessary, research and special studies of issues and problems which bear on the Department's policies and programs, and recommends actions which might be undertaken. It works closely with the planning and research staffs of the other Assistant Secretaries and their constituent organizations on the program planning process. It reviews and analyzes, from an overall departmental vantage point, the policy implications of proposed programs, goals and objectives.

This office, with assistance from these various planning and research staffs, generates ideas for dealing with new issues as they emerge or old issues which have been given inadequate attention.

Among the problems studies in 1968, for example, were seasonality in employment in the construction industry, transition of youth from school to work, ways of providing more adequate employment opportunities for handicapped persons and of solving the employment and related problems of migrant farm workers.

Some current pressing questions which are under special study and consideration include the problems of low-wage industries, the factors which bear on the continued disproportionately high unemployment of youth, particularly Negro youth, ways of achieving increased involvement of private industry in the employment and training of disadvantaged workers, and relationships of the quality of work and job satisfaction to the employment and well-being of workers, their families and communities.

Additional new questions will require our attention in 1970 as we define our priorities and identify new trends. Since it deals with the only moderately predictable future, this office requires some fluidity and flexibility of operation.

The Secretary of Labor has been viewing such questions as race and employment, unemployment and inflation, more constructive collective bargaining and the need for effective program evaluation as areas of high priority. We see these meriting our attention in the next fiscal year.

To strengthen this office and to expand its scope, the Secretary, as he noted in his opening statement and further explained before this committee, has designated an Assistant Secretary for Policy Development and Research.

Office of Information

The Office of Information directs the informational activities of the Department and advises the Secretary on the public information aspect of the Department's programs. The office developes and maintains liaison on informational matters with other agencies and organizations in connection with the work of the Department.

In 1968, accomplishments included increased emphasis on promotional work in the President's veterans employment program using both written and visual material.

Promotional activities in the President's Youth Opportunity Campaign were focused on greater efforts to encourage prospective employers to give summer jobs to young people in major slum areas.

A monograph series was developed to more effectively explain some of the many manpower programs in terms understandable to those affected rather than in statistical terms.

In 1969 and in 1970, it is planned to sustain the President's Youth Opportunity Campaign which is now on a continuing basis. It will supply public information materials for the back-to-school and summer jobs campaign and concentrate on the businessman's role as a provider of jobs during the school term for those who require such employment to stay in school.

In 1970, the office also plans to develop radio and television materials highlighting problems and job training opportunities of minorities.

Office of the Assistant Secretary for Administration

This Office will continue to provide the full range of administrative support services for departmental activities, and for improving the capability to administer effectively and economically, the Department's wide variety of programs. The Assistant Secretary directs the activities of budgetary and financial management, personnel management, program analysis and evaluation, organization and administrative management, administrative services and the Department of Labor library. All major relationships of the Department with other agencies and organizations on administrative support and management matters are developed and maintained by this office. This includes responsibility for associated activities that involve the Bureau of the Budget and the Congress, except for those involving substantive legislation.

Last year the committee allowed an increase of $405,000 for 27 additional positions out of 40 which were requested in the Division of Audit.

These additional positions have now been filled and extensive staff training is being undertaken to bolster our audit function. We have directed our regional and district audit staffs to concentrate on in-depth audits of large contractors in major metropolitan areas where the largest amount of funds is being spent for training programs. We plan to increase our use of licensed public accountants to perform audits in the smaller projects area. These audits will be conducted in accordance with guidelines to be established by our audit group and will be subject to review and evaluation by our staff.

Even with last year's increase we are not, and will not, be able to perform an effective comprehensive audit program. As you are aware, we have had a few serious problem areas. To these we have assigned additional auditors. This does not permit us to be as responsive as we should like to be to requests for special audit services made by the Manpower Administration.

Last year an increase of $121,000 was allowed for systems accounting and provided for an increase of seven positions. These positions are now filled and we are installing the accounting systems required by the Budget and Accounting Procedures Act of 1950 and the 1956 amendments with the approval of the General Accounting Office.

Some of our accomplishments to date in this area include:

The Wage and Hour and Public Contract Division's ancillary program accounting system was approved by the Comptroller General in October 1968.

The redesigned Bureau of Employees' Compensation ancillary accounting system for Federal employees compensation claims was implemented, documented, and submitted to the Comptroller General for approval.

A revised accounting system for the Bureau of Employment Security Federal-State employment security agency network has been installed and is operational

in three model States. Evaluation of the effectiveness of the three operating systems is now being made as a prerequisite to obtaining approval by the Comptroller General.

Implementation of the departmental cost accounting system was started July 1, 1968. System evaluation and documentation is being completed.

A significant accomplishment has been the preparation of accounting manuals and documentation to support these and the other accounting systems now in operation, including the General Accounting System (general ledger, fund, cost, and property accounting). This documentation provides for improved operational control of all Department of Labor accounting systems.

Our major objectives in this area for fiscal year 1970 include—

Initiation of installation of the Bureau of Employment Security Federal-State accounting system in the remaining State agencies.

Completion of the design, documentation, and implementation of the Department's financial accounting and reporting systems, including cost accounting, to meet the standards, principles, and criteria required by law and the General Accounting Office.

Provision for the professional capability and technical support required to refine the Department's accounting system to furnish the financial and performance data required by Department of Labor management.

This will include participation in interagency coordination in developing more uniform Federal grant accounting policies and reporting requirements.

The budget request is for $5,609,000, which compares to $5,555,000 for the fiscal year 1969, an increase of $54,000 and a decrease of five positions.

Mr. Chairman, I will try to answer any questions you may have.

General Statement

Mr. Hodgson. At the outset, it should be noted that there is just a slight cost increase over the last year. This is for mandatory items. A slight decrease in the number of people is indicated by the reduction of five positions from 355 to 350.

The principal areas covered by this statement are Executive Direction, the Office of Information, and the Office of the Assistant Secretary for Administration. These are organizations that are of long familiarity to this committee so I won't dwell on them. But on page 2 of our statement we refer under that section that has reference to the Office of Policy Planning and Research, to some current pressing questions that are under special study and consideration.

There we note such things as the disproportionately high unemployment of youth, and particularly Negro youth. This group is being this activity ties into previous testimony you have had before this studied along with a number of other things. I think you will note committee as being matters of concern to the Department. I believe that you will find all of the things being studied by the planning organization are relevant to problems of the day. The Secretary in his testimony before you stressed such things as problems of race, unemployment, relationship between unemployment and inflation, and the hope for a more constructive working of the collective bargaining process. He dwelt at some length on a subject we would like to work on in the Department—more effective program evaluation. We certainly can expect more work in this particular area.

The only thing of note that occurs to me with regard to the Office of Information is simply that we have been increasingly trying in the Department to make our informational material more relevant to the group for whom it is intended. This is indicated by our monograph series designed to explain manpower programs in terms understandable to those affected rather than in statistical terms. We are trying to

set forth the material for the disadvantaged, minorities, culturally deprived, and others who are helped by our various programs in terms that are appropriate for their understanding and for their interest.

Under the Office of Assistant Secretary for Administration the principal emphasis that we have in this budget—and that is a matter for further concern on the part of our Department—is the audit function. The increases that were provided for last year have been obviously helpful. They have enabled us to do some things, particularly in the large cities, that we wanted to do. We feel we have not done the complete job yet. We are going to be studying ways to improve the effectiveness of our audit procedures and the use of the audit tool itself in not only managing the Department but in insuring that moneys are spent as they are intended to be spent.

We want to develop a good in-house audit capability as a management effectivenes tool and to gain control of the funds that go out of the Department for use in the field.

We certainly will be considering further expansion of this audit program and further increase in our audit function. I think that if Mr. Werts were here, he would point with pride to the results of our systems acounting activity in the past year. We feel that we have moved ahead forcibly in that field. A major contribution has been made to effective department management. Those are the only things in our statement that I though might be worthy of special comment.

This is not the most dramatic portion of the Department's activity and probably not the most controversial. It is an essential part and one that we think is handled with some effectiveness, and we hope to continue the kind of improvement we feel has been made in the past year.

Mr. FLOOD. Most of your activities are budgeted at pretty much the same level or a reduction of just one or two people. I have not missed anything startling and I didn't gloss over this; did I?

Mr. HODGSON. We certainly have not tried to hide anything in this or any other budget. The Department, under the Secretary's direction, has been asked to be very forthright with this committee and if there is anything hidden here I have not discovered it either.

MISUSE OF FUNDS IN MANPOWER PROJECTS

Mr. FLOOD. That is good for a change. The Secretary spoke about a beefing up of the auditing staff. He used the phrase, and I quote, "the fraudulent misuse of funds in manpower projects administered by contractors and grantees" as a reason for wanting more auditors. Could you give us some specific examples?

Mr. HODGSON. I believe the example to which he was referring was the problem that the manpower people experienced in New York City.

Mr. FLOOD. He used the plural, contractors and grantees.

Mr. HODGSON. There are many contractors in New York City and many grantees. In fact, that is an area of program concentration that is exceptionally diverse. There are many, many projects up there. Certainly, one of the problems there is keeping track of these various projects and making sure that the money is expended in accordance with the way the various project heads are reporting it spent.

Mr. FLOOD. How many of these contractors and grantees have legal proceedings actually been instituted against? With what results, if any?

Mr. HODGSON. I believe that the circumstance at the present time is that the procedures are largely investigative rather than legal proceedings. The investigation will determine whether legal proceedings shall be undertaken.

Mr. FLOOD. You are just beginning?

Mr. HODGSON. That is very much the case.

OFFICE OF PLANNING AND RESEARCH

Mr. FLOOD. Aside from building up the audit staff, and you said quite a good deal about that and so did the Secretary, what other changes or reorganizations do you people plan for the Secretary's Office?

Mr. HODGSON. Well, I think the principal one has to do with this Office of Planning and Research. The elevation of that function to the status of Assistant Secretary level and bringing it to an approach that is longer range than is currently contemplated is the objective, thus making our Department program and policy approaches targeted to something farther than just a few months ahead. We shall try to develop some knowledge of trends that go beyond perhaps the next budgetary year and to fit our programing and our policy activities in accordane with our contemplation of what those trends are going to produce. I think that is the principal change. I would like to go back, if I may, to the audit matter.

Our objective is not just the beefing up of the auditing staff; it is the improvement of the function as a whole. This would include greater use of outside auditors and developing of good guidelines for their use.

Mr. FLOOD. By contract?

Mr. HODGSON. Yes, sir. Rather than letting their activities continue in accordance with their own standards, to develop standards for them to use so that we can get some uniformity of approach from them.

Mr. FLOOD. Have them develop it for you?

Mr. HODGSON. We would hope that would be reversed.

Mr. FLOOD. Our experience in Defense has been that contracting such things is a considerable expense.

Mr. HODGSON. That is the reason we need a good in-house capability.

CHICAGO TRAINING CONTRACT WITH RENEWAL ENTERPRISES, INC.

Mr. FLOOD. You mentioned that the Secretary mentioned, in connection with these contractors and grantees, the New York problems. I have before me a clipping from the Chicago Tribune of February 25 signed by Mr. William Jones, indicating that there is a problem there, too. In this there is this striking headline: "We Were Had."

"Union says of U.S. job fiasco, $387,000 deal costs local $13,000." That is the local union.

I don't expect you to give us details now. You may have not seen it.

Mr. HODGSON. What is the date of it?

Mr. FLOOD. I will let you have this. I take it for granted that you want to reply to it for the record and send this back.

Mr. HODGSON. I certainly shall send it back with the reply.

(The information follows:)

[From the Chicago Tribune, Feb. 25, 1969]

"WE WERE HAD." UNION SAYS OF U.S. JOB FIASCO—$387,000 DEAL COSTS LOCAL $13,000

(By William Jones)

A union said yesterday that it was taken for thousands of dollars in a Federal job training program that spent $387,000 and produced just nine graduates. No one knows yet where the money all went.

Dan O'Connell, assistant secretary of the Chicago Carpenters union's district council, said his union was confronted by 40 former trainees in the program who appeared at union headquarters, 12 E. Erie Street, demanding back wages. They showed up when the program folded and they couldn't find its officials, he said.

O'Connell said the irate students also dunned him for union dues that had been deducted but never reached the union.

STORIES DISCLOSE COLLAPSE

The Tribune and Better Government Association had disclosed Sunday that the $387,000 Labor Department venture had collapsed in a morass of bum checks, mismanagement, and theft. That was on November 15. Since then, Federal auditors have been scrutinizing books and still don't know what happened to all the cash.

They do know that every dime of it went to Renewal Enterprises, 4770 Washington Boulevard, an aluminum siding firm that was doubling as a training school.

O'Connel said his union agreed to take on all graduates of the program as apprentices in aluminum siding work. They were to be members of local 1045 and payroll deductions were set up for initiation fees and dues, he said.

"WE MADE A MISTAKE"

"We cooperated in every way to make this program succeed," said O'Connell. "But we made a mistake on this one, there's no question about that."

O'Connell said Renewal still owes his union $13,000 in wages, welfare benefits, and pension fund payments. Federal officials told him Renewal's books showed no entries since July, 4 months before it died, he said.

George Clinton, 25, of 910 N. Waller Avenue, a journeyman carpenter who taught students how to apply aluminum siding, told investigators he was given two bad checks by Renewal just before the collapse. Clinton said he was paid $300 a week as a crew chief to accompany students to homes and show them how to install siding.

HOW THEY GOT CONTRACTS

Clinton said Renewal got siding jobs from big retail firms throughout the Chicago area. On one occasion, he said, there was no work to do and his crew installed paneling in executive offices at the Washington Boulevard address.

Illinois attorney general, William J. Scott said former students and employees have told him facts that point to "ghost payrollers" in the program. Scott said he will turn the files over to Federal officials.

DEPARTMENT OF LABOR EXPLANATION OF THE FUNDING OF AN ON-THE-JOB TRAINING PROJECT WITH RENEWAL ENTERPRISES, INC. AS OUTLINED IN A CHICAGO TRIBUNE ARTICLE ENTITLED "WE WERE HAD, UNION SAYS OF U.S. JOB FIASCO," DATED FEBRUARY 25, 1969

The subject of the Chicago Tribune article is a Manpower Administration contract with a firm named Renewal Enterprises, Inc., of Chicago. Renewal Enterprises was to employ trainees in on-the-job training and would be reimbursed by the Labor Department for costs incurred in the training program. The company went into bankruptcy in November 1968. Upon notification of the bankruptcy status of Renewal Enterprises, Labor Department auditors were

dispatched and attempts were made by the Department of Labor to recover Government property in the possession of the contractor. As of this date a substantial amount of Government property has been recovered. An inventory to precisely determine the amount of property involved and recovered is currently being taken. An audit of the contract is currently being conducted and will be completed in late April or early May. The lengthiness of the audit duration is caused by having to reconstruct the records of the contractor.

Because the firm no longer is in operation, trainees who had become union members as a part of their condition of employment were sent back to the union for other employment. Debts payable by the corporation, which apparently included debts to the Carpenter's Union, have not been paid because of the bankruptcy status of Renewal Enterprises. Additionally, there are also apparently union dues owed the union by the displaced trainees.

There is some indication of potential criminal fraud involved in this case and our auditors, as a part of their normal auditing procedures, are investigating this possibility. If the audit discloses evidence of fraud or other criminal activity, that evidence will be forwarded to the Justice Department for appropriate action. Once our audit of the contract is completed, we will be glad to make available to the committee, upon request, a copy of the audit report.

NEWSPAPER ARTICLE ABOUT ASSISTANT SECRETARY ROSOW

Mr. FLOOD. At the same time I have before me another clipping. This one I am sure that you have heard about. It is a column from the Washington Post of March 1, 1969. The heading is "Standard Oil's Man." It refers to Jerome Rosow, Assistant Secretary of Labor. It is meant to be a damning sort of indictment. I take for granted that the Secretary or Mr. Rosow would care to say something about this in the record.

Would you return it to me?

Mr. HODGSON. I wonder if I might say something in the record at the moment?

Mr. FLOOD. Sure.

Mr. HODGSON. This is a very disconcerting thing.

Mr. FLOOD. They always are.

Mr. HODGSON. To Mr. Rosow, to the Department, to others in the Department.

Mr. FLOOD. And to the committee.

Mr. HODGSON. I would hope it would be to the committee.

Mr. FLOOD. It is.

Mr. HODGSON. I have a personal note to add to this. I have gone through the same process of extracting myself from a large corporation, at what I consider to be from a financial standpoint, considerable sacrifice. That may be too harsh a term; but nonetheless it is something approaching that. I did so because I felt I had an opportunity offered by the current administration. I believe Mr. Rosow also had to make that kind of decision. It was a decision hard to come by. It was not a decision that was happily viewed by his employers who realized that they were letting a good executive go to other pastures.

To get a reaction like the one cited which indicates that either or both the employer or the affected executive had other than worthy motives in this circumstance is at best something we view with a jaundiced eye. We are sorry the writer chose to prevent it in this manner, but we feel that Mr. Rosow handled himself very well in this matter and we will give you further detail on it later, if you like.

(The information follows:)

[From the Washington Post, Mar. 1, 1969]

STANDARD OIL'S MAN

Standard Oil of New Jersey has quietly planted one of its top executives, Jerome Rosow, in the Labor Department as an Assistant Secretary. He will help set Government policy on labor-management-employment problems affecting his company.

As an incentive to persuade him to take the job, Standard Oil handed him a special $50,000 bonus to tide him over while he is on the Government payroll. His Government salary, incidentally, is $36,000 a year, which ought to be enough for him to struggle along on. At the same time as he is supposed to be working for the taxpayers, he will also continue to collect Standard Oil bonuses plus health and insurance benefits. He will also continue to keep his seniority and employment rights in the company. In other words, Standard Oil is treating him as if he were undertaking a special assignment for the company.

DEPARTMENT'S COMMENT

Secretary Shultz and I have inquired into the matter and have concluded that the article in question contained one major error and, in addition, contained omissions of facts from which inaccurate inferences and conclusions could be drawn.

The Drew Pearson column was in error in stating that Mr. Rosow will help set up government policy on labor-management-employment policies affecting his company. His assignment as Assistant Secretary for Policy Development and Research is concerned with future policy development and he will have nothing to do with matters affecting the oil industry. Furthermore, Mr. Rosow has indicated that he will disqualify himself from any oil industry matters.

The "bonus" referred to in the article is a lump-sum departure payment determined in accordance with a definite schedule and policy of the Standard Oil Co. (N.J.). It is paid in consideration of past service to the company and extended without any reciprocal obligation on Mr. Rosow's part. This payment would apply whether he left to teach, run a university, or join a nonprofit organization.

At the outset, this administration carefully reviewed this nomination in the light of conflict-of-interest laws and determined that no conflict was involved. The Senate Labor and Public Welfare Committee was fully informed on all the facts relating to Mr. Rosow's leave of absence.

DAY CARE AND MANPOWER TRAINING PROJECTS DISCUSSED BY MR. SCHERLE AND MR. GROSS

Mr. FLOOD. Something of a similar nature but in a different vein. I have before me the Congressional Record for the House for March 4, 1969, in which two of our colleagues are considerably distressed about certain manpower development and training programs. Mr. Scherle at some length touched upon one. What do you think about a grant of $100,000 to test "what happens to the attitudes of Government employees and their performance on the job when their employer provides child care" or "complete babysitting services"? He develops this at considerable length. Mr. Scherle's statement is on page H1430.

On page H1431, for the same day, is a statement by Mr. Gross of Iowa. He deals with what he says are the almost unbelievable performances of certain officials of the Labor Department in giving a $146,900 contract for training jobless people in the Pittsburgh area to a firm that exists only on paper; that gave as an address an alley; and it is controlled by a man who has been on the Federal Housing Administration's warning list since the 1950's.

As only Mr. Gross can, he develops that effectively. I am sure that you would want to comment on that.

Mr. HODGSON. I will see to it that you get appropriate comments on both these matters.

(The information follows:)

[From the Congressional Record, Mar. 4, 1969]

STATEMENT BY CONGRESSMAN SCHERLE

Mr. Speaker, under the Manpower Development and Training Act, a grant of $100,000 has been made to test "what happens to the attitudes of Government employees and their performance on the job when their employer provides child care" or "complete baby-sitting services."

The employer in the case of this experiment is the Department of Labor. Room 1200 at that Department now serves as a day care center. It is operated by the National Capital Area Child Day Care Association and cares for 27 children of Labor Department employees who pay fees of $1 to $22 a child per week, depending on their income.

Many families, using this center, have incomes well above any poverty level. Participating in this day care center are children of families who earn over $12,000 a year and pay $17 weekly, while children of families whose earnings are over $15,000 pay $22 per week or $4.50 a day.

Any child of a Department of Labor employee between the ages of 2½ and 6 is eligible to use the center, which is well stocked with play equipment, its own fenced-in playground on the lawn, and a staff which includes a director, two teachers, six aids, and visiting social work and psychiatric consultants.

The association director says that experience with other day care centers shows that parents work better when they know their children are getting good day care. I am sure that is true in this case. The Labor Department's day care center has been open since October, and that Department is now asking MDTA to double the grant for next year in order to take care of twice as many children—a funding of $200,000.

The concept of day care centers as places where parents can leave children while they work has been advanced by many who see it as a way to get people off of relief rolls and onto payrolls. To the extent that a day care center performs this function, it could be very valuable. But to spend the taxpayers' money simply to care for children in order to test the attitudes of the parents seems ludicrous, especially when a $100,000 price-tag is attached.

This is especially true when you consider the fact that the Agriculture Research Center at Beltsville has a preschool nursery and receives no Federal funds. The cost of that program is supported by the workers themselves at fees ranging between $15 and $18 per week. At the Labor Department, only about 10 percent of the families pay an equivalent fee. There are 16 children in the Agriculture care center, which has been operating since May 20, 1968, long before the MDTA grant was bestowed upon the Labor Department in October 1968.

The program at the Agriculture Department has two teachers who have had nursery school experience. Dr. Brooks, treasurer of the Agriculture Day Care Center, said:

"We have received several calls from other Government agencies who want to establish a center. Oddly enough they want to build them with Federal funds. We did this thing on our own and are doing very well."

The Agriculture project was initiated with money provided by their Employees' Welfare and Recreation Association which provided enough funding to renovate a Government building into a child day care center.

At the Labor Department the fees assessed against the parents of the children based on income is clearly inadequate. If we truly seek to study the reaction of employees to a day care program for their children, it would be less costly and more efficient to study the Agriculture program, especially considering the fact that it has been in operation for a longer time. Beyond this, I raise the question of why $100,000 is necessary to make such a study, and to operate such a center. The results, in many instances, are known in advance. Of course, many employees would be pleased with a day care center for their child supported by the taxpayer.

I have always supported the goals of MDTA, but I believe that the function of the Congress does not end with passing legislation and providing funds. The oversight function continues, and it is our responsibility to see to it that the programs we approve are conducted in a manner of which we approve, without waste and needless expense.

Last year, I pointed out the fact that an official audit by Iowa's State Auditor Lloyd Smith revealed that the Iowa State public safety program received $4,518 under the MDTA for an on-the-job training program which was substantially a "paper" program. Several department employees, listed as trainees for the 8-week course, said they did not receive any instruction. Most of the workers listed were veteran employees, many of them in supervisory positions. The MDTA program was designed primarily to assist private firms and government agencies to finance the recruiting and training of hard-core unemployed. Considering expenditures such as these, the program has not been fulfilling its function. There are many others scattered throughout America.

It is because I believe in this program that I am disturbed about evidence of waste and inefficiency within it. As the ranking minority member of the Select Subcommittte on Labor I hope that we will be able to oversee the operation of all MDTA programs. Only in this way can we assure its success. The example presented here of waste in the conduct of a study of a federally financed day-care center is only one. It must be corrected, and those who conduct the MDTA program should know that we in the Congress intend to pursue our role as overseers of the manner in which public funds are spent.

However, the bill on the floor today—H.R. 497—reflects economy; therefore, I would ask for unanimous acceptance of this legislation.

EXPLANATION OF DEPARTMENT OF LABOR SPECIAL DEMONSTRATION DAY CARE PROJECT (MAR. 4, 1969, CONGRESSIONAL RECORD, P. H1430)

This project has been financed as a special Department of Labor demonstration effort. Its primary objective is to explore the usefulness of employer-provided day care as an aid in recruiting prospective employees from among disadvantaged inner-city residents to fill entry level job vacancies. As such, the project seeks to demonstrate a means of bridging the gap between unemployment (public assistance) and permanent employment for adults who, without very low cost full-time day care for their youngsters (aged 2½ to 5½) could not avail themselves of permanent emplovment opportunities in public agencies and private industry.

The other significant objective of the project is to explore the effects of employer-run day care on the employment pattern of workers whose past arrangements for full-time day care of their youngsters has been inadequate. In this, the project seeks to determine whether adverse employee stability (i.e., work tardiness and absenteeism; doing personal business during working hours; poor job performance, etc.) caused by the breakdown of inadequacy of child day care arrangements can be remedied through convenient employer-based child day care.

Costs of any new experimental project are generally higher than the cost of any subsequent program it develops. Total estimated cost for a full year of operation of the Labor Department demonstration day care center is $100,400. However, $33,500 represents a one-time investment (i.e., costs of renovation of facilities to meet District of Columbia codes, the purchase of project equipment, and the cost of an independent evaluation of the project) which is a nonrecurring part of development costs. Also, it is anticipated that day care fees will produce an income of approximately $7,300 to offset project costs. Therefore, the total estimated "recurring" day care center cost is $59,600.

In the second year of the project, by doubling the average number of children at the center each week from 30 to 60, it is estimated that the total cost will be just under $100,000. The cost for comprehensive child development day care services (not babysitting) will meet all program standards set forth in November 1968 by the Federal interagency day care requirements, and is somewhat lower than average costs of similar federally financed programs.

The sponsor of the center is the National Capital Area Child Day Care Association. This organization, operating more than a dozen other day care programs in Washington, D.C., is generally recognized for its commitment and ability to provide disadvantaged youngsters with quality day care services which can best foster their intellectual, physical, and social growth.

Parents whose children are enrolled at the center pay fees on a sliding scale established against total family income. Half of these parents are new Department employees earning under $5,000 annually and pay fees of up to $3 per week per child. All but three of the remaining parents have a family income of under $7,000 and pay a fee of up to $7 per week per child. The highest family income is $13,500 and requires a weekly fee of $22. Experience has shown that children from varying family income backgrounds benefit from their contact

with each other in terms of increased language ability and social independence. Because it is educationally advantageous to have a social economic mix, we have not restricted participation in this demonstration effort to children of low-income families.

In developing the Labor Department day care center, attention was given to other day care efforts which were lower in cost, if not cost free, to the Government. It was concluded that such lower cost operations had little potential for achieving the specific objectives of this Department of Labor demonstration effort.

STATEMENT BY CONGRESSMAN GROSS

Mr. Speaker, I am well aware of what this bill contains. I simply wanted a few minutes to discuss an incident in the job training program, which is the nature of this bill.

Mr. Speaker, I wish to call attention to the almost unbelievable performance of certain officials of the Labor Department in giving a $146,900 contract for training jobless people in the Pittsburgh area to a firm that exists only on paper, that gave as its address an alley, and that is controlled by a man who has been on the Federal Housing Administration's "warning" list since the 1950's.

The firm located in the Pittsburgh alley is Manufacturers Service & Installation Co., owned by Investors Acceptance Corp., whose president is Marco Scoratow.

The Labor Department was in such haste to obligate the public's money in building a record of achievement in the field of jobless training that it could have made only the most meager investigation of Scoratow if, in fact, it made any investigation at all.

As they, themselves, admit, they had from last October, when Scoratow applied for this job training contract, until February 11—nearly 5 months—to look into this man's background before signing the contract.

Had they bothered to ask a few questions here is some of what they would have found:

Scoratow got into hot water with the Federal Housing Administration back in 1954. The FHA tells me that his home improvement companies were employing such unethical practices on projects insured by the agency that the homeowners defaulted or refused to pay on jobs worth over $10,000. The interest on those bad loans has, today, run the Government's loss to approximately $20,000.

The FHA office in Cincinnati, Ohio, became so incensed at Scoratow's methods that it put him on the "precautionary measures list"—a warning bulletin sent to all banks and lending institutions to use extreme caution before approving any loan for projects in which Scoratow or his firms were involved.

The Cincinnati office, in notifying its Washington headquarters of the action, stated that Scoratow's practices "resulted in the most irregular operations of any dealership in our jurisdiction during the history of this office."

Scoratow, the FHA tells me, had operated "under at least 40 or 50 different corporate names," and the irregularities it accuses him of include sales misrepresentation, incomplete work, kickbacks, nondelivery of materials, and ineligible use of proceeds.

A partial listing of Scoratow's companies includes Stuart Homes, Custom Made Windows, Ronna Nursery, Allstate Lumber & Supply Co., which was founded and dissolved in 1 year—1961—Altoona Wholesale Furnace Co., Everlast Building Products Co., Charmwood, Inc., and the House of Marbet of Huntington, W. Va., and Charleston, W. Va.

His current center of operations, the FHA states, appears to be Investors Acceptance Corp., of Munhall, Pa.

This company, Mr. Speaker, also has offices in Pittsburgh; Richmond, Va.; Cleveland, Ohio; Tampa, Fla.; and Dallas, Tex., and claims it is registered to do business in 30 States. In other words, Scoratow is all over the map.

Two years ago, Scoratow asked the Cincinnati FHA office to take him off the "precautionary measures list." Cincinnati referred his application to the FHA in Pittsburgh, which was more than reluctant to remove his name.

I am informed that, due to pressure from a Member of Congress, The Washington FHA office urged Pittsburgh to remove his name if Scoratow would agree to make up the $20,000 loss to the agency caused by his prior activities.

Scoratow, I am told, agreed to this condition but, when payment was sought, backed down with the claim that he thought he would be responsible only for future losses to the FHA.

He is still on the FHA's "precautionary measures list" today.

Mr. Speaker, I agree completely with one FHA official who believes this Labor Department contract with Scoratow stinks.

I hereby call upon the Labor Department to immediately void this contract.

I have learned that the Department has belatedly issued some sort of stop order in connection with this contract, but that is not enough. It should be canceled, and canceled today.

Further than that, the need for a prompt investigation of the Department's methods—or, more likely, its lack of method—in awarding these jobless training contracts is painfully obvious.

These training programs are sprouting like mushrooms all over the country, and unless I am completely mistaken, even a halfhearted investigation will turn up many more cases in which they were awarded with little or no investigation of the contractor.

EXPLANATION BY THE DEPARTMENT OF LABOR CONCERNING THE FUNDING OF THE MANUFACTURERS SERVICE AND INSTALLATION CO. (MAR. 4, 1969, CONGRESSIONAL RECORD, P. H1431)

The contract funding the Manufacturers Service and Installation Co. was made by the Department of Labor, Manpower Administration, under the MA–4 JOBS program. Established to meet the serious problems of the Nation's hard-core unemployed in our major urban areas, the JOBS programs involves a commitment by employers to immediately hire workers and provide training and other supportive services such as job counseling. The program is designed to insure that once an individual has completed the training period he will continue to be employed in productive employment on a full time basis.

The cooperating companies provide jobs and training for hard-care unemployed workers and bear as much of the cost as would be involved in their normal recruitment and training operations. The extra cost of added training, counseling, remedial education, prevocational training, health services, and other special support needed by these individuals in order to participate successfully in the program is provided by the Department of Labor. Because the contract is a fixed cost unit agreement between the Government and the contractor, no Government funds are expended until the individuals have been recruited, hired, and on the job, drawing wages and receiving the services specified in the contract. Therefore, because the contract in question between the Manufacturers Service and Installation Co. (MSIC) was cancelled at the convenience of the Federal Government no Federal funds were expended at any time under the terms of this agreement.

In the case of the Manufacturers Service and Installation Co. (MSIC), a preliminary proposal was presented to the Manpower Administration regional office on November 7, 1968. MSIC was owned by the Investors Acceptance Corp. (IAC), under the presidency of Marco Scoratow. In accordance with the guidelines in the MA–4 JOBS program manual, the office began a proposal review and evaluation as well as a business evaluation.

Through these routine evaluations and investigations, the regional office learned that MSIC had considered a training site on Forward Avenue. Although this address was incorrect on the proposal due to a typographical error, the contract carried the proper address of IAC, the parent company. At that time, the address was also the temporary listing of MSIC for administrative purposes.

The decision by the regional office to award the contract to MSIC was made on the basis of several important considerations:

1. The parent organization, IAC, agreed to provide financial backing to MSIC, a newly formed company, in the operation of the MA–4 program. Moreover the business and financial evaluation of IAC was extremely favorable in all areas required by MA–4 guidelines (Dunn and Bradstreet, Office of Federal Contract Compliance, General Services Administration, Department of Defense, and Equal Employment Opportunity Commission).

2. The contractor proposed to provide meaningful jobs at excellent wages at a fixed unit cost per trainee within the MA–4 normal cost guidelines.

3. The project answered the apparent need for workers in the occupations in the Pittsburgh Standard Metropolitan Statistical Area.

4. Westinghouse Learning Corp. (WLC) was listed as a subcontractor in the proposal and assisted the contractor in the preparation and presentation of the proposal. The capabilities of the WLC in this area are familiar to the Department of Labor.

It was not until February 28, 1969, after the contract was awarded to MSIC that the information was made available to the JOBS task force concerning the presence of Marco Scoratow's name on the "Precautionary Measures List" of the Department of Housing and Urban Development. Although the MA–4 JOBS program manual does not mention this list as one of the criterion for business evaluations, immediate and extensive investigation of the actual status of the contractor with HUD was begun.

The Manpower Administration regional office was subsequently informed that the list is a compilation of contractors or employers who have failed to operate within the guidelines set forth by HUD. This listing is not to be interpreted as a debarred or ineligible listing but as an indication that extensive investigation should be made before a Government agency enters into a contract with the individual or company in question.

On March 7, 1969, the regional Manpower Administrator cancelled the contract with Manufacturers Service and Installation Co. The contract was canceled for the "convenience of the Government," as the contractor had made no overt efforts to implement the training program. On file from the concentrated employment program, the State employment service, and the National Alliance of Businessmen are statements showing that the contractor had made no request for trainee recruits. By the very nature of the fixed unit cost features of this agreement no Federal Government funds were ever expended in connection with this project.

Mr. FLOOD. Mr. Shriver?

UNFILLED POSITIONS

Mr. SHRIVER. We authorized, as I recall, a number of new positions last year. Are there any unfilled positions among those that I am referring to?

Mr. HODGSON. In the Office of the Secretary itself we are authorized 355 positions; 320 positions, are currently filled. This difference has to do largely with the problem of turnover. We did fill the positions that were authorized for the audit function. One of the immediate problems that emerged is that in the midst of organizing the audit function it was necessary to detach a number of auditors from the programs on which they were working, and to move them to the city centers to make audits of some of the problems that emerged in these city centers. So the orderly growth of the audit function has been adversely affected by this action.

We are intending, as I indicated here, to continue to put greater emphasis on this function.

Mr. SHRIVER. I remember that the Secretary mentioned the addition of more auditors. Does that mean any additional money will be requested for the Secretary's Office?

Mr. HODGSON. That I cannot say. We have to examine how we go about beefing up this audit function.

FUNDS FOR DATA PROCESSING

Mr. SHRIVER. How much is in your budget for data processing?

Mr. HODGSON. Mr. Jones, can you tell us?

Mr. JONES. May we provide that for the record?

Mr. SHRIVER. Surely.

(The information follows:)

Data processing service furnished the Office of the Secretary is provided through the Working Capital Fund of the Department of Labor. While the appropriation for the Office of the Secretary does not include an amount, as such, for

data processing, costs for these services are included in the amounts advanced for various centralized services. It is estimated that cost of data processing services during fiscal year 1969 for the Office of the Secretary will be $22,400. No increase is anticipated for fiscal year 1970.

Mr. SHRIVER. That is all.

Mr. FLOOD. You get off very easily. You don't get any wound stripes for this.

Mr. HODGSON. We didn't come to bat with a very heavy artillery.

Mr. FLOOD. Thank you for your testimony.

Mr. HODGSON. Thank you very much, Mr. Chairman.

JUSTIFICATION MATERIAL

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970
Appropriation or estimate.....	$5,416,000 1/	$5,609,000 2/
Amount reserved under P.L. 90-364.....	-110,000	---
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968).....	110,000	---
Proposed transfer from "Wage and Hour Division, salaries and expenses," for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)....	121,000	---
Proposed increase in trust fund limitation for pay increase costs (P.L. 90-206 E.O. 11413, effective July 14, 1968)....	18,000	---
Appropriation or estimate, revised.....	5,555,000	5,609,000

OBLIGATIONS BY ACTIVITY

	Appropriation Revised, 1969		Estimate, 1970		1970 Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1. Executive Direction.....	49	$1,044,000	49	$1,068,400	--	+$24,400
2. Office of Information.....	22	345,100	22	352,200	--	+ 7,100
3. Office of Assistant Secretary for Administration						
a. Immediate Office....	5	131,400	5	132,600	--	+ 1,200
b. Office of Management Assistance.....	8	107,700	7	103,700	- 1	- 4,000
c. Personnel Operations	76	1,164,500	75	1,184,800	- 1	+ 20,300
d. Library.....	36	395,400	34	384,600	- 2	- 10,800
e. Office of Budget Policy and Review.	13	187,800	13	192,800	--	+ 5,000
f. Office of Program Review and Audit..	96	1,482,000	96	1,496,200	--	+ 14,200
g. Office of Management Systems.....	31	493,100	30	485,600	- 1	- 7,500
h. Field Administration	19	204,000	19	208,100	--	+ 4,100
Total obligations.....	355	5,555,000	350	5,609,000	- 5	+ 54,000

1/ Includes $538,000 to be derived from the Employment Security Administration account, Unemployment Trust Fund.

2/ Includes $557,000 to be derived from the Employment Security Administration account, Unemployment Trust Fund.

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1969	Estimate, 1970	1970 Change
Total number of permanent positions	355	350	- 5
Positions other than permanent	7	7	--
Average number of all employees	323	323	--
11 Personnel compensation	$4,134,970	$4,190,430	+$ 55,460
12 Personnel benefits	304,400	310,400	+ 6,000
21 Travel and transportation of persons	219,200	219,200	---
22 Transportation of things	20,700	20,700	---
23 Rent, communications, and utilities	115,370	129,370	+ 14,000
24 Printing and reporduction	34,000	34,000	---
25 Other services	622,700	627,150	+ 4,450
26 Supplies and materials	35,100	35,100	---
31 Equipment	68,560	42,650	- 25,910
Total obligations	5,555,000	5,609,000	+ 54,000
Working Capital Fund items included above	($450,050)	($458,500)	(+$ 4,450)

SUMMARY OF CHANGES

	Direct Appropriation Pos.	Direct Appropriation Amount	Trust Fund Pos.	Trust Fund Amount	Total Available Pos.	Total Available Amount
1969 Enacted Appropriation	331	$4,878,000	24	$538,000	355	$5,416,000
Amount reserved under P.L. 90-364	--	- 110,000	--	---	--	- 110,000
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413 effective July 14, 1968)	--	110,000	--	---	--	110,000
Proposed transfer from "Wage and Hour Division, salaries and expenses", for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)	--	121,000	--	---	--	121,000
Proposed increase in limitation for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)	--	---	--	18,000	--	18,000
1969 Appropriation, revised	331	$4,999,000	24	$556,000	355	$5,555,000
1970 Estimate	326	5,052,000	24	557,000	350	5,609,000
Total Change	- 5	+ 53,000	--	+ 1,000	- 5	+ 54,000
Mandatory Items: (page SEC-6)						
Increases:						
Net additional pay increase costs not completely funded in 1969	--	+ 98,000	--	+ 1,000	--	+ 99,000
Net additional cost of within-grade promotions effective for part-year in 1969	--	+ 16,910	--	---	--	+ 16,910
Net additional cost for Federal Telecommunications Systems services	--	+ 14,000	--	---	--	+ 14,000
Sub-total, Mandatory Items	--	+ 128,910	--	+ 1,000	--	+ 129,910
Program Items:						
Decreases:						
Increased productivity permits a reduction of 5 positions ($43,450 personnel costs; $6,550 non-labor)	- 5	- 50,000	--	---	- 5	- 50,000
Non-recurring equipment costs for new positions in 1969	--	- 25,910	--	---	--	- 25,910
Sub-total, Program Items	- 5	- 75,910	--	---	- 5	- 75,910
Total Change	- 5	+ 53,000	--	+ 1,000	- 5	- 54,000

MANDATORY CHANGES BY ACTVITY

	Net additional pay increase costs	Net additional cost of within-grade promotions effective for part-year in 1969	Net additional cost for Federal Telecommunications Systems services	Total
Activity 1.....	$ 20,660	$ 1,768	$ 1,972	$ 24,400
Activity 2.....	5,817	463	820	7,100
Activity 3a.....	898	67	235	1,200
Activity 3b.....	1,905	83	312	2,300
Activity 3c.....	20,477	4,131	2,992	27,600
Activity 3d.....	5,709	1,764	1,427	8,900
Activity 3e.....	3,422	1,082	496	5,000
Activity 3f.....	27,240	3,679	3,781	34,700
Activity 3g.....	10,084	3,332	1,194	14,610
Activity 3h.....	2,788	541	771	4,100
Total.....	99,000	16,910	14,000	129,910

MANDATORY CHANGES FOR 1970

Increases:

To provide for full year cost of pay increases effective July 14, 1968 and to provide full funding of part-year costs ..... $ 99,000

Within-grade promotion costs:

1970 net additional cost of within-grade promotions effective for part-year in 1969 .....+$ 27,679

Personnel compensation	$26,681
Deduct lapse	-933
Personnel benefits	1,931
Net cost	$27,679

Absorption of a portion of above increases .....-$ 10,769

Adjusted net additional cost of within-grade promotions effective for part year in 1969 ..... $ 16,910

Net cost of within-grade promotions becoming effective during 1970 .....+$ 41,556

Personnel compensation	$40,059
Deduct lapse	-1,402
Personnel benefits	2,899
Net cost	$41,556

Absorption of above increases .....-$ 41,556

Adjusted net cost of within-grade promotions becoming effective during 1970 ..... $ ---

Net additional cost for Federal Telecommunications Systems Services ..... $ 14,000

Total .....+$129,910

PROGRAM CHANGES BY ACTIVITY

	11 Personnel compensation	12 Personnel benefits	25 Other services	31 Equipment	Total
Activity 3b.....	-$ 4,640	-$ 350	-$1,310	---	-$ 6,300
Positions.....	-1	---	---	---	-1
Activity 3c.....	- 5,580	- 410	- 1,310	---	- 7,300
Positions.....	-1	---	---	---	-1
Activity 3d.....	- 15,900	- 1,180	- 2,620	---	- 19,700
Positions.....	-2	---	---	---	-2
Activity 3f.....	---	---	---	-$20,500	- 20,500
Positions.....	---	---	---	---	---
Activity 3g.....	- 14,330	- 1,060	- 1,310	- 5,410	- 22,110
Positions.....	-1	---	---	---	-1
Total.....	- 40,450	- 3,000	- 6,550	- 25,910	- 75,910
Positions.....	-5	---	---	---	-5

Activity 1. EXECUTIVE DIRECTION (1969, $1,044,000, Pos. 49;
1970, $1,068,400, Pos. 49)

Narrative Description of Program

This activity covers the executive functions of the top staff involved in the formulation of governmental policy in the field of labor and manpower and in the overall direction of all programs and functions assigned to the Department.

Included here are provisions for the Secretary and his staff, the Under Secretary and his staff, the Assistant Secretary for Labor-Management Relations, the Assistant Secretary for Manpower, the Office of Policy Planning and Research, and the Office of Legislative Liaison.

Each Assistant Secretary financed by this appropriation has a small support staff to assist him and his program managers in policy formulation, review and analysis, and administration of the program operations functionally assigned him. In addition, there is the Office of Policy Planning and Research, which has over-all responsibility for providing direction in terms of the Department's policy objectives, for review of new proposals coming to the Secretary from various sources, and for exploratory studies looking toward ways to meet emerging problems and developing opportunities within the area of the Department's responsibility.

Changes for 1970

Mandatory changes amount to (page SEC-6).....$24,400
Program changes amount to..... None

Office of Legislative Liaison (1969, $106,000, Pos. 5;
1970, $109,100, Pos. 5)

This office coordinates, analyzes and supervises all legislative activities of the Department and is charged with maintaining an amicable working relationship with the Congress. Each year an assessment is made of the factors that will affect the scheduling and passage of the Department's part of the Administration's legislative program. This involves consulting with interested citizen's groups, ascertaining the situation in Congress, and coordinating the Department's program with the White House and other Departments. The Office assists in the preparation of the legislative program and is responsible for its presentation to Congress and continuing work for its successful enactment.

In 1968, accomplishments included making approximately 10,000 advance notifications to Members of Congress of projects such as Manpower Development and Training Act, Neighborhood Youth Corps, Nelson-Scheuer, Kennedy-Javits and Work Incentive Program. Handling an average of 1,000 telephone inquiries a week from Members of Congress, committees and staff. Handling approximately 4,000 written inquiries for information from Congress. Arranging for Congressional appearances by the Secretary and other officials of the Department of Labor. Handling the Department's legislative responsibilities with regard to the proposed Occupational Safety and Health Act, the proposed extension of the Manpower Development and Training Act, the proposed Welfare and Pension Plan Protection Act, and other Administrative and Departmental legislative proposals..

In 1969, it is planned to continue the above activities, at about the same level.

Continue to discharge the legislative responsibility in connection with legislation proposed in the President's Budget Message, the State of the Union Message and others.

In 1970, it is planned to continue the 1969 type of activities.

Changes for 1970

Mandatory changes amount to (page SEC-6).....$3,100
Program changes amount to..... None

Office of Policy Planning and Research (1969, $288,100, Pos. 15;
1970, $297,400, Pos. 15)

The basic responsibilities of the Office of Policy Planning and Research are (a) to assure that the Department's policies and programs are adequate to solve the emerging social and economic problems that are within the responsibility of the Secretary of Labor and (b) to assure that a research program is conducted in a manner which will provide the knowledge necessary for identifying the problems, understanding their causes, and finding solutions. Policy planning and research are linked together because of the dependence of policy development on the results of research and the dependence of research on knowledge of what policy officials consider significant in the array of social and economic relationships.

In 1968, analysis of studies were conducted of the seasonality in employment in the construction industry, the transition of youth from school to work, the provision of more adequate employment opportunities for handicapped persons, and the employment and related problems of migrant farm workers.

In 1969, it is planned to initiate studies in the following areas: additional methods to involve private industry in the employment and training of disadvantaged workers, the quality of work and job satisfaction, the policies and practices of business and industry related to the employment of youth, and methods of assisting low-wage industries.

In 1970, it is planned to continue guidance and further initiation of studies of employability and employment for the disadvantaged in private industry.

Develop and initiate studies of employment of the disadvantaged in subsidized public employment designed to lead to private employment or in some cases regular public employment, or, in others, continued subsidized employment.

Develop and initiate studies of economic policy implications and economic effects of the interaction of -- Governmental wage requirements, welfare programs and other income maintenance programs with Governmental manpower training and the employment of the disadvantaged, Governmental manpower training with private manpower training and with the vocational and general education system, and Governmental labor standards and wage and price policies with fiscal and monetary policies and policies on international trade and worker assistance.

Initiate studies of the implications of collective bargaining by public employees for the continuity, cost, and level of public services.

Changes for 1970

Mandatory changes amount to (page SEC-6).....$9,300
Program changes amount to..... None

Activity 2. OFFICE OF INFORMATION (1969, $345,100, Pos. 22;
1970, $352,200, Pos. 22)

Narrative Description of Program

This office coordinates, analyzes and supervises all information services for the Department. Because the Department's programs are of particular interest to the business, labor and academic communities, as well as the working population, there is a constant need for presenting information on these activites in a clear and useful manner. The information activities keep the public informed on the facts gathered, the laws administered, and the services performed by the Department. This is accomplished through preparing and issuing news releases, coordinating Department relations with public information media, answering inquiries, and compiling significant publications.

In 1968, accomplishments included increased emphasis on promotional work in the President's Veterans Employment Program using both written and visual material.

Increased public information programming which was occasioned by the assignment of new manpower activities to the Department to develop a better understanding of developing programs among affected persons and the general public.

Continued promotional activities in the President's Youth Opportunity Campaign with greater effort made to encourage prospective employers to give summer jobs to young people in major slum areas.

Coordinated and centralized manpower information so that an orderly and timely flow of information on job training and job prospects would be effect uated.

Initiated discussions with minority media to explore improvements that could be made to reach the disadvantaged.

Broadened the scope of Advertising Council program to include technical training, which included the production of promotional materials consisting of high calibre nationally distributed television films and public service advertising material.

Developed monograph series to more effectively explain some of the many manpower programs in human rather than statistical terms.

In 1969, it is planned to respond to increased demands by media representatives for radio-television material by expeditious compliance with their requests.

Sustain the President's Youth Opportunity Campaign which is now on a continuing basis. It will be necessary not only to promote public information materials for the Back-to-School and Summer jobs campaign but to concentrate on the businessman's role as a provider of jobs during the school term for those who require such employment to stay in school.

In 1970, it is planned to develop extensively radio and television materials concerning minorities, their problems and job training opportunities.

Initiate uniform coordinated exhibit program to further the public information goals of the Department based on projected and planned programs rather than on immediate needs and requests.

Changes for 1970

Mandatory changes amount to (page SEC-6).....$7,100
Program changes amount to..... None

Activity 3. OFFICE OF ASSISTANT SECRETARY FOR ADMINISTRATION
(1969, $4,165,900, Pos. 284;
1970, $4,188,400, Pos. 279)

Narrative Description of Program

This activity embraces top level Departmental planning, evaluation and coordination of all program operations and management activities. The components are these:

(a) Immediate Office (1969, $131,400, Pos. 5;
1970, $132,600, Pos. 5)

The Assistant Secretary for Administration is the principal administrative official of the Department, responsible for providing the full range of administrative support for departmental activities and for creating the capability to effectively and economically administer the Department's increasingly expanding programs. In this capacity he directs the activities of budgetary and financial management, personnel management, program analysis and evaluation, organization and administrative management, administrative services and the Department of Labor Library. All major relationships outside the Department on administrative and management matters are developed and maintained by this office, which also coordinates contacts with the Bureau of the Budget and the Congress, except for those involving substantive legislation.

Changes for 1970

Mandatory changes amount to (page SEC-6).....$1,200
Program changes amount to..... None

(b) Office of Management Assistance (1969, $107,700, Pos. 8;
1970, $103,700, Pos. 7)

The Office of Management Assistance serves all organizational units financed by the appropriations for the Office of the Secretary, the Office of Federal Contract Compliance (Equal Employment Opportunity), and the Working Capital Fund. The Office assists the units in the Office of the Secretary to (1) plan, (2) determine major courses of action to achieve goals, (3) determine budgets, (4) execute program activities, and (5) review and appraise accomplishments. The Office also provides certain general administrative support services.

In 1968, accomplishments included the formulation and execution of the budgets necessary to effectively fund all organizational units of the Office of the Secretary including the Office of Federal Contract Compliance and the Working Capital Fund.

The development of a 1969 program plan for the Office of the Secretary incorporating all functional activities with the phases of the Department Management System.

In 1969, it is planned to formulate and execute the budgets necessary to effectively fund all organizational units of the Office of the Secretary including the Office of Federal Contract Compliance and the Working Capital Fund.

Implement and monitor the Departmental cost accounting system for the Office of the Secretary and, if necessary, recommend changes which will maximize the benefits which can be derived.

Review and analyze accomplishments of the Office of the Secretary programs based on the program plan developed in 1968, and take action to correct deviations. The program plan for 1970 will also be prepared.

In 1970, it is planned to formulate and execute the budgets necessary to effectively fund all organizational units of the Office of the Secretary including the Office of Federal Contract Compliance and the Working Capital Fund.

Fully utilize the information produced from the Departmental cost accounting system as it applies to the Office of the Secretary. Necessary changes will be implemented based upon experience gained and problems encountered in 1969.

Review and analyze accomplishments of the Office of the Secretary programs based on the program plan developed in 1969 and take action to correct deviations. The program plan for 1971 will also be prepared.

Changes for 1970

Mandatory changes amount to (page SEC-6)	$2,300
Program changes amount to	-$6,300
Positions	-1

Program changes reflect a decrease of 1 position and $6,300 resulting from increased production in operations.

(c) Personnel Operations (1969, $1,164,500, Pos. 76;
1970, $1,184,800, Pos. 75)

The role of the Department's Office of Personnel is to assist the Department's managers, supervisors and employees to achieve their goals and objectives and to carry out their work more effectively. The office provides leadership and professional guidance in the development of policies, plans and programs of sufficient depth and scope to assure progressive and effective employment, position classification, development and utilization of the managerial and employee talent within the Department. Included is the responsibility for review, analysis and evaluation of Administration and Office personnel operations to insure that their programs effectively support the accomplishment of the Department's goals and objectives. Particular emphasis is placed on the recruitment of high quality employees to staff the Department's Administrations and Offices, employee training designed to meet training needs identified by management as well as to enhance individual capabilities, position management which produces the most effective and least costly job mix to carry out the work of the Department, and programs of employee utilization with emphasis on hiring disadvantaged candidates who have demonstrated their ability to work productively. Support to Department management is provided through advisory services to the personnel staffs of Administrations and Offices and Regional Administrative Offices, to managers, supervisors and employees, through a program of planned staff assistance, through the Department's Management System, and through maintenance of current personnel policies, standards and practices which are responsive to the changing requirements of Departmental programs. The Office of Personnel also provides a central personnel services function which provides Department-wide personnel security services and furnishes comprehensive personnel assistance to those organizations which are of insufficient size to efficiently maintain their own personnel office.

In 1968, the executive assignment system was established in accordance with CSC regulations and all supergrade requests are now processed through this system. A series of workshops were held with a small number of managers and supervisors, operating personnel specialists and employees hired from programs for the disadvantaged to identify existing problems which must be overcome in order to improve the effectiveness of this program. Needs were identified and a plan of action for implementation in FY 1969 was recommended. Office of Federal Contract Compliance employees previously in the excepted service were converted to the competitive service.

Qualification and classification studies of Maritime Safety Officer and Safety Engineer positions in the Bureau of Labor Standards were conducted on-site in New York, Chicago, San Francisco and New Orleans. On-site personnel assistance with particular emphasis on classification problems was provided the Bureau of Employees' Compensation district offices in New York, San Francisco, Chicago and New Orleans. The Bureau of Employees' Compensation personnel staff was transferred to Central Personnel Services.

A Manual of Personnel Operations for the Bureau of International Labor Affairs was completed. Comprehensive recruitment plans for FY 1969 based on retirement, turnover and vacancy data were completed for the Office of the Assistant Secretary for Administration and the Wage and Labor Standards Administration.

In 1969, it is planned to continue on-going activities. Among the more important:

Provide the program of planned personnel assistance to managers and supervisors. Train managers and supervisors in their personnel management responsibilities and in the administrative process. Conduct a comprehensive program for the employment and utilization of employees from disadvantaged backgrounds. New emphasis will be placed on improving communication between line management and personnel management specialists through personnel workshops involving Assistant Secretaries, Bureau Directors, Administrative Officers and Personnel Officers. Realign the Office of Personnel to improve its effectiveness in responding to the needs of management as well as of executives and managers in selecting, developing and guiding supervisors in the effective leadership and supervision of professional, technical and clerical personnel. Issue a Supervisor's Handbook and train 1500 supervisors in its use in fulfilling their personnel management responsibilities. Evaluate current employee utilization programs and provide assistance to personnel offices in improving their programs. Continue the development of a manpower planning system. Devote 15% of professional resources in the Office of Personnel to on-site assistance in Administration and Office personnel units. Revise the Department's merit staffing plan.

In 1970, in addition to on-going programs, the following activities are anticipated:

Completion of a personnel ADP capability which will result in significantly fewer manhours devoted to the preparation of reports required by the Civil Service Commission, the Congress and other activities. Further use of new behavioral science techniques designed to deal with organizational and human relations problems. Refinement of the Personnel Management Sub-System as a principal tool for evaluation of personnel operations. Emphasis on training managers and supervisors in their union-management responsibilities. The reorganization of the Office of Personnel will permit improved utilization of currently assigned staff so that these vital activities can be carried out.

Central Personnel Services will continue to provide comprehensive personnel management services to its client organizations. Continued emphasis will be placed on streamlining all aspects of processing personnel actions; planned staff assistance to headquarters and field establishments; employee management relations; and orienting managers and supervisors in merit staffing and the most effective use of manpower resources through improved development of employees, including a career plan for each.

Workload Statistics

	1967	1968	1969	1970
Employees receiving psychological counseling	90	150	175	175
Policies, standards and guides issued	136	245	*140	140
Reviews and evaluations of personnel management made throughout the Department including personnel inspections, merit staffing reviews and others	20	34	30	30
Supervisors participating in Supervisory Practices Institute	76	100	75	75
Management Interns recruited	35	42	30	30
Safety inspections conducted	4	7	8	8
Employees attending Office Practices Training	270	278	300	300
Positions evaluated and recommended to Civil Service Commission for grades 16, 17 and 18	59	31	30	30
Summer employees hired	626	436	500	500
Employees hired from programs for the disadvantaged	25	56	65	75
Personnel actions processed	2274	2977	3000	3000
Interviews and staff assistance contacts completed	2503	3520	3200	3200
Classification actions processed	1872	2161	2200	2300
Assist the Personnel Security Committee in evaluating information on employees *			2400	2400
Number of supervisors provided planned staff assistance	120	126	150	200

* New means of measurement established under Department Management System.

Changes for 1970

Mandatory changes amount to (page SEC-6) $27,600
Program changes amount to ..... -$ 7,300

Positions ..... -1

Program changes reflect a decrease of 1 position and $7,300 resulting from increased productivity in operations.

(d) Library (1969, $395,400, Pos. 36;
1970, $384,600, Pos. 34)

The Department's centralized library service maintains and makes available a specialized collection of research material in labor and related fields for use by the Department's staff and the public. This covers the full range of research library services; acquiring and cataloging new volumes; providing information and material in answer to requests; and issuing supplements and annotated bibliographies. The Library also approves all purchases of books, periodicals, newspapers and other publications for the Department.

In 1968, reference service was provided to employees of the Department of Labor and other Federal Agencies, research workers from private organizations and other individuals interested in labor and economic problems. New publications were acquired and catalogued. Lending service was provided and several bibliographies were issued.

In 1969, it is expected that there will be no decrease in demand for reference and loan service.

In 1970, it is probable that the demand for service will continue at approximately the same level.

Workload Statistics

	1967	1968	1969	1970
Requests for information and materials	35,997	35,596	36,000	36,000
Circulate books and periodicals	87,836	94,015	94,000	94,000
Place orders and requests for new materials	6,068	6,192	6,200	6,200
Catalog volumes	13,248	14,170	14,200	14,200
Accession lists issued	52	52	52	52
Subject bibliographies issued	4	6	4	4

Changes for 1970

Mandatory changes amount to (page SEC-6)	$ 8,900
Program changes amount to	-$19,700
Positions	-2

Program changes reflect a decrease of 2 positions and $19,700 resulting from increased productivity in operations.

(e) Office of Budget Policy and Review (1969, $187,800, Pos. 13;
1970, $192,800, Pos. 13)

To assure that plans, requests and performance are in accord with existing policy (or to recommend changes in policy where apparently needed) and represent an acceptable Departmental balance, this office conducts an integrated, continuing review and analysis of all budgets for the Department. Arising from these efforts is a flow of comprehensive information for the use of top staff concerning progress, accomplishments and problems of Departmental goals and budgeted objectives.

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To insure that the budget function is operating effectively throughout the Department, this office provides written instructions, technical assistance, policy guidance and training courses for the bureau budget staffs and Department officials. It effects the integration of budgetary procedures and objectives with the Department's management system to insure that they actively contribute to the Department's efforts in the areas of improved management effectiveness and cost reduction. It coordinates the presentation and justification of the Department's budget to the Bureau of the Budget and Congress and assists Department officials in such activities.

In 1968, accomplishments included improvements in the effectiveness of the budget function throughout the Department by providing written instructions for all facets of budget preparation and execution, both formally and on an ad-hoc basis as necessitated by frequent changes in external policies and directives. Policy guidance and technical assistance were provided to budget staffs and Departmental officials on a continuing basis, and a formal training course in budget preparation was conducted.

In 1969, it is planned to continue improvements in the quality of budgetary presentations and to adequately train and assist the bureau staffs in their contributions to the Departmental budget. Emphasis will be placed on fully integrating budgeting and program evaluation. One budget training course will be conducted. In addition, employees of Administrations and Offices of the Department will receive on-the-job training in this office to benefit them and their respective Administrations and Offices with knowledge of the responsibilities and operations of this office. Continued emphasis will be placed on improving management effectiveness and cost reduction.

In 1970, it is planned to continue the same activities anticipated in 1969.

Changes for 1970

Mandatory changes amount to (page SEC-6).....$5,000
Program changes amount to..... None

(f) Office of Program Review and Audit (1969, $1,482,000, Pos. 96; 1970, $1,496,200, Pos. 96)

This office was newly organized early in fiscal year 1969 to consolidate the existing internal review, analysis, audit and personnel management evaluation functions at the Department level into a single unit which would provide optimum effectiveness and coordination of these closely inter-related activities. Its responsibilities include a continuing review of the performance of the Department of Labor programs, assuring the proper use and control of funds available to programs administered by the Department, and evaluating personnel management operations to insure that effective support is being provided to the Department's operating programs.

Division of Review and Analysis (1969, $147,500, Pos. 9; 1970, $151,800, Pos. 9)

This unit is concerned with evaluating the plans and performance of all the Department's programs and operations to assess the progress, accomplishments, and problems in meeting objectives. Comprehensive reports and data are provided to top management for their use in determining whether programs are dealing effectively with the social and economic issues to which they are directed. Included in this information are recommendations for improvement and modification of activities and operations, and suggestions for methods of accomplishing new program goals.

In 1968, the system for providing quarterly review and analysis reports to top management became fully operative. During this period, twenty-eight reports, covering the entire range of operations, were evaluated for the seven program areas of the Department. Alternative approaches to program planning for the immediate and future fiscal years, which drew heavily on evaluations and assessments developed in conjunction with the performance review process, were documented for consideration and decision by top management. Numerous interim evaluation reports dealing with specific problem areas or program activities were also prepared for the Secretary and other top staff. An inventory was completed of program evaluation projects underway or finished during the year throughout the Department of Labor. The data derived from this inventory will form the basis for implementation of a formal program evaluation reporting system during FY 1969 that will make the findings and recommendations of these efforts available to top management staff, and will serve as a vehicle for assessing the degree to which the recommendations arising from these projects are being introduced into the program under consideration.

In 1969, it is planned to continue emphasis on further refinement of the quarterly review and analysis system, to increase its usefulness to top management. The evaluation reporting system developed in FY 1968 will become fully operational during the latter part of the fiscal year and will be integrated with the Department Management System.

In 1970, it is planned to continue the kind of efforts carried on in 1969. The formal implementation of the program evaluation reporting system, the further refinement of the quarterly performance reports, and the identification and evaluation of problem areas on a continuing basis will result in a greater flow of quantitative as well as qualitative analysis to top management. Through these processes and activities the Secretary and other top management of the Department of Labor will be provided with material and data that evaluates program operations and effectiveness on a continuing, systematic basis.

Changes for 1969

Mandatory changes amount to (page SEC-6).....$4,300
Program changes amount to..... None

Division of Personnel Management Evaluation (1969, $26,600, Pos. 2;
1970, $26,800, Pos. 2)

This division is concerned with evaluating the effectiveness of personnel management in the administrations and offices of the Department.

In 1968, evaluations were completed in the Wage and Hour Division and the Bureau of Labor Statistics of the Department and in the regional offices of Chicago and Dallas.

In 1969, it is planned to complete the review phase of the evaluations made in the Wage and Hour Division, Bureau of Labor Statistics, and in the Chicago and Dallas Regions in late 1968. An evaluation of personnel management in the Manpower Administration and of the Atlanta region will be undertaken. During the year a study will be made of the effectiveness of the guide currently being used in Personnel Management Evaluations.

In 1970, it is planned to intensify evaluations through the application of the revised guide and the insights provided by the Personnel Management Subsystem now being experimentally applied in the planning and scheduling of the operating personnel offices.

Changes for 1970

Mandatory changes amount to (page SEC-6).....$200
Program changes amount to.....None

Division of Audit (1969, $1,307,900, Pos. 85;
1970, $1,317,600, Pos. 85)

Early in fiscal year 1967 the Secretary took action to establish centralized audit functions within the Office of the Assistant Secretary for Administration. At that time the Division of Audit was established with specific responsibility for the conduct of the Department's audit program.

In 1968, accomplishments included the audit of 31 State Employment Security agencies (involving 59 grant years), the audit of 116 manpower training contracts and the review and evaluation of 10 audits by other government agencies and 362 audits by Public Accountants of Neighborhood Youth Corps projects.

In 1969, the additional staff added at the beginning of the year, together with training of both new and existing staff, will permit more in-depth audits of State Employment Security agencies, and Manpower Development and Training Act and Economic Opportunity Act contractors and sponsors and more extensive review of reports prepared by public accounting firms auditing Economic Opportunity Act Contractors and reports prepared by other Federal Agencies and General Accounting Office. Considerable effort will be expended on the training of new staff and on the development of new audit guides for the newest manpower programs and evaluation of guides previously prepared.

In 1970, it is planned to concentrate the audit coverage into several of the larger cities and act on more of the requests for special audits made by the various Administrations and Offices. This will permit the Department of Labor management to initiate corrective action to preclude the unauthorized use of funds.

Also the Division will call upon other audit resources of licensed Public Accountants and Federal Agencies to cope with the increasing audit workload generated principally by Manpower training program activities. These audit resources will be used for reviewing the smaller projects.

Total Amounts Audited

	Actual			
	1967		1968	
	No. of Audits	Amount	No. of Audits	Amount
Audits Performed by Division of Audit				
Bureau of Work Training Programs	130	$ 39,056,785	94	$ 47,777,982
Other (Includes Experimental and Demonstration Projects)	34	7,813,701	22	5,874,342
State Employment Security Agencies	51	423,948,868	59	661,969,225
Audits Performed by Others Which Require Review and Evaluation				
Audits by Other Government Agencies	13	810,534	10	886,521
Audits by Public Accountants	151	12,446,215	362	38,991,337
Totals	328	$484,076,103	547	$755,499,407

	Estimate			
	1969		1970	
	No. of Audits	Amount	No. of Audits	Amount
Audits Performed by Division of Audit				
Bureau of Work Training Programs	90	$ 194,000,000	128	$ 345,000,000
Other (Includes Experimental and Demonstration Projects)	10	6,000,000	8	5,000,000
State Employment Security Agencies	58	600,000,000	52	500,000,000
Audits Performed by Others Which Require Review and Evaluation				
Audits by Other Government Agencies	16	1,000,000	20	1,200,000
Audits by Public Accountants	600	200,000,000	800	300,000,000
Totals	774	$1,001,000,000	1,008	$1,151,200,000

Audit reports are submitted to the Program Manager for necessary action. Many of the audits are of non-profit organizations. The principal benefits are to put the Program manager on notice of the irregularities so that recoveries can be made or if a new contract is awarded the same irregularities will not occur. Also, the knowledge of contractors that auditors are in the field helps to prevent loose practices.

Changes for 1970

Mandatory changes amount to (page SEC-6)..... $30,200
Program changes amount to.....-$20,500

Program changes reflect a decrease of $20,500 for non-recurring equipment costs for new positions in 1969.

(g) Office of Management Systems (1969, $493,100, Pos. 31; 1970, $485,600, Pos. 30)

This office is responsible for the development and improvement of management systems for the Department. This involves maintenance of an integrated Department Management System which includes not only the functions of planning, programming, and budgeting, but also the basic management functions of production scheduling, program execution, review and analysis, and evaluation. The office is responsible for the development and operation of a unified Department-wide automatic data processing program for use in management and program processes.

The Office of Management Systems has the responsibility to formulate and prescribe policies and standards governing all financial accounting and related activities of the Department; to design, document, or assist in the design, and review all financial accounting and related systems, procedures and reports for consistency with policies and standards prescribed by the Comptroller General; and to provide liaison with the General Accounting Office, Bureau of the Budget, Treasury Department, and other outside organizations on accounting and related matters.

This request includes funds to install and maintain Department-wide appropriation accounting, cost accounting, property accounting, Working Capital Fund, and voucher audit systems that will meet the standards and criteria required by law and General Accounting Office policies and procedures.

Improved utilization of manpower, funds, and other resources is accomplished by special management surveys which pinpoint areas where better procedures can be used or which identify low priority programs, the resources for which can be diverted to programs of higher priority. This office also coordinates activities in the area of reports, forms, and records control, and for the development of cross-problem information and data systems.

In 1968, accomplishments included extensive participation with the Departments of Health, Education and Welfare, and Housing and Urban Development and the Office of Economic Opportunity in the Joint Administrative Task Force in the review, coordination and simplification of grant processes for the model cities, neighborhood centers and other urban programs.

Assistance in preparations for the administration of the newly enacted Work Incentive Program under the Social Security Act amendments.

Developing and installing a research information system to promote the coordination of research in manpower and industrial relations.

Assistance to administrations and offices in conducting organization studies and in implementing organization changes and realignments.

Revising, coordinating, and issuing updated instructions on the Department Management System for use by administrations and offices as the principal tool in the effective planning and execution of the Department's program in order to achieve planning goals and program objectives in the most efficient manner possible.

Providing executive secretary and maintenance services to the Department Management Committee in its review of program plans and program accomplishments and of management problems.

Developing revised reporting requirements for Program Memoranda and Program and Financial Plans.

Developing a revised employee suggestion system and assisting in its installation.

Revising the Department's program structure and measures of productivity to conform to changes in planning goals and program objectives.

Revising the payroll and appropriation accounting systems to improve computer processing and accounting controls.

Completed design work to computerize the Working Capital Fund. This system was documented and forwarded to the Comptroller General for approval.

A property accounting system was installed, and the general ledger accounting system was revised to integrate data from the property and cost accounting system.

A Departmental cost accounting system was developed with contractual assistance and was implemented as of July 1, 1968. This system collects and reports all significant elements of costs incurred and performance accomplished on an organizational and functional basis and compares the actual with the planned costs and performance.

Work continued to review and redesign the accounting systems which support major programs within the Department. One of these, the Wage and Hour and Public Contracts Divisions' Restitution fund accounting system, was completed and submitted to the Comptroller General for approval on March 15, 1968.

The Department's Statement of Accounting Policies, Principles, and Standards was approved by the Comptroller General on March 1, 1968.

Work continued toward establishing a Departmental policy on management information and data systems.

A series of technical reports were issued concerning the basic concepts of management information and data systems.

In 1969, it is planned to continually review, analyze, and evaluate the Department Management System and its subsystems with particular emphasis on the problems encountered in the use of the system in each administration and office in order to achieve improved program management through an integrated management system.

Coordinate and participate in the analysis and design of a plan for extending the Department Management System to regional and field offices and to the State Employment Security offices, and to assist in installing the system.

Continue emphasis upon improvement of organizational structures and alignments; establishing systems and methods for identifying social and economic needs in the Department's area of responsibility that should be met; establishing management information systems that will appraise managers at all levels within the Department and participating State Employment Security Agencies of progress towards achieving goals and objectives; the identification of critical problems requiring prompt solution and the identification of opportunities for increasing effectiveness and efficiency of program operation.

An accounting system for the Bureau of Employment Security's Federal-State Employment Security Agencies network was developed and was tested in Oregon, Pennsylvania and Rhode Island prior to December 31, 1968.

The existing payroll accounting system will be redesigned and integrated with personnel and budgeted position control data into a payroll-personnel-budgeted position information system.

The cost accounting system will be fully tested and implemented during FY 1969. This system will provide the Department with financial data needed for internal cost-based budgeting and will provide a formal collection and reporting system as an integral segment of the Department Management System.

The Bureau of Employees' Compensation ancillary accounting system for compensation claims of Federal employees was redesigned and will be completely implemented and documented during FY 1969.

A contract will be awarded to develop and implement an ancillary accounting system for the Manpower Development and Training Act (MDTA) and the Economic Opportunity Act (EOA) program funds administered by the Department.

Additional chapters and revisions will be completed for the Departmental Administration and Accounting Manuals to accomodate the new or revised accounting systems. Accounting manuals for contractor use will be revised for the EOA and the MDTA programs.

Review and refine the Departmental property accounting system and procedures.

Prepare a voucher audit handbook for national office voucher audit.

Review and refine procedures for providing input to the control accounts of the central accounting records.

In 1970, it is planned to continue to maintain the Departmental Management System as a dynamic system which provides uniformity, cohesiveness, harmony, and accountability while at the same time providing the flexibility needed to adapt to changes in planning goals, program objectives, and management requirements. Also assistance will be provided to individual program managers at all levels in the effective use of the Department Management System.

Complete the necessary revisions and modifications of the Department's financial accounting and reporting systems including cost accounting, payroll and voucher audit operations based upon experience gained with the test conducted in three model states during FY 1969. Special emphasis will be devoted to any revisions required to new systems inplemented during FY 1969, i.e., the BEC ancillary accounting system, the MDTA and EOA program accounting system, the Departmental cost accounting system, the BES Federal-State employment security agency accounting system, the integrated payroll-personnel-budgeted position control information system.

Continue emphasis upon the development and use of the uniform data classification system. Evaluate existing management information systems to ensure conformance to the established information needs of decision makers.

Changes for 1970

Mandatory changes amount to (page SEC-6)	$14,610
Program changes amount to	-$22,110
Positions	-1

Program changes reflect a decrease of 1 position and $16,700 resulting from increased productivity in operations and $5,410 non-recurring equipment costs for new positions in 1969.

(h) Field Administration (1969, $204,000, Pos. 19; 1970, $208,100, Pos. 19)

Field Administration provides personnel services directly to Regional Directors of all administrations and offices in their respective regions.

Personnel services include: recrutiment; general orientation and training; advisory service on classification matters; employee counseling on improvement of skills and career development; maintenance of official personnel records and various other functions.

In 1968, seven Regional Administrative Offices processed a total of 5,643 personnel actions with a staff of 19 employees, supporting a field force of 4,214 employees.

All Regional Administrative Offices provided orientation training for new employees. Continuing efforts were made to implement the Department's positive recruiting program, summer jobs for disadvantaged youths, safety training, improvement of clerical and secretarial skills and promotion of greater cooperation between employee unions and management personnel.

In 1969, it is planned to support a total field force of approximately 4,400 personnel and process 5,800 personnel actions. Contemplated expansion of selected Departmental programs will receive special attention. Two Regional Administrative Offices will be selected to conduct concentrated demonstration projects to provide regional managers and supervisors with complete personnel management services. These projects will be evaluated and, if successful, will be extended to all regional managers and supervisors. Particular emphasis will be placed on promoting and carrying out functions to improve employee-union-

management responsibilities in accordance with the Agreement between the U. S. Department of Labor and the National Council of Field Labor Lodges, American Federation of Government Employees, AFL-CIO.

In 1970, it is expected that the Departmental field will grow to 4,500 positions requiring the processing of 6,000 personnel actions. Continuing emphasis will be given to providing on-site planned staff assistance to field managers and supervisors relative to their personnel management responsibilities.

Comparative Workload

	1967	1968	1969	1970
Department of Labor				
Field Employees	4,239	4,214	4,400	4,500
Number of Personnel Actions	5,912	5,643	5,800	6,000

Changes for 1970

Mandatory changes amount to (page SEC-6).....$4,100
Program changes amount to..... None

DISTRIBUTION OF FIELD STAFF

Supervising Offices	1969 Professional	1969 Clerical	1969 Total	1970 Professional	1970 Clerical	1970 Total
Atlanta, Georgia..	8	3	11	8	3	11
Boston, Massachusetts.....	3	1	4	3	1	4
Chicago, Illinois.....	9	4	13	9	4	13
Dallas, Texas.....	3	2	5	3	2	5
Des Moines, Iowa.....	1	-	1	1	-	1
Detroit, Michigan.....	2	-	2	2	-	2
Kansas City, Missouri.....	3	1	4	3	1	4
Los Angeles, California....	4	-	4	4	-	4
New York City, New York ...	8	4	12	8	4	12
Philadelphia, Pennsylvania.	2	1	3	2	1	3
Richmond, Virginia.....	1	-	1	1	-	1
Sacramento, California.....	1	-	1	1	-	1
San Francisco, California...	7	3	10	7	3	10
Trenton, New Jersey.....	1	-	1	1	-	1
Total Field Staff.....	53	19	72	53	19	72

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation $4,190,430

The estimate will provide 350 full-time positions and 316 man-years of employment with 7 man-years of full-time equivalent intermittent employment for consultants and experts. Included is an increase of $95,910 of which $15,710 is for net mandatory costs for within-grade promotions on current staff; and $80,200 is for pay increase costs not completely funded in 1969. This increase is offset by a decrease of $40,450 for the reduction of 5 positions in 1970.

Personnel benefits $ 310,400

This estimate is based upon personnel compensation and includes an increase of $9,000 of which $1,200 is for net mandatory costs on within-grade promotions for current year staff; and $7,800 for pay increase costs not completely funded in 1969. This increase is offset by a decrease of $3,000 for the reduction of 5 positions in 1970.

Civil Service Commission Retirement Fund	$269,200
Health Benefits	23,830
Life Insurance	14,630
Federal Insurance Compensation Act.	2,740
	$310,400

Travel and transportation of persons $ 219,200

The estimate will provide the following per diem and transportation cost for 160 travelers, the same as 1969.

	1969	1970	Change
Number of travelers	160	160	---
Number of days traveled	4,400	4,400	---
Estimated cost	$219,200	$219,200	---

Transportation of things $ 20,700

The estimate is the same as fiscal year 1969 and will provide for allowances for relocation expenses of transferred employees. (P.L. 89-516)

Rent, communications, and utilities $ 129,370

The estimate includes an increase of $14,000 for increased costs of telecommunications services provided by General Services Administration and will provide the following:

	1969	1970	Change
Paid official mail	$ 8,900	$ 8,900	---
Telegrams and long distance calls	10,000	10,000	---
Telephone rental and service	20,000	20,000	---
Telecommunications services	16,290	30,290	+$14,000
Rental of equipment	29,700	29,700	---
Rental of space	30,480	30,480	---
	$115,370	$129,370	+$14,000

Printing and reproduction $ 34,000

The estimate is the same as fiscal year 1969 and will provide the following:

	1969	1970	Change
Binding	$ 2,500	$ 2,500	---
Leaderheads, forms, etc	9,700	9,700	---
Special purpose publications	21,800	21,800	---
	$ 34,000	$ 34,000	---

Other services $ 627,150

The estimate includes an increase of $11,000 for pay increase costs for the Working Capital Fund not completely funded in 1969. This increase is offset by a decrease of $6,550 for the reduction of 5 positions in 1970.

	1969	1970	Change
Health Room Services	$120,000	$120,000	---
Official Entertainment	7,500	7,500	---
Security investigations	9,760	9,760	---
Press clippings	3,500	3,500	---
Miscellaneous repairs and services	7,890	7,890	---
Training programs	10,000	10,000	---
Defense Contracts Audit Agency	10,000	10,000	---
Working Capital Fund	454,050	458,500	+$4,450
	$622,700	$627,150	+$4,450

Supplies and materials $ 35,100

The estimate is the same as 1969 and will provide for the following:

	1969	1970	Change
Desk top supplies	$ 10,400	$ 10,400	---
Subscriptions	20,200	20,200	---
Equipment maintenance	4,500	4,500	---
	$ 35,100	$ 35,100	---

Equipment $ 42,650

The estimate includes a decrease of $25,910 for non-recurring 1969 equipment purchases and will provide the following:

	1969	1970	Change
Books and periodicals	$ 13,000	$ 13,000	---
Office equipment	29,515	13,195	-$16,320
Office furnishings	26,045	16,455	9,590
	$ 68,560	$ 42,650	-$25,910

TUESDAY, MARCH 11, 1969.

OFFICE OF THE SOLICITOR

WITNESS

HAROLD C. NYSTROM, ACTING SOLICITOR OF LABOR
E. IRVING MANGER, ASSOCIATE ADMINISTRATOR, DIVISION OF WAGE DETERMINATIONS
J. J. LAFRANCHISE, ADMINISTRATIVE OFFICER
GEORGE M. UBER, BUDGET ANALYST
CONRAD M. JONES, DIRECTOR, OFFICE OF BUDGET POLICY AND REVIEW

OFFICE OF THE SOLICITOR, SALARIES AND EXPENSES

OBJECT CLASSIFICATION

[In thousands of dollars]

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Permanent positions	4,620	5,037	5,011
Positions other than permanent	85	52	33
Other personnel compensation	5	20	20
Special personal service payments	12	13	13
Total personnel compensation	4,722	5,122	5,077
Personnel benefits: Civilian employees	355	400	407
Travel and transportation of persons	132	150	147
Transportation of things	9	10	10
Rent, communications, and utilities	199	75	82
Printing and reproduction	145	25	21
Other services	148	396	364
Supplies and materials	96	80	75
Equipment	25	25	25
Total obligations	5,831	6,283	6,208

PERSONNEL SUMMARY

Total number of permanent positions	490	496	474
Full-time equivalent of other positions	15	10	6
Average number of all employees	447	440	434
Average GS grade	9.3	9.3	9.4
Average GS salary	$10,703	$11,199	$11,884

PROGRAM AND FINANCING (In thousands of dollars)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Departmental program activities:			
(a) Litigation	564	626	651
(b) Interpretations and opinions	719	794	730
(c) Wage determinations	894	948	938
(d) Legislation	542	582	584
(e) Labor-management laws	363	389	351
2. Field legal srevices (regional offices)	2,321	2,491	2,505
3. Administration and management services	420	453	450
Total program costs, funded	5,822	6,283	6,208
Change in selected resources [1]	9		
Total obligations	5,831	6,283	6,208
Financing:			
Receipts and reimbursements from: Trust funds	−144	−144	−144
Unobligated balance lapsing	54		
Budget authority	5,741	6,139	6,064
Budget authority:			
Appropriation	5,741	6,126	6,064
Transferred to other accounts		−8	
Appropriation (adjusted)	5,741	6,118	6,064
Proposed transfer from other accounts for pay increases		21	
Relation of obligations to outlays:			
Obligations incurred, net	5,687	6,139	6,064
Obligated balance, start of year	293	290	449
Obligated balance, end of year	−290	−449	−440
Adjustments in expired accounts	3		
Outlays	5,693	5,980	6,073

[1] Selected resources as of June 30 are as follows: Unpaid, undelivered orders, 1967, $22,000; 1968, $31,000; 1969 $31,000; 1970, $31,000.

Mr. FLOOD. Now we will hear the Office of the Solicitor. Mr. Harold C. Nystrom is the Acting Solicitor for Labor.

You have a biographical sketch which we will include in the record, Mr. Nystrom.

Mr. NYSTROM. Thank you, Mr. Chairman.

(The biographical sketch follows:)

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS, HAROLD C. NYSTROM, ACTING SOLICTOR OF LABOR

Harold C. Nystrom's Government career spans 31 years of service including supervision of legal activities in the Office of the Solicitor since 1941. In 1955 he was appointed Assistant Solicitor, in 1958 Deputy Solicitor, and in 1962 Associate Solicitor. From June 1959, to February 1961, Mr. Nystrom served as Acting Solicitor. Secretary Shultz appointed Mr. Nystrom Acting Solicitor effective March 3, 1969.

Mr. Nystrom's education began in the public schools of South Dakota. He attended the South Dakota State School of Mines and Technology. In 1926 he graduated cum laude from the University of South Dakota (A.B.) and in 1931 was awarded a Juris Doctorate degree (with honors) from the George Washington Law School.

Prior to coming with the Department of Labor, he was engaged for several years in the general practice of law in Rapid City, S. Dak., and spent 6 years in Rochester, N.Y., with the Lawyers Cooperative Publishing Co., writing legal articles on various subjects for American Jurisprudence.

Mr. Nystrom received the Department of Labor Meritorious Service Award in 1957 and was the recipient of the Award for Distinguished Service in 1961. He is a member of the South Dakota State Bar, the U.S. Supreme Court Bar, the Federal Bar Association and the American Bar Association (including the Labor Law and Administrative Law Sections).

Mr. Nystrom is married to the former Ruth Greenwood of Washington, Ind. They have two children. Mr. and Mrs. Nystrom reside in Bethesda, Md.

Mr. FLOOD. You have a statement. How do you wish to proceed?

Mr. NYSTROM. I have a very brief statement that I can submit for the record, if you like, or I can read it.

Mr. FLOOD. That is up to you.

Mr. NYSTROM. I have with me today Mr. Irving Manger, who is Associate Administrator, Wage Determination Division of our office; Mr. Jacques Lafranchise, who is the Administrative Officer of our office; and Mr. George Uber, who is our Budget Officer.

I think that I could, with the pleasure of the committee, read very briefly for the record the statement that I have, Mr. Chairman and members of the committee.

GENERAL STATEMENT

Mr. Chairman and members of the committee, the Office of the Solicitor's salaries and expenses budget for fiscal year 1970 provides for 474 positions (434 man-years) and a net decrease of $74,632 below the 1969 appropriation as revised to reflect pay increase costs and rental costs transferred to the General Services Administration.

All of the increases, amounting to $226,968, are "mandatory." They include: $142,100 for net additional pay increase costs not completely funded in 1969 for the pay raise which became effective July 14. 1968; $61,407 for the net costs of within-grade promotions becoming effective in fiscal years 1969 and 1970; $16,500 for the increased costs of Federal Telecommunications Systems services; and, $6.961 for the Office's increased costs for the on-the-job injuries payable to the Federal Employees' Compensation Fund.

More than offsetting these mandatory increases, however, are proposed program decreases. Since these decreases are summarized on page SOL–6 of the budget document there is no need to reiterate them here. I would like to mention, however, that these decreases, amounting to $301,600 and 22 positions, bring us to an operating level equivalent to that of fiscal year 1965. The former Solicitor analyzed our capabilities and determined that this level of resources will adequately handle anticipated workloads in 1970.

The budget request is for $6,208,000 and 474 positions, which compares to $6,282,632 and 496 positions for fiscal year 1969.

Our changes are summarized on pages SOL–5 and 6. The increases include net additional pay increase costs not completely funded in 1969, $142,100; net additional cost of within-grade promotions effective for part of the year in 1969 which will have to be annualized for 1970, the sum of $28,804; net cost of within-grade promotions becoming effective in 1970, $32,603; net additional cost for Federal Communications System Services, our additional assessment would be $16,500; and net increase in contributions to the Federal Employees Compensation Fund for 1970, $6,961, or a total of $226,968.

The program decreases are summarized as I mentioned on page SOL–6, with reference to the pages which have the detail on them, and they include improvements in management and administrative procedures for a total of $35,300, and anticipated decreases in workload for a total of $139,600.

Reduction in the level of legal services rendered related to the Farm Labor Contract Registration Act, $23,000.

I might mention in that connection that there was a hearing examiner position budgeted there. We have found that the anticipated number of hearings has not developed. We did not feel that there would be more than 20 in the next couple of years. We felt that our existing two hearing examiners could handle this workload without the position, so we are removing it from our budget.

Reduction in the legal services to the Office of Federal Contract Employment, $17,000.

Discontinuance of branch offices in Seattle and Denver, $47,100.

Elimination of reimbursements to the Wage and Hour Division for wage determination investigations, $20,000. That sum has been budgeted before because we did use the Wage and Hour Division for some investigations under the Davis-Bacon and related acts. However, Secretary Wirtz' order last year transfering the investigative functions to the Wage and Hour Division enables them to pick that up in their regular budget so we do not carry that any longer.

We plan to reduce the summer employment program in 1970 in the sum of $19,000. We have one small item, nonrecurring equipment cost in the sum of $600.

Subtotal for program items is $301,600. The total change is minus $74,632.

RELATION OF BUDGET TO WORKLOAD

Mr. FLOOD. You have an anomalous situation here, it seems to me. It looks very much as though a different office prepared your budget from the one that prepared your justifications. Did you notice your budget goes down?

Mr. NYSTROM. Yes, sir.

Mr. FLOOD. The justifications certainly don't show a decrease in your total workload. Is that a fair statement?

Mr. LAFRANCHISE. There are some program decreases in terms of workload in some of the areas, that is true. I would say you do not see generally throughout the statistics that are in the budget a decrease in the workload. I think there is some——

Mr. FLOOD. The workload increases considerably more than counterbalances the decreases.

Mr. LAFRANCHISE. There is some feeling that some of the litigation cases are becoming more difficult than they have been in the past. There will be more time taken on those cases than there has been in the past.

Mr. FLOOD. You mean trial work?

Mr. LAFRANCHISE. Specifically in the area of equal pay. Those are extremely difficult and time consuming.

Mr. FLOOD. Are you getting many of those now on sex discrimination?

Mr. NYSTROM. They are beginning to increase as a result of the investigative efforts in the last couple of years.

Mr. FLOOD. The average employment in your Office is down this year from what it was in 1968?

Mr. NYSTROM. Yes, sir.

Mr. FLOOD. It is going down again in this budget for 1970?

Mr. NYSTROM. That is right.

Mr. FLOOD. What does that mean? I know something about lawyers. Does this mean you are letting the work pile up or letting your quality slip? Or is it just your Office was simply overstaffed in 1968? That is quite an option for you, those three?

Mr. NYSTROM. Yes, sir. I think that I would necessarily have to reject the last one. I think that it is true that perhaps in some of the work areas we feel that we may not be doing as high quality work as we did before. In other areas where it is urgent that the work be of the highest quality, we have tried to maintain it. I think, too, there is a situation here where we have been looking for ways in which to follow the general public policy of reducing our expenses where we could and trying to find new ways of doing things that may perhaps satisfy our clients as well as the old ways with less expenditure——

Mr. FLOOD. Your clients are as hard to satisfy as they ordinarily are?

Mr. NYSTROM. They are understanding but they are hard to satisfy in some areas, obviously. We have to simply exercise judgment in seeing what we can do. We have tried to step up our oral consultation with the administrative people in lieu of so much paperwork because that consumes less time of the lawyers and the clerical people.

Mr. FLOOD. Unless you have something to bring up, I cannot think of much to fuss with you about.

Mr. NYSTROM. Thank you, sir.

Mr. FLOOD. Mr. Shriver?

Mr. SHRIVER. What is the total decrease from last year?

Mr. NYSTROM. Total budgeted positions from last year, 496, and this year, for 1970, we are requesting funds for 474.

Mr. SHRIVER. That was prepared by the former Solicitor?

Mr. NYSTROM. That is true.

Mr. SHRIVER. He should be commended and complimented.

That is all I have.

Mr. FLOOD. Mrs. Reid?

Mrs. REID. I have no questions.

Mr. FLOOD. You practically came out of here with a halo, didn't you?

Mr. NYSTROM. Thank you, sir.

JUSTIFICATION MATERIAL

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970
Appropriation or estimate	$6,270,000[1/]	$6,208,000[1/]
Amount reserved under P.L. 90-364	-200,000	---
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)	200,000	---
Proposed transfer from "Wage and Hour Division Salaries and Expenses, "for pay increases (P.L. 90-206, E.O. 11413, effective July 14, 1968)	21,000	---
Non-recurring rental costs transferred to GSA	-8,368	---
Appropriation or estimate, revised	6,282,632	6,208,000

OBLIGATION BY ACTIVITY

Description	Appropriation Revised, 1969 Pos.	Amount	Estimate, 1970 Pos.	Amount	1970 Change Pos.	Amount
1. (a) Litigation	45	$ 625,800	44	651,400	-1	$+25,600
(b) Interpretations and Opinions	60	793,500	52	730,400	-8	-63,100
(c) Wage Determinations	91	948,400	91	937,700	--	-10,700
(d) Legislation	39	581,500	37	583,500	-2	+ 2,000
(e) Labor-Management Laws	32	389,400	28	350,900	-4	-38,500
2. Field Legal Services	192	2,490,932	188	2,504,600	-4	+13,668
3. Administration and Management Services	37	453,100	34	449,500	-3	- 3,600
Total obligations	496	6,282,632	474	6,208,000	-22	-74,632

1/ Includes $144,000 to be derived from "Employment Security Administration Account, Unemployment Trust Fund".

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1969	Estimate, 1970	1970 Change
Total number of permanent positions	496	474	-22
Positions other than permanent	10	6	-4
Average number of all employees	440	434	-6
11 Personnel compensation	$5,122,138	$5,076,588	-$45,550
12 Personnel benefits	400,254	407,372	+7,118
21 Travel and transportation of persons	149,700	146,500	-3,200
22 Transportation of things	10,174	10,174	---
23 Rent, communications and utilities	74,696	82,396	+7,700
24 Printing and reproduction	25,200	21,000	-4,200
25 Other services	395,544	364,344	-31,200
26 Supplies	79,652	74,952	-4,700
31 Equipment	25,274	24,674	-600
Total obligations	6,282,632	6,208,000	- 74,632
Working Capital Fund Items included above	(331,600)	(325,600)	(-6,000)

SUMMARY OF CHANGES

	Direct Appropriation Pos.	Direct Appropriation Amount	Trust Fund Pos.	Trust Fund Amount	Total Available Pos.	Total Available Amount
1969 Enacted Appropriation.	495	6,126,000	---	144,000	496	$6,270,000
Amount reserved under P.L. 90-364.....	---	-200,000	---	---	---	-200,000
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968).....	---	200,000	---	---	---	200,000
Proposed transfer from "Wage and Hour Division, salaries and expenses," for pay increases (P.L. 90-206, E.O. 11413 effective July 14, 1968).....	---	21,000	---	---	---	21,000
Non-recurring rental costs transferred to GSA.....	---	-8,368	---	---	---	-8,368
1969 Appropriation, revised.....	496	6,138,632	---	144,000	496	6,282,632
1970 Estimate.....	474	6,064,000	---	144,000	474	6,208,000
Total Change.....	-22	-74,632	---	---	-22	-74,632

Mandatory Items: (Page SOL-7)

Increases:

Net additional pay increase costs not completely funded in 1969.....	---	+142,100
Net additional cost of within-grade promotions effective for part-year in 1969.....	---	+28,804
Net cost of within-grade promotions becoming effective in 1970.....	---	+32,603
Net additional cost for Federal Telecommunication Systems services.....	---	+16,500
To provide for a net increase in contributions to the Federal Employees' Compensation Fund.....	---	+ 6,961
Sub-total, Mandatory Items.....	---	+226,968

Program Items:

Decreases:

Improvements in management and administrative procedures ($31,900 personal services, $3,400 non-labor) (Pages SOL-10, 27)	-4	-35,300
Anticipated decreases in workload ($123,200 personal services, $16,400 non-labor) (Pages SOL-14,22)	-12	-139,600
Reduction in the level of legal services related to the Farm Labor Contractor Registration Act ($18,200 personal services, $4,800 non-labor) (Page SOL-19)	-1	-23,000
Reduction in legal services to the Office of Federal Contract Compliance ($15,000 personal services, $2,000 non-labor) (Page SOL-19)	-1	-17,000
Discontinuance of branch offices in Seattle and Denver ($41,600 personal services, $5,500 non-labor) (Page SOL-25)	-4	-47,100
Elimination of reimbursements to the Wage and Hour Division for Wage Determination investigations (Page SOL-17)	---	-20,000
Reduction of the summer employment program in 1970 (Pages SOL-14,17,19,22,25)	---	-19,000
Non-recurring equipment costs for new positions in 1969 (Pages SOL-10,14)	---	-600
Sub-total, Program Items	-22	-301,600
Total Change	-22	-74,632

MANDATORY CHANGES BY ACTIVITY

	Net additional pay increase costs	Net within-grade promotion effective for part year in 1969	Net within-grade promotion costs initially effective in 1970	Contributions to Federal Employees' Compensation fund	Net additional cost for Federal Telecommunication Systems Charges	Total
Activity 1 (a)	+$25,100	+$2,985	+$3,015	---	+$3,000	+$34,100
Activity 1 (b)	+ 20,500	+ 3,053	+ 4,547	---	+ 1,000	+ 29,100
Activity 1 (c)	+ 7,800	+ 2,917	+ 4,083	---	+ 1,500	+ 16,300
Activity 1 (d)	+ 36,400	+ 3,493	+ 2,607	---	+ 500	+ 43,000
Activity 1 (e)	+ 9,500	+ 1,130	+ 2,270	---	+ 1,100	+ 14,000
Activity 2	+ 29,200	+13,714	+14,054	---	+ 8,200	+ 65,168
Activity 3	+ 13,600	+ 1,512	+ 2,027	+$6,961	+ 1,200	+ 25,300
Total	+142,100	+28,804	+32,603	+$6,961	+16,500	+226,968

MANDATORY CHANGES FOR 1970

Increases:

To provide for full year cost of pay increases effective July 14, 1968, and to provide full funding of part year costs..... $142,100

Within-grade promotion costs:

1970 net additional cost of within-grade promotions effective for part year in 1969..... $28,804

Personnel compensation.....	$35,124
Deduct lapse.....	-1,227
Deduct savings due to turnover...	-7,727
Personnel benefits.....	2,634
Net cost.....	$28,804

Net cost of within-grade promotions becoming effective during 1970..... $32,603

Personnel compensation.....	$39,662
Deduct lapse.....	-1,843
Deduct savings due to turnover...	-8,599
Personnel benefits.....	3,383
Net cost.....	$32,603

To provide a net increase in contributions to the Federal Employees' Compensation Fund from $8,348 to $15,309..... $ 6,961

Net additional cost for Federal Telecommunication Systems services..... $16,500

Total.....+ 226,968

PROGRAM CHANGES BY ACTIVITY

	11 Personnel Compensation	12 Personnel Benefits	21 Travel and Transportation of Persons	23 Rent, Communication and Utilities	24 Printing and Reproduction	25 Other Services	26 Supplies and Materials	31 Equipment	Total
Activity 1 (a)	-$6,750	-$650	---	-$400	-$100	-$300	-$200	-$100	-$8,500
Positions	-1	---	---	---	---	---	---	---	-1
Activity 1 (b)	-76,400	-5,400	---	-3,000	-1,300	-4,400	-1,600	-100	-92,200
Positions	-8	---	---	---	---	---	---	---	-8
Activity 1 (c)	-7,000	---	---	---	---	-20,000	---	---	-27,000
Positions	---	---	---	---	---	---	---	---	---
Activity 1 (d)	-31,848	-2,352	-1,000	-1,400	-1,200	-2,500	-700	---	-41,000
Positions	-2	---	---	---	---	---	---	---	-2
Activity 1 (e)	-43,050	-3,350	-800	-1,700	---	-2,700	-900	---	-52,500
Positions	-4	---	---	---	---	---	---	---	-4
Activity 2	-42,650	-2,950	-1,400	-1,500	-1,400	-400	-800	-400	-51,500
Positions	-4	---	---	---	---	---	---	---	-4
Activity 3	-24,640	-1,860	---	-800	-200	-900	-500	---	-28,900
Positions	-3	---	---	---	---	---	---	---	-3
Total	-232,338	-16,562	-3,200	-8,800	-4,200	-31,200	-4,700	-600	-301,600
Positions	-22	---	---	---	---	---	---	---	-22

Activity 1 (a). LITIGATION (1969, $625,800, Pos. 45;
1970, $651,400, Pos. 44)

Narrative Description of Program

This Activity directs and supervises the Department litigation program. The activity's functions encompass three broad areas of responsibility.

1. Advice, assistance, supervision and instructions are rendered to the Solicitor's field staff in connection with the preparation for trial of matters of concern to the Department. This assistance involves such functions as the formulation of trial strategy, policy, legal research, motions, pleadings and related matters. The Washington staff itself handles cases arising in the Washington Metropolitan area and novel or important cases wherever they may arise.

2. In the Supreme Court and other appellate tribunals, the Division represents the Department where the Secretary of Labor, or the Department, or the United States (in matters concerning the Department) is a party to the suit.

3. The Activity furnishes legal representation to the Bureau of Employees' Compensation in cases involving appeals from decisions of the Bureau; directs and supervises the enforcement of various workmen's compensation laws covering Federal employees and, in the District of Columbia, employees generally; encourages, coordinates and provides assistance in third party actions by injured federal employees and protects the subrogation rights of the Federal Government in the proceeding of such action; supervises and directs enforcement proceedings and actions under maritime safety standards under the Longshoremen's Act; and supervises the adjustment of claims against the Department under the Federal Tort Claims Act and the Military Personnel and Civilian Employees' Claim Act of 1966.

In fiscal year 1968, the Washington litigation staff prosecuted 141 cases compared to 112 cases in 1967 and 71 cases in 1966. In general, the high level of activity by the Washington staff was attributable to its participation in resolving a wide variety of complex legal issues required to administer the equal pay provisions of the Fair Labor Standards Act.

In fiscal years 1969 and 1970, the Washington staff will continue to sustain a high level of litigation activity. It is expected that the Washington staff will not only continue to institute litigation to resolve complex issues under the equal pay provisions but will also direct greater emphasis toward augmenting the collection of back wages. In addition, litigation services will also be provided toward the enforcement of the Age Discrimination in Employment Act of 1967.

Changes for 1970

Mandatory changes amount to (Page SOL-7)	$34,100
Program changes amount to	-$8,500
Positions	-1

The program change reflects a decrease for non-recurring equipment costs for a new position approved for fiscal year 1969. In addition, as part of the Solicitor's overall effort to streamline management procedures, a management assistant position is being abolished. The duties of the management assistant will be distributed among the Activity's secretaries.

Basis for the Estimate

Workload estimates are based upon past experience, the level of activity expected in the field offices, and anticipated workload increases in selected program areas. Cases prosecuted by the Washington staff will continue at the level prevailing during 1968 and 1969 due to the many new and novel legal and factual issues being considered under the Equal Pay and the Age Discrimination in Employment Acts. Review and assistance by the Washington staff to field offices under the basic provisions of the Fair Labor Standards Act will be somewhat curtailed to compensate for the additional workload involved.

Workload Statistics

TRIAL LITIGATION

	F.Y. 1967 Actual	F.Y. 1968 Actual	F.Y. 1969 Estimate	F.Y. 1970 Estimate
1. Cases received from regional offices[1/]	2,180	2,154	1,900	1,900
2. Cases instituted by regional offices under Washington Office supervision[1/]	1,817	1,752	1,700	1,700
3. Cases prosecuted by Washington staff[1/]	112	141	140	140
4. Cases closed[1/]	1,741	1,700	1,700	1,700
5. Cases pending in court or administrative proceeding, end of year[1/]	1,084	1,136	1,100	1,100
6. Review and assistance	15,000	15,000	14,000	14,000
7. Wage-Hour investigations	58,159	75,022	75,000	75,000
8. Restitution attributable to litigation activities (in millions)	$5.8	$5.8	$5.5	$5.5

SUPREME COURT AND APPELLATE LITIGATION

1. Appellate court briefs filed:				
(a) Supreme Court	2	6	6	6
(b) Circuit Court of appeals	25	18	30	30
(c) Federal District Court	2	0	2	2

1/ Includes only Fair Labor Standards Act, Walsh-Healey Public Contracts Act, McNamara-O'Hara Service Contracts Act and certain defensive actions.

2. Oral Arguments presented.....	28	17	29	25
3. Appeal recommendations.....	37	38	40	40
4. Legal opinions, miscellaneous reports and memoranda, special research, case analyses.....	339	298	300	300
5. Cases in course of preparation at end of fiscal year.....	37	22	35	35
6. Pending cases in Supreme Court and appellate courts at end of fiscal year.....	17	12	15	15
EMPLOYEES' COMPENSATION				
1. Longshoremen's Act litigated cases.....	73	69	70	70
2. Federal Employees' Compensation Act litigated cases.....	1	0	0	0
3. Appeals Board litigation cases:				
(a) Defenses prepared....	276	231	225	225
(b) Cases presented at hearings.....	37	35	30	30
4. Maritime Safety-Longshoremen's Act:				
(a) Administrative complaints filed.....	11	5	10	10
(b) Injunctive actions...	1	2	3	3
(c) Recommendations for criminal prosecution.	2	1	2	2
5. Federal Tort Claims Act:				
(a) Accident Reports received.....	131	124	125	125
(b) Administrative claims filed.....	39	16	20	20
6. Military Personnel and Civilian Employees' Claims Act of 1964:				
(a) Claims filed.....	10	7	10	10

7. Third party actions by injured federal employees: 1/				
(a) Number of active cases.....	---	4,695	4,700	4,700
(b) Gross recoveries (in millions).....	---	$7.1	$7.1	$7.1
(c) Cash return to the United States (in millions).....	---	$1.1	$1.1	$1.1
(d) Gross return to the United States (in millions).....	---	$3.0	$3.0	$3.0

1/ No statistics were maintained prior to Fiscal Year 1968

Activity 1 (b). INTERPRETATIONS AND OPINIONS (1969, $793,500 Pos. 60; 1970, $730,400, Pos. 52)

Narrative Description of Program

This program provides for legal interpretations, opinions, and advice with respect to all statutes and programs administered by the Department except the Labor-Management Reporting and Disclosure Act of 1959, the Welfare and Pension Plans Disclosure Act, as amended, Title VI of the Civil Rights Act of 1964 and Executive Order 11246 of September 24, 1965, as amended. More than 30 separate programs and statutes of widely varying content and application are involved. In addition, this activity provides necessary supervision of such services rendered in the regional and branch offices of the Office of the Solicitor and performs all services necessary to meet legal requirements for publication of documents in the Federal Register, and other administrative legal services as required.

Among the legal services provided, in addition to the legal interpretations and opinions required in the day-to-day administration of statutes and programs, are the drafting of regulations and interpretative bulletins and rules published in the Code of Federal Regulations; legal assistance in the planning, drafting and implementing of Federal legislation relating to such statutes and programs and to areas included in the missions of the administering agencies; technical advice and assistance with respect to litigation cases arising under particular statutes and programs and not otherwise provided for; and, under Federal-State programs, the review of State law, decisions, and opinions, proposed State legislation, and State plans of operation to determine their conformity with pertinent Federal law.

In 1968, the Activity experienced a greater demand for legal services than anticipated. Significant workload was generated by the provisions of the 1966 amendments to the Fair Labor Standards Act, requiring extensive revisions and amendments to regulations and interpretative bulletins, and for responses to thousands of inquiries regarding coverage under the amendments. In addition, the Activity rendered 395 legal opinions regarding the provisions of the recently-enacted Age Discrimination in Employment Act.

In fiscal year 1969, it is anticipated that the requirement for interpretative services under the 1966 amendments to the Fair Labor Standards Act will

not be as great as it has been over the past several years. At the same time, however, the requirement for such services under the Age Discrimination Act will reach a peak. In toto, therefore, the workload is expected to be about the same as fiscal year 1968.

In fiscal year 1970, the demand for interpretative services is expected to decrease to a level below that of 1969 since the more complex legal issues under existing legislation will be generally resolved. This expectation, plus the fact that productivity increases continue to be realized, enable us to estimate that eight positions budgeted for the current year will not be required in fiscal year 1970. The estimate has been reduced accordingly.

Changes for 1970

Mandatory changes amount to (Page SOL-7)..... +$29,100

Program changes amount to..... -$92,200

Positions..... -8

Program changes amounting to $92,200 are included in the estimate as a reduction below the fiscal year 1969 base. A portion of the reduction ($4,000) reflects a reduction in the summer employment program during 1970. The largest part of the decrease reflects a reduction of 8 positions in anticipation of workload decreases and general productivity increases as described above. In addition, the estimate includes a reduction of $100 to reflect non-recurring equipment costs for a new position approved in 1969.

Basis for the Estimate

The workload estimates contemplate the performance of only those legal services that are essential to respond to expected demands, as based on past and current experience. Continuing attention to improved methods of workload management and increases in productivity, together with elimination of activities not absolutely essential, deceleration of the program of updating interpretative bulletins to reflect changes in the law, and substitution of oral service for written opinions wherever practicable, have thus far enabled this activity to keep its current workload manageable and to respond without undue delay to the demands of its legal services.

Workload Statistics

	F.Y. 1967 Actual	F.Y. 1968 Actual	F.Y. 1969 Estimate	F.Y. 1970 Estimate
Labor Standards				
A. Legal opinions:				
1. Fair Labor Standards Act.....	16,167	17,953	17,500	17,250
2. Government contract labor standards.....	8,092	9,039	8,500	8,500
3. Safety standards.....	797	980	900	900
4. Workmen's compensation	1,049	1,224	1,200	1,200
B. Meetings and conferences:	3,453	4,359	4,000	4,000

Manpower Services and Unemployment Compensation				
A. Legal review:				
1. State documents.....	4,688	4,406	4,500	4,500
2. D/L documents.....	10,605	11,436	12,000	12,000
3. Federal legislation (prepared or reviewed)	985	752	800	800
B. Legal opinions:				
1. Advice on certification of State Laws....	1,207	1,313	1,250	1,250
2. Memos, briefs, and other legal documents prepared.....	5,981	5,787	6,000	6,000
3. Other advice.....	9,849	10,414	10,000	10,000
C. Meetings and conferences:	3,759	3,788	4,500	4,500
Administrative Legal Services				
A. Proceedings and documents:				
1. Hearings serviced.....	26	10	15	20
2. FLSA wage orders.....	102	8	100[1/]	75
3. Federal Register documents.....	156	121	125	125
B. Legal review:				
1. Legislative proposals.....	21	23	25	25
2. Litigation actions[2/].....	28	33	30	30
3. Other Department of Labor documents.....	187	198	200	200
C. Legal opinions[3/]:				
1. Age Discrimination Act....	---	395	1,000	500
2. Other: Memos, briefs, and other legal documents prepared.....	143	148	150	150
3. Other advice.....	109	228	300	300
D. Meetings and conferences:	104	195	250	250

1/ Estimates based on biennial review required for Puerto Rico and Virgin Islands wage orders.

2/ Includes review, as required, of administrative law questions involved in litigation, and any necessary functions relating to veterans' reemployment rights cases referred for litigation.

3/ Includes legal advisory functions on the Age Discrimination in Employment Act and the veterans' reemployment rights program.

Activity 1 (c). WAGE DETERMINATIONS (1969, $948,400, Pos. 91; 1970, $937,700, Pos. 91)

Narrative Description of Program

The Davis-Bacon Act, and approximately 50 other statutes, require the Secretary of Labor to predetermine minimum wage and fringe benefits payments to be paid workers on Federal and federally-assisted construction projects. No federal or federally-assisted construction contract can be let unless the predetermination is made and promulgated. Current project wage data is gathered continuously as a basis for wage determinations. Liaison is maintained with all parties interested in the program, such as Federal and State contracting agencies and national and local employee and employer organizations.

In fiscal year 1968, the Activity continued its policy of issuing wage determinations on a multiple project basis. These determinations, referred to as "area determinations," eliminate the necessity of preparing individual determinations for each project in certain stable, high activity areas. Due to the uncertainty of wage structures in other areas (where open shop rates are common) there is little possibility for further expansion of the area determination program.

Five wage specialists were assigned the special duty of conducting on-the-site wage surveys through personal contact with contractors, labor unions and interested local officials. This experiment has been highly successful in that it has yielded more adequate and accurate information on wage rates than can be obtained from mail or telephone surveys.

In the past, most federally-financed construction projects were administered by federal agencies through direct contact with the contractor. Also, most construction activity was either in large metropolitan areas or involved multi-million dollar projects where union negotiated rates prevailed. Today however most projects are federally-assisted programs in which there is local participation. A substantial number of projects are in small towns or rural areas and are smaller projects such as nursing homes, sewage disposal plants, housing, etc., and are of relatively low cost. In many of these areas negotiated rates do not prevail and it becomes necessary to conduct extensive, time-consuming wage surveys to determine accurately the prevailing wage rates.

In fiscal years 1969 and 1970, the Activity's workload will continue to increase in proportion to the number of new statutes which are enacted requiring the Secretary of Labor to predetermine prevailing wage rates. It is also expected that there will be a substantial increase in activity involving residential and highway construction. A portion of the workload increase will be absorbed through the use of resources previously utilized for the Activity's enforcement functions (the enforcement function was transferred to the Wage and Hour and Public Contracts Division by the Secretary of Labor in fiscal year 1968). Notwithstanding the concerted effort which will be made to provide contracting agencies with timely wage determinations, it is recognized that not all deadlines imposed by contracting agencies will be met. Failure to meet deadlines interferes with the normal procurement activity of the 50-odd procurement agencies which rely upon the Secretary

of Labor to meet advertising, bid opening and contract award schedules.

The 90th Congress enacted 11 statutes which provided for the predetermination of the prevailing wage rates.

Changes for 1970

Mandatory changes amount to (Page SOL-7)..... +$16,300

Program changes amount to..... -$27,000

Positions: None

Program changes reflect a decrease of $20 thousand for investigations by the Wage and Hour and Public Contracts Divisions related to the enforcement function under the Davis-Bacon and related prevailing wage rate statutes. Investigations necessary to carryout the enforcement function will be performed by Wage and Hour for their own benefit and use. Also, a program decrease ($7 thousand) is included in the estimate to reflect a reduction in the 1970 summer employment program.

Basis for the Estimate

The data on dollar volume of construction projects covered by Davis-Bacon Act provisions and the number of employees on covered projects are provided by the Business and Defense Service Administration, Department of Commerce. Projections based upon an annual average increase of 6.5% reflect the normal increase in construction volume. They do not reflect the increase workload due to additional legislation or the increased workload resulting from residential construction activity.

The budget estimate provides for a continuation of approximately the same level of resources which were available during fiscal year 1968 and 1969. The estimate as to the number of wage determinations which will be requested is based upon the past experience of the program managers, their intimate knowledge of the construction industry and the probable requirements under such new legislation as the Federal-Aid Highway Act of 1968.

Workload Statistics

	F.Y. 1967 Actual	F.Y. 1968 Actual	F.Y. 1969 Estimate	F.Y. 1970 Estimate
1. Number of construction workers on contracts covered by wage determinations.....	605,000	613,000	620,000[1/]	625,000[1/]
2. Dollar volume of construction contracts governed by wage determinations (billions).....	$13.2	$14.5	$15.0[1/]	$15.5[1/]
3. Number of wage determinations and modifications requested:				
(a) Base program (excluding residential construction, and Federal-Aid Highway Act of 1968).....	26,332	27,519	28,000	28,000

(b) Residential construction - based upon on-site surveys.....	35	75	75	75
(c) Residential construction - based upon commercial rates.....	345	425	675	925
(d) Federal-Aid Highway Act of 1968.....	---	---	1,250	2,500
Total requests....	26,712	28,019	30,000	31,500
4. Number of residential construction surveys conducted.....	11	70	70	70
5. Number of residential construction surveys required to base rates on residential rates.....	342	450	675	900
6. Estimated number of contract awards covered by Davis-Bacon determinations.....	48,000	50,000	52,000	54,000

1/ Does not include increases arising under the Federal-Aid Highway Act of 1968 or for residential construction activity.

Activity 1 (d). LEGISLATION (1969, $581,500, Pos. 39; 1970, $583,500, Pos. 37)

Narrative Description of Program

This program provides for assistance and advice to the Solicitor in his duties as the chief legal advisor to the Secretary of Labor with respect to legislative matters. The Division assists in the preparation of legislative proposals, testimony, analyses, explanatory statements, and other legislative materials for use by the Secretary and other Departmental officers in appearances before Congressional committees on legislation of interest to the Department.

In addition, the Division is responsible for furnishing necessary legal advice and services in connection with the interests and activities of the Department in international affairs, including international labor affairs, the trade agreements program and related foreign economic policy, and U. S. participation in the International Labor Organization (ILO) and other international organizations.

The attorneys employed by this activity are consulted on questions concerning international affairs, Federal contracts, conflicts-of-interest, disclosure of information, and other fields of law. The activity has increased due to the issuance of the Executive Order establishing standards of conduct and requiring financial reports by top government officials and the enactment of legislation dealing with public disclosure of information.

Hearing Examiners, at the designation and direction of the Secretary, Under Secretary, Solicitor, of Chief Hearing Examiner, preside over administrative hearings and render decisions in proceedings based on complaints of violations of,

and on procedural questions concerning the application of the Walsh-Healey Act, Service Contracts Act, Davis-Bacon Act, the Contract Work Hours Standards Act, the safety provisions of the Longshoremen's and Harbor Workers' Compensation Act, the Farm Labor Contractor Registration Act, and conformity and compliance questions arising under the unemployment insurance program.

Decisions are prepared for and other necessary legal advice and services provided to the Secretary of Labor and the Wage and Hour and Public Contracts Administrator in connection with appeals from the decisions of the Hearing Examiners in violation cases under the Walsh-Healey Public Contracts Act, and the wage provisions of the Service Contracts Act, and to the Director of the Bureau of Labor Standards in connection with appeals from violations of the safety provisions of the Service Contracts Act and the Longshoremen's Act. Legal assistance, including the preparation of decisions, is also furnished the Employees' Compensation Appeals Board in connection with appeals from the decisions of the Director of the Bureau of Employees' Compensation in Federal employees workmen's compensation cases.

A digest and reference system is maintained for opinions, rulings, regulations, administrative determinations and court decisions under the wide variety of laws administered by the Department of Labor. Legislative histories of many of these statutes are also prepared.

In fiscal year 1968, accomplishments were made in increasing the services rendered in almost all areas for which the activity is responsible, as reflected in the workload statistics below. In particular, the activity absorbed through productivity improvements an increased workload under the McNamara-O'Hara Service Contract Act without significantly decreasing its activity in other areas.

In fiscal year 1969, it is planned to continue absorbing the increased workload under the McNamara-O'Hara Service Contract Act with the existing staff through productivity increases. The Division plans to continue reducing the backlog of decisions for the Employees' Compensation Appeals Board.

In fiscal year 1970, the activity's workload is expected to continue at about the same level as it has been during the past year and a half.

Changes for 1970

Mandatory changes amount to (Page SOL-7)..... +$43,000

Program changes amount to..... -$41,000

Positions..... -2

Program changes reflect a decrease of one Hearing Examiner position at a savings of $23,000 in 1970. This position was originally granted to administer the provisions of the Farm Labor Contractor Registration Act. The need for hearing examiner services under this Act have not reached the proportions originally anticipated. Therefore, it has been determined that any requirements for such services in 1970 will be provided by the remaining two hearing examiners. A GS-13 attorney position has also been eliminated from the base budget. Legal services previously performed by this attorney will be carried out under the Federal Contract Compliance and Civil Rights program, Office of the Secretary. In addition, the estimate reflects a reduction of $1 thousand in the summer employment program during 1970.

Basis for the Estimate

Workload statistics for this activity are based upon actual experience and upon projections of workload for serviced bureaus and offices.

Workload Statistics

Legislation	F.Y. 1967 Actual	F.Y. 1968 Actual	F.Y. 1969 Estimate	F.Y. 1970 Estimate
1. Legislative reports.....	256	261	300	320
2. Drafts of legislative language for consideration by administrative officials or for presentation to the Congress.....	814	818	825	825
3. Analyses prepared--legislative papers.....	2,855	2,860	2,900	2,900
4. Letters for signature of Secretary or Solicitor.....	3,555	3,426	3,500	3,500
5. Opinions, analyses, memos, orders, etc., prepared for Bureaus.....	745	750	760	770
Hearing Examiners				
1. Compliant proceedings under The Walsh-Healey Public Contracts Act:				
Proceedings instituted.....	37	40	45	45
Hearing held.....	20	12	15	15
Prehearing conferences held.	29	41	45	45
Examiner's decisions.....	27	38	40	40
Orders dismissing proceedings	2	9	10	10
2. Proceedings under Davis-Bacon Act and related statutes:				
Hearings held.....	0	3	4	4
3. Longshoremen's and Harbor Workers' Act (safety proceedings):				
Proceedings instituted.....	11	5	10	10
Hearings held.....	2	1	3	3
Prehearing conferences held.	6	3	5	5
Examiner's decisions.....	14	5	10	10
Dismissed by Examiner's decision.....	2	5	5	5
4. McNamara-O'Hara Service Contract Act: (First instituted in F.Y. 1967)				
Proceedings instituted.....	3	13	20	25

Hearings held.....	0	10	15	15
Prehearing conferences.....	0	8	10	10
Examiner's decisions.....	0	10	16	16
5. Farm Labor Contractor Registration Act-- denial of licenses under: (First instituted in F.Y. 1967)				
Proceedings instituted.....	3	11	3	3
Hearings held.....	2	0	3	3
Prehearing conferences.....	2	1	2	2
Examiner's decisions.....	1	0	1	1
Dismissed.....	2	0	1	1
6. Miscellaenous hearings...	15	10	15	15
Reports, Digest and Analysis				
1. Analysis of individual cases, opinions or items...	2,500	2,500	2,500	2,500
2. Digests prepared.....	1,000	1,000	1,000	1,000
3. Legislative histories.....	1	1	2	2
Decisions - Walsh-Healey Public Contracts Act				
1. Letters to the Comptroller General.....	23	38	40	40
2. Decisions of the Administrator.....	2	2	4	4
Longshoremen's and Harbor Workers' Act - Decisions of the Director	0	0	2	2
Decisions - Employees' Compensation Appeals Board				
1. Backlog at end of previous year.....	14	4	4	5
2. Cases received from Board for preparation of decisions during year.....	201	204	250	250
Total case load.....	215	208	254	255
3. Decision written during year	211	200	245	245
4. Backlog end of year.....	4	8	9	9
5. Memoranda of law prepared for Board.....	6	3	5	5

Activity 1 (e). LABOR MANAGEMENT LAWS (1969, $389,400, Pos. 32;
1970, $350,900, Pos. 28)

Narrative Description of Program

This program provides for supervising and coordinating the Department's legal function under the Labor-Management Reporting and Disclosure Act of 1959 and the Welfare and Pension Plans Disclosure Act, as amended. The activity provides such services as the interpretation of the above statutes; drafting reporting forms, regulations, interpretative bulletins and similar interpretative aids, preparation of and participation in civil litigation and administrative enforcement actions; preparation of criminal cases under these statutes for submission to the Department of Justice; the defense of suits against the Department of Labor involving these statutes; and supervision of field office activities in these program areas.

In fiscal year 1968, accomplishments were made in clarifying a number of legal issues which will strengthen the Department's position in carrying out the intent of Congress under both of the afore-mentioned statutes. Of the three hundred twenty-nine government cases considered by the Activity for possible civil or criminal litigation, one hundred two cases were instituted.

During fiscal year 1968 a bill was introduced in Congress which would provide minimum standards for vesting, funding and for reissuance of private pension plans. Also, legislation was proposed to provide greater protection to the participants of employee welfare and benefit plans by setting standards for those charged with responsibility for administering such plans. Extensive legal assistance was required in drafting the afore-mentioned bills.

In fiscal year 1969, the Activity's workload is expected to be generally higher than the preceding fiscal year due to several recent Supreme Court decisions which affirmed the Department's role in enforcing and administering the provisions of the Labor Management Reporting and Disclosure Act. Additional workload has also been generated in formulating the Department's position on proposed legislation now pending in Congress.

The estimate for fiscal year 1970 provides for a reduction in the Activity's legal support services to the Labor-Management Services Administration. The proposed reduction is possible because the Activity's managers believe both workload decreases and productivity increases will be realized during the year.

Changes for 1970

Mandatory changes amount to (Page SOL-7)..... +$14,000

Program changes amount to..... -$52,500

Positions..... -4

Four positions - two attorneys, a legal assistant, and a clerk-stenographer - have been dropped from the estimate to reflect anticipated workload decreases and productivity increases. Also, the estimate reflects a reduction of $1 thousand in the Activity's summer employment program.

Basis for the Estimate

Workload estimates are based upon a projection of 1967 and 1968 activities, experience to date in 1969, and the project requirements of the Office of Labor-Management and Welfare-Pension Reports. Overall the workload statistics shown below for this Activity reflect an anticipated decrease of 13 percent. It is also believed that the productivity of attorneys working in this area will increase their productivity by approximately 8 percent.

Workload Statistics

	F.Y. 1967 Actual	F.Y. 1968 Actual	F.Y. 1969 Estimate	F.Y. 1970 Estimate
Government Litigation:				
1. Cases considered for civil or criminal litigation by Washington office (review of investigation files):				
District Court.....	293	314	320	310
Appellate Court.....	21	11	15	15
Supreme Court.....	10	4	6	7
2. Cases instituted:				
A. Criminal Indictments..	68	59	65	60
B. Civil - LMRDA & WPPDA.				
District Court.....	26	32	35	35
Appellate Court.....	16	7	12	12
Supreme Court.....	4	4	5	5
3. Civil Cases active during year				
District Court.....	82	75	95	95
Appellate Court.....	19	18	20	20
Supreme Court.....	4	6	5	5
4. Civil Cases closed during fiscal year.....	41	23	30	30
5. Civil Cases pending at end of fiscal year.....	43	60	65	65
6. Civil pleadings drafted, briefs prepared, court appearances and related activities:				
District Court.....	235	250	255	250
Appellate Court.....	30	35	40	40
Supreme Court.....	6	15	15	15
7. Administrative Procedure Act and related administrative proceedings, including review and approval of related preliminary activities.....	90	104	110	110
Private Litigation:				
1. Review of litigation to determine if basis exists for Government intervention	180	135	140	140

2. Cases reviewed while pending in the Supreme Court.....	6	7	10	8
Interpretations and Regulations:				
1. Labor-Management Reporting and Disclosure Act.....	3,775	3,900	3,950	3,900
2. Welfare and Pension Plans Disclosure Act.....	3,200	3,400	3,450	3,400

Activity 2. FIELD LEGAL SERVICES (1969, $2,490,932, Pos. 192; 1970, $2,504,600, Pos. 188)

Narrative Description of Program

This activity encompasses the broad range of legal services provided by the Solicitor's regional and branch offices to officials of the Department located in various departmental field installations. Legal services provided by this activity include: rendering legal interpretations and opinions, instituting court action when necessary to enforce statutes for which the Department is responsible, conducting administrative proceedings, and rendering legal advice to departmental field officials in meeting their day-to-day responsibilities.

The principal activity of the Solicitor's field staff involves legal services related to the administration and enforcement of the Fair Labor Standards Act and the Walsh-Healey Public Contracts Act. These enforcement activities recover for employees wage and overtime payments unlawfully withheld from them as well as exercise a deterrent effect on other employers in the same industry or geographic area. The program, therefore, plays an important role in effectuating the wage standards program of the government - the benefits of which are increased wages and purchasing power throughout the Nation, with a resultant increase, through demand, in job opportunities and tax receipts.

In recent years the field staff has been called upon to broaden its scope of activities to meet the demand for legal services required by the Department's manpower, civil rights, and expanded labor standards program (particularly in relation to the equal pay provisions of the Fair Labor Standards Act, the McNamara-O'Hara Service Contracts Acts, the Contract Work-Hour Standards Act, and, more recently, the Age Discrimination in Employment Act.)

In fiscal year 1968, the Solicitor's field staff generally met planned workload projections. During the year the most significant workload increases related to the equal pay provisions of the Fair Labor Standards Act. In 1968 the field staff rendered 2,223 interpretations and opinions and instituted 30 court actions under the equal pay provisions.

In fiscal year 1969, it is planned to continue enforcement activities under the basic provisions of the Fair Labor Standards Act, the Public Contracts Act, McNamara-O'Hara Service Contract Act, and the Contract Work Hour Standards Act, at about the same level as 1968.

It is expected that greater emphasis will be given to enforcing the equal pay provisions of the Fair Labor Standards Act during 1969 and 1970. Approximately 50 court actions will be instituted during 1969 under these provisions. Experience under the equal pay provisions has shown that the legal and factual issues involved are extremely complex and difficult to resolve. It is conservatively estimated that each court action to resolve an issue under the equal pay provisions consumes 2 - 3 times the time and effort required to try a minimum wage or overtime

issue.

In fiscal year 1970, the field offices will handle about the same level of workload as fiscal year 1968. In terms of the number of cases reviewed, analyzed and instituted, there will probably be a slight decrease. However, in general the complexity of the cases handled will be somewhat greater and will, therefore, require more attorney time to process. In view of the smaller Washington review staff being proposed for the Division of Litigation, field offices will be expected to carryout their activities with less overall supervision.

Changes for 1970

Mandatory changes amount to (Page SOL-7).....+$65,168

Program changes amount to.....-$51,500

Positions..... -4

The program change reflects a reduction ($4 thousand) in the summer employment program in 1970 and a reduction of four budgeted positions in two Solicitor branch offices. The two branch offices were previously located in Denver, Colorado, and Seattle, Washington. During 1968 and 1969 the workload previously handled by these offices has been assigned to other Regional Offices. By 1970 there will be no need to continue funding the positions since other Regional Offices will be sufficiently familiar with the work to absorb it without creating an undue burden.

Basis for the Estimate

Prior to fiscal year 1968, the Solicitor's field staff instituted an average of 33 FLSA cases for every 1,000 Wage and Hour investigations performed. In 1968 the procedures for conducting Wage and Hour investigations were revised for the purpose of more efficiently discovering violations of the Act. Consequently, even though more investigations were performed, fewer FLSA cases were generated per 1,000 investigations. During the same year the Solicitor's field staff instituted 1,661 FLSA cases. Therefore, the ratio of cases instituted to Wage and Hour investigations performed dropped to 22.15 FLSA cases per 1,000 investigations. Translated into terms of productivity, the Solicitor's field staff instituted approximately 16.61 FLSA cases per attorney man-year. This estimate for 1970 reflects our belief that the ratios will remain fairly constant in 1969 and 1970.

Workload Statistics

	F.Y. 1967 Actual	F.Y. 1968 Actual	F.Y. 1969 Estimate	F.Y. 1970 Estimate
1. Cases received and analyzed by regional office from Wage-Hour Division.....	8,370	8,644	8,600	8,600
2. Cases received and analyzed from other Bureaus.....	2,339	2,991	2,900	2,900
Total	10,709	11,635	11,500	11,500
3. Cases referred to national office for litigation consideration 1/.....	2,274	2,154	2,000	2,000

4. Cases instituted 1/.....	1,895	1,886	1,800	1,800
5. Cases closed 1/.....	1,847	1,840	1,800	1,800
6. Cases pending in court or administrative proceedings, end of year 1/.....	1,264	1,280	1,200	1,200
7. Cases in course of review and preparation for legal actions 1/.....	4,463	4,488	4,500	4,500
8. Court activity				
a. Appearances at trial.....	219	259	260	260
b. Other court appearances (motions, etc.)..	1,146	1,052	1,000	1,000
c. Legal memoranda prepared for filing in court.....	787	771	700	700

9. The following sums were recovered during Fiscal 1968:

(a) Restitution in Fair Labor Standards Act cases.....	$5,279,227
(b) Amounts collected in administrative proceedings or court actions for liquidated damages for violations of the Walsh-Healey Act.....	213,541
(c) Davis-Bacon and Related Acts.....	206,575
(d) Contract Work Hours Standards Act.....	37,215
(e) McNamara-O'Hara Service Contract Act.....	104,586
(f) Other.....	42,529
Total.....	$5,883,673

10. Fines and Penalties :

(a) Fair Labor Standards Act.....	64,674
(b) Others.....	27,163
Total.....	$91,837

1/ All categories of activity for the Department.

Activity 3. ADMINISTRATION AND MANAGEMENT SERVICES (1969, $453,100, Pos. 37; 1970, $449,500, Pos. 34)

Narrative Description of Program

This activity provides for direction, management and administrative support services for the Office of the Solicitor.

The Solicitor, Deputy Solicitor and the staff members of the Immediate Office give legal counsel and perform the diversified legal services required by the Secretary and other top officials of the Department.

The Administrative Office carries out such functions as budget, procurement, personnel administration, management analysis, mail and messenger services, central files, and the operation of the law library.

In fiscal year 1968, accomplishments were made by the Office in recruiting a number of high quality recent law school graduates. A systematic program of interviewing and selecting applicants brought to the federal service individuals who will undoubtedly be a credit to the government throughout their careers. In addition, the Office carried out a formalized attorney training program designed to enhance the perspective of employees in the field of labor law.

In fiscal years 1969 and 1970, in addition to on-going activities, it is planned to continue and broaden the scope of the recruitment and training activities which began in 1968.

Changes for 1970

Mandatory changes amount to (Page SOL-7)	+$25,300
Program changes amount to	-$28,900
Positions	-3

A portion of the program change reflects a streamlining of procedures for coordinating administrative matters which require the attention of the Immediate Office. In the past, the responsibility for coordinating administrative matters was vested in a Management Assistant to the Solicitor. The proposed change reflects a decision to vest this responsibility in the Administrative Officer. Two administrative support positions (a personnel clerk and a messenger) have been dropped from the budget request. Their duties will be absorbed by the existing staff. The remainder of the program change ($2 thousand) reflects a reduction in the summer employment program in 1970.

DISTRIBUTION OF FIELD STAFF

Regional and Branch Offices	1969 Professional	1969 Clerical	1969 Total	1970 Professional	1970 Clerical	1970 Total
Boston, Massachusetts.....	5	4	9	5	4	9
New York, New York.....	10	6	16	10	6	16
Philadelphia, Pennsylvania..	9	6	15	9	6	15
Atlanta, Georgia.....	16	12	28	16	12	28
Birmingham, Alabama.....	5	5	10	5	5	10
Cleveland, Ohio.....	8	5	13	8	5	13
Detroit, Michigan.....	3	2	5	3	2	5
Chicago, Illinois.....	11	7	18	11	7	18
Kansas City, Missouri[1/].....	8	4	12	6	4	10
Dallas, Texas.....	11	8	19	11	8	19
San Francisco, California...	9	4	13	9	4	13
Los Angeles, California[2/].	5	4	9	4	3	7
Nashville, Tennessee.....	11	6	17	11	6	17
Puerto Rico.....	5	3	8	5	3	8
Total.....	116	76	192	113	75	188

1/ Two attorney positions formerly budgeted for a branch office in Denver, Colorado, have been reassigned to the Kansas City Regional Office - they have been eliminated from the 1970 request.

2/ An attorney and a clerical position formerly budgeted for a branch office in Seattle, Washington, have been reassigned to the Los Angeles Branch office - they have been eliminated from the estimate for 1970.

EXPLANATION OF ESTIMATE BY OBJECT

Personnel Compensation $5,076,588

This estimate provides for 474 full-time positions, or 434 man-years, and for compensation of witnesses ($13,000). A net decrease of $45,550 over the 1969 revised level is proposed consisting of the following:

Within-grade promotions..... +55,390

Allowance has been made for net within-grade promotions as they fall due in 1970 and for the net additional cost of within-grade promotions effective on only a part year basis for base staff in 1969. An allowance of savings due to turnover is provided with partial absorption of the total cost.

Decrease in budgeted positions.....-213,338

Twenty-two budgeted positions have been eliminated from the budget estimates for 1970. The estimate reflects appropriate adjustments to lapse, personnel benefits and other non-labor costs associated with the twenty-two positions.

Reduction in the summer employment program in 1970..... -19,000

The 1970 estimate reflects a decrease below the base for clerical and summer law students under the summer employment program.

Pay increase costs.....+131,398

This estimate provides for the portion of the 1969 pay increase (P.L. 90-206, E.O.11413, effective July 14, 1968) not completely funded in 1969. This estimate relects a total absorption of $60,900 of the estimated pay increase cost in 1970.

Personnel benefits $407,372

This estimate is based upon personnel compensation and represents the following benefits:

Contributions to the C.S.C. Retirement Fund.....	$346,046
Employees' Group Life Insurance.....	17,984
Employees' health benefits.....	21,933
F.I.C.A.....	6,100
Payments to Federal Employees' Compensation Fund.....	15,309
	$407,372

Travel and transportation of persons $146,500

This estimate provides for commercial transportation, per diem, mileage, and other transportation costs for the Office's staff. In addition, the estimate provides for the payments of witnesses not employed by the government. Use of less than first class accommodations is reflected in the estimate.

	1969	1970	Change
Number of travelers.....	209	201	-8
Number of days traveled.....	1,014	976	-38
Estimated cost.....	$149,700	$146,500	-$3,200

Transportation of things $10,174

This estimate provides for the transportation of publications, equipment to field installations and for costs related to the movement of household goods of employees changing duty station.

Rent, communications and utilities $82,396

This estimate provides for the following services in 1969 and 1970:

	1969	1970	Change
F.T.S. long distance communications...	$27,000	$43,500	+$16,500
Telephone and related communications.....	28,996	20,196	-8,800
Official mail.....	9,400	9,400	---
Rental of equipment.....	9,300	9,300	---
	$74,696	$82,396	+$ 7,700

Printing and reproduction $21,000

This estimate provides the printing of legal briefs, handbooks, digests and legislative histories, and other printing, procured from sources other than through the Department's Working Capital Fund. The estimate provides for the following services in 1969 and 1970:

	1969	1970	Change
Briefs.....	$ 9,600	$ 9,300	- $300
Digests and legislative histories.....	8,700	8,600	- 100
Other printing.....	6,900	3,100	-3,800
	$25,200	$21,000	-$4,200

Other Services $364,344

This estimate provides for the following services of other agencies, private firms, and the Department's Working Capital Fund in 1969 and 1970:

	1969	1970	Change
Maintenance and repair of equipment, furniture and real property.....	$ 16,044	$ 11,584	-$4,460
Security investigations.....	4,400	3,960	-440
Training expenses.....	7,500	7,500	---
Court reporting services.....	16,000	15,700	-300
Investigations of WHPC on a reimbursable basis.....	20,000	---	-20,000
Working Capital Fund.....	331,600	325,600	-6,000
	$395,544	$364,344	-$31,200

Supplies and materials $74,952

This estimate provides for desk top supplies, duplicating supplies, stationery supplies procured from sources other than the Working Capital Fund and for subscriptions to periodical legal reference materials and a subscription to a construction reporting service. Amounts budgeted for 1969 and 1970 are:

	1969	1970	Change
Office supplies	$ 24,652	$ 19,952	-$4,700
Subscriptions	55,000	55,000	---
	$ 79,652	$ 74,952	-$4,700

Equipment $24,674

This estimate provides for all equipment, furniture and law library reference books. Equipment and furniture are budgeted at $14,274 for 1969 and $13,674 for 1970. The estimate anticipates maximum utilization of rehabilitated and surplus equipment. The equipment estimate has been reduced by $600 to reflect non-recurring equipment costs for new positions authorized in the 1969 estimate. Law library reference books are budgeted at $11,000.

TUESDAY, MARCH 11, 1969.

OFFICE OF THE SECRETARY

FEDERAL CONTRACT COMPLIANCE AND CIVIL RIGHTS PROGRAM

WITNESSES

WARD McCREEDY, ACTING DIRECTOR, OFFICE OF FEDERAL CONTRACT COMPLIANCE
ROBERT R. HOBSON, SENIOR COMPLIANCE OFFICER
ARTHUR A. CHAPIN, DIRECTOR, OFFICE OF EQUAL OPPORTUNITY IN MANPOWER PROGRAMS
ARNOLD R. WEBER, ASSISTANT SECRETARY FOR MANPOWER
HUMPHREY SULLIVAN, ADMINISTRATIVE DIRECTOR, PLANS FOR PROGRESS
HENRY A. SMITH, BUDGET ANALYST
CONRAD M. JONES, DIRECTOR, OFFICE OF BUDGET POLICY AND REVIEW

FEDERAL CONTRACT COMPLIANCE AND CIVIL RIGHTS PROGRAM

OBJECT CLASSIFICATION

[In thousands of dollars]

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Permanent positions	752	1,036	1,069
Positions other than permanent	35	42	42
Other personnel compensation	6		
Total personnel compensation	793	1,078	1,111
Personnel benefits: Civilian employees	56	80	82
Travel and transportation of persons	110	141	143
Transportation of things		3	3
Rent, communications, and utilities	19	38	38
Printing and reproduction	6	23	23
Other services	92	95	98
Supplies and materials	2	10	10
Equipment	3	10	4
Total obligations	1,082	1,478	1,512

PERSONNEL SUMMARY

Total number of permanent positions	69	87	90
Full-time equivalent of other positions	1	1	1
Average number of all employees	64	84	86
Average GS grade	10.8	10.7	10.6
Average GS salary	$12,080	$12,549	$12,606

PROGRAM AND FINANCING (In thousands of dollars)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Office of the Director of Federal Contract Compliance	439	576	579
2. Plans for progress	187	216	216
3. Civil rights compliance (title VI)	464	686	717
Total program costs, funded	1,090	1,478	1,512
Change in selected resources [1]	−8		
Total obligations	1,082	1,478	1,512
Financing:			
Receipts and reimbursements from—			
Trust funds		−512	−564
Proposed increase due to civilian Pay Act increases		−23	
Unobligated balance lapsing	24		
Budget authority	1,106	943	948
Budget authority:			
Appropriation	1,103	904	948
Transferred from other accounts	3		
Appropriation (adjusted)	1,106	904	948
Proposed transfer from other accounts for pay increases		39	
Relation of obligations to outlays:			
Obligations incurred, net	1,082	943	948
Obligated balance, start of year	94	60	54
Obligated balance, end of year	−60	−54	−56
Adjustments in expired accounts	−1		
Outlays	1,115	949	946

[1] Selected resources as of June 30 are as follows: 1967, $31,000; 1968, $23,000; 1969, $23,000; 1970, $23,000.

Mr. FLOOD. Now we have the Federal contract compliance and civil rights program. Mr. Ward McCreedy is the Acting Director of the Office of Federal Contract Compliance.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS FOR FEDERAL CONTRACT COMPLIANCE

You have a biographical sketch, Mr. McCreedy. It is pretty Scotch, Ward McCreedy.

(The biographical sketch follows:)

BIOGRAPHICAL SKETCH, WARD MCCREEDY

Ward McCreedy, Acting Director, Office of Federal Contract Compliance, U.S. Department of Labor (June 1968 to present), was born in Detroit, Mich., on July 6, 1923. He was educated in the public schools of Detroit and received an A.B. degree in political science from the University of Chicago in 1948.

Prior to being named Acting Director, OFCC, Mr. McCreedy served as Assistant Director for Compliance Operations, OFCC, from October 1965 to June 1968. Before joining OFCC, he served as Assistant Director of the Contract Compliance Division of the President's Committee on Equal Employment Opportunity (1962–65); served as a special investigator for the Detroit Welfare Department (1949–51); worked with the Michigan Corporation and Securities Commission as director of investigations (1951–53) and deputy commissioner (1953–55). In 1955, he left Michigan government to enter private business. Mr. McCreedy was appointed to Senator Philip A. Hart's office in January 1961 and served on the Senator's staff until June 1961, when he was appointed to the President's Committee on Equal Employment Opportunity.

From 1942 to 1945, Mr. McCreedy served in the U.S. Army stationed in the South Pacific.

Mr. McCreedy and his wife, the former Anna May Kaye, are the parents of three children, Theodore Andrew, Ann Renee, and Philip. The McCreedy's reside at 1600 N. Nicholas, Arlington, Va.

Mr. FLOOD. You have been with the Government for several years?

Mr. MCCREEDY. I have been with the Federal Government for about 6 or 7 years. State government before that.

Mr. FLOOD. You are experienced in Government work in this general capacity, I suppose?

Mr. MCCREEDY. Yes, sir.

Mr. FLOOD. Do you have any new associates you would like us to meet?

Mr. MCCREEDY. I have with me Mr. Robert Hobson, one of our senior compliance officers: and Mr. Sullivan, an administrative assistant, Plans for Progress.

Mr. FLOOD. How do you wish to proceed?

Mr. MCCREEDY. If it is agreeable with you, sir, as we proceeded in the past, I will make a brief opening statement. I have already submitted a statement for the record. I will make a very brief oral statement on the Office of Federal Contract Compliance and answer any questions, and Mr. Chapin will make his statement.

Mr. FLOOD. All right.

(The statement follows:)

STATEMENT OF THE ACTING DIRECTOR, OFFICE OF FEDERAL CONTRACT COMPLIANCE

FEDERAL CONTRACT COMPLIANCE PROGRAM

Mr. Chairman, members of the committee, I am pleased to present the budget request of the Office of Federal Contract Compliance which administers Executive Order 11246, parts II and III, which require that equal employment opportunity be provided by Government contractors and subcontractors and on federally assisted construction projects; and also the budget request for administrative support for the execution of the plans for progress program, authorized by part IV of that same Executive order.

Government contractors and subcontractors, including those for federally assisted construction projects, are required by the order not to discriminate on the basis of race, creed, color, sex or national origin and to take affirmative action to insure equal employment opportunity.

The amount requested for the Federal contract compliance program is $579,000, which is an increase of $3,000 and includes no additional positions over fiscal year 1969. The Office of Federal Contract Compliance provides Federal policy, assists and guides Federal contracting agencies and contractors; develops procedures for the efficient overall use of agency resources; monitors contracting agency compliance programs for adequacy and consistency; and coordinates with the Equal Employment Opportunity Commission, the Department of Justice, and other related governmental and private agencies and interested parties to carry out the objectives of the Executive order with fair and uniform treatment of contractors and their employees.

This Office also provides certain services essential to the contracting agencies in carrying out their responsibilities. These services include: the development of

compliance officer training programs in cooperation with the Civil Service Commission; the coordination of area compliance programs involving many agencies; the assignment of contractors to agencies for compliance responsibility (frequently, several agencies have contracts with the same contractor); management of a statistical reporting system; establishing priorities on a Government-wide basis; and, where necessary, holding hearings to determine compliance and/or sanctions.

The coverage of contractors under the order has steadily increased over the past several years from 156,000 facilities and sites in fiscal year 1967 to over 225,000 in fiscal year 1969, and is expected to level off in fiscal year 1970. The workload is expected to increase further with the issuance of guidelines targeted for late fiscal 1969 for compliance with the new amendment covering sex discrimination.

We are pleased to note official Government studies and reports indicating an increase of nearly 1.1 million Negroes in a relatively short period in occupational categories that offer the best jobs in terms of pay, advancement, security, and status. However, these same studies show that Negroes still constitute a disproportionate share of the workers in most low paying, low-level occupations and that even more accelerated progress must be made if equality of opportunity is to become a reality. In the building and construction trades, the AFL–CIO has reported that due largely to Federal compliance efforts 2,400 Negro, Mexican-American, and other minority youth were placed in apprenticeship programs in 52 cities in the past 9 months. This increase brought the representation of minority youth in these important programs from 3 to 8 percent, and the number is expected to double during the current year. However, there is obviously still a long way to go before the pattern of exclusion of minorities in these trades is broken. The major difficulty is that progress is uneven. In some apprenticeship programs there have been significant achievements in equal opportunity and a clear elimination of the issue of discrimination; but in other programs, there has been little or no progress. A second source of encouragement has been the fact that thus far, in all compliance problems requiring proposed enforcement action, the contractors have agreed to achieve compliance without the necessity to institute the sanctions authorized by the Executive order.

The primary objective during fiscal 1970 will be to improve upon the impressive results obtained through the development of policies for affirmative action programs and for the resolution of structural impediments to equal employment opportunity—problems of broad impact involving restrictive seniority, transfer rights, and upgrading and unfair and invalid testing practices. Primary attention will be given to the successful administration of these established policies by contracting agencies with coordination and guidance from the Office to insure objective, uniform and effective application on a broad basis.

The amount requested for administrative support of the plans for progress program is $216,000 and 12 full-time positions, which is the same amount allowed in fiscal year 1969. The plans for progress is a voluntary program including 441 leading employers covering almost 10 million employees. This program provides a cooperative means for leadership in the promotion and implementation of equal employment opportunity and complements the Federal compliance activity. During calendar year 1969, the employer-members of the plans for progress contributed an estimated $1,515,000 to carry out the various activities. These activities include the sponsorship of local merit employment councils; vocational guidance institutes, manpower training and development seminars; youth motivation programs; and college conferences to communicate needs between industry and colleges.

I thank the committee for this opportunity and will be pleased to respond to questions.

The budget request for the Federal contract compliance program is $579,000, which compares to $576,000 for fiscal year 1969.

The budget request for administrative support of the plans for progress program is for $216,000, which compares to $216,000 for fiscal year 1969.

Mr. McCreedy. The amount requested for the Federal contract compliance program is $579,000, which compares to $576,000 for the fiscal year 1969. The increase of $3,000 is for mandatory items. The primary objective in fiscal year 1970 will be to achieve effective implementation of the rules and regulations and the various policies that have proven of success in eliminating racial barriers in the employment and utilization of minorities. The amount requested for administrative support of the plans for progress program is $216,000, with 12 full-time positions, which is the same amount allowed in the fiscal year 1969.

In the fiscal year 1970, plans for progress will continue to administer programs dedicated to direct action on a broad front to help make job opportunities available to all Americans, regardless of race, creed, color, or national origin.

That concludes the brief oral statement that I have.

Mr. Flood. That is brief.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS FOR CIVIL RIGHTS COMPLIANCE

Mr. Chapin, we will place your biographical sketch in the record.

(The biographical sketch follows:)

Biographical Sketch of Arthur A. Chapin, Special Assistant for Equal Opportunity in Manpower Programs

In 1961 Arthur Chapin was named as Special Assistant to the Secretary of Labor. In 1964 he was given the additional responsibility of serving as Special Assistant to the Manpower Administrator, Stanley H. Ruttenberg. In this capacity, he is responsible for compliance activities in federally assisted programs under the Department's Manpower Administration as established under title VI of the 1964 Civil Rights Act.

Before coming to the Labor Department Mr. Chapin has served as assistant to the chairman of the Democratic National Committee. During the 1960 presidential campaign, the late John F. Kennedy named him vice chairman for registration throughout the country for the campaign.

Most of his work career has been spent in the trade union movement, first as organizer for the former Congress of Industrial Organizations and from 1947–58 as assistant to the president of the New Jersey State CIO Executive Board.

A native of Philadelphia, Pa., Mr. Chapin has been cited for leadership and meritorious service by both the former Secretary of Labor Arthur Goldberg and Secretary of Labor W. Willard Wirtz. He has also received an international citation, awarded by Secretary Wirtz, in recognition of service in contributing to the success of labor participation in the Nairobi, Kenya, International Exhibit for the Advancement of World Peace and Prosperity.

GENERAL STATEMENT ON CIVIL RIGHTS COMPLIANCE

Mr. FLOOD. We will put your prepared statement in the record, Mr. Chapin, and then we will be happy to hear from you.

(The statement follows:)

STATEMENT BY ARTHUR A. CHAPIN

CIVIL RIGHTS COMPLIANCE (TITLE VI)

Mr. Chairman and members of the committee, it is again a pleasure for me to have this opportunity to present the Department's 1970 appropriation request to carry out the Department's responsibilities under the Civil Rights Act of 1964.

The Department is requesting 44 positions and $717,000. This is an increase of three positions and $31,000 over the 1969 appropriation. Progress is being made in eliminating discrimination from manpower programs, as a result of onsite investigations. This Office still finds subtle and sophisticated discriminatory practices are still widespread in many manpower programs. Moreover, the more subtle types of discrimination now practiced by some recipients requires the expenditures of greater staff resources to uncover and eliminate those practices.

Continuing investigations were required in one State, over a 3-year period. After extensive investigations and clear evidence of noncompliance and conferences with State officials, it was not possible to obtain voluntary compliance. Consequently, it became necessary for the Department of Labor to refer the matter to the Department of Justice to initiate legal proceedings against the State in December 1968. This act on the part of the Department vividly demonstrates that we intend to have equality of opportunity in manpower programs. However, it requires the expenditure of hundreds and sometimes thousands of man-hours to properly develop a case such as this.

We have had additional cases of the same magnitude. Over a 4-year period, continuing investigations were necessary in another State. Because of the State's inability to develop and monitor an effective program to eliminate discriminatory practices, continuing staff resources from this Office were necessary to obtain voluntary compliance. It is clearly evident that many other States also need additional assistance and advice in solving problems of discrimination. Additional staff is needed to provide it. With the small resources allocated for this program, cases of the kind discussed diminish substantially the total output of the Office.

We have been able to review only about 6 percent of all funded programs and we are finding discrimination in the majority of those reviewed. I personally feel that the goal of the total eradication of discrimination from manpower programs cannot be obtained without vastly expanded resources.

I am led to this conclusion by these facts:

1. Unemployment levels of nonwhites remain approximately twice the average rate at 6.1 percent;

2. Unemployment of all youth is presently 12.7 percent. However, unemployment of nonwhite youth hovers around 27 percent;

3. Higher incidence of unemployment in central cities and in depressed rural regions which are largely inhabited by minorities;

4. Higher incidence of unemployment among the undereducated, particularly the undereducated youth, who are largely minorities;

5. Several million persons are living in poverty despite their demonstrated commitment to self-support because they hold low-paying jobs which, even at full-time, full-year employment, pay too little to raise them above the poverty threshold.

Past and present discrimination contributes greatly to this blight on our country as discussed previously. We need adequate resources and unyielding commitment to insure that discrimination in manpower programs is eradicated. We must consider the civil rights program in the context of manpower policy and programs as being aimed at developing and using the capacities of human beings as active or potential members of the labor force. It is impossible to attain this goal in an atmosphere of discriminatory administration of manpower programs. Therefore, total eradication of discrimination in all manpower programs is an absolute necessity. We strive toward this goal but are limited in our ability to make the needed impact because of our staff constraints.

It is clear that the Office could have a strong and healthy impact in "reducing the temperature of the country" if it were provided the staff and other resources necessary to expeditiously achieve its goals and objectives as indicated in the Civil Rights Act of 1964.

The budget request is for $717,000 which compares to $686,000 for fiscal year 1969.

Mr. CHAPIN. Thank you, Mr. Chairman and members of the committee; it is my pleasure to appear before you again as I have appeared before you several times.

Mr. FLOOD. I remember.

BUDGET REQUEST

Mr. CHAPIN. To give me this opportunity to present the Department's 1970 appropriation request to carry out the Department's responsibilities under the Civil Rights Act of 1964. The Department is requesting 44 positions and $717,000. This is an increase of three positions and $31,000 over the 1969 appropriation.

PROGRESS IN ELIMINATING DISCRIMINATION

I might point out we are making progress in eliminating discrimination in many of our manpower programs as a result of on-sight investigations.

In our last meeting I explained how this was done. This Office still finds that there is subtle and sophisticated discrimination and discriminatory practices widespread. Moreover, the more subtle types of discrimination now practiced by some recipients requires an expenditure of greater staff efforts and greater resources to uncover and eliminate these practices.

Mr. FLOOD. More subtle? What is the latest gimmick?

Mr. CHAPIN. Well, instead of actually stating color and saying there is a Negro applicant for the job, we might say or the employer might say to the employment service, "Send me a blond, you know, one with blue eyes." The interviewer in that case gets the message of the kind of person without saying necessarily a white person, or "You know I don't like these fellows to have long black hair"—this kind of thing. These are the kinds of discrimination that you find.

Mr. FLOOD. You are an old labor man. What about organized labor?

Mr. CHAPIN. I believe, Mr. Chairman, that labor's eyes have been opened considerably as to what has happened with the populations abroad. Labor has had acts of discrimination in the past. I think labor is attempting to make the same changes the rest of the population is attempting to do at this time.

Continuing investigations were required in one State, as an example, over a 3-year period.

Mr. FLOOD. Is this a secret?

Mr. CHAPIN. No. It is the State of Ohio.

This vividly demonstrates that we intend to have equality of opportunity in manpower programs. However, it requires the expenditure of hundreds and sometimes thousands of man-hours to properly develop a case to this point. We have had additional cases of the same magnitude over a 4-year period. Continuing investigations were necessary in another State because of the State's inability——

Mr. FLOOD. Another State? Why are you so coy about these States?

Mr. CHAPIN. I don't mean to be coy, Mr. Chairman. I just point out additional States because we have not looked at every additional State.

Mr. FLOOD. Which one was this one?

Mr. CHAPIN. The State of Texas. Because of the State's inability to develop and monitor an effective program to eliminate discriminatory practices, continuing staff resources from this Office were necessary to obtain voluntary compliance. I want to say voluntary compliance was always attempted. We attempt to obtain voluntary compliance in all cases. It is clearly evident that many other States also need additional assistance.

Mr. FLOOD. Are there such things as degrees of compliance in your shop?

Mr. CHAPIN. No, there are not.

Mr. FLOOD. You mean there is a law, or is there not?

Mr. CHAPIN. There is a law.

Mr. FLOOD. I know, but is it absolute—you are either in compliance or you are not, period.

Mr. CHAPIN. What we are attempting to do, we recognize that we are dealing with a human resource, human value, a human error. Oftentimes discrimination takes place without it being intended and the administration——

Mr. FLOOD. How could that possibly happen?

Mr. CHAPIN. The mores of our society maybe. It has been a custom to have certain jobs which have been related to certain occupations related to certain people. An employer of a State agency may not feel that he wants to hurt that——

Mr. FLOOD. Custom of the trade?

Mr. CHAPIN. That is right. We want to be sure we don't send a fellow 4 miles away from the State employment office to apply for a job opportunity and then be told, "I am sorry, we don't want you for that job." Even though he is fully qualified.

Mr. FLOOD. That makes sense.

Mr. CHAPIN. It is that kind of thing. We try to retrain the individuals who are doing that job so that does not happen. We have been able to review only 6 percent of all funded programs and are finding discrimination in the majority of those that we have reviewed. I personally feel that the goal of total eradication of discrimination from manpower programs cannot be obtained without vastly expanded resources.

I am led to this conclusion by these facts: Unemployment levels for nonwhites remains approximately twice the average rate, at 6.1 percent. Unemployment of all youth is presently 12.7 percent. However, unemployment of nonwhite youth——

Mr. FLOOD. What is youth?

Mr. CHAPIN. That would be those under 21 years of age. It is around 27 percent. Higher incidence of unemployment in central cities and in depressed rural regions which are largely inhabited by minorities. Higher incidence of unemployment among the undereducated, particularly the undereducated youth who are largely minorities. Several million persons are living in poverty despite their demonstrated commitments to self-support because——

Mr. FLOOD. You are not speaking only of the Negro?

Mr. CHAPIN. I am not. I point out this is minorities, which means Puerto Ricans in some cases. It means Mexican-Americans. It means Indians as well as Negroes. In some cases it happens to be whatever the minority population is of that particular locality. Oftentimes it is the person discriminated against, or persons discriminated against.

Several million persons are living in poverty despite their demonstrated commitment to self-support because they hold low-paying jobs which, even at full-time, full-year employment, pay too little to raise them above the poverty threshold.

Past and present discrimination contributes greatly to this blight in our country, as discussed previously. We need adequate resources and an unyielding commitment to assure that discrimination in manpower programs is eradicated. We must consider the civil rights program in the context of manpower policy and programs as being aimed at developing and using the capacities of human beings as active or potential members of the labor force. It is impossible to attain this goal in an atmosphere of discriminatory administration of manpower programs. Therefore, total eradication of discrimination in all manpower programs is an absolute necessity and we strive toward this goal but are limited in our ability to make the needed impact because of our staff constraints. It is clear that the Office could have a strong and healthy impact in reducing the temperature of the country if it were provided the staff and other resources necessary to expeditiously achieve its goals and objectives, as I have indicated.

Mr. FLOOD. If you had the total Treasury allocated to you, plus all the manpower that you could beg, borrow, steal, or draft, would you have any target date to accomplish this goal?

Mr. CHAPIN. I would say, Mr. Chairman, that given the resources that you have spoken of, by the year 2000 it would be likely that our books and our history would write about the discrimination we used to have in this country.

FEDERAL CONTRACT COMPLIANCE HEARINGS

Mr. FLOOD. In connection with the Federal contract compliance, your justifications refer to, and I quote, "* * * cancellation, termination, and debarment hearings."

By the way, what is a debarment in that sentence?

Mr. MCCREEDY. I think the cancellation and suspension are about the same in legal terms. Debarment is for a period of time.

Mr. FLOOD. Redundant?

Mr. MCCREEDY. Yes.

Mr. FLOOD. Could you give us any figures on about how many of these hearings are held every month and is the calendar going up or down?

Mr. MCCREEDY. The Office of Federal Contract Compliance has now held two hearings. It is not on a monthly basis. The Bethlehem Steel hearing is still going on. It has been recessed by the panel. It has been in process now for about 4 months.

The Allen-Bradley hearing has been concluded. The other cases which were set for formal contract action were resolved in conciliation prior to the hearing.

Mr. FLOOD. Concent decree?

Mr. MCCREEDY. I wouldn't know exactly the language. There was an agreement.

Mr. FLOOD. How do you hold these hearings? Who holds them, a hearing examiner, a board, panel, or what? How do you do this?

Mr. MCCREEDY. The current rules and regulations provide that the director shall appoint a hearing officer and he, in turn, holds a hearing in accordance with the Administrative Procedures Act. Witnesses' testimony is taken, recorded, and then he makes his finding, conclusions, and his recommendations. The hearings that I just referred to were held under the old rules and regulations in which a 3-man panel was empaneled and they took the transcript, testimony, people were sworn in and they are still in process.

Mr. FLOOD. Going back to your language again, how many of these hearings have resulted in cancellation, termination, or debarment?

Mr. MCCREEDY. None.

Mr. FLOOD. What other penalties can you impose, greater or lesser or a combination of them?

Mr. MCCREEDY. Those are the penalties provided by the Executive order, suspension, cancellation, and debarment.

ENFORCEMENT PROCEDURES

Mr. FLOOD. On page 10, and I quote you again:

> Contract compliance activity throughout the Government has moved from an essentially voluntary and educational program to one of enforcing Government contracts on a broad scale.

Why would there be this change?

Mr. MCCREEDY. I think the experience at that point in time indicated it was necessary to proceed in more formal structures than had previously been instituted against certain companies as a result of the compliance review showing that compliance was not being achieved.

Mr. FLOOD. You say you are going to enforce Government contracts on a broad scale. Is that better than a narrow scale? How do you mean broad scale? A lot of them, just numbers?

Mr. MCCREEDY. No, sir. Our office does not consider that it can by itself hold all of the hearings that may be necessary or conduct all the compliance reviews. As you know, it is the primary responsibility of the agency holding the contract. The emphasis that we were attempting to give to the program was encouraging the agencies to take the necessary actions, where it was appropriate. It was to set examples of the procedures necessary to the type of cases involved and the remedies that could be achieved through the imposition of sanction, if necessary.

Mr. FLOOD. Are you being accused of interfering with freedom of action by business, industry, like some bureaus are? Are you being accused of harassing anybody?

Mr. MCCREEDY. We have received individual complaints of duplication of effort on investigation techniques. We have received some comments to the effect that they think some of our rules and regulations, particularly in the sex area, may be going too far. I would not use the term, as you do, in terms of harassment. There is always disagreement.

Mr. FLOOD. As between the harasser and harassee there is disagreement? Sure. That is why I asked you. Do you get much of this?

Mr. MCCREEDY. Sir, we received not a lot, no, sir. Compared to the total number of contractors in this country, the total number of compliance reviews and the different affirmative action programs that the contractors have, it is minor.

Mr. FLOOD. Looking at it from the other side of the coin, in view of the number of contractors that are known or alleged to be involved with your subject, are you doing enough?

Mr. MCCREEDY. Well, there is always more that can be done.

There is no question about that.

PLANS FOR PROGRESS

Mr. FLOOD. Is Plans for Progress as active as it was a year ago; or are things lagging a little bit?

Mr. MCCREEDY. No, sir. I think that there has been considerable interest in the activities of Plans for Progress. And if you would like, I would ask Mr. Sullivan to describe Plans for Progress. He is more acquainted with that.

Mr. FLOOD. All right.

Mr. SULLIVAN. I understand that Plans for Progress has been discussed in previous years.

Mr. FLOOD. Now, just a paragraph on what it is for the people who are new at reading this record. The contrast with last year. Is it up or down or lagging? We suspect it is lagging.

Mr. SULLIVAN. I don't believe so. I think the interest has been somewhat tentative because to some degree it was identified with the previous administration, although its antecedents, as I understand it; business-Government cooperative efforts in this area, go back to the Eisenhower administration.

I think in the last few months there has been some uncertainty about this type of voluntary action business program. I think that has been fairly well resolved in terms of continued interest in the voluntary efforts by employers working under the Plans for Progress banner to continue the efforts they have made to increase on a voluntary basis minority employment in all occupational levels. Our concerns are not just for the hard-core but all minorities with all educational backgrounds. We are concerned with preemployment, educational and pretraining capabilities of minorities. These are some of the problems that have emerged in the last few years as employers have begun to employ minorities on an increasing scale. We have discovered sad lacks in the type of equipment that they should be getting out of the school systems. We have gone to work in an increasing number of communities with these school systems, with college levels, predominantly Negro colleges, and in the employment area we have discovered that testing techniques that were standard many years ago don't necessarily apply, and we have had to reexamine these.

We have been working with employers in this area. We have also discovered the need for sensitivity training of supervisory forces in industry. We are dealing with this new work force coming into being in American industry, people with different backgrounds and different understandings, and there are sometimes great communication

gaps and we are having to learn how to deal with these. We are trying to do it individually and share information because nobody is an expert in this field.

Mr. FLOOD. How long have you been in the Government?

Mr. SULLIVAN. Six weeks.

Mr. FLOOD. Where did you come from?

Mr. SULLIVAN. Lever Bros. in New York.

Mr. FLOOD. Where were you born?

Mr. SULLIVAN. Brook Park, Ill.

VIOLATION RATE

Mr. FLOOD. On page 19, in connection with civil rights, you say that compliance reviews are disclosing 75- to 80-percent violations and you expect that rate to continue. What do you mean by that?

Mr. CHAPIN. Mr. Chairman, based on our findings in the 6 percent we mentioned earlier, my testimony of having visually observed, having had a visit, we found in 80 percent of those that there are discriminations and discriminatory practices and if you multiply that you get that figure.

Mr. FLOOD. As an old prosecutor, I take a look at this record and certainly as a general rule in any district attorneys office, attorneys-general office, there is something wrong with the law or the enforcement, or both, when violations continually run that high.

Have you given any thought to that?

Mr. CHAPIN. Yes, I have, Mr. Chairman.

Mr. FLOOD. What are you doing?

Mr. CHAPIN. Probably not many States have had civil rights legislation since 1945. Experience has been that in those States that have had similar type legislation that because of the long history of practices of racial segregation, racial discrimination, it goes through our fabric, whether it be in the field of employment, housing, whether it be in the field of acceptance in education, it has gone through our complete fabric. The difficulty is in interpreting what is actually discrimination and what happens to be discrimination under the law and what happens to be discrimination in the feelings of people.

To change the law is one thing, but in 1954 the Supreme Court decision became the law of the land and the Civil Rights Act which became the law of the land is reasonably new. Therefore, the need for reeducation, as was said by Plans for Progress, is a new approach to a new law and a new realization that the Nation is facing.

Mr. FLOOD. What penalties or disciplinary action is taken with regard to willful violation?

Mr. CHAPIN. The cases that we have had of willful violations, as indicated to you, have been sent to the Justice Department for their action under the Civil Rights Act patterns and practices.

Mr. FLOOD. That is the end of your act there?

Mr. CHAPIN. That is right.

The Wagner Act goes back to 1933, and the Wagner-Peyser Act——

Mr. FLOOD. The minute you have done that, you have exhausted your powers?

Mr. CHAPIN. That is correct.

Mr. FLOOD. Mr. Shriver?

UNDEREMPLOYMENT OF MINORITY GROUPS

Mr. SHRIVER. How much of your work is involved in studying underemployment as opposed to studying minority problems?

Mr. MCCREEDY. I don't believe that the Office of the Federal Contract Compliance—trying to be responsive as we can—engages in studies of that nature.

Mr. SHRIVER. How much of your time is involved in underemployment as compared with minority employment?

Mr. MCCREEDY. Well, I don't have the figures.

Mr. SHRIVER. Just a guess.

Mr. MCCREEDY. The efforts of the compliance people is to work across the board where there is discrimination. Actions in the affirmative action area for race, creed, color and national origin, and the underemployment concept can come in at both the recruitment gate and people working in the plant that are being underutilized. We constantly attempt to have the programs geared to the evaluations of the work force of the individuals to see that they are employed according to their real qualifications and capacities. That is about the extent of it.

CLEVELAND PLAN

Mr. SHRIVER. What is your estimated cost to the contractors in Cleveland in your program to require them to come up with specific plans to have them employ minorities?

Mr. MCCREEDY. Estimated cost to the contractor?

Mr. SHRIVER. Yes.

Mr. MCCREEDY. I would have to furnish that for the record.

(The information follows:)

I find that we have no estimate of the cost to the contractors in Cleveland to initiate a plan to hire minorities.

Mr. SHRIVER. Do you plan on enforcing this nationwide?

Mr. MCCREEDY. The Cleveland plan?

Mr. SHRIVER. Yes.

Mr. MCCREEDY. The Cleveland plan was the first program on a localized area. It involved the use of manning tables, setting up goals and timetables. Subsequent to that, the Philadelphia plan was developed, and subsequent to that the opinion of the General Accounting Office points out that this is too vague and at the present time we do not plan to continue that concept in the construction area.

COMPLIANCE PROCEDURES

Mr. SHRIVER. Do you conduct any reviews under your civil rights program other than those for which there have been complaints filed?

Mr. MCCREEDY. Yes, sir. Our program is not a complaint-oriented program; it is an ongoing compliance review by the agencies of their contractor facilities which looks at the total employment posture and that of the contractor. We have received 2,000 complaints in the 3 years that we have been in business, and our activity is not triggered by the complaint procedure.

Mr. FLOOD. Is that a lot?

Mr. MCCREEDY. No, sir.

ASSURANCE OF COMPLIANCE BEFORE CONTRACT AWARD

Mr. SHRIVER. On page 10 of the justifications it is stated that the emphasis has been placed on the resolution of equal employment opportunity problems or assurances of compliance before contracts are awarded. I read a number of press reports indicating that this prior award procedure has not always been followed. What is the legal status of the cancellation action by your Office? Are there any court cases now pending?

Mr. MCCREEDY. No, sir. You are confusing me. Are you still talking about construction?

Mr. SHRIVER. Do you want to refer to page 10 of the justifications for this statement.

Mr. MCCREEDY. The administrative concept involved in that statement is based upon the principle that the Government has a responsibility to determine whether a contractor is able to meet his requirements in this contractual relationship just as he is in producing the goods or meeting his timetable. As a first go at it, we sliced off what we thought would be manageable and issued a requirement for awards of $1 million or more. The contractor had to be found able to comply with the contracts or come up with a program that would demonstrate compliance. This quite frankly has not been as effective as we would like to have seen it. It is a matter of tightening down the procedures.

Mr. SHRIVER. None of us would question the intent involved in the Executive order under which your Office operates, but relating to affirmative action that contractors are required to take, do you believe that some legislative direction is needed or are you planning to make this requirement more understandable to potential contractors so you won't have this problem?

Mr. MCCREEDY. I think that that is in the process of being done.

During the past 3 or 4 months in cooperation with the National Association of Manufacturers and Plans for Progress, we have met with some 2,000 or 3,000 Government contractors. Plans for progress has developed a very thorough analysis of what constitute different types of affirmative action programs. I think that the time is not too far off when the contract would be understood so it can be administered.

Mr. SHRIVER. Does the Executive order under which you operate include actions toward labor unions involved in Federal contract work?

Mr. MCCREEDY. We do not have any jurisdiction over labor unions. There is a clause that we will use our best efforts, but it is that kind of relationship. It is not contractual. We do not have any authority.

PLANS FOR PROGRESS

Mr. SHRIVER. Relative to the Plans for Progress, this is a voluntary effort, as I understand it?

Mr. SULLIVAN. That is correct.

Mr. SHRIVER. Free enterprise working with the Department of Labor to promote equal employment opportunity. My understanding is that it works real well. So my question is: Shouldn't it be expanded? Shouldn't this program be expanded?

Mr. SULLIVAN. I think so, very strongly.

Mr. SHRIVER. What is going to be done in connection with your efforts toward the expansion of the program?

Mr. SULLIVAN. We have just recently completed a review of what Plans for Progress has been doing. As you know, essentially this is an ad hoc operation. Each of these member companies has been individually pledged to the President to get to work and help develop jobs for minorities, so that as they began to do this on an individual basis they began to realize the problems and began to get together. It is essentially how this program grew, sharing experiences and problems, trying to seek joint resolutions to embark upon programs which a company wouldn't undertake individually but which a group together or on a national level could get started and work in the school systems. We have taken a very close look at many of the programs we have done in communities across the country and, frankly, we think we really have had pilot experiences in the last few years. We have initiated a dialog with the communities that was not in existence before as to what type of skills are required to go to work locally. We can be sure that most of the young people coming out of the school systems are going to go to work.

At the college level we are discovering through minority employment recruitment, that college level curricula in the particularly predominately Negro colleges are not on a par with the Big Ten, eastern schools, Far West. We have begun a program of cluster concepts. We have currently about 180 Plans for Progress companies developing a relationship with 45 of the Negro colleges. We think this should be increased to 86 colleges. These 45 institutions are in place and we are working with them on a corporate development level, curricula level, materials-need level. Somebody needs to revamp the curriculum of the chemistry department. We are arranging with a chief chemist from Du Pont to rewrite that chemistry course 1969 style. That is needed for adequate training and background. These are the types of programs. We have done it with very limited resources and very few people and with a great deal of help at the community level from participating companies. We think that these programs can be expanded and we hope to do so.

Mrs. REID. Would you yield there?

Mr. SHRIVER. I know in my own community, airplane factories in Wichita, Kans., worked with that program and everybody seems to be satisfied. They feel they have accomplished something.

Mr. SULLIVAN. Essentially, they are qualitative programs. This is a long-term thing. Mr. Chapin was talking about the year. We are dealing with the qualitative end of it, not just raw employment. We are doing that, too. It is the qualitative problems we are trying to get at within the business community and make our needs known.

GUIDELINES FOR ASSESSING PROGRAM EFFECTIVENESS

Mrs. REID. I just wanted to ask you, what guidelines do you use to actually assess the effectiveness of these programs?

Mr. SULLIVAN. In some of the programs we have a vocational guidance program, a vocational guidance program we introduced in a growing number of communities across the country. We started in 1964. In the concept we came up with, there are three parties: a local

college or university, the local school system (secondary schools), and the business community.

The college or university becomes the coordinator or supervisor. These programs essentially you have to do during the summer—although in one or two cases they are year-round—bringing the business community together with the vocational guidance people in the school system, curriculum specialists, particularly, to get acquainted with the local business community. What types of jobs are available in that community? How do you go about getting a job? Actually come over to the plant and see people filling out forms and go into the production lines and see what kinds of jobs there are available, what skills are required for them. It becomes a dialog with a followup situation—usually two or three—later on, to help the educators know how they are applying this and working with the young people in the school system. Beyond that, essentially we are paying for these programs, putting up the money for them. We had one small EDA grant on a pilot basis but most of this is paid for by the business community, support stipends for the teachers otherwise in summer school. We have had followup studies, three that I know of done. All three have been strongly favorable. Reactions from the school system are such that every school system that started asked us to come back the second year. They are still going on.

Mrs. REID. Thank you.

CONTRACT COMPLIANCE STAFFING AND WORKLOAD

Mr. SHRIVER. Mr. McCreedy, you said in your statement that the coverage of contractors under the order steadily increased over the past several years but it is expected to level off in fiscal year 1970. Why?

Mr. MCCREEDY. The expansion was caused by definition of what constituted a Government contract. In the lower tiers and the federally assisted contractors, the universe is now pretty well identified.

Mr. SHRIVER. Mr. Chapin, you said when you were making your statement that your staff has staff restraints. What did you mean by that? Numbers of people?

Mr. CHAPIN. Numbers of people and the time it takes to conduct a complete investigation of a complaint.

Mr. SHRIVER. You don't feel that there is a sufficient number?

Mr. CHAPIN. Not only not sufficient numbers but we don't have sufficient time to really develop this because of the small number we have.

Mr. SHRIVER. What number do you have?

Mr. CHAPIN. We have a total at the moment of 20 people who are doing this throughout the entire United States.

Mrs. REID. Just one further thing, Mr. McCreedy. You mentioned the fact that the workload of the Office of Contract Compliance is expected to increase further with the issuance of guidelines pertaining to the new amendment covering sex discrimination?

Mr. MCCREEDY. Yes.

Mrs. REID. Do you have an estimate of the extent of this increased workload?

Mr. McCreedy. Not at the present time. We have implemented the sex amendment that became effective in the middle of October. Prior to that time we started developing guidelines with the experience acquired under title VII, relatively new then, and issued the guidelines for comments on the 19th of January. These comments have been coming in and we have received a wide variety of them. There are very difficult types of problems involved in the administration of that amendment. Until after we have had more experience in the investigative technique—possible resolution to some of these complex problems—I can not give you an estimate on the increased workload.

Mrs. Reid. That is all.

Mr. Flood. Unless one of you has something you want to add, that will conclude this portion of the hearing.

Mr. McCreedy. Thank you.

JUSTIFICATION MATERIAL

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970
Appropriation or estimate.....	$1,416,000 1/	$1,512,000 2/
Amount reserved under P.L. 90-364.....	-3,000	---
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)..	3,000	---
Proposed transfer from Wage and Hour Division, Salaries and Expenses for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)..	39,000	---
Proposed transfer from the Employment Security Administration account, Unemployment Trust Fund for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)..	23,000	---
Appropriation or estimate, revised.....	1,478,000	1,512,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1969 Pos.	Amount	Estimate, 1970 Pos.	Amount	1970 Change Pos.	Amount
1. Office of the Director of Federal Contract Compliance..	34	$ 576,000	34	$ 579,000	--	+$ 3,000
2. Plans for Progress...	12	216,000	12	216,000	--	---
3. Civil Rights Compliance (Title VI).....	41	686,000	44	717,000	+3	+ 31,000
Total obligations.....	87	1,478,000	90	1,512,000	+3	+ 34,000

1/ Includes $512,000 to be derived from the Employment Security Administration account, Unemployment Trust Fund.

2/ Includes $564,000 to be derived from the Employment Security Administration account, Unemployment Trust Fund.

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1969	Estimate, 1970	1970 Change
Total number of permanent positions	87	90	+3
Positions other than permanent	1	1	--
Average number of all employees	84	86	+2
11 Personnel compensation	$1,077,500	$1,111,400	+$33,900
12 Personnel benefits	80,300	82,200	+ 1,900
21 Travel and transportation of persons	141,200	142,800	+ 1,600
22 Transportation of things	3,200	3,200	---
23 Rent, communications, and utilities	38,200	38,000	- 200
24 Printing and reproduction	23,200	23,200	---
25 Other services	94,600	97,600	+ 3,000
26 Supplies and materials	9,900	9,900	---
31 Equipment	9,900	3,700	- 6,200
Total obligations	1,478,000	1,512,000	+ 34,000
Working Capital Fund items included above	(73,500)	(76,500)	(+3,000)

SUMMARY OF CHANGES

	Direct Appropriation		Trust Fund		Total Available	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1969 Enacted Appropriation	55	$ 904,000	32	$512,000	87	$1,416,000
Amount reserved under P.L. 90-364.	--	- 3,000	--	---	--	- 3,000
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968	--	3,000	--	---	--	3,000
Proposed transfer from Wage and Hour Division, Salaries and Expenses for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968	--	39,000	--	---	--	39,000
Proposed increase for pay act costs (P.L. 90-206, E.O. 11413, effective July 14, 1968	--	---	--	23,000	--	23,000
1969 Appropriation, revised	55	943,000	32	535,000	87	1,478,000
1970 Estimate	55	948,000	35	564,000	90	1,512,000
Total Change	--	+ 5,000	+3	+29,000	+3	+34,000
Mandatory Items: (page OFCC-8)						
Increases:						
Net additional pay increase costs not completely funded in 1969	--	+ 5,000	--	+ 1,000	--	+ 6,000
Net additional cost of within-grade promotions effective for part year in 1969	--	+ 3,000	--	+ 5,900	--	+ 8,900
Decreases:						
Decrease in cost for Federal Telecommunications Systems services	--	- 2,000	--	---	--	- 2,000
Sub-total, Mandatory Items	--	+ 6,000	--	+ 6,900	--	+12,900

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	Direct Appropriation		Trust Fund		Total Available	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Program Items:						
Increases:						
To provide for adequate coverage of on-site compliance reviews and complaint investigations under Title VI of the Civil Rights Act of 1964 (P.L. 88-352) ($20,900 Personal services; $7,100 non-labor costs) (page OFCC-20)..	--	---	+3	+28,000	+3	+28,000
Decreases:						
Non-recurring equipment costs for new position in 1969.....	--	- 1,000	--	- 5,900	--	- 6,900
Sub-total, Program Items....	--	- 1,000	+3	+22,100	+3	+21,100
Total Change.....	--	+ 5,000	+3	+29,000	+3	+34,000

MANDATORY CHANGES BY ACTIVITY

	Net additional pay increase cost	Net additional cost of within-grade promotions effective for part-year in 1969	Decrease in cost for Federal Telecommunications Systems Services	Total
Activity 1.....	$3,000	$3,000	-$2,000	$ 4,000
Activity 3.....	3,000	5,900	---	8,900
Total.....	6,000	8,900	- 2,000	12,900

MANDATORY CHANGES FOR 1970

Increases:

To provide for full year cost of pay increases effective July 14, 1968 and to provide full funding of part-year costs	+$ 6,000

Within-grade promotion costs:

1970 net additional cost of within-grade promotions effective for part-year in 1969		+$11,200
Personnel compensation	$10,934	
Deduct lapse	534	
Personnel benefits	800	
Net cost	$11,200	
Absorption of a position of above increases		-$ 2,300
Adjusted net additional cost of within-grade promotions effective for part year in 1969		+$ 8,900

Decreases:

Decrease in cost for Federal Telecommunications Systems services	-$ 2,000
Total	+$12,900

PROGRAM CHANGES BY ACTIVITY

	11 Personnel compensation	12 Personnel benefits	21 Travel and Transportation of persons	23 Rent, communications and utilities	25 Other services	31 Equipment	Total
Activity 1.....	---	---	---	---	---	-$1,000	-$ 1,000
Positions.....	---	---	---	---	---	---	---
Activity 3.....	$19,500	$1,400	$1,600	$1,800	$3,000	- 5,200	22,100
Positions.....	3	---	---	---	---	---	3
Total.....	19,500	1,400	1,600	1,800	3,000	- 6,200	21,100
Positions.....	3	---	---	---	---	---	3

Activity 1. OFFICE OF THE DIRECTOR OF FEDERAL CONTRACT COMPLIANCE (1969, $576,000, Pos. 34; 1970, $579,000, Pos. 34)

Narrative Description of Program

The Office of Federal Contract Compliance administers a Government-wide enforcement program, authorized by Executive Order 11246, which requires equal employment opportunity of Government contractors and subcontractors. The program is based on the following:

a. "Affirmative action" by contractors to ensure that minorities (of race, color, creed, and national origin) have job and promotional opportunities commensurate with their abilities;

b. The systematic review of contractors' employment policies and practices to ensure compliance and to assist and guide contractors as appropriate;

c. Servicing complaints of noncompliance;

d. Ensuring that Government policies and practices are objective and consistent among contracting agencies and contractors;

e. Presenting the facts supporting the Government's allegation in cancellation, termination and debarment hearings for Government contractors alleged to be in noncompliance with the Executive Order. Advising and coordinating Federal agencies involved in such hearings;

f. Coordinating with other interested Federal agencies to minimize duplication and maintain optimum uniformity; and

g. Consulting with the labor movement, the business community, community and civil rights groups, and other parties regarding programs and policies.

Contract Compliance activity throughout the Government has moved from an essentially voluntary and educational program to one of enforcing Government contracts on a broad scale. The emphasis has been placed on the resolution of equal employment opportunity problems or assurances of compliance before contracts are awarded -- a time when contractors are planning the scheduling of their work force, and can improve the utilization of minority employment.

There is need for more Federal activity in solving employment discrimination problems. The primary problem in the past has been on hiring; however, upgrading of employees has become a greater problem. Minority unemployment and underemployment are a significant factor in the cause of unrest in the urban centers. At the core of these problems is the fact that by reason of discrimination and lack of affirmative action, minorities are to a much greater extent concentrated in those types of jobs that offer the least pay, advancement, and training. The solution to these problems requires employers to institute nondiscriminatory and affirmative action programs that will result in accelerating the entry of minorities into jobs containing average or better potential. There is also a bonus in upgrading employees since vacated lesser skilled jobs then become available to those with limited skills or no work experience.

The President amended Executive Order 11246 to add discrimination because of sex, which became effective on October 13, 1968. Complaints of sex discrimination must be investigated, conciliated, and resolved. Policies and procedure are being developed for handling this additional responsibility.

A wide range of essential legal services related to this program are provided to the Office of Federal Contract Compliance by their attorneys in the Office of the Solicitor. These attorneys assist in drafting regulations for publication in the Federal Register and provides legal technical services related to the publication; prepares orders for issuance by the Secretary of Labor and the Director of the Office of Federal Contract Compliance to contracting agencies; assures the legal adequacy of compliance procedures in enforcement manuals, internal directives and pre-award guidelines; reviews compliance case files to determine the appropriateness of the institutions of procedures leading to sanctions.

The Office of Federal Contract Compliance attorneys also provide legal assistance and representation for informal and formal hearings, including the preparation and presentation of the entire Government case and all other legal services necessary to administrative litigation; participates with the Department of Justice in the preparation of the presentation of the Government's case in judicial litigation arising under the program; and provides legal advice and interpretations of the Executive Order and the implementing regulations to Departmental officials of contracting agencies, Government contractors and subcontractors and the general public.

Construction Program

The credibility of Federal efforts in equal employment opportunity, particularly in the urban centers, suffers as much from the limited participation of minorities in the better-paying construction trades as from any other single factor. The problem, which is less a matter of discrimination than lack of affirmative action, can be partially met by more effective and wider compliance in the construction industry.

Closely coordinated multi-agency area-wide compliance activity is essential to produce meaningful results in the construction industry. This is due to the prevalence of the hiring hall referral system and the frequent and irregular changes in contractors' and subcontractors' work forces.

In 1968, successful programs in Cleveland and Philadelphia have clearly demonstrated the validity of requiring affirmative action in construction compliance. Federal agencies require contractors to come up with specific plans to have Negroes and other minorities among their plumbers, ironworkers, electricians, sheetmetal workers and other high-paid craftsmen. Under authority contained in Executive Order 11246, a memorandum was directed to heads of contract compliance activities in all Federal agencies requiring them to get affirmative action plans from their contractors in the Cleveland area for the past two construction seasons. The results were quite dramatic. The mechanical trades in Cleveland had not more than a dozen Negroes in early 1967. Contractors have now made commitments for the employment of over 300 Negroes in the mechanical trades on Federally-involved construction, out of total crews of less than 1300, and the Office of Federal Contract Compliance has itself counted 82 Negro craftsmen now in these trades as a result of its program.

In Philadelphia, where the mechanical trades have also been almost all-White, a similar program was just getting underway, with the initiative of the Philadelphia Federal Executive Board and the support of the Office of Federal Contract Compliance. During 1968, there were commitments for 99 Negroes in the mechanical trades, out of total crews of 399. In all these areas, there have been substantial increases in minority employment in the better-paying crafts.

In 1969, this approach will be modified by developing programs which include assigning certain area compliance responsibilities to a single Federal agency in that area and then extending these programs to other cities having significant Federally-assisted construction.

In 1970, the compliance program for construction will continue as established. Emphasis will be placed on recruitment and placement of minorities in all labor categories of construction and close Federal agency monitoring of contractor compliance.

Non-Construction Program

The re-orientation of the entire program from no pre-award compliance to pre-award compliance on a broad scale demands greater review of contracting agency activity as well as increases the number of contractors and facilities requiring review. Additionally, since 1967, the number of non-construction facilities subject to the Order has increased from 105,600 to 170,000.

In 1968, the Office of Federal Contract Compliance issued, for the first time, intent to debar notices on the ground of racial discimination to five Federal contractors. Issues involved included failure to correct discriminatory seniority restrictions and lack of affirmative action in recruitment, placement and promotions of minorities. These contractors in steel, electronics, heavy manufacturing and trucking, employ more than 179,000 people. Collecting data and preparing the case for each hearing became an immense manpower task. Over 60% of the workload was taken up in preparation for the sixty informal and five formal hearings with companies allegedly found in violation of the Executive Order. In the cases of five Government contractors who received intent to debar notices, informal conciliation efforts to bring these companies into compliance with the equal employment provisions of Executive Order 11246 had failed. As a result, the Office of Federal Contract Compliance moved ahead with formal hearings. It is estimated that in the one hearing completed, over 2,250 man-hours in preparation and presentation were required. These hearings have become the thrust of the Government's contract compliance program.

The Government's compliance program produced successful results. During the course of enforcement efforts in 1968, a major manufacturer joined with its unions and amended its seniority, testing, transfer and pay rate systems to remedy the effect of segregated job assignments. As a result, 2,000 Negro employees now have the opportunity of promotion or transfer into skilled jobs containing maximum security, pay and advancement potential.

In 1969, the Secretary of Labor issued new rules and regulations designed to meet the growing demands on the Office of Federal Contract Compliance to effectively monitor agency programs, compliance reviews, and hearing procedures to ensure fair and equal treatment of employees and employers alike. These new rules and regulations have further increased the coverage under Executive Order 11246, and have provided tighter procedures by contracting agencies. Also developed in 1969 were new policies to overcome the impediments of discriminatory seniority systems, and discriminatory testing procedures.

A body of experience is being developed in 1969, under the new rules and regulations, in the implementation of new policies and approaches. These have proven effective with the limited number of contractors that our staff was able to cover during this period. These proven successful procedures and policies now need to be extended to a greater number of contractors, and further, new policies still need to be developed in order to achieve program objectives.

In 1970, continuation of an effective enforcement compliance program is planned. The important and time-demanding informal and formal hearings will continue for contractors alleged to be in noncompliance. Equal employment opportunity is becoming more and more complex. Overt discrimination is rapidly declining, but discriminatory employment patterns and procedures are more damaging due to their broader impact. Problems involving seniority, transfer rights, testing and others,

for which there is limited precedent and experience, will require substantial staff time to develop equitable solutions. These solutions will have considerable significance and will shape future policy.

A prime objective in 1970 will be the successful implementation of rules and policies which will make a significant impact toward closing the gap in the employment and utilization of minorities resulting from discrimination and lack of affirmative action in employment.

Changes for 1970

Mandatory changes amount to (Page OFCC-7).....+$4,000
Program changes amount to.....- 1,000

Basis for the Estimate

Workload estimates are based upon a projection of 1967 and 1968 activities, and experience to date in 1969; 34 positions and $579,000 will be required to make compliance reviews, hold hearings, process complaints and to provide necessary support staff.

WORKLOAD STATISTICS

Federal Contract Compliance	FY 1967 (Actual)	FY 1968 (Actual)	FY 1969 (Estimated)	FY 1970 (Estimated)
Compliance reviews performed (non-construction)	15,000 ( )	15,000 ( )	16,000 (57,000)	16,000 (60,000)
Number of corporate conciliation conferences held	1,000 ( )	1,030 ( )	1,100 (2,300)	1,100 (2,700)
Pre-award reviews performed for supply contracts	500 ( )	650 (	700 (1,500)	750 (1,600)
Pre-award conferences performed for construction contracts	1,500 ( )	2,000 ( )	2,500 (4,000)	2,600 (4,500)
Construction sites on which regular surveillance performed	(51,000)	21,000 (54,000)	21,000 (54,000)	21,500 (57,000)
Number of hearings held by the Office of Federal Contract Compliance	50 ( )	65 ( )	75 (130)	80 (175)
Number of complaints processed	283 ( )	385 ( )	1,800 (3,000)	2,000 (3,500)

Note: Figures in parentheses represent total work universe. (Where not indicated they are unavailable.) Figures not in parenthesis represent actual or estimated workload.

Federal Contract Compliance	FY 1967 (Actual)	FY 1968 (Actual)	FY 1969 (Estimated)	FY 1970 (Estimated)
Total number of non-construction facilities and sites subject to Order	105,600	170,000	176,000	183,000
Significant cases having Office of Federal Contract Compliance involvement which affect development of policies and precedent	20	25	30	35
Legal Services				
Investigation files reviewed and screened	30	40	45	50
Hearings (includes attorney investigations, preparation for formal and informal hearings)	20	25	30	35
Conciliation conferences (preparation and participation)	6	20	35	40
Litigation	1	5	7	10

Activity 2. PLANS FOR PROGRESS UNIT (1969, $216,000, Pos. 12;
1970, $216,000, Pos. 12)

Narrative Description of Program

Plans for Progress is a voluntary effort by the leadership of American business and industry to aggressively promote and implement equal employment opportunity. Plans for Progress supplements the Federal program applicable to government contractors.

Presently, 445 major corporations and financial and educational institutions, including companies not involved in government contracting are members of the program.* They belong by virtue of having drawn up, and of currently following through on, formal pledges to take affirmative action in providing equal job opportunities for all Americans based on merit alone. These members employ almost ten million people.

Plans for Progress members implement their plans individually, in their plants and in the communities where they operate, and in concert by joining their financial and manpower resources when feasible. They also prepare and submit to the Unit annual employment statistics as one means of measuring progress in achieving equal employment and advancement opportunity.

The program has a 28-member business advisory council made up of top level executives from member companies; an executive staff of 8 individuals on loan from member companies for one year; and an administrative support staff of 12 people. The Advisory Council works through a number of committees and the administrative staff to develop policies and activities which will achieve further progress. The staff also stimulates and executes a variety of projects aimed at furthering the program, and serves as a national communicator of the program's aims and accomplishments.

In 1968, Plans for Progress administered the following continuing programs on a national level:

LOCAL MERIT EMPLOYMENT COUNCILS .... A program sponsored by Plans for Progress companies to enlist non-Plans for Progress business and work with local employment groups. There are now 70 groups in cities with population over 50,000 (with minorities over 10%) and other cities are planned for development. This work is done by Plans for Progress company executives, aided by the voluntary staff. Employment programs are sponsored to enhance the local equal employment effort.

VOCATIONAL GUIDANCE INSTITUTES .... Designed to improve preparation of minority teenagers for jobs in business, by education and motivation of counsellors and teachers. Companies spent $450,000 to support 34 Vocational Guidance Institutes around the country.

Seminars have been held in 36 cities and were attended by 3,000 high school guidance counselors and administrators who deal with minority youth.

TASK FORCE ON YOUTH MOTIVATION .... A nationwide program of visits by minority executives of Plans for Progress companies to junior high schools, high schools, and colleges with large minority enrollments to motivate more young people toward business and industrial careers. More than 250 minority-group executives talked with students in predominantly Negro colleges. In the 1967-68 secondary school program the Task Force was supplemented by 500 or so high school graduates now employed in responsible jobs by Plans for Progress companies as "living witnesses" that opportunities exist in business.

* See attached list of member companies

THINGS ARE CHANGING .... An advertising campaign to tell minority youth jobs are available. Over $9 million in newspaper, radio and TV countrywide exposure donated so far. A new campaign will be launched in 1969.

COLLEGE RELATIONS CONFERENCE .... Plans for Progress sponsored annual conferences between industry representatives and administrative officials of predominantly Negro colleges to inform each group as to the needs and capabilities of the other. A cluster plan for industry to directly assist the minority schools is now in progress.

In administering these voluntary programs, the contributions made by private industry are quite significant in relationship to the federal funds appropriated for administrative support. The costs borne by private industry to carry out the various Plans for Progress programs are estimated to be as follows:

1)	Eight executives loaned to the staff (including salaries, living costs and moving expenses, etc.)	$ 200,000
2)	Costs of Advisory Council members in time and travel for bi-monthly meetings and regional and national conferences	130,000
3)	Costs to participating companies of annual conferences and various regional (including Manpower Development Seminars) conferences	400,000
4)	Costs of Annual Negro College Relations Conference	85,000
5)	Costs of Vocational Guidance Institutes for counsellors and administrators of Negro high schools	600,000
6)	Costs of task Force on Youth Motivation which visit Negro colleges and high schools as "living witnesses" to equal employment opportunity	100,000
	Total costs borne by private industry	$1,515,000
	Federal funds, 1969	216,000

The contribution of private industry is seven times greater than the funds provided by the Federal government towards a program designed to help the domestic situation as it relates to minority groups.

In 1969, Plans for Progress will continue to administer and expand these programs which are dedicated to direct action on a broad front to help make job opportunities available to all Americans regardless of race, color, creed or national origin.

In 1970, it is planned to continue these programs.

Basis for the Estimate

The resources identified with this activity provide the support function for a program voluntarily carried on by the leadership of American business and industry to aggressively promote and implement equal employment opportunity. The support function provided by federal funds is mainly in the area of clerical assistance, and in the payment of nonlabor costs such as travel, printing, communications, etc.

Activity 3. CIVIL RIGHTS COMPLIANCE (Title VI) (1969, $686,000, Pos. 41; 1970, $717,000, Pos. 44)

Narrative Description of Program

Title VI of the Civil Rights Act of 1964 (Public Law 88-352) provides in Section 601 that "no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance." Section 602 of the Act authorizes and directs each Federal department or agency which is empowered to extend Federal financial assistance to any program or activity to "issue rules, regulations, or orders" that will effectuate the provisions of Section 601.

The Office of Equal Opportunity in Manpower Programs was established in the Office of the Assistant Secretary for Manpower by the Secretary of Labor to direct a program to investigate complaints of discrimination received by any component of the Department of Labor. The Office was also directed to insure that each operating bureau requires all recipients of Federal funds issued through the Department of Labor to file complete and accurate assurance and compliance reports; to supply information and technical assistance in implementation of Department of Labor guidelines and regulations regarding the Act; and to direct and operate a program of planned on-site program investigation to assure that recipients of Federal funds through the Department of Labor are in compliance with the Act.

Positions and funds are included in this budget presentation for such legal services as the Office of the Solicitor provides. Counsel is provided for conciliation conferences with state officials regarding compliance with Title VI; compliance case files are reviewed to determine the appropriateness of proposed procedures leading to sanctions; and legal assistance and representation are provided for administrative hearings.

The Office of the Solicitor participates with the Department of Justice in the preparation and presentation of the Government's case in judicial litigation arising under the program and provides legal advice and interpretations of Title VI, the implementing Regulations and other directives to Offices and Bureaus of the Department, recipients and beneficiaries of Federal financial assistance and the general public. It assists in drafting regulations for publication in the Federal Register. Assistance is provided in assuring the legal adequacy of compliance procedures reflected in enforcement manuals and internal directives.

In 1968, the main thrust of the program continued to be toward complaint investigations and compliance reviews. A wide pattern of discriminatory practices was discovered and corrected, such as inadequate and discriminatory training procedures and facilities, discriminatory referrals to employers by Employment Security agencies, undercoding and misclassifications, inadequate training of staff on Civil Rights and Departmental regulations, acceptance of discriminatory job orders, misuse of tests and tests scores, discourteous treatment of minorities, and lack of minority staff.

Negotiations between the Equal Opportunity Office and State and local administrators are continuing to produce a great variety of far reaching changes in many of the manpower programs. Some typical changes are as follows.

Steps were taken to make certain that appropriate classifications are assigned to persons previously classified in service occupations and all application cards in the domestic and service fields in the active files were reviewed with the objective of expanding the exposure of applicants to other jobs for which they are qualified through assignment of different and additional classifications. Periodic checks were made of classification practices in each

local office and the results of such checks were reported through the respective lines to the State offices. Steps were taken to improve the services of State employment security agencies by establishing local Manpower Development and Training committees made up of all segments of the community. Local managers' contacts with the communities were extended to include nonwhite community leaders. State employment security agencies were required to exert more efforts to recruit nonwhite staff through the State Merit Systems. This included continuing visits to colleges and universities, including predominantly Negro schools. Local offices reviewed the results of job referrals to detect possible racial discrimination and followed up with employers who appear to discriminate. Agencies undertook a broad program of training on Civil Rights to insure that all staff members are thoroughly familiar with laws, policies, regulations and procedures established to assure nondiscrimination in all services provided. Intensified efforts were made to place all graduates of Manpower Development and Training white collar courses. Civil Rights posters are now displayed in all State employment security offices including itinerant points.

Recoding has resulted in an expansion of employment opportunities for minorities in other than traditional jobs. Enforcement of the Departmental policy forbidding service to employers who discriminate has enabled minorities to obtain jobs in the private sector that historically have been denied to them. The quality of counseling services to minorities has improved. Testing instruments for minorities have been questioned and their use as exclusionary devices is now being challenged.

Despite the wide extent of discriminatory practices still prevalent in manpower programs, there is a growing awareness of Title VI responsibilities and an increasing concern on the part of State and local administrators that manpower programs be brought into compliance with the Civil Rights Act of 1964 and Departmental Rules and Regulations that pertain thereto.

In 1969 the program will continue to be directed toward the 53 State Employment Security Agencies operating through about 2,000 local offices and about 2,000 itinerant stations; 3,000 On-The-Job Manpower Development and Training programs; 300 research and demonstration projects; 46,000 apprenticeship programs, and a varying number of other programs administered by the Bureau of Work Training Programs.

In addition, the office has been delegated, by Wage and Hour Division, the responsibility for eliminating age discrimination in manpower programs.

All complaints will continue to be investigated and there will be an expansion of review and follow-up activities.

With an addition of 8 compliance officers in FY 1969, it is anticipated that 140 complaints will be processed, and 415 compliance reviews conducted, disclosing 1,075 violations which will be corrected. This volume of activity will still only permit approximately 6% of all programs to be reviewed. It is estimated that these reviews will continue to disclose violations and noncompliance with Title VI in 75-80% of all programs reviewed.

More attention will be directed to persons with Spanish Speaking surnames located essentially in the Southwestern United States, the 546,000 Indians located mainly on reservations and the 885,700 Puerto Ricans located primarily in New York, Pennsylvania, Ohio and Michigan.

All persons have a substantial stake in the success of this program, but the minorities have a special stake in compliance activities under Title VI of the Civil Rights Act of 1964. There have been justifiable complaints by these groups that their employment rights have not been adequately recognized and appropriately protected. Additional manpower in FY '69 will enable this office to begin to cope with this problem.

Changes for 1970

Mandatory changes amount to (page OFCC-7).....+$ 8,900

Program changes amount to.....+$22,100

Positions..... +3

Proposal: To sustain and slightly increase the capacity to secure compliance with Title VI of the Civil Rights Act of 1964.

Need: The program need is to continue and slightly increase the capacity of the Office so that complaints of discrimination may be investigated, and compliance reviews conducted of more of the programs funded by the Department.

It is projected that we will be able to conduct reviews of approximately 6% of all manpower programs in FY 1969 with noncompliance being found in 75-80% of them. Therefore, it can be expected that 70-75% of manpower programs not reviewed may be operating in undiscovered noncompliance with Title VI. This indicates the need for continued expansion of the Title VI enforcement program.

This need is further increased by the addition of the responsibility to investigate complaints and conduct compliance reviews of manpower programs to insure that age discrimination prohibited by the "Age Discrimination in Employment Act of 1967" does not occur. An additional need is to provide appropriate enforcement action to insure that the prohibition against sex discrimination in Executive Order #11246 as amended by Executive Order #11375 does not occur in manpower programs.

The Program: Complaints received will continue to be processed and investigated. Twenty-five complaints per month are currently being received. However, not all of these complaints require a field on-site investigation. It is estimated that 155 complaints will be investigated, with another 145 requiring administrative processing. The 155 complaints requiring field on-site investigation is a 10% increase over FY 1969.

In addition compliance reviews will be conducted of 460 manpower programs, a projected increase of 10% over FY 1969. A total of 1,200 violations will be identified and corrected. It is projected that 6.5% of all programs will be reviewed as compared to an estimated 6% for FY 1969.

Base

Positions: 41 Estimated Cost: $689,000

Additional Cost

Positions: 3 Man-years: 2.6 Estimated Cost: $ 28,000

Basis for the Estimate

Based on experience in 1967 and 1968 and estimated 1969, 44 positions and $717,000 will be required in 1970 to complete a projected 155 complaint investigations and 460 compliance reviews, and to provide necessary support staff.

WORKLOAD STATISTICS

	FY 1967 (Actual)	FY 1968 (Actual)	FY 1969 (Estimate)	FY 1970 (Estimate)
Civil Rights Compliance				
State and Federal Agencies				
Complaints Investigated	76	57	85	95
Compliance Reviews	122	125	190	210
Violations Identified	470	342	515	575
Corrective Actions Achieved	470	342	515	575
Contractors				
Complaints Investigated (BAT-BWTP-MA)	37	37	55	60
Compliance Reviews	70	149	225	250
Violations Identified	144	370	560	625
Corrective Actions Achieved	144	370	560	625
Legal Services				
Investigations files reviewed and screened	250	250	250	300
Hearings (includes attorney investigations, preparation for formal and informal hearings)	1	9	2	5

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation $1,111,400

The estimate will provide for 90 full-time positions for the three activities or 86 man-years of employment. Included is $11,000 for consultants, experts, and temporary employment (approximately the equivalent of 1 man-year of employment) and $31,000 for $16 per diem in lieu of subsistence for 8 without compensation full-time industry representatives assigned by their respective corporations to the Plans for Progress Program.

Personnel benefits $ 82,200

This estimate, which reflects an increase of $1,900 over 1969, is based on personnel compensation, exclusive of per diem allowances, and will provide for the Government's share of the costs of employee benefits as follows:

Civil Service Commission Retirement Fund...	$69,000
Life Insurance.....	3,800
Health Benefits.....	6,000
Federal Insurance Compensation Act.....	3,400

Travel and transportation of persons $ 142,800

The estimate will provide for the following travel costs:

	1969	1970	Change
Number of travelers.....	62	64	+ 2
Number of days traveled.....	4,900	5,100	+ 200
Estimated cost.....	$141,200	$142,800	+$1,600

Transportation of things $ 3,200

The estimate will provide for shipment of informational material to business and industry as well as contracting agency representatives in the field.

Rent, communications, and utilities $ 38,000

The estimate is comprised of the following items:

	1969	1970	Change
Reimbursement to Post Office.	$ 5,200	$ 5,200	---
Telegrams and toll charges...	14,100	14,100	---
Rental of space.....	---	1,800	+$1,800
Rental of equipment.....	9,000	9,000	---
Telecommunication charges....	9,900	7,900	- 2,000
Total.....	$38,200	$38,000	-$ 200

Printing and reproduction $23,200

The estimate is composed of the following items:

	1969	1970	Change
Forms, letterheads and schedules	$ 6,000	$ 6,000	---
Publications	17,200	17,200	---
Total	$23,200	$23,200	---

Other services $97,600

The estimate provides for the following services:

	1969	1970	Change
Miscellaneous contractual services	$21,100	$21,100	---
Working Capital Fund	73,500	76,500	+$3,000
Total	$94,600	$97,600	+$3,000

Supplies and materials $ 9,900

The estimate will provide for necessary desk-top supplies for 90 full-time positions, 8 without compensation industry representatives, and consultants, experts, and temporary employees.

	1969	1970	Change
Supplies obtained from open market	$9,900	$9,900	---

Equipment $ 3,700

This estimate will provide for necessary equipment and furnishings for the 3 new positions requested in 1970, as well as for replacements not available from surplus stock.

	1969	1970	Change
Equipment replacement	$3,000	$3,000	---
Equipment for new positions	6,900	700	-$6,200
Total	$9,900	$3,700	-$6,200

SUMMARY OF NEW POSITIONS

Activity 3. CIVIL RIGHTS COMPLIANCE (TITLE VI)

	Number	Grade	Amount
Compliance Officer.....	1	GS-11	$ 10,203
Compliance Officer.....	1	GS- 7	6,981
Compliance Officer.....	1	GS- 5	5,732
Total.....	3		$ 22,916

PLANS FOR PROGRESS COMPANIES
(445 - as of January 10, 1969)

AAI Corporation
ACF Industries, Incorporated
AMBAC Industries Incorporated
Abex Corporation
Addressograph-Multigraph Corporation
Aerojet-General Corporation
Aerospace Corporation
Aetna Life & Casualty
Air Products & Chemicals, Incorporated
Air Reduction Company, Incorporated
Alan Wood Steel Company
Alcan Aluminum Corporation
Alford Refrigerated Warehouses, Incorporated
Alleghency Ludlum Steel Corporation
Allied Chemical Corporation
Allis-Chalmers Manufacturing Company
Aluminum Company of America
American Airlines, Incorporated
American Can Company
American Cyanamid Company
American Electric Power Service Corporation
American Enka Corporation
American Home Products Corporation
American Machine & Foundry Company
American Motors Corporation
American Radiator & Standard Sanitary Corporation
American Security & Trust Company
American Sugar Company
American Telephone & Telegraph Company
American Tobacco Company, The
Anchor Hocking Glass Corporation
Anheuser-Busch, Incorporated
Appalachian Power Company
Archer Daniels Midland Company
Armco Steel Corporation
Armour Company
Arwood Corporation
Atchison, Topeka & Santa Fe Railway Company
Atlantic Richfield Company
Avco Corporation
Avon Products, Incorporated

Babcock & Wilcox Company, The
Ballantine, P & Sons
Baltimore Gas & Electric Company
Bank of America, National Trust & Savings Association
Bank of California, National Association
Bank of New York, The
Bankers Trust Company
Beech-Nut, Incorporated
Bell & Howell Company
Bell Telephone Company of Pennsylvania, The
Bell Telephone Laboratories, Incorporated
Bellcomm, Incorporated
Bendix Corporation, The
Bessemer & Lake Erie Railroad Company
Bethlehem Steel Corporation
Bliss, E. W. Company
Boeing Company, The
Borg-Warner Corporation
Briston-Myers Company
Brown Engineering Company
Brown & Root, Incorporated
Brown University
Budd Company, The
Bunker-Ramo Corporation, The
Burroughs Corporation

CF&I Steel Corporation
Cambridge Waveguide Corporation
Campbell Soup Company
Carborundum Company, The
Careers Incorporated
Carling Brewing Company, Incorporated
Carnation Company
Carrier Corporation
Caterpillar Tractor Company
Celanese Corporation
Central National Bank of Cleveland
Cessna Aircraft Company
Chemical Bank New York Trust Company
Chesapeake & Potomac Telephone Company, The
Chesapeake & Potomac Telephone Company-Maryland, The
Chesapeake & Potomac Telephone Company-Virginia, The
Chesapeake & Potomac Telephone Company-West Virginia, The
Chicago, Milwaukee, St. Paul & Pacific Railroad Company
Chrysler Corporation
Cincinnati & Suburban Bell Telephone Company, The
Clairol Incorporated
Cleveland-Cliffs Iron Company, The
Cleveland Electric Illuminating Company, The
Cleveland Trust Company, The
Cleveland Twist Drill Company, The
Clevite Corporation

Coca-Cola Company, The
Colgate-Palmolive Company
Collins Radio Company
Colonial Stores, Incorporated
Columbia Broadcasting System, Incorporated
Combustion Engineering, Incorporated
Commonwealth Edison Company
Connecticut General Life Insurance Company
Consolidated Edison Company of New York, Incorporated
Consolidation Coal Company
Continental Baking Company
Continental Can Company, Incorporated
Continental Motors Corporation
Continental Oil Company
Continental Steel Corporation
Control Data Corporation
Cook Electric Company
Corn Products Company
Crocker-Citizens National Bank
Crown Zellerbach Corporation
Crucible Steel Company of America
Cudahy Company
Cummins Engine Company, Incorporated
Curtiss-Wright Corporation
Cutter Laboratories

Dana Corporation
Deere & Company
De Soto Chemical Coatings, Incorporated
Detroit Bank & Trust Company, The
Detroit Free Press, The
Detroit Steel Corporation
Diamond Shamrock Corporation
Douglas Aircraft Company
Douglas United Nuclear, Incorporated
Dow Chemical Company, The
Drackett Company, The
Dresser Industries, Incorporated
Dun & Bradstreet, Incorporated
Du Pont, E.I. de Nemours & Company, Incorporated

EG&G, Incorporated
ESB, Incorporated
East Ohio Gas Company, The
Eastern Air Lines, Incorporated
Eastman Kodak Company
Eaton Yale & Towne, Incorporated
Eltra Corporation
Emerson Electric Company
Endicott Johnson Corporation
Engelhard Hanovia, Incorporated
Engelhard Minerals & Chemicals Corporation
Enjay Chemical Company
Equitable Life Assurance Society of the United States
Esso Research & Engineering Company

FMC Corporation
Fairchild Hiller Corporation
Federal-Mogul Corporation
Federal Pacific Electric Company
Federal Products Corporation
Federated Department Stores, Incorporated
Fidelity Union Trust Company (Newark, N. J.)
Firestone Tire & Rubber Company, The
First National Bank of Arizona
First National Bank of Boston, The
First National Stores, Incorporated
First National Trust & Savings Bank - (Lynchburg, Virginia)
First Pennsylvania Banking & Trust Company, The
First Wisconsin National Bank of Milwaukee
Ford Motor Company
Foremost-McKesson, Incorporated
Fromm & Sichel, Incorporated

GAF Corporation
Garrett Corporation, The
General American Transportation Corporation
General Dynamics Corporation
General Electric Company
General Foods Corporation
General Instrument Corporation
General Learning Corporation
General Mills, Incorporated
General Motors Corporation
General Precision Equipment Corporation
General Telephone & Electronics Corporation
General Tire & Rubber Company, The
Genesco, Incorporated
Georgia-Pacific Corporation
Gillette Company, The
Glidden Company, The
Goodrich, B. F. Company, The
Goodyear Tire & Rubber Company, The
Grace, W. R. & Company
Grand Union Company, The
Granite City Steel Company
Grant, W. T. Company
Great Atlantic & Pacific Tea Company, Incorporated, The
Greyhound Lines, Incorporated
Grumman Aircraft Engineering Corporation

Hallmark Cards, Incorporated
Hancock, John Mutual Life Insurance Company
Hanna Mining Company, The
Harris-Intertype Corporation
Harshaw Chemical Company, The
Hartford Insurance Group, The
Haveg Industries, Incorporated
Hazeltine Corporation
Heinz, H. J. Company
Hercules, Incorporated
Heublein, Incorporated
Hilton Hotels Corporation
Hochschild, Kohn & Company
Hoffman-La Roche, Incorporated
Home Security Life Insurance Company
Honeywell, Incorporated
Hood, H. P. & Sons
Hooker Chemical Corporation
Hotel Corporation of America
Huber, J. M. Corporation
Hughes Aircraft Company
Humble Oil & Refining Company
Hunt Foods & Industries, Incorporated

Illinois Bell Telephone Company
Indiana Bell Telephone Company, Incorporated
Indiana & Michigan Electric Company
Industrial National Bank of Rhode Island
Inland Steel Company
Interlake Steel Corporation
International Business Machines Corporation
International Harvester Company
International Telephone & Telegraph Corporation
Irving Trust Company
Itek Corporation

Johns Hopkins Hospital, The
Johns Hopkins University, The
Johnson & Johnson
Johnson Publishing Company, Incorporated
Jones & Laughlin Steel Corporation

Kaiser Industries Corporation
Kellogg Company
Kennecott Copper Corporation
Kentucky Power Company
Keystone Steel & Wire Company
Kimberly-Clark Corporation
Kingsport Power Company
Koppers Company, Incorporated
Kroger Company, The

Laclede Steel Company
Lear Siegler, Incorporated
Lever Brothers Company
Liden-Durkee Corporation
Life & Casualty Insurance Company of Tennessee
Ling-Temco-Vought, Incorporated
Lockheed Aircraft Corporation
Lorillard, P. Company, Incorporated
Lubrizol Corporation, The
Lukens Steel Company
Lusier Incorporated

MSL Plastics, Incorporated
Magnavox Company, The
Manger Corporation, The
Manufacturers National Bank of Detroit
Marathon Oil Company
Marquardt Corporation, The
Martin-Marietta Corporation
Massachusetts Institue of Technology
Massachusetts Mutual Life Insurance Company
Massey-Ferguson, Incorporated
Mayer, Oscar & Company
McCormick & Company, Incorporated
McDonnell Company
McGraw-Hill, Incorporated
Mead Corporation, The
Mead-Morrison Manufacturing, Incorporated
Mellon National Bank & Trust Company
Melpar, Incorporated
Mercy Hospital (Iowa City, Iowa)
Metropolitan Life Insurance Company
Michigan Bell Telephone Company
Michigan Consolidated Gas Company
Midland-Ross Corporation
Minnesota Mining & Manufacturing Company
Mobil Oil Corporation
Monsanto Company
Monsanto Research Corporation
Morgan Guaranty Trust Company of New York
Morrell, John & Company
Mountain States Telephone & Telegraph Company
Mutual Life Insurance Company of New York, The

National Acme Company, The
National Bank of Detroit
National Biscuit Company
National Brewing Company, The
National Cash Register Company
National City Bank of Cleveland

National Dairy Products Corporation
National Distillers & Chemical Corporation
National Lead Company
National Life and Accident Insurance Company
National Shawmut Bank of Boston
National Steel Corporation
National Tea Company
New England Merchants National Bank
New England Mutual Life Insurance Company
New England Telephone & Telegraph Company
New Jersey Bell Telephone Company
New York Life Insurance Company
New York Telephone Company
Newport News Shipbuilding & Dry Dock Company
North American Rockwell Corporation
North American Van Lines, Incorporated
North Carolina National Bank
Northern Illinois Gas Company
Northern States Power Company
Northrop Corporation
Northwest Airlines, Incorporated
Northwestern Bell Telephone Company
Northwestern National Bank of Minneapolis
Northwestern Steel & Wire Company
Norton Company

Oglebay Norton Company
Ohio Bell Telephone Company
Ohio Power Company
Olin Mathieson Chemical Corporation
Olivetti Underwood Corporation
Otis Elevator Company
Owens-Corning Fiberglas Corporation
Owens-Illinois, Incorporated

Pacific Gas & Electric Company
Pacific Northwest Bell Telephone Company
Pacific Telephone & Telegraph Company, The
Pan American World Airways, Incorporated
Park Drop Forge Company, The
Paul Revere Life & Variable Annuity Company
Penn Mutual Life Insurance Company, The
Penny, J. C. Company, Incorporated
Pennsylvania Power & Light Company
Pennsylvania Railroad Company, The
Pepsi-Cola Company
Pet Incorporated
Pfizer, Charles & Company, Incorporated
Philadelphia Electric Company
Philadelphia National Bank, The
Philadelphia Saving Fund Society, The
Philco-Ford Corporation
Philip Morris Incorporated
Pickands Mather & Company
Pillsbury Company, The
Pitney-Bowes, Incorporated
Pittsburgh National Bank
Pittsburgh Plate Glass Company
Pittsburgh Steel Company
Pneumo Dynamics Corporation
Polaroid Corporation
Procter & Gamble Company, The
Provident National Bank
Prudential Insurance Company of America
Public Service Electric & Gas Company

Quaker Oats Company

Radio Corporation of America
Railway Express Agency, Incorporated
Ralston Purina Company
Rath Packing Company, The
Raytheon Company
Reflectone Incorporated
Republic Steel Corporation
Reynolds Electrical & Engineering, Incorporated
Reynolds Metals Company
Reynolds, R. J. Tobacco Company
Richardson-Merrell Incorporated
Ritter Pfaudler Corporation
Rohr Corporation
Ryan Aeronautical Company

St. Regis Paper Company
Sanders Associates, Incorporated
Sandia Corporation
Schering Corporation
Schlitz, Joseph Brewing Company
Scott Paper Company
Scovill Manufacturing Company
Seagram, Joseph E. & Sons, Incorporated
Sharon Steel Corporation
Shell Oil Company
Shenango Incorporated
Sheraton Corporation of American
Sherwin-Williams Company, The
Shoe Corporation of America
Simmons Company
Sinclair Oil Corporation
Singer Company, The
Smith, A. O. Corporation
Smith, Kline & French Laboratories
Society National Bank of Cleveland
Southern California Edison Company
Southern New England Telephone Company, The
Southern Pacific Company

Southwestern Bell Telephone Company
Sperry Rand Corporation
Standard Brands, Incorporated
Standard Oil Company-Ohio, The
State-Planters Bank of Commerce & Trusts
Stauffer Chemical Company
Steel Improvement & Forge Company, The
Sterling Drug, Incorporated
Sterling Engineering Associates
Sun Oil Company
Swift & Company
System Development Corporation

TRW, Incorporated
Texaco Incorporated
Texas Instruments, Incorporated
Textron Incorporated
Therm-Air Manufacturing Company, Incorporated
Thiokol Chemical Corporation
Time Incorporated
Timken Roller Bearing Company, The
Todd Shipyards Corporation
Trans World Airlines, Incorporated
Travelers Insurance Company, The
Trust Company of Georgia
Twentieth Century-Fox Film Corporation

Union Carbide Corporation
Union Bank (Los Angeles)
Union Oil Company of California
Uniroyal, Incorporated
United Air Lines, Incorporated
United Aircraft Corporation
United California Bank
U. S. Industries, Incorporated
U. S. Plywood Corporation
United States Steel Corporation

Vendo Company, The
Virginia Hospital Service Association
Vitro Corporation of America

Wachovia Bank & Trust Company
Walgreen Company
Ward Foods, Incorporated
Warner & Swasey Company, The
Wayne State University
Weatherhead Company, The
Wells Fargo Bank
Western Electric Company, Incorporated
Western Pennsylvania National Bank
Western Union Telegraph Company, The
Westinghouse Air Brake Company
Westinghouse Electric Corporation
Wheeling Electric Company
Wheeling Steel Corporation
Whirlpool Corporation
White Motor Corporation
Wilson & Company
Wisconsin Telephone Company
Worthington Corporation

Xerox Corporation

Young Men's Christian Association, National Board (of)
Youngstown Sheet & Tube Company, The

MONDAY, APRIL 14, 1969.

RAILROAD RETIREMENT BOARD

WITNESSES

HOWARD W. HABERMEYER, CHAIRMAN
SAMUEL CHMELL, CHIEF EXECUTIVE OFFICER
MICHAEL RUDISIN, DIRECTOR OF BUDGET AND FISCAL OPERATIONS

PAYMENT FOR MILITARY SERVICE CREDITS

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities: Payment to railroad retirement account (costs—obligations)	17,839	18,446	19,206
Financing: Budget authority (appropriation)	17,839	18,446	19,206
Relation of obligations to outlays: Obligations incurred, net	17,839	18,446	19,206
Outlays	17,839	18,446	19,206

LIMITATION ON SALARIES AND EXPENSES

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	Actual 1968	Estimate 1969	Estimate 1970
Personnel compensation:			
Permanent positions	9,516	10,475	10,702
Positions other than permanent	64	71	90
Other personnel compensation	676	858	546
Total personnel compensation	10,256	11,404	11,338
Personnel benefits: Civilian employees	746	819	842
Travel and transportation of persons	238	287	256
Transportation of things	24	24	24
Rent, communications, and utilities	875	874	1,188
Printing and reproduction	51	50	50
Other services	1,082	1,166	1,191
Supplies and materials	149	145	145
Equipment	449	137	38
Undistributed (contingency reserve)		100	100
Total costs, funded	13,870	15,006	15,172
Administrative expenses included in schedule for fund as a whole	−13,885	−15,006	−15,172
Change in selected resources	15		
Total obligations			

PERSONNEL SUMMARY

Total number of permanent positions	1,273	1,270	1,275
Full-time equivalent of other positions	14	14	19
Average number of all employees	1,149	1,199	1,215
Average GS grade	7.3	7.3	7.3
Average GS salary	$8,355	$8,432	$8,501

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	Actual, 1968	Estimated, 1969	Estimated, 1970
Program by activities:			
1. Maintenance of earnings accounts	414	394	484
2. Processing claims	8,462	9,392	9,503
3. Maintenance of beneficiary rolls	3,648	3,618	3,545
4. Actuarial services	231	264	282
5. Administration	1,115	1,238	1,258
6. Contingency reserve		100	100
Total program costs, funded [1]	13,870	15,006	15,172
Change in selected resources [2]	15		
Total obligations	13,885	15,006	15,172
Financing: Unobligated balance lapsing	265		
Limitation	14,150	14,490	15,172
Proposed increase in limitation for pay act increases		516	

[1] Includes capital outlay as follows: 1968, $499,000; 1969, $137,000; 1970, $38,000.
[2] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1967, $32,000; 1968, $47,000; 1969, $47,000; 1970, $47,000.

Mr. FLOOD. We have with us this afternoon the Railroad Retirement Board, and the witness is Mr. Howard W. Habermeyer, who is the Chairman of the Board. Mr. Habermeyer has appeared here on a number of occasions.

PREPARED STATEMENT

I see you have a statement. How do you wish to proceed?

Mr. HABERMEYER. I would like the statement put in the record.

Mr. FLOOD. Very well, we will do that.

Mr. HABERMEYER. You are well acquainted with the Railroad Retirement Board, so let us skip to page 2.

Mr. FLOOD. Without objection we will place the entire statement in the record at this point and you may proceed as you wish.

(The prepared statement follows:)

Statement of the Railroad Retirement Board

On the Appropriation Estimates for Fiscal Year 1970

Mr. Chairman and members of the Committee, the Railroad Retirement Board administers a regular retirement system for the payment of retirement and disability annuities to railroad employees, annuities to their spouses, and benefits to their survivors. The Board also administers a system for the payment of supplemental annuities to career railroad employees who were awarded retirement annuities after June 1966. These supplemental annuities are paid to employees aged 65 and over who retire directly from railroad service after completing 25 or more years of service and are in addition to their regular annuities. The Board also administers a system for the payment of unemployment and sickness benefits to railroad workers, and an employment service for placing unemployment benefit claimants in jobs. In addition, the Board participates in the administration of the hospital and medical insurance programs for persons covered by the Railroad Retirement Act.

Organizational Structure of the Railroad Retirement Board

The Railroad Retirement Board is administered by a three-member Board appointed by the President, by and with the advice and consent of the Senate--one upon the recommendation of representatives of employees, one upon recommendation of representatives of carriers, and one, the Chairman, without designated recommendation. The Board's administrative organization is designed to integrate the administration of the programs conducted by the Board without duplication of facilities or operations.

Means of Financing

The unemployment and sickness insurance system is financed by contributions paid wholly by employers. A portion of these contributions is permanently appropriated to the Board to cover the administrative costs of the system, with the remainder being credited to the Railroad unemployment insurance account in the unemployment trust fund for the payment of benefits.

The regular railroad retirement program is financed by taxes paid equally by railroad workers and employers. The Railroad retirement account is credited with the taxes and annuity payments are made from the Account. The amounts needed for administrative expenses, as authorized by Congress, are derived from this trust fund.

The supplemental annuity program is financed by a tax paid by employers of two cents for each man hour for which they pay compensation. This tax is deposited in a separate trust account titled Railroad retirement supplemental account from which the supplemental annuities are paid. The amounts needed for administrative expenses of this program, as authorized by Congress, are derived from this trust fund.

Payments to Railroad Retirement Account for Military Service Credits

Railroad workers entering military service may have such service credited toward benefits under the railroad retirement system under certain conditions. An appropriation of $19,206,000 is requested to pay the sixth of ten yearly installments on the amount due the Railroad retirement account for creditable military service for the period through June 30, 1963, as agreed to by the Bureau of the Budget and Congress.

Administrative Expense Requirements

The 1967 amendments to the Social Security Act and the 1968 amendments to the Railroad Retirement Act created large new workloads for the Railroad Retirement Board for fiscal year 1968 and for ensuing years. A significant amount of benefit-rate adjustment work which we expected to handle in 1968 was not completed in that year due largely to inability to staff up to requirements on a timely basis. With the large amount of amendment work, the Board was unable to make any inroads during 1968 in the large backlogs of regular claims work and was unable to keep the large backlogs in policing work from increasing further. The emergency workload conditions confronting the Board stem from the effects of six pieces of legislation enacted in the last three fiscal years which kept increasing the workloads beyond the Board's capacity to handle them. During this time, the pending claims load increased from 6,700 cases at the start of 1966, to 10,600 at the start of 1967, to 22,900 at the start of 1968, with the load at the start of 1969 still at 22,350. In addition, at the start of 1969 there was a large backlog of cases accumulated over the previous one and one-half years which had been identified under policing programs as cases where possible overpayments existed.

Under the budget plan, the Board expected in 1969 to clear up the benefit-rate adjustment work carried over from 1968; make some reductions in backlogs of regular claims work by reducing the pending claims load from 22,350 cases at the start of the year to 17,350 cases by the end of 1969; and clear up a good part of the large accumulations of policing work. These 1969 budget plans were to be financed by the present limitation of $14,490,000 augmented by an anticipated increase in the limitation of $516,000 to cover pay act costs, for a total of $15,006,000.

Under the budget plan, the Board expected in 1970 to start the year with a pending load of 17,350 cases and to reduce the load to a more acceptable level of 12,350 cases by the end of the year. It was also expected that in 1970 it would be possible to clear up the backlog of policing work and perform certain other policing work which had been deferred for several years because of the emergency work conditions prevailing; and to restore to adequate levels certain essential inspection, planning, and other activities which unavoidably had been curtailed to a damaging degree. To accomplish these objectives, the Board requested a limitation amount for 1970 of $15,172,000, which is $166,000 greater than the amount estimated to be available for 1969. The increase consists of an increase of $148,000 for the acquisition of equipment needed to modernize the computer system of

the Board, an increase of $67,000 in the amounts the Board must pay the General Services Administration for its pro-rata share of the costs of the Federal Telecommunications System, and an increase of $85,000 for within-grade salary advancements, offset by a net decrease of $134,000 to allow for a reduced level of manpower and other factors.

In attempting to attain the 1969 objectives to make substantial inroads on the large backlogs, overtime has been worked to the greatest degree practicable; important inspection, planning, service and administrative activities were stripped of manpower to divert it to claims processing work; and field employees were detailed to headquarters to assist in reducing the backlog of claims. Even so, backlogs may not be reduced to the degree originally expected in 1969 because of the continuing contraction in the work force as a result of the restrictions on recruitment prescribed by the Revenue and Expenditure Control Act of 1968, and because claims receipts are somewhat greater than original estimates.

In fiscal year 1970, with the possibility that larger backlogs of both regular claims work and policing work may be carried over from 1969, and with receipts expected to be at somewhat higher levels than originally forecast, we possibly will not get as current as originally planned. If relief from the recruitment restrictions now in effect is provided for 1970, it may be possible to come close to our objectives. If relief is not provided, backlogs would increase to overwhelming proportions. This would create great hardship for retired and disabled employees and survivors of deceased employees applying for benefits authorized by the Railroad Retirement Act; for unemployed and sick railroad employees applying for benefits authorized by the Railroad Unemployment Insurance Act; and for aged persons applying to establish eligibility for benefits under the medicare program.

Certain summary data on which the budget estimates for the railroad retirement program are based are as follows:

	Actual 1968	Estimate 1969	Estimate 1970
Benefit payments	$1,387,711,000	$1,527,000,000	$1,553,000,000
Salaries and expenses (obligations)	$ 13,870,000	$ 15,006,000	$ 15,172,000
Man years, including overtime equivalent	1,222	1,289	1,270
Number of monthly payments in force at end of year	990,000	1,010,000	1,027,000
Claims dispositions, including partial awards	240,202	259,000	261,000
Pending load end of year	22,350	17,350	12,350

General Statement

PAYMENTS TO RAILROAD RETIREMENT ACCOUNT FOR MILITARY SERVICE CREDITS

Mr. Habermeyer. Railroad workers entering military service may have such service credited toward benefits under the railroad retirement system under certain conditions. An appropriation of $19,206,000 is requested to pay the sixth of 10 yearly installments on the amount due the railroad retirement account for creditable military service for the period through June 30, 1963, as agreed to by the Bureau of the Budget and Congress.

Salaries and Expenses

EFFECT OF RECENT AMENDMENTS

The 1967 amendments to the Social Security Act and the 1968 amendments to the Railroad Retirement Act created large new workloads for the Railroad Retirement Board for fiscal year 1968 and for ensuing years. A significant amount of benefit-rate adjustment work which we expected to handle in 1968 was not completed in that year due largely to inability to staff up to requirements on a timely basis. With the large amount of amendment work, the Board was unable to make any inroads during 1968 in the large backlogs of regular claims work and was unable to keep the large backlogs in policing work from increasing further. The emergency workload conditions confronting the Board stem from the effects of six pieces of legislation enacted in the last 3 fiscal years which kept increasing the workloads beyond the Board's capacity to handle them. During this time, the pending claims load increased from 6,700 cases at the start of 1966, to 10,600 at the start of 1967, to 22,900 at the start of 1968, with the load at the start of 1969 still at 22,350. In addition, at the start of 1969 there was a large backlog of cases accumulated over the previous 1½ years which had been identified under policing programs as cases where possible overpayments existed.

Under the budget plan, the Board expected in 1969 to clear up the benefit-rate adjustment work carried over from 1968; make some reductions in backlogs of regular claims work by reducing the pending claims load from 22,350 cases at the start of the year to 17,350 cases by the end of 1969; and clear up a good part of the large accumulations of policing work. These 1969 budget plans were to be financed by the present limitation of $14,490,000 augmented by an anticipated increase in the limitation of $516,000 to cover pay act costs, for a total of $15,006,000.

PROGRAM FOR 1970

Under the budget plan, the Board expected in 1970 to start the year with a pending load of 17,350 cases and to reduce the load to a more acceptable level of 12,350 cases by the end of the year. It was also expected that in 1970 it would be possible to clear up the backlog of policing work and perform certain other policing work which had been deferred for several years because of the emergency work condi-

tions prevailing; and to restore to adequate levels certain essential inspection, planning, and other activities which unavoidably had been curtailed to a damaging degree. To accomplish these objectives, the Board requested a limitation amount for 1970 of $15,172,000, which is $166,000 greater than the amount estimated to be available for 1969. The increase consists of an increase of $148,000 for the acquisition of equipment needed to modernize the computer system of the Board, an increase of $67,000 in the amounts the Board must pay the General Services Administration for its pro-rata share of the costs of the Federal Telecommunications System, and an increase of $85,000 for within-grade salary advancements, offset by a net decrease of $134,000 to allow for a reduced level of manpower and other factors.

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Summary of Workload Data

Certain summary data on which the budget estimates for the railroad retirement program are based are as follows:

	Actual, 1968	Estimate, 1969	Estimate, 1970
Benefit payments	$1,387,711,000	$1,527,000,000	$1,553,000,000
Salaries and expenses (obligations)	13,780,000	15,006,000	15,172,000
Man-years, including overtime equivalent	1,222	1,289	1,270
Number of monthly payments in force at end of year	990,000	1,010,000	1,027,000
Claims dispositions, including partial awards	240,202	259,000	261,000
Pending load end of year	22,350	17,350	12,350

That is the end of the statement, Mr. Chairman.

PAYMENT FOR MILITARY SERVICE CREDITS

Mr. FLOOD. The only funds in your budget that actually come from the general funds of the Treasury are for military service credits?

Mr. HABERMEYER. Yes, sir.

Mr. FLOOD. The request is for $19,206,000, and that is based strictly on a mathematical formula established by law; is that right?

Mr. HABERMEYER. Yes.

Mr. FLOOD. During the late fifties and early sixties the executive branch disregarded the law and did not include those funds in the budget?

Mr. HABERMEYER. That is right.

Mr. FLOOD. Have you heard any disposition this year on the part of the new administration to withdraw the request for 1970?

Mr. HABERMEYER. None whatsoever. I think this commitment would stand. Incidentally, this committee was very helpful in getting this problem worked out.

Mr. FLOOD. Yes, I remember.

EFFECT OF REVENUE AND EXPENDITURE CONTROL ACT

With regard to your "Salaries and expenses" appropriation, what has been the effect of the Revenue and Expenditure Control Act? How have the employment restrictions imposed upon you affected your ability to operate effectively?

Mr. HABERMEYER. I tell you, Mr. Chairman, I am really ashamed to testify before this committee today with respect to the effects that the expenditure control provisions have had on the Railroad Retirement Board. Because of the restrictions on hiring new employees, we have had to work much of our regular staff overtime. We are working them about 54 hours a week. We had to bring in some of our field people and pay them per diem and work them overtime. As you work people overtime on a continuing basis, their productivity decreases until now in 54 hours we find we do not get much more work done than we used to get in 40 hours. We are paying out a lot of money in overtime wages and we are bringing people in from our field offices in order to keep our work current, whereas if we were allowed to hire regular employees we could pay them straight time, get more work done, and operate on a much more efficient basis.

Mr. FLOOD. Is there any reason why these employment restrictions work a greater hardship on the Railroad Retirement Board than on other agencies? What has been the effect of the personnel restrictions?

Mr. HABERMEYER. The Railroad Retirement Board in 1958 had in its employ 2,397 people. As of June 30, 1966, which is the target date of the Expenditure Control Act, we had in our employ 1,661 people. We had made about a one-third reduction in force from 1958 to June 30, 1966. We were right at the bottom. About this same time when we were at the lowest point in our employment, we got medicare, a new program, supplemental annuities, a new program, and four other amendments: One putting disabled widows on the roll for the first time; another putting children over 18 and attending school on the roll for the first time; and two complicated amendments which made our work

more difficult. Yet we are expected under present law to reduce employment to the lowest level since 1958.

BACKLOG

Mr. FLOOD. I am on the Defense Appropriations Subcommittee and I have heard about "backlog" for 25 years. Just how serious has been, and now is, your backlog? Take a look at page 3. You say this, and I quote from you: "It will be necessary to continue to work under emergency conditions." First, how serious has been your backlog, and what do you mean by that statement in the justifications?

Mr. HABERMEYER. It is now taking us up to 2 months longer to pay a claim, and we are dealing with people who cannot afford to wait 2 months.

Mr. FLOOD. How long does it take medicare?

Mr. HABERMEYER. About the same time.

Mr. FLOOD. That is not good either.

Mr. HABERMEYER. No; and these people do not understand why there should be this delay.

Mr. FLOOD. You can be sure of that. You should read my mail.

Mr. HABERMEYER. Since the railroad employees and employers pay the full cost of running the Board, they do not understand why they should not get the service that they have paid for.

Mr. FLOOD. What are the emergency conditions?

Mr. HABERMEYER. The emergency conditions are the matters I have outlined, working our people on a 54-hour basis, bringing people in from the field offices to help out in headquarters, and working in an inefficient and uneconomical way.

Mr. FLOOD. You talked about different new programs. If amendments to the Social Security Act are enacted this year will you be able to handle the adidtional work without any undue delay?

Mr. HABERMEYER. Oh, no. Our backlog would pile up that much faster and we would be in even a worse condition than we are at the present time and these people would be writing more and more complaining about the lack of service, and I think they are justified. It's just not right to make these people who are generally most in need to wait several months to get benefits that are due.

ACTUARIAL STATUS OF TRUST FUND

Mr. FLOOD. Are you getting mail about the actuarial status of your trust fund? What is the status?

Mr. HABERMEYER. We are operating at a slight deficiency. It is not a disturbing deficiency.

Mr. FLOOD. I get a lot of mail on it. People are disturbed.

Mr. HABERMEYER. I will tell you why I think they are disturbed about it. With inflation continuing to skrink the value of the dollar, these people find that their benefits are not enough to provide the bare necessities and they write asking that benefits be increased. In order to increase benefits, additional revenue must be provided to keep the system actuarially sound. The Board has opposed many amendments

simply because no revenue was provided to pay for the increase in benefits proposed.

Mr. FLOOD. I am speaking about right now, what is the actuarial status of the trust fund?

Mr. HABERMEYER. We are operating at a slight deficiency. I think what you are talking about is the supplemental annuity program that railroad labor and management agreed to in 1966. This program provided that every career railroad man retiring after 1966 would be entitled to a supplemental benefit over and above his basic benefit. The railroad employers agreed to pay a tax of 2 cents per hour worked to cover the cost of these benefits. We now find that unless additional revenue is provided we will run out of money for these benefits late this year. This is disturbing to the people receiving these payments. We have alerted the parties concerned and they are meeting and it is hoped that an agreement will be reached soon which will solve this problem.

Mr. FLOOD. I had two uncles who were brakemen, so I know how these guys sit back in the caboose and read the rule book whenever they have a little spare time. He sits back there with a lunch box and a rule book and he knows the rules by section and paragraph.

Mr. HABERMEYER. You are right. They sit back and talk about their benefits. What they are worried about is the supplemental annuity fund which is in trouble.

NIXON ADMINISTRATION CHANGES IN BUDGET

Mr. FLOOD. Has the Nixon administration's review of the budget resulted in any change in what you are asking for salaries and expenses?

Mr. HABERMEYER. They have been very reasonable. We heard just this morning that the amounts requested would be reduced $80,000, which we can live with, and the employment ceilings would be reduced from 1,759 to 1,741, which again we can live with. We are down to 1,707 now. If we get 1,741 we can do very well, compared to the figure of 1,661 to which employment would be reduced under present law.

INCREASED PAY COSTS

Mr. FLOOD. You have an increase of $516,000 in your 1969 appropriation for increased pay costs. What is your latest estimate of the minimum amount that will be necessary?

Mr. RUDISIN. We will need all that, sir.

Mr. FLOOD. That is your latest estimate?

Mr. RUDISIN. Yes, sir.

Mr. FLOOD. You fellows have always done a good job in my opinion. You run a pretty tight ship and, like the Marine Corps, it is hard to find fault with you.

Mr. HABERMEYER. I think we ran such a tight ship that we are in trouble because of it.

Mr. FLOOD. The Marines come up with a pretty tight budget and when you ask them if they want more money they say they can live with it. You would never dare ask the Air Force that.

Mr. Shriver?

FEDERAL TELECOMMUNICATIONS SYSTEM COSTS

Mr SHRIVER. I do not know whether you know the answer to this, but how did the General Services Administration prorate the cost of the Federal Telecommunications System?

Mr. HABERMEYER. Everybody in Government uses this telecommunications system and are billed for services on a pro-rata basis.

Mr. SHRIVER. How did they decide to increase you $67,000?

Mr. HABERMEYER. We are making more calls.

Mr. RUDISIN. They do it on a sampling basis. They sample the number of calls made by the different agencies and then prorate the cost.

Mr. HABERMEYER. We could get hit in two ways. If we made more calls we would have to pay more, and if the other agencies made fewer calls we would have to pay more too.

Mr. SHRIVER. You are making more calls because you have more claims?

Mr. HABERMEYER. Yes.

Mr. SHRIVER. That is all.

Mr. FLOOD. Mrs. Reid.

Mrs. REID. First of all I would like to welcome my good friend, Mr. Habermeyer. He is from my hometown, Aurora, Ill., and I have known him for a long time.

Mr. HABERMEYER. When we were in grade school I played the trumpet and she led the band. Do you remember that?

Mrs. REID. I remember very well. I think I was the first drum majorette.

Mr. FLOOD. I will bet they never came better looking.

DELAY IN PROCESSING CLAIMS

Mrs. REID. Mr. Habermeyer, what is the average delay in processing a claim now?

Mr. HABERMEYER. I would say it is taking from 6 to 8 weeks longer to pay a claim than it should.

Mrs. REID. And in your justifications you say you plan to reduce your pending claims load by about 5,000 cases.

Mr. HABERMEYER. We hope to and we still would be far above where we were in 1966.

One thing I should mention here is that we have let our policing work backup. These are cases where overpayments are building up. We estimate we have about $2 million in overpayments. To allow this to go on for any length of time reduces our ability to get that money back, because by the time we catch up with it we will have an overpayment, instead of a few dollars, we will be dealing with accumulations that could run into the thousands of dollars, and these old people do not have it to pay back.

Mrs. REID. Would not greater emphasis on computer processing correct that?

Mr. HABERMEYER. Putting in computers is what permitted us to reduce our employment level from 2,397 to 1,661. But we are faced with the situation now that we do not have enough people planning our computer work to make further progress in computer work. If we had 10 more people doing computer planning and programing, we could make more progress.

Mr. FLOOD. Despite what people think, a computer is no good unless you put people with it.

Mr. HABERMEYER. That is right. A computer does nothing by itself.

Mrs. REID. That is all.

Mr. FLOOD. Thank you very much.

JUSTIFICATION MATERIAL

RAILROAD RETIREMENT BOARD
JUSTIFICATION OF ESTIMATES FOR FISCAL YEAR 1970

SUMMARY OF APPROPRIATIONS AND APPROPRIATION ESTIMATES

Account Title	Estimate 1969	Estimate 1970	Increase or Decrease
General funds:			
Payment for military service credits.....	$18,446,000	$19,206,000	$+760,000
Trust fund:			
Limitation on salaries and expenses (trust fund).....	(14,490,000))	(15,172,000)	(+166,000)
Anticipated supplemental:	)		
Increases in pay rates....	(516,000))		

SUMMARY AND HIGHLIGHTS

Programs Administered by the Railroad Retirement Board

The Railroad Retirement Board administers a regular railroad retirement system which provides monthly benefits to employees who retire because of age or disability, and to the eligible wives of such employees. The disability annuities are payable both to employees not able to do any regular work and to career railroad employees not able to work at their regular railroad job. In addition, the system provides for monthly and lump-sum benefits to widows, children, and parents. Finally, there is provision for a residual payment designed to insure that an employee and his family receive at least as much in benefits as the employee contributes in railroad retirement taxes. For all benefits except the residual payment, a basic requirement is that the employee have at least 10 years of creditable railroad service, including service before 1937.

Under legislation enacted in October 1966, the Board also administers a program for the payment of supplemental annuities to career railroad employees who were awarded retirement annuities after June 1966. This new type of annuity is paid to employees aged 65 and over who retire directly from railroad service after completing 25 or more years of service and is in addition to their regular annuities.

Also, under the 1965 amendments to the Social Security and Railroad Retirement Acts and under a delegation of authority from the Social Security Administration, the Board participates in the administration of the hospital and medical insurance programs for persons covered by the Railroad Retirement Act. This combination of statutory and delegated authority places the Board in much the same position in dealing with persons covered by the Railroad Retirement Act with respect to the medicare program as that of the Social Security Administration in dealing with its beneficiaries. Of course, the delegated functions are performed on a reimbursable basis.

The Board also administers a system for the payment of unemployment, maternity, and sickness benefits to qualified railroad workers, and an employment service for placing unemployment benefit claimants in jobs.

Organizational Structure of the Railroad Retirement Board

The Railroad Retirement Board is administered by a three-member Board appointed by the President, by and with the advice and consent of the Senate--one upon the recommendation of representatives of employees, one upon recommendation of representatives of carriers, and one, the Chairman, without designated recommendation. The Board's administrative organization is designed to integrate the administration of the programs conducted by the Board without duplication of facilities or operations.

Means of Financing

The regular railroad retirement system is financed by taxes paid equally by railroad workers and employers. The Railroad retirement account is credited with the taxes and annuity payments are made from the Account. The amounts needed for administrative expenses, as authorized by Congress in annual appropriation Acts, are derived from the Account.

The supplemental annuity program is financed by a tax paid by employers of two cents for each man hour for which they pay compensation. This tax is deposited in a separate trust account titled Railroad retirement supplemental account from which the supplemental annuities are paid. The amounts needed for administrative expenses of this program, as authorized by Congress in annual appropriation Acts, are derived from this Account.

The unemployment and sickness insurance system is financed by contributions paid wholly by employers. Of the total contributions paid for this purpose, the portion represented by 0.25 per cent of the taxable payroll is permanently appropriated to the Board to cover the administrative costs of the system, with the remainder being credited to the Railroad unemployment insurance account in the unemployment trust fund for the payment of benefits.

Payments to Railroad Retirement Account for Military Service Credits

Railroad workers entering military service may have such service credited toward benefits under the railroad retirement system under certain conditions. An appropriation of $19,206,000 is requested to pay the sixth of ten yearly installments on the amount due the Railroad retirement account for creditable military service for the period through June 30, 1963.

Administrative Expense Requirements

The 1967 amendments to the Social Security Act and the 1968 amendments to the Railroad Retirement Act created large new workloads for the Railroad Retirement Board for fiscal year 1968 and for ensuing years. A significant amount of non-recurring amendment work which we expected to handle in 1968 was not completed in that year due largely to inability to staff up to requirements on a timely basis. With the large amount of amendment work, the Board was unable to make any inroads during 1968 in the large backlogs of regular claims work and was unable to keep the large backlogs in policing work from increasing further. The emergency workload conditions confronting the Board stem from the effects of six pieces of legislation enacted in the last three fiscal years which kept increasing the workloads beyond the Board's capacity to handle them. During this time, the pending claims load increased from 6,700 cases at the start of 1966, to 10,600 at the start of 1967, to 22,900 at the start of 1968, with the load at the start of 1969 still at 22,350.

During fiscal year 1969, the Board expects to clear up non-recurring amendment work carried over from 1968; clear up some of the accumulations of policing work; and make some reductions in backlogs of regular claims work by reducing the pending claims load from 22,350 cases at the start of the year to 17,350 cases by the end of 1969. To accomplish this it will be necessary to continue to work under emergency conditions which require the diversion to claims processing work of manpower normally engaged in essential inspection, planning, service, and administrative activities. To reduce the regular claims load to the degree indicated it will be necessary to increase total claims dispositions from 240,000 in 1968 to 259,000 in 1969. Total manpower requirements for the administration of the railroad retirement program are estimated to increase from 1,221.7 man years in 1968 to 1,287.7 man years in 1969. These 1969 needs can be financed by the present limitation of $14,490,000 for 1969, augmented by an increase in the limitation of $516,000 to cover pay act costs, or a total of $15,006,000.

During fiscal year 1970 the Board plans to reduce the pending claims load from 17,350 cases expected at the start of the year to a more acceptable pending load of 12,350 by the end of 1970; perform certain needed policing work which accumulated over several years because of the emergency work conditions prevailing; and to restore to adequate levels certain essential inspection, planning, and other activities which unavoidably had been curtailed to a damaging degree. Total regular claims dispositions for handling are expected to increase from 259,000 estimated for 1969 to 261,000 in 1970. However, the clearing up of the non-recurring amendment work and some of the accumulation of policing work in 1969 and savings under the Board's cost reduction program contribute to a decrease in manpower needs from 1,287.7 in 1969 to 1,269.7 in 1970. The limitation amount requested for 1970 is $15,172,000, which is $166,000 greater than the estimate of $15,006,000 needed for 1969. The increase consists of an increase of $148,000 for the acquisition of equipment needed to modernize the computer system of the Board, an increase of $67,000 in the amounts the Board must pay the General Services Administration for its pro-rata share of the costs of the Federal Telecommunications System, and an increase of $85,000 for within-grade salary advancements, offset by a net decrease of $134,000 stemming from reduced manpower needs and other factors.

JUSTIFICATION OF ESTIMATES
PAYMENT FOR MILITARY SERVICE CREDITS, RAILROAD RETIREMENT BOARD

	Estimate 1969	Estimate 1970	Increase or Decrease
Program by activities			
Payment to Railroad Retirement Account.....	$18,446,000	$19,206,000	$+760,000
Financing			
New obligational authority (appropriation).....	$18,446,000	$19,206,000	$+760,000

Railroad workers entering military service may have such service credited towards benefits under the railroad retirement system under certain conditions. Under existing law the Government is obligated to pay to the Railroad retirement account the additional cost of crediting military service rendered prior to 1937 and used in computing annuities under the Railroad Retirement Act. For military service performed during war-service periods after 1936 and before 1957, the Government is required to pay the combined employer-employee payroll tax on $160 for each month of military service. For

JUSTIFICATION OF ESTIMATES

LIMITATION ON SALARIES AND EXPENSES, RAILROAD RETIREMENT BOARD (TRUST FUND)

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Program by activities						
1. Maintenance of earnings accounts	33	$ 394,000	34	$ 416,000	+1	$ +22,000
2. Processing claims	841	9,392,000	843	9,652,000	+2	+260,000
3. Maintenance of beneficiary rolls	281	3,618,000	281	3,476,000	....	-142,000
4. Actuarial services	21	264,000	21	270,000	....	+6,000
5. Administration	94	1,238,000	96	1,258,000	+2	+20,000
6. Contingency reserve	....	100,000	....	100,000	....	....
Total obligations	1,270	15,006,000	1,275	15,172,000	+5	+166,000
Financing						
Proposed increase in limitation due to pay increases		-516,000		....		+516,000
Limitation		14,490,000		15,172,000		+682,000
Obligations by object						
11 Personnel compensation:						
Permanent positions		10,475,000		10,702,000		+227,000
Positions other than permanent		71,000		90,000		+19,000
Other personnel compensation		858,000		546,000		-312,000
Total personnel compensation		11,404,000		11,338,000		-66,000
12 Personnel benefits		819,000		842,000		+23,000
21 Travel and transportation of persons		287,000		256,000		-31,000
22 Transportation of things		24,000		24,000		....
23 Rent, communications, and utilities		874,000		1,188,000		+314,000
24 Printing and reproduction		50,000		50,000		....
25 Other services		1,166,000		1,191,000		+25,000
26 Supplies and materials		145,000		145,000		....
31 Equipment		137,000		38,000		-99,000
92 Undistributed (contingency reserve)		100,000		100,000		....
Supplemental required for pay increases		-516,000		....		+516,000
Total obligations		14,490,000		15,172,000		+682,000
Personnel summary						
Total number of permanent positions		1,270		1,275		+5
Full-time equivalent of other positions		14		19		+5
Average number of all employees		1,199		1,215		+16
Average GS grade		7.3		7.3		....
Average GS salary		$ 8,432		$ 8,501		$ +69

Analysis of changes in budget authority

1969 as enacted	$14,490,000
Anticipated increase in limitation due to pay increases	516,000
1969 current estimate	15,006,000
Decrease from 1969:	
Net decrease in manpower costs from reduction in overtime and related costs	-134,000
Increases over 1969:	
Within-grade salary advancements	+85,000
Acquisition of computer equipment	+148,000
Increase in pro rata share of costs of Federal Telecommunications System	+67,000
Total, 1970 limitation request	15,172,000

service after 1956 and before July 1963, the Government is required to pay the difference between the combined taxes on $160 and the combined social security taxes actually paid with respect to the military service involved. For creditable military service rendered after June 1963, payments are on a cost basis including an overhead factor.

An appropriation of $19,206,000 is requested for fiscal year 1970 for payment to the Railroad retirement account for military service credits under the Railroad Retirement Act. The appropriation request of $19,206,000 consists of $19,177,000 as the sixth of ten yearly installments on the amount due the Railroad retirement account for creditable military service for the period through June 30, 1963, plus $29,000 for the additional cost for military service performed before 1937 and used in computing annuities certified in fiscal year 1968.

Details regarding the calculation of the amount of the sixth installment and a schedule of the amounts of the remaining four installments are given in the following tables.

Payment for Military Service Credits
Calculation of Sixth Installment

1.	Appropriation due the Board on July 1, 1964	$155,695,000
2.	Less first installment appropriated in F.Y. 1965	-13,834,000
3.	Balance	141,861,000
4.	Plus accrued interest on balance for F.Y. 1965	5,674,000
5.	Balance due July 1, 1965	147,535,000
6.	Less second installment appropriated in F.Y. 1966 (One-ninth of item 5)	16,393,000
7.	Balance	131,142,000
8.	Plus accrued interest on balance for F.Y. 1966	5,246,000
9.	Balance due July 1, 1966	136,388,000
10.	Less third installment appropriated in F.Y. 1967 (One-eighth of item 9)	17,049,000
11.	Balance	119,339,000
12.	Plus accrued interest on balance for F.Y. 1967	4,774,000
13.	Balance due July 1, 1967	124,113,000
14.	Less fourth installment appropriated in F.Y. 1968 (One-seventh of item 13)	17,730,000
15.	Balance	106,383,000
16.	Plus accrued interest on balance for F.Y. 1968	4,255,000
17.	Balance due July 1, 1968	110,638,000
18.	Less fifth installment appropriated in F.Y. 1969 (One-sixth of item 17)	18,440,000
19.	Balance	92,198,000
20.	Plus accrued interest on balance for F.Y. 1969	3,688,000
21.	Balance due July 1, 1969	95,886,000
22.	Sixth installment for appropriation in F.Y. 1970 (One-fifth of item 21)	19,177,000
23.	Plus additional cost for military service performed before 1937 and used in computing annuities certified in F.Y. 1968	29,000
24.	Appropriation requested for F.Y. 1970	19,206,000

Schedule of Amounts of Four Remaining Installments

Fiscal Year	Amount Due			Divisor	Installments
	Principal	Interest	Total		
1971	76,709,000	3,068,000	79,777,000	4	19,944,000
1972	59,833,000	2,393,000	62,226,000	3	20,742,000
1973	41,484,000	1,659,000	43,143,000	2	21,572,000
1974	21,571,000	863,000	22,434,000	1	22,434,000

Limitation on Salaries and Expenses (Trust Fund)
Justification by Activity

Activity 1. Maintenance of Earnings Accounts

	1969 estimate		1970 estimate		Change	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	33	$289,000	34	$294,000	+1	$ +5,000
Other expenses	---	105,000	---	122,000	---	+17,000
Total	33	394,000	34	416,000	+1	+22,000

	Man Years		
	1969	1970	Change
Average manpower estimates:			
Permanent and temporary employees	30	31	+1
Overtime equivalent	2	2	---
Total	32	33	+1

The maintenance of earnings accounts includes the work of processing of employers' reports of employees' compensation and service, for use in making claims payment determinations. Information must be accumulated for every railroad employee to identify the actual calendar months worked and the creditable earnings from January 1937 to date. In addition, railroad service rendered prior to 1937 also must be developed when claimed, since such service usually is creditable under the Act.

One indicator of the level of work in this activity is the number of accounts in which earnings are recorded, which are estimated at 860,000 in 1969 and 840,000 in 1970. The number of accounts in which earnings are recorded in any fiscal year approximates the total railroad employment in the preceding calendar year. However, to record data for employees with earnings in a calendar year, the master record of all acounts on tape must be processed by the computer and this record will increase from 10,715,000 accounts in 1969 to 10,790,000 in 1970. Thus, one workload indicator shows a slight decrease from 1969 to 1970 and the other shows a slight increase.

Man-year requirements increase slightly from 1969 to 1970 because of provision for reprogramming of some computer programs to secure optimum use of available computer equipment.

Activity 2. Processing Claims

	1969 estimate		1970 estimate		Change	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	841	$8,236,000	843	$8,369,000	+2	$+133,000
Other expenses	---	1,156,000	---	1,283,000	---	+127,000
Total	841	9,392,000	843	9,652,000	+2	+260,000

	Man Years		
	1969	1970	Change
Average manpower estimates:			
Permanent and temporary employees	813	826	+13
Overtime equivalent	43	43	---
Total	856	869	+13

This activity covers the work of assisting applicants in the filing of claims for regular retirement or survivor benefits, claims for supplemental annuities, applications to establish eligibility for medicare; explaining to applicants their rights and responsibilities; developing the claims or applications to establish eligibility for benefits; handling inquiries from applicants or potential applicants; and related work.

As explained in the summary and highlight section, various amendments to the Railroad Retirement and Social Security Acts enacted in the last three fiscal years have created emergency work conditions because the workloads have kept increasing beyond the Board's capacity to handle them. (Amendments to the Social Security Act affect the Board because a substantial number of railroad retirement beneficiaries receive benefits computed under formulas of the Social Security Act increased by 10%, and when SSA benefit rates change the RR rates for these beneficiaries also must be changed.) As a consequence of the series of amendments, the pending claims load increased from 6,700 cases at the start of 1966, to 10,600 at the start of 1967, to 22,900 at the start of 1968, with the load still at 22,350 cases at the start of 1969.

The Board expects to reduce the pending claims load from 22,350 cases at the start of 1969 to 17,350 cases by the end of the year. Then the Board plans to reduce the load to a more acceptable level of 12,350 cases by the end of fiscal year 1970. To make these reductions in backlogs it will be necessary to process a total of 259,000 claims in 1969 and 261,000 in 1970.

With some easing of pressures from the emergency work conditions which confront the Board, it is planned to restore and strengthen the wholly inadequate levels of manpower in such areas as inspection, computer programming, etc. Lack of adequate staffs has made it impossible to convert additional operations to computer processing and to refine and improve existing computer processing. Also, with more normal workload conditions expected in 1970, greater emphasis must be given to accuracy in adjudication and shortening the time lapse in processing claims.

To clear up the backlogs and to improve the quality of adjudication and service, the Board will need an increase of 13 man years in manpower from 1969 to 1970 for this area of operation.

Activity 3. Maintenance of Beneficiary Rolls

	1969 estimate		1970 estimate		Change	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	281	$2,426,000	281	$2,220,000	---	$-206,000
Other expenses	---	1,192,000	---	1,256,000	---	+64,000
Total	281	3,618,000	281	3,476,000	---	-142,000

	Man Years		
	1969	1970	Change
Average manpower estimates:			
Permanent and temporary employees	243	243	---
Overtime equivalent	43	8	-35
Total	286	251	-35

This activity covers the maintenance of the monthly roll of persons receiving retirement and survivor benefits, the roll of persons receiving supplemental annuities, and the roll of persons eligible for medicare benefits. The requirements for this activity have been classified into the man years needed for work relating to (A) handling regular changes in the rolls, handling inquiries from persons on the rolls, making deductions of premiums for medicare, and related operations; (B) policing to verify that persons continue to be eligible to receive monthly benefits; and (C) making rate changes required by amendments to the Social Security and Railroad Retirement Acts. The man-year requirements for these three sub-activities are as follows:

	Estimate 1969	Estimate 1970
A. Maintenance of Rolls and Servicing of Beneficiaries	176	178
B. Policing	79	73
C. Amendment Rate Changes	31	-
Total	286	251

A. Maintenance of Rolls and Servicing of Beneficiaries

Key workloads relating to the maintenance of rolls and servicing of beneficiaries are as follows:

	No. of Persons Receiving Monthly Benefits at End of Year		
	Actual 1968	Estimate 1969	Estimate 1970
Regular retirement and survivor benefits	956,000	961,000	965,000
Supplemental annuities	34,000	49,000	62,000
Total	990,000	1,010,000	1,027,000

The servicing of beneficiaries, of course, involves not only matters relating to benefits payable under the Railroad Retirement Act but also matters relating to the medicare program, since approximately 815,000 persons on the benefit rolls are also enrolled for medicare. The man-year requirements for the maintenance of the rolls and the servicing of the persons on the rolls increase moderately from 176 in 1969 to 178 in 1970. These increases are in line with the increases in the rolls.

B. Policing

The Board employs two principal methods of checking on the eligibility of beneficiaries to continue to receive monthly benefits. One method is through the use of questionnaires sent to beneficiaries. The other is through an electronic program for exchanging information with the Social Security Administration for use in coordinating the activities of both agencies and for policing beneficiaries on their respective rolls. Under this program, each agency earmarks its master tape record to indicate the data required by the other. Quarterly, each agency notifies the other of the occurrence of events which would affect the benefits payable by the other agency. These policing programs, of course, produce large savings to the trust fund, with the tape exchange program alone disclosing overpayments of approximately $2 million a year.

Because of the emergency conditions under which the Board has operated, large backlogs of cases have accumulated where possible overpayments exist which were identified under the quarterly tape policing program during the last one and one-half years. Also, certain other policing work that needs to be performed had been postponed.

In 1969, we hope to clear up most of the backlog of cases under the tape program. In 1970, we hope to have the cases under the tape program on a current basis and to conduct certain necessary policing operations which had not been performed for some time. These operations include the policing of court-appointed guardian cases; policing of Board-appointed representative payees; policing of foreign beneficiary cases; policing of cases where the annuity of a beneficiary under the special guaranty includes an amount for a family member not eligible in the member's own right to a benefit under the Railroad Retirement Act, but who would have been eligible if coverage had been under the Social Security Act; and the establishment of a control to require the return of all regular annual questionnaires rather than have the persons being policed return questionnaires only if they believe they have a disqualifying event to report.

With the planned reduction in backlogs in 1969, requirements for policing are expected to decrease from 79 man years in 1969 to 73 man years in 1970.

C. Amendment Rate Changes

There is a decrease of 31 man years in 1970 because of the completion in 1969 of non-recurring work created by the 1967 amendments to the Social Security Act and the 1968 amendments to the Railroad Retirement Act.

Activity 4. Actuarial Services

	1969 estimate		1970 estimate		Change	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	21	$242,000	21	$246,000	---	$ +4,000
Other expenses	---	22,000	---	24,000	---	+2,000
Total	21	264,000	21	270,000	---	+6,000

	Man Years		
	1969	1970	Change
Average manpower estimates:			
Permanent and temporary employees	21	21	---
Overtime equivalent	---	---	---
Total	21	21	---

This activity includes the work of preparing actuarial valuations of assets and liabilities of the railroad retirement system as required by law; preparing projections, cost estimates, and other reports relating to the existing benefit program as well as proposed amendments to either the Railroad Retirement Act or the Social Security Act; and conducting studies for the financial interchange with the social security system. These latter studies determine the amounts for transfer between the social security trust funds and the Railroad retirement account to place each trust fund in the same position in which it would have been if employment under the Railroad Retirement Act after December 31, 1936, had been employment under the Social Security Act from that date. The importance of these studies, which are required annually, can best be realized from the fact that hundreds of millions of dollars are involved in the financial interchanges.

The files of statistical data compiled for analytical and actuarial purposes also have great administrative value. They have been used to give rapid effect to changes in benefits under amendments and to identify those beneficiaries who come under the several policing programs. The savings accruing to the Board over the years from these files have been very great.

No change is expected in man-year requirements from 1969 to 1970.

Activity 5. Administration

	1969 estimate		1970 estimate		Change	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	94	$1,029,000	96	$1,051,000	+2	$+22,000
Other expenses	---	209,000	---	207,000	---	-2,000
Total	94	1,238,000	96	1,258,000	+2	+20,000

	Man Years		
	1969	1970	Change
Average manpower estimates:			
Permanent and temporary employees	92	94	+2
Overtime equivalent	1	1	---
Total	93	95	+2

This activity embraces the functions of executive direction and general administration, including activities such as personnel, fiscal property management, budgeting, administrative planning and control, and other similar activities.

With the emergency workload conditions confronting the Board through 1969, individuals normally in activities classified as general administration were reassigned from their normal duties to help in handling the amendment workloads. This resulted in abnormally low manpower usage in general administration. Provision is made for an increase of 2 man years from 1969 to 1970 to strengthen these activities.

Activity 6. Contingency Reserve

	1969 estimate	1970 estimate	Change
Undistributed	$100,000	$100,000	$ -0-
Total contingency reserve	$100,000	$100,000	$ -0-

This activity represents a contingency amount to be used with the approval of the Bureau of the Budget in the event workloads exceed the budget estimates. The amount is to be used only after maximum absorption of such costs within the regular limitation has been achieved.

MONDAY, APRIL 14, 1969.

THE NATIONAL MEDIATION BOARD AND THE NATIONAL RAILROAD ADJUSTMENT BOARD

WITNESSES

THE NATIONAL MEDIATION BOARD
HOWARD G. GAMSER, MEMBER OF BOARD
C. ROBERT ROADLEY, ASSISTANT EXECUTIVE SECRETARY
MISS ALETHA C. DOMANN, ADMINISTRATION ASSISTANT

THE NATIONAL RAILROAD ADJUSTMENT BOARD
H. G. HARPER, MEMBER OF BOARD
E. T. HORSLEY, MEMBER OF BOARD
ROY J. CARVATTA, ADMINISTRATIVE OFFICER

NATIONAL MEDIATION BOARD AND NATIONAL RAILROAD ADJUSTMENT BOARD

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Permanent positions	1,010	1,090	1,098
Positions other than permanent	589	613	613
Other personnel compensation		4	4
Total personnel compensation	1,599	1,707	1,715
Personnel benefits: Civilian employees	90	101	103
Travel and transportation of persons	194	237	237
Rent, communications, and utilities	55	65	65
Printing and reproduction	100	60	60
Other services	11	21	21
Supplies and materials	15	16	16
Equipment	11	9	9
Total obligations	2,075	2,216	2,226

PERSONNEL SUMMARY

Total number of permanent positions	104	98	98
Full-time equivalent of other positions	23	24	24
Average number of all employees	127	122	122
Average GS grade	8.7	8.7	8.7
Average GS salary	$9,750	$10,600	$10,684

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Mediation	728	801	811
2. Voluntary arbitration and emergency disputes	503	600	600
3. Adjustment of railroad grievances	844	865	815
Total program costs, funded	2,075	2,266	2,226
Change in selected resources [1]		−50	
Total obligations	2,075	2,216	2,226
Financing: Unobligated balance lapsing	73	276	
Budget authority	2,148	2,492	2,226
Budget authority:			
Appropriation	2,150	2,492	2,226
Transferred to other accounts	−2		
Appropriation (adjusted)	2,148	2,492	2,226
Relation of obligations to outlays:			
Obligations incurred, net	2,075	2,216	2,226
Obligated balance, start of year	192	246	289
Obligated balance, end of year	−246	−289	−289
Adjustment in expired accounts	−7		
Outlays	2,014	2,173	2,226

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1967, $50,000 (1968 adjustments, $48,000); 1968, $98,000; 1969, $48,000; 1970, $48,000.

Biographical Data on Principal Witnesses

Biography of Howard G. Gamser

Howard G. Gamser has been in Washington, on this tour of Federal service, since January 1961. He came as chief counsel to the Committee on Education and Labor of the House of Representatives. While he served as counsel, the committee originated and saw enacted into law many new pieces of legislation of a pioneering nature in the fields of education and labor.

Since March of 1963, Mr. Gamser has been serving by appointment of the President and after confirmation by the Senate, as a member of the National Mediation Board. For the fiscal year 1964–65, he was elected Chairman of the Board. He was reappointed to a second term in 1966.

He has had extensive Federal and State career government service. He previously worked with the National Labor Relations Board, the Wage Stabilization Board, and the New York State Board of Mediation. He was on active duty with the Army during World War II from 1941 to 1946, rising from private to captain in that period. During 1953–54, he was on leave from the Federal Government to teach as a Fulbright lecturer in labor law at the London School of Economics. He has also taught labor law at Columbia University from 1958 through 1960, and for many years lectured for the New York State School of Industrial and Labor Relations (Cornell University). During the current year, he is serving as adjunct professor of law at Georgetown University Law Center.

Until coming to Washington in 1961, Mr. Gamser was a member of the New York law firm of Bobroff, Olonoff, and Scharf, and had an extensive labor arbitration practice. He is admitted to the bar of New York, the District of Columbia, and the U.S. Supreme Court. His undergraduate training was at the College of the City of New York where he was elected to Phi Beta Kappa. He holds a master of arts degree from Columbia University in economics, and his LL. B. was gained at New York Law School.

Mr. Gamser is married to the former Doris Gold, of New York, and has two children, Matthew and Diana.

Biography of Hugh G. Harper

Name: Harper, Hugh G.
Address: 1416 Hinman Avenue, Evanston, Ill.
Date of birth: February 9, 1921.
Place of birth: Lamont, Whitman County, Wash.

Experience and education: Graduated from high school, Portland, Oreg., January 1938. Entered the railroad industry March 1940 as extra gang laborer, Maintenance of Way Department, Spokane, Portland & Seattle Railway Co. Later the same year commenced working as maintenance of way machine operator for the same company, remaining, except for military service World War II, until 1953, at which time was elected to the position of Brotherhood of Maintenance of Way Employees general chairman representing all employees in the maintenance of way department on that railroad. In June 1961, was appointed by the nationally organized railway labor organizations a member of the Supplementl Board, Third Division, National Railroad Adjustment Board, remaining until July 1968, when appointed member of the Third Division, National Railroad Adjustment Board, the position I now occupy.

BIOGRAPHY OF ELLSWORTH T. HORSLEY

Name: Horsley, Ellsworth T.
Address: 6852 South Shore Drive, Chicago, Ill.
Date of birth: December 27, 1909.
Place of birth: Dubuque, Iowa.
Experience: January 16, 1956, to date, carrier member, First Division, NRAB; September 1, 1952, to January 15, 1956, carrier member, Third Division, NRAB; 1928 to August 31, 1952, Illinois Central Railroad.
Education: University of Illinois, prelaw; John Marshall Law School, Chicago, Ill., LL.B.; admited to bar, State of Illinois, 1945.
Organization: Delta Theta Phi law fraternity.

THE NATIONAL MEDIATION BOARD

Mr. FLOOD. Now we have the National Mediation Board, and to make the presentation for the Board is the Chairman, Mr. Howard G. Gamser.

How do you want to proceed, Mr. Gamser?

Mr. GAMSER. I have a very brief statement that will just take about 2 minutes to read.

Mr. FLOOD. Go right ahead.

GENERAL STATEMENT

Mr. GAMSER. I have to apologize for the inability of my colleagues to be here today. As you may have read, Mr. O'Neill has been engaged in the signalmen dispute.

Mr. FLOOD. What is the status of that dispute?

Mr. GAMSER. Settled as of yesterday. And he has moved into the Pan American situation, so we thought he should stay with that.

Mr. Edwards is in Texas working with Braniff Airways.

I have with me Mr. Roadley and Miss Domann.

Mr. Chairman, members of the subcommittee, I appreciate your invitation to appear before the subcommittee and to discuss with you the National Mediation Board's budget for the fiscal year 1970.

As you know, this independent agency, first established by Congress in 1926, and composed in its present form in 1934, administers the Railway Labor Act. This statute is designed to provide orderly procedures for the settlement of labor disputes in the railroad and airline industries. Additionally, the National Mediation Board handles questions of representation as they arise in these industries and interprets agreements made in mediation.

The National Railroad Adjustment Board, whose representatives are also appearing today, and who will identify themselves, was also

established in 1934 under the Railway Labor Act for the purpose of disposing of grievances arising under the terms of collective bargaining agreements in the railroad industry.

That section of the Railway Labor Act which deals with the disposition of what are termed "minor disputes" was most recently amended by the 89th Congress in Public Law 456, approved June 20, 1966, to permit the decentralization, in some measure, of grievance disposition machinery. Under Public Law 456, new grievances and those which have been on the docket before the National Railroad Adjustment Board for a period of at least 12 months may be referred to a local board of adjustment on each individual railroad for expeditious disposition.

Thus, under the Railway Labor Act, Congress has provided for the railroad and airline industries specific machinery and procedures for the adjustment of labor-management disputes; that is, for mediation and the investigation of questions of representation; for emergency dispute procedures and arbitration; as well as for boards of adjustment and a National Railroad Adjustment Board to handle individual and group grievances arising under agreements between management and the labor organizations concerned.

The budget, as submitted, is designed to identify the functions just discussed and the amounts requested for each.

First, mediation, which is concerned with the making and amending of agreements. This activity is the responsibility of the National Mediation Board.

A total of $811,000, an increase of $10,000 over the amount available for 1969, is being requested to finance the Board's activities in fiscal year 1970. This increase is required to meet obligations which will be incurred as a result of statutory pay increases.

The second activity of the Board relates to voluntary arbitration and the investigation of critical disputes through the emergency board procedure. In arbitration proceedings, disputes are voluntarily submitted by labor and management to a neutral party for final and binding decision. Emergency boards are created pursuant to section 10 of the act when the Board notifies the President that a dispute threatens substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation. The President may, in these circumstances, in his discretion, create an emergency board to investigate and make recommendations as to the settlement of the dispute involved. Funds available for this activity are used to finance arbitration boards, special boards of adjustment, such as those created under Public Law 89–456 about which I have spoken, and emergency boards. The Board is not able to anticipate precisely the total expenditures for these activities and it is therefore advisable to have a small reserve available for emergency situations.

For the fiscal year 1970, the Board is requesting a total of $600,000 which is the same amount as allotted for this activity in fiscal year 1969.

The third activity carried on under this appropriation is the adjustment of grievances in the railroad industry. This activity pertains to the operations of the National Railroad Adjustment Board mentioned earlier, which is concerned with the interpretation or application of wage and rule agreements in the railroad industry. Representatives of the National Railroad Adjustment Board are here to answer ques-

tions in regard to this phase of our appropriation request. A sum of $815,000 is being requested for the fiscal year 1970. This is the same amount allotted for this activity in fiscal year 1969.

In summary, the National Mediation Board is requesting a total of $2,226,000 to finance activities under the Railway Labor Act for the fiscal year 1970. This is an increase of $10,000 over our authority for the fiscal year 1969.

THE NATIONAL RAILROAD ADJUSTMENT BOARD

Mr. FLOOD. I think we will take Mr. Harper of the National Railroad Adjustment Board at this time before we ask any questions.

Mr. Harper, you have a statement, I see. What do you want to do about it?

Mr. HARPER. I think I will read it, sir.

Mr. FLOOD. Very well.

GENERAL STATEMENT

Mr. HARPER. While many of the members of the committee are familiar with this Agency, we believe a brief statement of the establishment and operation of the Board will bear repeating. The National Railroad Adjustment Board was created by act of Congress, approved June 21, 1934, for the adjudication of disputes between an employee or group of employees and a carrier or carriers, growing out of grievances or out of the interpretation or application of agreements concerning rates of pay, rules, or working conditions. The disputes are first handled locally on the property, and if not adjusted there, are processed through successive steps up to and including the chief operating officer of the carrier designated to handle such disputes. If not adjusted in this manner, they are then referred to the appropriate divisions of the Adjustment Board for settlement.

The Board is composed of 36 members, 18 selected and paid by the carriers and 18 selected and paid by organizations of railway employees which are national in scope. The act provides for four divisions of the Adjustment Board, each of which has jurisdiction over disputes involving certain groups of employees. For example, the first division has jurisdiction over disputes involving train and yard service employees; the second division, shop crafts; the third division, clerical forces, maintenance-of-way men, dispatchers, etc.; and the fourth division, water transportation and miscellaneous.

There are 10 members, five labor and five carrier, on each of the first, second, and third divisions, and six members, three of each labor and carrier, on the fourth division. Since the labor and carrier members are equally divided, they frequently deadlock on cases, in which event they attempt and many times do agree upon a neutral, or referee, to sit with the division as a member and make an award. If the division fails to agree upon and select a referee, that fact is certified to the Mediation Board, which Board then selects the referee.

The establishment of a number of special boards on individual properties has somewhat reduced the backlog of cases. In the meantime, new cases continue to be received in substantial numbers. There has been a decided increase in the number of cases submitted by the non-

operating employees. Causes for the increases are the amendment to the Railway Labor Act permitting the union shop and resulting subsequent agreements; changes in agreements including the adoption of the 40-hour workweek; the national agreement covering vacations, pay for holidays, and time limit for submitting cases.

In order to reduce the large backlog of third division cases, following an agreement of the parties, there has been established a supplemental board of 10 members, which is making some progress in reducing the number of pending cases. Salaries of these members are also paid by the parties they represent.

It might be pertinent to point out that there are some 20 standard railroad labor organizations and hundreds of railroads; and it is estimated there are about 5,000 agreements in effect between these carriers and labor organizations covering rates of pay, hours of service, working conditions, etc. It is these agreements with which we deal.

During the last fiscal year, the four divisions of the Board received and docketed 1,395 cases and closed 1,717, but a backlog of 5,024 remained as of June 30, 1968. Many of these cases may involve hundreds of thousands of dollars.

The estimate for the fiscal year 1970 is $815,000, which is the same amount appropriated for the current year. We should like to stress the fact that the salaries of the members of the Board, and third division supplemental board are paid by the labor organizations and the carriers. It is estimated that this amounts to more than $900,000 per year. In addition, both labor organizations and the carriers furnish research and technical assistance to some of their members. Thus, these two parties bear more than half the cost of operation of the Board.

Mr. Chairman, that concludes my statement, but we shall be glad to answer any questions the committee may want to ask.

Effect of Revenue and Expenditure Control Act

Mr. Flood. What effect has the expenditure control and personnel limitation of the Revenue and Expenditure Control Act had on the National Mediation Board and on the National Railroad Adjustment Board? Mr. Gamser, suppose you tell us first the effect on the National Mediation Board.

Mr. Gamser. As to the personnel ceilings that have been indicated to be appropriate, our present employment, including the National Railroad Adjustment Board, stands at 94. We are therefore two under the requested ceiling.

Mr. Flood. You are speaking for the Adjustment Board too?

Mr. Gamser. Yes; both combined. The ceiling assigned by the Bureau of the Budget for 1970 will require no additional reduction of employees. We are not talking of great numbers but since we are a small agency these are significant as regards our operations.

As to the impact on performance, to be candid, our customers or clients, the railroads and airlines, would like to see more speedy assignment of mediators.

Mr. Flood. You do not need mediators unless there is a deadlock, do you?

Mr. Gamser. I am talking about the mediation activities, with regard to new terms and conditions of employment, when they require some

assistance in arriving at a mutual understanding as to terms and conditions of employment. We have to move our mediators around with more rapidity and all agencies, I am sure, could use additional help to provide more service, but we will do the best we can with the funds made available.

Mr. FLOOD. Do you agree with that?

Mr. HARPER. We do. We have reduced the force in line with the specifications last year from a normal level, excluding Board members, of 62 to 55. We have vacancies on the Board.

Mr. FLOOD. What about it?

Mr. HARPER. We are operating at the moment without them. We do need some help to expedite the cases.

DECREASE IN MEDIATION CASES

Mr. FLOOD. What accounts for this big decrease in mediation cases received from 420 in 1967 to 261 in 1968? That is quite a decrease.

Mr. GAMSER. I think there is a response on that to be indicated.

Mr. FLOOD. I hope so.

Mr. GAMSER. During the current fiscal year the number of national notices covering all railroads as a group——

Mr. FLOOD. What is the trend for 1969? You have the 1967 figure at 420 and the 1968 figure at 261, that is the decrease, and that is the first question. The second question is, what is the trend for 1969?

Mr. GAMSER. We assume the case intake will run about 270 cases a year during 1969 and in 1970 we would expect a further decrease.

I think one of the reasons for this reduction is that four labor organization have merged into one: the Brotherhood of Railroad Trainmen, the Brotherhood of Railroad Firemen and Enginemen, the Brotherhood of Switchmen, and the Brotherhood of Conductors and Trainmen.

Mr. FLOOD. What does that have to do with it?

Mr. GAMSER. Each of these organizations formerly submitted cases on their own. This is now coordinated and we will receive one case on behalf of the four former organizations.

Mr. FLOOD. They will not take separate case numbers, then?

Mr. GAMSER. No.

In addition to that, we have the filing of more national cases. One case number might be aplicable to 200 or more railroads rather than the filing of individual notices on separate railroads.

There is a separate merger of the Order of Telegraphers into the Brotherhood of Railroad and Airline Clerks which I believe will further reduce the number of cases coming in.

These three factors I think account for the decrease in caseload and for our prospective caseload in 1970.

LABOR ORGANIZATIONS IN THE AIRLINE INDUSTRY

Mr. FLOOD. How many individual labor organizations are there in the airline industry?

Mr. GAMSER. I would say about a dozen representing airline employees at this time.

Mr. FLOOD. Is that many good or bad from the standpoint of the workload?

Mr. GAMSER. We have no control over who represents them.

Mr. FLOOD. Is it good or bad for your workload?

Mr. GAMSER. The fact there are not as many operating organizations give us a more manageable workload, although there are some 300,000 people now gainfully employed in the part of the airline industry that comes under our jurisdiction.

Mr. FLOOD. Is it good or bad for labor? You are an old pro, you ought to know.

Mr. GAMSER. I do not think there is a definite answer one could give. I believe those in the airline industry that are organized are being adequately represented by the labor organizations.

Mr. FLOOD. I am asking if a reduction from 12 to 1 or 2 would be good for labor?

Mr. GAMSER. That is up to the employees to determine.

Mr. FLOOD. I understand. What do you think?

Mr. GAMSER. In my opinion a little competition for membership is a healthy thing. I am not unhappy because we have a dozen labor organizations.

REDUCTION IN ADJUSTMENT BOARD CASES CLOSED

Mr. FLOOD. Regarding the National Railroad Adjustment Board, in 1966 you closed 1,709 cases and in 1967 you closed 2,433, and last year you went down to 1,717. And you do not estimate much increase for 1969 and 1970. Why couldn't you keep up that 1967 rate?

Mr. HARPER. There was a curtailment of money for disposing of the cases. The average incoming cases remained approximately the same. It was a question of a reduced budget for disposing of the cases.

Mr. FLOOD. A reduced budget for disposing of the cases?

Mr. HARPER. Yes, not enough to keep the Board moving at a pace it could.

Mr. FLOOD. In other words, because you lack money, up goes the backlog?

Mr. HARPER. Yes.

It is a question of a new agreement being brought into the field and with each new agreement there are many agreements that arise from that agreement.

Mr. FLOOD. I suppose that was a factor in 1967.

Mr. HARPER. By the national agreements which occur, not every year but every other year, as you probably know it takes time to arrive at a national agreement and when it hits the property each has their own interpretation of it and here come the cases.

CASE BACKLOG

Mr. FLOOD. You have been talking to us here for many years about the backlog you have. You have told us each year about improvements in the offing, but you have almost a 3-year backlog at your present rate of closing cases. Do you want to talk about that?

Mr. HARPER. I think the backlog in some of the divisions has been reduced.

Mr. FLOOD. Are you trying to run a steam railroad. Shouldn't you modernize?

Mr. HARPER. We are modernizing but we do not have control over the incoming cases.

Mr. FLOOD. Did you ever have an outside management group come in and look at your setup?

Mr. HARPER. Not in my experience.

Mr. FLOOD. Why not? What do you think about it?

Mr. HARPER. What do I think about it to evaluate the Adjustment Board?

Mr. FLOOD. Yes. Many departments use outside management groups. It is an accepted practice and in many cases it is fruitful; in some cases it is not. But you have not even thought about it. Don't you think somebody should look at you?

Mr. HARPER. They could.

Mr. FLOOD. Sure they could, but they have not?

Mr. HARPER. No.

Mr. FLOOD. And you are not very excited about it, are you?

Mr. HARPER. Well, anything to expedite the cases. The Bureau of the Budget has, of course, come over and looked into our operations and recommended various corrections that could be made, but insofar as my knowledge is concerned, to obtain an outside concern to do this, no.

Mr. FLOOD. You might talk it over and see whether or not a study should be made down there.

REDUCTION OF BACKLOG

Mr. HORSLEY. May I say something?

Mr. FLOOD. Certainly. First identify yourself for the record.

Mr. HORSLEY. I am E. T. Horsley, a carrier member of the Adjustment Board. I have been on the Board for 17 years.

Mr. Chairman, I was interested in your question with respect to the reduction of the backlog and what is being done about it. Before coming here I examined the last 4 consecutive months and we have a backlog of 4,502 for the four divisions.

Mr. FLOOD. Did you take a look at the last 3 years?

Mr. HORSLEY. Yes. The backlog has come down. We had at one time a backlog of 6,000. We had 1,089 incoming cases and there is a reduction in the last 4 consecutive months in the backlog. There has been a merger of four unions in the first division, so there is a reduction.

Mr. FLOOD. Take a look at page 24 of your justifications under "Workload." You had pending at the end of the year 1967, 5,346; 1968, 5,024; 1969 estimate, 4,944; and 1970 estimate, 4,824. These are your figures. You certainly are not excited about that rate of reduction, are you?

Mr. HORSLEY. Yes; quite excited about the rate of reduction. But the Board has no control over the incoming cases.

Mr. FLOOD. Right.

Mr. HORSLEY. And not having any control over them, it has maintained a rather constant average of incoming cases and, as I pointed out, in the last 12 months we have kept ahead of the incoming cases.

You cannot account for the incoming cases. We have no control over that. We have in the last 12 months kept ahead of the incoming cases. The last 12 months is a different period from this estimate here, but in spite of the fact that the merger has closed down the first division beginning January 1 of this year, this estimate was made without regard to that situation, and I think we are doing a fine job with respect to cutting it down in the last 12 months.

The figures will back up the reduction in the backlog.

Mr. FLOOD. What do you say about having somebody take a look at your setup, not the Bureau of the Budget?

Mr. HORSLEY. Somebody coming in and looking at the operation of the Board?

Mr. FLOOD. Yes.

Mr. HORSLEY. I do not think we need an outside concern to look at the production of the Board because these cases are not the kind of cases you can put in a computer.

Mr. FLOOD. A while ago I used a not very clever simile, you are not running a steam railroad?

Mr. HORSLEY. No; not at all.

Mr. FLOOD. You think you are up to snuff?

Mr. HORSLEY. We are not proud of our production at all and the amendment to the act in 1967 has had a fine effect in that it has taken out of the first division some 700 cases, and that has been a help. But at the same time other cases come in because not all the carriers are taking advantage of that.

Mr. FLOOD. What is your position?

Mr. HORSLEY. I am a carrier member on the first division.

Mr. FLOOD. What is your background?

Mr. HORSLEY. I was with the Illinois Central Railroad for 24 years.

Mr. FLOOD. What did you do there?

Mr. HORSLEY. I was in the labor relations department.

Mr. FLOOD. Are you a lawyer?

Mr. HORSLEY. I was admitted to the bar in 1945.

Mr. FLOOD. Mrs. Reid?

Mrs. REID. Mr. Gamser, with respect to your caseload, you give the number for this year and estimate the number of mediation cases for the coming year, but I do not see that you divide them between railroad and airline cases. Am I correct that the majority involve airlines?

Mr. GAMSER. I am sorry we do not have a breakdown.

Mrs. REID. Can you provide it for the record?

Mr. GAMSER. Yes, we can.

Mr. FLOOD. That is a good question. The only thing wrong with it is I didn't ask it myself.

Mrs. REID. I am surprised, Mr. Chairman. If you will provide that for the record.

Mr. GAMSER. Yes.

(The information follows:)

In response to the request made by Congresswoman Charlotte T. Reid during the hearings before your subcommittee, listed below is a breakdown of the number of airline cases disposed of during the fiscal years 1966 through 1968 as compared to the number of railroad cases.

Year	Total cases	Airline cases	Railroad cases
1968	357	108	249
1967	334	114	220
1966	346	78	268

Mrs. Reid. That is all, Mr. Chairman.
Mr. Flood. Mr. Smith?
Mr. Smith. No questions.
Mr. Flood. Thank you, gentlemen.

JUSTIFICATION MATERIAL

NATIONAL MEDIATION BOARD

DIGEST OF ESTIMATE OF APPROPRIATION, 1970

FUNCTION OF THE BOARD

The National Mediation Board administers the Railway Labor Act governing labor relations in the Railroad and Airline industries. The general purposes of the Act are as follows:

1. To avoid any interruption to commerce or to the operation of any carrier engaged therein;

2. To forbid any limitation upon freedom of association among employees or any denial, as a condition of employment or otherwise, of the right of employes to join a labor organization;

3. To provide for the complete independence of carriers and of employees in the matter of self-organization;

4. To provide for the prompt and orderly settlement of all disputes concerning rates of pay, rules, or working conditions;

5. To provide for the prompt and orderly settlement of all disputes growing out of grievances or out of the interpretation of application of agreements governing rates of pay, rules, or working conditions.

These general purposes are implemented through the activities of the National Mediation Board, Arbitration and Emergency Boards and the National Railroad Adjustment Board.

PROGRAM AND PERFORMANCE

1. Mediation. The Board mediates labor disputes and determines collective-bargaining representatives for the 700 carriers and the one million employes in the railroad and airline industries.

Mediation Cases	1967 Actual	1968 Actual	1969 Estimate	1970 Estimate
Pending, start of year	545	629	589	525
Received during year	420	261	270	250
Closed during year	336	301	334	300
Pending, end of year	629	589	525	475

2. Voluntary arbitration and emergency disputes. When mediation fails, the parties are urged to submit their differences to arbitration. In the event that the dispute is not settled a situation may develop which creates an emergency dispute such as outlined in Section 10 of the Railway Labor Act. Grievances may be submitted to either a Special Board of Adjustment or a Public Law Board for adjudication. Public and neutral members of such boards are paid from this account.

	Number of Boards Convened			
	1967 Actual	1968 Actual	1969 Estimate	1970 Estimate
Arbitration Boards	6	10	10	10
Special Adjustment Boards	136	83	50	30
Emergency Boards	5	2	7	7
Public Law Boards	31	125	175	175

3. Adjustment of Railroad Grievances. Railroad employee grievances resulting from application of collective bargaining contracts may be brought for settlement to the 36-man board composed of 4 divisions. Each division has an equal number of carriers and union representatives paid by the parties and handles the grievances of a particular type of employee. The appropriation provides clerical assistance to the Board and neutral referees to sit with divisions of the board when they are deadlocked.

	Workload			
	1967 Actual	1968 Actual	1969 Estimate	1970 Estimate
Pending, beginning of year	6,090	5,346	5,024	4,944
Received during year	1,689	1,395	1,740	1,730
Closed during year	2,433	1,717	1,820	1,850
Pending, end of year	5,346	5,024	4,944	4,824
Referee days of service	2,484	1,726	1,500	1,500

SCHEDULE OF FUNDS AVAILABLE FOR OBLIGATION AND AN

ANALYSIS OF OBLIGATIONS BY UNIFORM OBJECT CLASS

Standard Classification		1968 Actual	1969 Estimate	1970 Estimate
Personnel compensation:				
11.1	Permanent positions	$1,009,976	$1,090,400	$1,098,400
11.3	Positions other than permanent	587,557	612,500	612,500
11.5	Other personnel compensation	---	4,000	4,000
	Total personnel compensation	1,597,533	1,706,900	1,714,900
12.0	Personnel benefits	90,168	101,500	103,500
21.0	Travel and transportation of persons	194,723	236,600	236,600
23.0	Rent, communications and utilities	54,237	64,500	64,500
24.0	Printing and reproduction	99,675	60,000	60,000
25.1	Other services	11,766	21,500	21,500
26.0	Supplies and materials	15,729	16,000	16,000
31.0	Equipment	11,050	9,000	9,000
	Total obligations	2,074,881	2,216,000	2,226,000

NATIONAL MEDIATION BOARD

PROGRAM AND FINANCING

	1968 Actual	1969 Estimate	1970 Estimate
Program by activities:			
1. Mediation	$ 727,531	$ 801,000	$ 811,000
2. Voluntary arbitration and emergency disputes	503,350	600,000	600,000
3. Adjustment of railroad grievances	844,000	815,000	815,000
Total program costs-obligations 1/	2,074,881	2,216,000	2,226,000
Financing			
Unobligated balance lapsing	75,119	276,000	---
New obligational authority (appropriation)	2,150,000	2,492,000	2,226,000
New obligational authority:			
Appropriation	2,150,000	2,492,000	2,226,000

PERSONNEL SUMMARY

	1968 Actual	1969 Estimate	1970 Estimate
Total number of permanent positions	104	98	98
Full-time equivalent of other positions	23	24	24
Average number of all employees	127	122	122
Average GS grade	8.7	8.7	8.7
Average GS salary	$9,750	$10,600	$10,684

1/ Selected resources as of June 30 are as follows: unpaid undelivered orders, 1967, $50 thousands; (1968 adjustments $48 thousands); 1968, $98 thousands; 1969, $48 thousands; 1970, $48 thousands.

NATIONAL MEDIATION BOARD

ORGANIZATION AND ACTIVITIES

Activity: MEDIATION

The amended Railway Labor Act administered by the National Mediation Board is the culmination of more than 60 years of experience in the field of Federal legislation dealing with the relationship of employer and employee in the transportation industry. This history commenced with the passage of the Newlands Act by the Congress in 1898, and through several successive steps of legislative action, has finally resulted in the present Railway Labor Act, passed in 1926 and amended in 1934. The airline industry was placed under this law by the Congress in 1936.

The basic aims of the present Act are to promote the settlement of all disputes concerning rates of pay, rules and working conditions by negotiation and agreement between the duly authorized and designated representatives of management and the employees. This is accomplished through the process of collective bargaining between the representatives of the rail and air carriers and their employees. Representatives for this purpose may be chosen by each party without interference, influence or coercion of either party on the other.

The primary obligation imposed by the Act on both parties is that of making agreements to govern rates of pay, rules and working conditions and to reduce strife in the industry.

The Act also imposed the definite obligation on both sides to confer and make every reasonable effort to adjust their differences through negotiation and agreement. When this is not found possible the mediation services of this Board may be invoked by either party and the Board then exerts its best efforts in mediation to bring about an adjustment. Should these efforts be unsuccessful, the law then makes it the duty of the Board to urge the parties to submit their differences to final and binding arbitration. As a last resort the Board may certify to the President emergencies which threaten to interrupt interstate commerce to a substantial portion of the country, and the controversy may then be considered by an emergency board.

The Mediation Board also determines representation disputes arising among various crafts or classes of railroad and airline employees, by conducting secret ballot elections or checking signed authorization cards, and certifies the names of the chosen representatives to the carriers. In addition, the Board appoints referees to sit with the various divisions of the National Railroad Adjustment Board on deadlocked cases, and, when requested to do so appoints neutral arbitrators to sit with arbitration boards set up under the Act; and appoints neutrals to work with special boards of adjustment on the rail carriers and with system boards of adjustment on the airlines.

Approximately 1,000,000 rail and airline employees are under the jurisdiction of this Board and the Act.

The Mediation Board has three members who are Presidential appointees, and 36 employees, making a total staff of 39. All of the staff, with the exception of the Board Members, are under the classified civil service.

STATUS OF WORK OF BOARD

During the past fiscal year the case load of the Board decreased. This trend is expected to continue.

The case load of the Board had been increasing due to the fact that some disputes in the railroad industry which involve an identical issue on the individual railroads have not been handled by the parties through National committees as a single dispute. Cases have been docketed for each of the many carriers involved. When settlements are reached on some of the major carriers, the disputes on the remaining carriers are disposed of with a minimum of mediator effort. There is some indication that multiple case handling of this nature will decline. In addition, the trend of labor organizations in the railroad industry to merge may lead to a decline in the total number of cases the Board will be required to handle.

The following table shows the actual case load figures for 1967 and 1968, and estimated figures for 1969 and 1970 based on experience for the past four years. This table is divided to show cases pending at start of year, cases docketed, cases closed and cases on hand at the end of each fiscal year. The estimated workload for 1970 is based on analysis of cases received for the past three years.

Mediation Cases	1967 Actual	1968 Actual	1969 Estimate	1970 Estimate
Pending, start of year	545	629	589	525
Received during year	420	261	270	250
Closed during year	336	301	334	300
Pending, end of year	629	589	525	475

AIR LINE CASES

Title II of the Railway Labor Act, placing the airlines of the United States thereunder, was approved April 10, 1936. During the first few years thereafter, very few cases arose among airline employees requiring the mediatory service of this Board, or its services in connection with representation disputes. Organizational activity among certain employee groups in the airline industry is still in progress and numerous individual labor organizations are involved.

Technological changes have continued in the airline industry bringing in their wake labor problems arising out of requests for revised working rules and increased compensation. The demonstrated increased earning capacity of larger and faster planes have brought demands for higher wages. Improved navigational aids and the use of jet engines have been a basis for requests for improved severance pay contracts.

The establishment of new routes or changes in established routes has resulted in requests for revisions in agreements, which included rules and rates for handling joint routes and interchange service.

Consolidation of established airlines by purchase and merger has resulted in disputes involving the status of the personnel of the affected units including integration of seniority lists, severance pay formulae, etc. The airline industry is still expanding and mergers and consolidations under authority of the Civil Aeronautics Board continue. Many problems arise in connection with this phase of airline operations.

Except for the pilots, who are represented by a single labor organization, other groups on the airlines are represented by many different organizations, which has resulted in a divergency in the terms of agreements on rates and rules. Many of the classes of ground service employees are still unrepresented, and with organizing campaigns in progress among them by various organizations, we do not anticipate a decline in the number of representation disputes among airline employees.

REVIEW OF OPERATIONS

In the railroad industry problems, which PL 88-108 approved August 28, 1963, was intended to dispose of, continue to be a factor in labor disputes. Manning issues and crew consist disputes still remain unresolved. Upon the expiration of PL 88-108 early in 1966, the labor organizations initiated demands in areas which had been the subject of the Public Law. Final resolution of many of these problems awaits completion of pending litigation.

In the airline industry all organizations continue to press for more favorable contracts covering issues involving jobs security, union shop and wage increases. The Board does not anticipate any decline in its workload of airline cases but rather expects the organizations' efforts to continue to be directed toward more favorable agreements.

Representation disputes in the airline industry are increasing. Unorganized airline employees are expressing their desire for representation in increasing numbers, some of which is the result of mergers among certain airline companies. There may be a decline in representation disputes among railroad employees as a result of merged unions.

ANALYSIS OF TRAVEL, 1968

Year	Total Travel Days	Cost per Travel Day	Total	Number Cases Closed	Travel Days Per Case	Number of Travelers	Travel Days per Traveler
1966	4,794	$26.38	$126,544	346	14	23	209
1967	3,645	28.00	103,448	336	11	23	158
1968	3,612	28.60	103,208	301	12	21	172
1969	3,960	29.70	117,600	334	12	22	180
1970	3,960	29.70	117,600	300	13	22	180

SUMMARY

The amount requested for this activity is $811 thousand. This is $10 thousand more than the amount of $801 thousand which was the restricted obligating authority for this activity for fiscal year 1969. This additional $10 thousand is requested adjustments to meet mandatory pay.

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NATIONAL MEDIATION BOARD

ACTIVITY ANALYSIS BY OBJECT CLASSIFICATION

Activity: MEDIATION	1968 Actual	1969 Estimate	Increase	1970 Estimate
11 Personnel Compensation				
Permanent positions	$541,365	$590,400	$8,000	$598,400
Positions other than permanent	6,357	2,500	---	2,500
Pay above the stated annual rate	---	2,000	---	2,000
Total personnel compensation	547,722	594,900	8,000	602,900
12 Personnel benefits	39,819	45,000	2,000	47,000
21 Travel and transportation of persons	99,786	117,600	---	117,600
23 Rent, Communications and utilities	20,690	26,000	---	26,000
24 Printing and reproduction	8,129	5,000	---	5,000
25 Other services	3,056	3,500	---	3,500
26 Supplies and materials	5,313	6,000	---	6,000
31 Equipment	3,016	3,000	---	3,000
Total obligations	727,531	801,000*	10,000	811,000

*Our original appropriation for fiscal 1969 for this activity was $817,000 plus $32,000 for civilian pay increase, making a total of $849,000. Obligations for this activity do not include $48,000 (PL 90-364), unobligated balance lapsing.

The amount requested for fiscal 1970 is $811,000, an increase of $10,000 over estimated obligations for 1969.

Activity: VOLUNTARY ARBITRATION AND EMERGENCY DISPUTES

Despite the labor unrest in the industries subject to the Railway Labor Act, the number of legal work stoppages in the airline and railroad industries has been relatively low as compared to other industries. While there have been many incidents which potentially threatened to interrupt rail and air traffic, the Board feels that the whole record of this performance indicates that its efforts have, in the main, succeeded in keeping the wheels of the transportation industry moving. In many instances the efforts of the members and staff of the National Mediation Board are successful in achieving peaceful settlements of labor disputes through the procedures financed under this activity establishing emergency and arbitration boards as well as special boards of adjustment.

A total of $600,000 is requested for this activity to finance operations in the fiscal year 1970. This is the same as the amount appropriated for fiscal 1969.

Emergency Boards. Under the terms of Section 10 of the Railway Labor Act, if a dispute between a carrier and its employees is not adjusted through mediation or the other procedures prescribed by the Act, and should, in the judgment of the National Mediation Board, threaten to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation service, the Board shall notify the President, who may thereupon, in his discretion, create an emergency board to investigate and report to him respecting such dispute. An emergency board may be composed of such number of persons as the President designates, and persons so designated shall not be pecuniarily or otherwise interested in any organization of employees or any carrier. The compensation of emergency board members is fixed by the President. An emergency board is created separately in each instance, and is required to investigate the facts as to the dispute and report thereon to the President within 30 days from the date of its creation.

During the past fiscal year no emergency boards were created. Payments were made for one emergency board created during the prior fiscal year as well as the board created by PL 90-54, approved July 17, 1967, providing for settlement of the railroad shopcraft dispute. A total of $5,508 was expended for these two boards.

Arbitration Boards. Section 5.3(a), of the Railway Labor Act, provides that in the event mediation of a dispute is unsuccessful, the Board shall endeavor to induce the parties to submit their controversy to arbitration under the provisions of Section 7 of the Act. Generally, arbitration boards consist of three members, a representative of the carrier and of the organization and a third neutral member. The compensation of the neutral member is paid for by the National Mediation Board.

Seven arbitration boards were created during the past fiscal year. Five of these boards in addition to five boards created in the previous fiscal year met. Thus 10 arbitration boards convened for which a total of $18,385 was obligated.

Special Boards of Adjustment. Public Law 89-456 was approved June 20, 1966. This law provides that either the carrier or the organization can request the establishment of a special adjustment board to dispose of disputes otherwise referable to the National Railroad Adjustment Board.

Neutral members of such boards will be appointed and compensated by the National Mediation Board. In addition to neutrals appointed to dispose of disputes involving grievances, neutrals may be appointed to dispose of procedural issues which arise as to the establishment of the Board itself. These neutrals will also be compensated by the National Mediation Board. The interest of both the carriers and organizations in this procedure indicates that many demands will be made upon the Board for the payment of neutrals.

During the past year 147 PL Boards were approved. The cost of the 125 boardsthat convened during the fiscal year was $241,031. These boards disposed of 1,440 cases.

Special Boards of Adjustment continued to function during the past fiscal year. Ten new special boards of adjustment were created, and during this period a total of 83 boards convened. This represents a decrease over the number, 35, of boards created in fiscal year 1967, also a decrease over the number, 136, of boards which convened in that year. A total of $211,540 was obligated for these boards in fiscal 1968. These boards had disposed of 2,420 cases as of June 30.

It is not possible to forecast precisely the total expenditures needed for the activity, voluntary arbitration and emergency disputes, nor to determine exactly the amount needed for the various types of boards established. The estimate is based on past experience, knowledge of the industry problems and a reasonable reserve for contingencies. In summary, the expenditures for 1968 were as follows:

Emergency Boards	$ 5,508
Arbitration Boards	18,385
Special Boards of Adjustment	211,540
Public Law Boards	241,031
Communications Services	16,933
Taxes and Assessments	9,953
	$503,350

NATIONAL MEDIATION BOARD

ACTIVITY ANALYSIS BY OBJECT CLASSIFICATION

Activity: VOLUNTARY ARBITRATION AND EMERGENCY DISPUTES	1968 Actual	1969 Estimate	1970 Estimate
11 Personnel compensation			
Positions other than permanent	$408,550	$460,000	$460,000
12 Personnel benefits	10,112	10,500	10,500
21 Travel and transportation of persons	62,440	90,000	90,000
23 Rent, communications and utilities	17,030	21,500	21,500
24 Printing and reproduction	---	3,000	3,000
25 Other services	5,218	15,000	15,000
Total obligations	503,350	600,000*	600,000

*The original appropriation for this activity for fiscal year 1969 was $615,000. A savings cutback of $15,000 was assigned this activity (PL 90-364), leaving a total obligating authority of $600,000. We are requesting the same amount for fiscal 1970.

EMERGENCY BOARDS, 1968

No.	Carrier and Organization	Salaries	Per Diem & Trans.	Printing	Other Services	Rents & Utilities	Total
	Board created by PL 90-54 signed 7-17-67 to provide for the settlement of the railroad shopcraft dispute	2,400.00	1,382.95	--	1,004.29	97.64	4,884.88
171	Nat'l. Ry Labor Conference - ORC&B	600.00	22.90	--	--	--	622.90
		3,000.00	1,405.85	—	1,004.29	97.64	5,507.78

ARBITRATION BOARDS, 1968

No.	Carrier and Organizations	Salaries	Per Diem & Trans.	Printing	Other Services	Rents & Utilities	Total
231	Erie Railroad Co - BRT	100.00	--	--	--	--	100.00
282	Eastern, W.SE Carriers Conf Comm & BLE, BLF&E, ORC&B, BRT, SUNA	3,025.00	2,036.85	--	53.75	--	5,115.60
289	Erie Lackawanna RR Co - BRC	100.00	--	--	--	--	100.00
293	AT&St Fe Fy Co - BRC	125.00	78.50	--	--	--	203.50
294	Pan American World Airways, Inc. - TWU	--	--	--	275.20	--	275.20
296	Pan American World Airways, Inc. - TWU	--	--	--	581.36	--	581.36
297	Chesapeake & Ohio RR - SIUA	250.00	161.57	--	88.37	--	499.94
298	Nat'l. Ry Labor Conference & Nat'l. Conf Comm and Five Coop Ry Labor Organizations	5,650.00	2,240.77	--	2,726.58	--	10,617.35
299	Pan American World Airways, Inc. - TWU	--	--	--	488.48	--	488.48
300	Colorado & Southern Ry - ORC&B	275.00	129.05	--	--	--	404.05
		9,525.00	4,646.74	--	4,213.74	--	18,385.48

No.	Parties	Referee	Selected by	No. cases disp. of	Salaries	Per Diem & Trans.	Total
1	Southern Pacific - SUNA	Sempliner	Parties	73	10,775.00	1,999.95	12,774.95
6	Union Pacific RR - BLE	Boyd	Parties	7	600.00	181.87	781.87
9b	NYHCCC - Erie Lackawanna RR - MEBA	Rose	NMB	2	700.00	--	700.00
9c	Erie Lackawanna RR - MEBA	Weston	Parties	1	550.00	--	550.00
10	Great Northern Ry - SUNA	Sempliner	Parties	13	3,500.00	376.70	3,876.70
12	Grand Trunk Western RR - ORC&B	Sempliner	Parties	8	2,050.00	--	2,050.00
15	Southern Pacific Co - BRS	Hamilton	NMB	37	4,500.00	278.30	4,778.30
17	Chicago, Burlington & Quincy - BRC	Bailer	Parties	25	2,700.00	908.01	3,608.01
21	St. Louis & SW Ry - TCEU	Harr	NMB	58	16,850.00	1,167.85	18,017.85
22	Richmond, Fredericksburg & Potomac - BRT	Coburn	Parties	47	5,700.00	293.35	5,993.35
23	Missouri Pacific RR - BRC	Dolnick	NMB	2	700.00	220.41	920.41
25	CB&Q RR Co - BLE	Hanlon	Parties	57	2,150.00	798.95	2,948.95
28	Ogden Union Ry - BRT	Abernethy	Parties	-	950.00	199.80	1,149.80
29	Peoria & Pekin Union Ry - BRT	Healy	Parties	1	1,500.00	550.00	2,050.00
30	Monon RR - ORC&B	Abernethy	Parties	8	950.00	162.22	1,112.22
31	Elgin, Joliet & Eastern - BRC	Bailer	Parties	22	2,600.00	390.80	2,990.80
32	Erie Lackawanna RR - BRC	Rose	Parties	24	4,400.00	110.60	4,510.60
33	Youngstown Northern RR - BRT	Boyd	Parties	1	50.00	--	50.00
34	St. Louis - San Francisco Ry - TCEU	Dorsey	Parties	75	19,450.00	2,034.01	21,484.01
35	Great Northern Ry Co - ORC&B	Sempliner	Parties	11	2,425.00	334.25	2,759.25
36	AT&StFe Ry Co - BLF&E	O'Gallagher	Parties	18	4,150.00	561.63	4,711.63
37	St. Louis & SF Ry Co - BRT	Moore	Parties	92	8,300.00	1,036.00	9,336.00
38	Grand Trunk Western - BLE	Douglass	Parties	29	2,050.00	163.90	2,213.90
40	Detroit & Toledo Shore Line RR - BLF&E	Haughton	NMB	20	1,400.00	535.00	1,935.00
41	AT&StFE Ry Co - BLF&E	O'Gallagher	Parties	28	2,350.00	232.70	2,582.70
42	Minn., Dakota & Western Ry Co - BRT	Hall	NMB	Procedural	100.00	--	100.00
43	Louisville & Nashville RR - BRT	Boyd	Parties	11	2,850.00	785.55	3,635.55
44	Denver & Rio Grande Western RR - BRT	Whiting	Parties	6	700.00	225.47	925.47
46	Elgin, Joliet & Eastern Ry Co - ORC&B	Seidenberg	Parties	Procedural	1,125.00	604.19	1,729.19
47	Spokane, Portland & Seattle Ry - BLE	Boyd	Parties	6	750.00	190.85	940.85
48	Union Pacific RR - BRT	Abernethy	Parties	12	1,875.00	524.28	2,399.28
50	Spokane, Portland & Seattle Ry - ORC&B	Boyd	NMB	Procedural	300.00	18.90	318.90
51	Denver & Rio Grande Western RR - ORC&B	Whiting	Parties	3	500.00	201.49	701.49

PUBLIC LAW BOARDS, 1968

No.	Parties	Referees	Selected by	No. cases disp. of	Salaries	Per Diem & Trans.	Total
53	AT&StFe Ry Co - BRT	Boyd	Parties	12	1,800.00	327.27	2,127.27
54	Aliquippa & Southern RR - BRT	Lynch	Parties	1	200.00	77.70	277.70
55	NY, NH & H RR - BLF&E	O'Gallagher	Parties	-	1,200.00	219.74	1,419.74
56	Akron & Barberton Belt RR - BLF&E	Sempliner	NMB	1	900.00	125.60	1,025.60
57	Union Pacific RR - ORC&B	Abernethy	Parties	1	675.00	200.25	875.25
58	NYC RR - BLF&E	Douglass	Parties	32	2,800.00	617.40	3,417.40
60	AT&StFe Ry Co - BLF&E	O'Gallagher	Parties	1	550.00	165.02	715.02
61	Green Bay & Western RR - BLF&E	Hanlon	Parties	7	775.00	553.20	1,328.20
62	New York Central RR - BLF&E	Bailer	Parties	1	275.00	297.75	572.75
63	Great Northern Ry Co - BLF&E	Haughton	NMB	-	100.00	66.80	166.80
64	Savannah & Atlanta Ry - BLF&E	Seidenberg	NMB	Procedural	800.00	15.00	815.00
65	Lake Terminal RR - BRT	Begley	Parties	35	2,100.00	217.69	2,317.69
66	AT&StFe Ry Co - BLF&E	O'Gallagher	Parties	9	1,200.00	130.28	1,330.28
67	Portland Terminal RR - BLF&E	O'Gallagher	Parties	-	300.00	275.00	575.00
68	Lehigh Valley RR - BLE	Seidenberg	Parties	9	1,250.00	86.94	1,336.94
69	Belt Ry Co of Chicago - BRT	Douglass	Parties	236	1,350.00	236.90	1,586.90
70	AT&St Fe Ry Co - BLF&E	Boyd	Parties	1	550.00	325.75	875.75
71	Colorado & Southern Ry Co - BRT	Stone	Parties	-	5,000.00	--	5,000.00
73	Butte, Anaconda & Pacific RR - BLF&E	Sempliner	NMB	Procedural	250.00	288.55	538.55
74	Detroit & Toledo Shore Line RR - ORC&B	Whiting	NMB	3	600.00	--	600.00
75	Newburgh & South Shore Ry Co - BRT	Begley	Parties	-	100.00	--	100.00
76	Missouri, Kansas, Texas RR - BMWE	Ray	Parties	11	2,600.00	--	2,600.00
77	NY, NH & H RR - BLE	O'Gallagher	Parties	29	2,550.00	467.51	3,017.51
79	Illinois Central - BRT	Dolnick	NMB	1	1,350.00	9.92	1,359.92
80	AT&St Fe Ry Co - BRT	Jones	NMB	Procedural	300.00	--	300.00
		Bailer	NMB	6	500.00	--	500.00
81	Erie Lackawanna - BLE	Weston	Parties	91	1,800.00	140.17	1,940.17
83	Western Maryland Ry - BLF&E	Seidenberg	Parties	14	1,500.00	78.54	1,578.54
85	Chicago, Rock Island & Pacific - BMWE	Dorsey	Parties	1	1,100.00	246.27	1,346.27
86	AT&St Fe Ry Co - BLE	Jones	NMB	Procedural	300.00	--	300.00
87	Boston & Maine RR - BRT	Cox	NMB	Procedural	600.00	--	600.00
		Brown	NMB	14	3,300.00	--	3,300.00
88	Delaware & Hudson RR - BRT	Wolf	NMB	Procedural	650.00	71.90	721.90

No.	Parties	Referees	Selected by	No. cases disp. of	Salaries	Per Diem & Trans.	Total
88	Delaware & Hudson RR - BRT	Hanlon	Parties	-	1,250.00	295.00	1,545.00
89	Houston Belt & Terminal Ry - BRT	Moore	NMB	9	925.00	187.00	1,112.00
90	River Terminal Ry Co - BRT	Coffey	NMB	Procedural	425.00	203.83	628.83
		Lynch	Parties	-	150.00	88.51	238.51
91	NYC RR - BRT	Cluster	Parties	1	450.00	88.24	538.24
92	Clinchfield RR - SUNA	Sempliner	Parties	1	350.00	70.90	420.90
93	Penn RR - BRT	Dorsey	NMB	1	1,500.00	136.00	1,636.00
95	Indianapolis Union Ry - SUNA	Sempliner	Parties	6	1,150.00	298.85	1,448.85
96	Pittsburgh & Lake Erie - BLE	Cluster	Parties	-	250.00	116.85	366.85
97	CMStP&P RR - BRT	Whiting	Parties	1	400.00	134.85	534.85
101	River Terminal RR - BLF&E	Kabaker	NMB	3	925.00	--	925.00
102	Bangor & Aroostook RR - BLF&E	Brown	NMB	1	350.00	64.67	414.67
103	Denver & Rio Grande Western - SUNA	Moore	NMB	49	6,725.00	668.40	7,393.40
104	AT&St Fe Ry Co - BRT	Avernethy	NMB	-	875.00	223.65	1,098.65
105	Maine Central RR - ORC&B	Hanlon	NMB	Procedural	525.00	277.50	802.50
106	Bangor & Aroostook RR - BRT	Hanlon	NMB	-	425.00	136.90	561.90
107	Port Authority Trans Hudson - BRT	Seidenberg	NMB	3	1,100.00	115.53	1,215.53
108	Youngstown & Northern RR - BLF&E	Boyd	Parties	-	400.00	112.20	512.20
110	Southern Pacific Co - SUNA	Coffey	Parties	-	550.00	99.22	649.22
111	Norfolk & Western Ry Co - BRT	Boyd	Parties	7	900.00	147.15	1,047.15
113	Pittsburgh & Shawmut RR - TWU	Hall	Parties	1	300.00	112.70	412.70
114	B&O RR - BRA&SC	Lynch	Parties	-	5,800.00	35.00	5,835.00
115	Southern Pacific Co - TCEU	Harr	Parties	1	600.00	213.65	813.65
116	Detroit, Toledo & Ironton RR - BRT	Whiting	Parties	5	600.00	--	600.00
117	Atlanta Joint Terminal - BRT	Seidenberg	Parties	5	1,00.00	104.23	1,104.23
119	Detroit & Toledo Shore Line - BRA&SC	Dorsey	Parties	8	5,100.00	1,037.79	6,137.79
123	Chicago, Rock Island & Pacific - BLE	Boyd	Parties	-	400.00	48.10	448.10
124	Southern Pacific Co - BLF&E	Kenan	NMB	13	1,050.00	489.80	1,539.80
125	Chicago, West Pullman & Southern - BRT	Douglass	Parties	12	725.00	128.25	853.25
126	Erie Lackawanna RR - BRT	Boyd	Parties	1	625.00	221.75	846.75
127	Long Island RR - BLE	Rose	NMB	Procedural	1,400.00	--	1,400.00
128	Indiana Harbor Belt RR - BLF&E	Boyd	Parties	1	925.00	328.67	1,253.67
129	Ahnapee & Western Ry Co - BLF&E	Seitz	NMB	1	700.00	65.45	765.45
130	Soo Line RR - BLF&E	O'Gallagher	Parties	17	1,100.00	163.85	1,263.85

PUBLIC LAW BOARDS, 1968

No.	Parties	Referee	Selected by	No. cases disp. of	Salaries	Per Diem & Trans.	Total
131	St. Louis-San Francisco Ry - BLE	Daugherty	Parties	22	1,900.00	454.60	2,354.60
133	Great Northern Ry Co - ORC&B	Dolnick	NMB	Procedural	500.00	134.32	634.32
134	Des Moines Union - SUNA	Davey	NMB	1	400.00	21.00	421.00
137	Denver & Rio Grande Western RR Co- BLF&E	Johnson	NMB	Procedural	900.00	344.06	1,244.06
138	Spokane, Portland & Seattle Ry Co - BRS	Hanlon	NMB	Procedural	350.00	48.85	398.85
139	NYC RR - BLF&E	Haughton	NMB	-	400.00	--	400.00
140	Missouri Pacific RR - BRT	Boyd	Parties	-	100.00	80.88	180.88
141	Aliquippa & Southern RR - BRT	Boyd	Parties	-	100.00	55.00	155.00
142	Lake Terminal RR - BLF&E	Coffey	Parties	-	825.00	214.45	1,039.45
143	NYC RR - BLF&E	Du Flocq	Parties	3	500.00	--	500.00
144	Philadelphia, Bethlehem & New England - BLF&E	Seidenberg	Parties	2	600.00	74.93	674.93
145	Colorado & Southern Ry Co - BLE	Stone	Parties	6	700.00	--	700.00
147	South Buffalo Ry - BRT	Boyd	Parties	-	200.00	56.75	256.75
148	Galveston Wharves - BMWE	Bailer	Parties	4	500.00	210.60	710.60
149	Colorado & Southern Ry - ORC&B	Stone	Parties	5	1,100.00	--	1,100.00
150	Western Maryland Ry - BRT	Boyd	Parties	-	300.00	33.28	333.28
152	Ogden Union Ry and Depot - BLF&E	Boyd	Parties	2	475.00	125.35	600.35
154	Delaware & Hudson RR - BLF&E	Boyd	Parties	-	100.00	84.50	184.50
157	Chicago, Rock Island & Pacific - SUNA	Moore	NMB	9	3,725.00	188.00	3,913.00
159	Chicago & Illinois Midland - BLF&E	McGovern	NMB	Procedural	800.00	304.75	1,104.75
		Dolnick	NMB	-	1,500.00	80.42	1,580.42
161	B&O RR - BLF&E	Rose	Parties	-	325.00	126.80	451.80
163	Erie Lackawanna RR -BLF&E	Boyd	Parties	-	500.00	205.47	705.47
164	Union Pacific RR - BRT	Daugherty	Parties	22	1,475.00	249.45	1,724.45
165	AT&St Fe Ry Co - BRT	Moore	NMB	3	975.00	120.05	1,095.05
173	Spokane, Portland & Seattle Ry - BRC	Hanlon	NMB	Procedural	275.00	368.40	643.40
174	The Long Island RR - BRC	Dorsey	NMB	-	200.00	91.30	291.30
183	Steelton & Highspire RR - BLF&E	Seidenberg	Parties	1	450.00	73.19	523.19
184	Atlanta & West Point RR - BLF&E	Seidenberg	Parties	-	300.00	140.11	440.11
194	Seaboard Coast Line RR - TCEU	Hamilton	NMB	-	1,100.00	--	1,100.00
199	Florida East Coast Ry - BRT	Seidenberg	Parties	-	--	2.11	2.11
					210,400.00	30,631.29	241,031.29

SPECIAL BOARDS OF ADJUSTMENT, 1968

No.	Parties	Referee	Selected by	No. cases disp. of	Salaries	Per Diem & Trans.	Total
18	Southern Pac. - BLF&E, ORC&B, BRT	Hanlon	Parties	155	5,650.00	2,956.50	8,606.50
41	Texas & New Orleans - BRT	Begley	Parties	394	2,125.00	384.10	2,509.10
64	Texas & New Orleans (Southern Pac) - BLE	Douglass	Parties	37	2,025.00	389.30	2,414.30
88	Texas & New Orleans - BLF&E	Moore	Parties	31	1,850.00	257.18	2,107.18
140	Chicago, Milwaukee, St. Paul - ORC&B, BRT	Boyd	Parties	162	4,575.00	976.70	5,551.70
148	Kansas City Southern Ry - BRT	Begley	NMB	8	400.00	--	400.00
161	Long Island - BRT	Gilden	Parties	9	4,175.00	422.24	4,597.24
175	CMP&P - ORC&B, BRT	Begley	Parties	16	1,050.00	432.25	1,482.25
180	Southern Pacific - BLE	Douglass	Parties	53	6,350.00	1,058.70	7,408.70
183	San Diego & Arizona Eastern - BLE	Douglass	Parties	2	100.00	47.05	147.05
189	Spokane, Portland & Seattle - BRT	Gilden	Parties	-	2,675.00	595.68	3,270.68
195	Grand Trunk Western - BRT	Douglass	Parties	30	4,100.00	179.90	4,279.90
196	Long Island RR - BLE	Seidenberg	Parties	42	3,825.00	460.28	4,285.28
231	New York Central - BRT	Douglass	Parties	24	2,250.00	445.35	2,695.35
235	Chicago & NW - BRT	Murphy	Parties	227	24,625.00	1,561.70	26,186.70
241	Terminal RR Assn. of St. Louis - BRT	Coffey	Parties	31	3,375.00	585.25	3,960.25
245	Indiana Harbor Belt - BRT	Coburn	Parties	42	4,125.00	765.46	4,890.46
248	Delaware Lackawanna & Western - BRT	Gilden	Parties	35	1,525.00	391.85	1,916.85
251	Chicago River & Indiana - BRT	Coburn	Parties	3	850.00	157.45	1,007.45
255	Central RR of N. J. - BRT	Guthrie	Parties	32	950.00	125.10	1,075.10
266	Delaware, Lackawanna & Western - TCEU	Bailer	Parties	5	400.00	--	400.00
280	St. Louis, Southwestern - BMWE	Begley	Parties	14	1,025.00	160.60	1,185.60
343	Central RR of N.J. - BLE	Guthrie	Parties	-	200.00	--	200.00
356	Chicago & NW - BRT	O'Gallagher	Parties	30	2,200.00	--	2,200.00
361	Union Pacific - BRT	Wyckoff	Parties	32	1,075.00	213.70	1,288.70
381	Pacific Electric - BRT	Wyckoff	Parties	299	625.00	38.17	663.17
387	New York Central - BRT	Boyd	Parties	13	600.00	205.60	805.60
393	New York Central, Pittsburgh & Lake Erie - ORC&B	Anrod	NMB	2	1,050.00	450.82	1,500.82
398	New York, New Haven & Hartford - BRT	Bailer	Parties	10	700.00	75.60	775.60
406	New York Central (West) - BRT	Wyckoff	Parties	11	725.00	388.50	1,113.50
411	B&O RR - BRT	Coburn	Parties	19	2,850.00	87.30	2,937.30
421	New York Central - ORT	Bailer	Parties	24	1,650.00	347.80	1,997.80
423	Port Terminal RR Assn. - BRT	Wyckoff	Parties	10	1,350.00	526.40	1,876.40

SPECIAL BOARDS OF ADJUSTMENT, 1968

No.	Parties	Referee	Selected by	No. cases disp. of	Salaries	Per Diem & Trans.	Total
424	Erie Lackawanna - BRT	Begley	Parties	28	2,400.00	--	2,400.00
443	Texas,Pac., Mo., Pac. Terminal - SUNA	Sempliner	Parties	4	850.00	222.15	1,072.15
465	Boston & Maine - BRT	Begley	Parties	50	6,025.00	1,072.33	7,097.33
482	Texas & Pacific & Subs - BRT, ORC&B	Sempliner	Parties	10	950.00	226.90	1,176.90
513	Pacific Electric - BLE	Stone	Parties	2	975.00	369.08	1,344.08
517	Elgin, Joliet & Eastern - BRT	Boyd	Parties	-	300.00	153.20	453.20
541	Erie, Lackawanna RR - BMWE	Weston	Parties	5	3,625.00	253.05	3,878.05
543	AT&StFe RR - ORC&B, BRT	Boyd	NMB	6	1,175.00	524.98	1,699.98
551	Detroit, Toledo Shore Line - BRT	Cluster	Parties	20	1,100.00	85.15	1,185.15
562	Chicago & NW - ORC&B	Boyd	Parties	9	2,175.00	571.40	2,746.40
570	Natl. Ry Labor Conf. EW&SE Carriers Conf Comm - AFL-CIO	Panel	NMB	43	15,625.00	2,237.02	17,862.02
574	St. Louis-SF Ry - ORC&B	Sempliner	Parties	23	1,450.00	196.00	1,646.00
583	Akron, Canton & Youngston - BRT	Boyd	Parties	8	450.00	96.35	546.35
588	New York Central - BLF&E	Bailer	Parties	1	200.00	--	200.00
589	Penn RR - BRT	Seidenberg	NMB	40	5,950.00	691.86	6,641.86
596	Chicago & NW Ry - BLF&E	Daugherty	Parties	21	1,600.00	--	1,600.00
597	Southern Ry System	Coburn	Parties	-	200.00	--	200.00
	- Ry Employes Dept., AFL-CIO	Weston	Parties	2	1,000.00	70.59	1,070.59
601	Reading Co - BRT	Boyd	Parties	36	550.00	135.57	685.57
603	Great Northern Ry Co - TCEU	Bailer	Parties	16	2,600.00	742.15	3,342.15
605	Natl Ry Labor Conf EW&SE Carriers Conf Comm - Five Coop Ry Labor Orgs	Panel	Parties	48	6,650.00	1,824.80	8,474.80
608	Southern Ry System - BRC, BMWE, TCEU, BRS	Dolnick	Parties	12	600.00	92.35	692.35
		Bailer	Parties	4	1,100.00	851.85	1,951.85
625	Indiana Harbor Belt - BLF&E	Seidenberg	NMB	-	550.00	219.48	769.48
642	Missouri Kansas & Texas - BRT	Coburn	Parties	3	1,900.00	453.38	2,353.38
645	Union RR - BRT	Begley	Parties	17	2,500.00	462.92	2,962.92
648	Lehigh Valley RR - BRT	Boyd	NMB	19	500.00	114.57	614.57
674	Port Authority Trans Hudson Corp - BLE	Bailer	NMB	9	1,200.00	--	1,200.00
677	Ft. Worth & Denver Ry - BRT	Boyd	Parties	-	225.00	204.35	429.35
678	Soo Line RR - BRT	Begley	Parties	14	725.00	209.55	934.55
682-1	Pa RR, Penn Reading Seashore Lines-BRT	Gill	NMB	2	600.00	--	600.00
687	Lehigh Valley RR - BLF&E	Boyd	Parties	-	100.00	63.52	163.52

SPECIAL BOARDS OF ADJUSTMENT, 1968

No.	Parties	Referee	Selected by	No. cases disp. of	Salaries	Per Diem & Trans.	Total
688	Southern Pac Co - SUNA	Coffey	Parties	1	100.00	--	100.00
697	Atlanta & West Pt. RR - BRT	Gilden	Parties	14	3,575.00	260.35	3,835.35
698	Georgia RR - ORC&B, BRT	Gilden	Parties	16	2,600.00	126.55	2,726.55
700	Alton & Southern RR - BRT	Begley	Parties	-	550.00	188.10	738.10
701	Disputes Comm-Art X, Agr of 4/5/57, EW&SE Carriers Conf Comm - BRT	Cluster	Parties	13	450.00	94.65	544.65
704	Kansas City Southern - BRT	Boyd	Parties	5	850.00	304.81	1,154.81
706	Portland Terminal - SUNA	Sempliner	Parties	25	1,425.00	544.05	1,969.05
709	Norfolk & Western RR - BRT	Begley	NMB	30	2,300.00	--	2,300.00
721	New York Central RR - BRS	Bailer	Parties	6	200.00	--	200.00
722	Monongahela Connecting RR - BLF&E	O'Gallagher	Parties	-	1,825.00	149.12	1,974.12
724	Western Maryland Ry - BRT	Seidenberg	Parties	32	2,400.00	18.38	2,418.38
725	Montour RR - BLF&E	Bailer	Parties	2	400.00	75.53	475.53
727	Erie Lackawanna RR - BRT	Begley	Parties	13	2,750.00	173.20	2,923.20
729	New York Central RR - BRT	Seidenberg	Parties	--	1,650.00	216.90	1,866.90
730	New York Harbor Carriers' Conf Comm - ILA	Haughton	Parties	1	1,500.00	470.15	1,970.15
733	AT&StFe Ry Co - BLF&E	Coffey	Parties	1	675.00	152.40	827.40
738	Long Island RR - ARSA	Weston	Parties	1	500.00	--	500.00
740	Penn Central - BLE, BLF&E, BRT	Seidenberg	Parties	1	450.00	30.67	480.67
741	EW&SE Carriers' Conf Comm -BLE,BLF&E,SUNA	Gilden	NMB	-	200.00	--	200.00
742	Union RR - USA	Seibel	NMB	5	500.00	103.80	603.80
					181,800.00	29,739.74	211,539.74

NATIONAL RAILROAD ADJUSTMENT BOARD

Chicago, Illinois

DIGEST OF ESTIMATE OF APPROPRIATION, 1970

FUNCTION OF THE BOARD

1. The Board was created for the adjudication of disputes between railroad labor and the carriers.

2. The 18 carrier members and the 18 labor members are selected and paid by the parties they represent. This also applies to the 5 carrier and 5 labor members of the Third Division Regional or Supplemental Board set up to reduce the backlog of cases on the Third Division. It is estimated that the cost to the carriers and to the labor organizations exceeds $900,000 per year.

3. The Government's portion of the cost of operation of the Board is for office personnel, referees, travel, printing and reproduction, and other miscellaneous expenses.

Appropriation: Salaries and Expenses

1. The estimate of $815,000 for 1970 is the same amount appropriated or estimated for 1969.

2. In the item personal services, office personnel, no increase is anticipated. Statutory pay and step increases will be offset from savings resulting from delays in filling vacancies.

3. Carrier and labor members are equally divided on each division; and in case of a deadlock, a referee is appointed to sit as a member to make an award. The estimate of $150,000 in the item of personal services, positions other than permanent, is for salaries of these referees. This amount is the same as fiscal year 1969.

4. The amount estimated for printing and reproduction is $52,000, the same amount available for 1969. During the last year our printing backlog was substantially eliminated and it is believed that the estimated amount will enable us to remain current.

5. The estimate of $46,000 in the item of personal benefits is largely a matter of mathematical calculation which covers Retirement insurance, Health benefits, and Social Security for referees.

6. The amount estimated for travel and transportation of persons (Board Members and employees) is $29,000, the same amount available for 1969.

7. The $6,000 estimated for equipment is in most cases for replacement of items in use since the inception of the Board in 1934.

8. Little change is anticipated in the other items.

JUSTIFICATION OF ESTIMATES AND STATEMENT OF PROPOSED EXPENDITURES FOR THE FISCAL YEAR 1970

The National Railroad Adjustment Board was created by Act of Congress, approved June 21, 1934, 45 U. S. C. 153, for the adjudication of disputes between an employee or group of employees and a carrier or carriers, growing out of grievances or out of the interpretation or application of agreements concerinig rates of pay, rules, or working conditions, which are handled in the usual manner up to and including the chief operating officer of the carrier designated to handle such disputes; but, if not adjusted in this manner, the disputes are then referred to the appropriate division of the Adjustment Board for settlement.

The Board is composed of 36 members, 18 selected and paid by the carriers and 18 selected and paid by organizations of railroad employees which are national in scope. The Act provides for four divisions of the Adjustment Board, each of which has jurisdiction over disputes involving certain groups of employees. For example, the First Division has jurisdiction over disputes involving train and yard service employees; the Second Division, shop crafts; the Third Division, clerical forces, maintenance-of way men, dispatchers, etc.; and the Fourth Division, water transportation and miscellaneous.

The establishment of a number of special boards on individual properties has been helpful in reducing the backlog of cases, and it is anticipated that there will be some further reduction in this manner during the year because of the amendment to the Railway Labor Act (Public Law 89-456) which provides for the establishment of special adjustment boards (PL Boards). In the meantime, however, new cases continue to be received almost as fast or faster than disposition is made of old ones. During the past few years, there has been a decided increase in the number of cases submitted by the nonoperating employees. Csuses for increases are the amendment to the Railway Labor Act permitting the union shop and resulting agreements; changes in agreements including the adoption of the 40 hour work-week; the National agreement covering vacations, pay for holidays, and time limit for submitting cases.

In order to reduce the large backlog of Third Division cases, following an agreement of the parties, there has been established a supplemental board of ten members, which is making progress in reducing the number of pending cases. The backlog on the Third Division has been reduced from 2,646 cases on hand as of June 30, 1961, to 1,324 cases on hand as of June 30, 1968 a reduction of 1,322 cases.

The Board has no control over the number of cases submitted.

The estimate for the fiscal year 1970 is $815,000 which is the amount available for fiscal year 1969.

We wish to stress the fact that the salaries of the members of the Board, as well as for the Third Division supplemental board, estimated in excess of $900,000 per year, are paid by the carriers and the labor organizations, and the Government pays the salaries of the employees of the Board, as well as supplies and other incidental expenses. It may, therefore, properly be pointed out that approximately half the

cost of operation of the Adjustment Board is borne by the carriers and the labor organizations.

The Board has now been in existence about thirty-four years, and the estimate for 1970 is based upon past experience, by which we endeavored to anticipate future requirements. We feel that conditions fully justify the amount requested.

There follows a statement showing the number of cases received, docketed, and disposed of by the various divisions during the fiscal years 1966, 1967, and 1968.

	Number Pending July 1	Number Received	Total	Number Closed	Number Pending June 30
			Fiscal Year 1966		
First Division	4,056*	490	4,546	497	4,049
Second Division	286	238	524	187	337
Third Division	1,871	719	2,590	925(1)	1,665
Fourth Division	32	107	139	100	39
Totals	6,245	1,554	7,799	1,709	6,090

*Adjusted to reflect previous closing 1 case
(1) Third Division 470
Supplemental 455

			Fiscal Year 1967		
First Division	4,049	446	4,495	986	3,509
Second Division	337	338	675	295	380
Third Division	1,665	776	2,441	1,081(1)	1,360
Fourth Division	39	129	168	71	97
Totals	6,090	1,689	7,779	2,433	5,346

(1) Third Division 610
Supplemental 471

			Fiscal Year 1968		
First Division	3,509	358	3,867	568	3,299
Second Division	380	211	591	287	304
Third Division	1,360	715	2,075	751(1)	1,324
Fourth Division	97	111	208	111	97
Totals	5,346	1,395	6,741	1,717	5,024

(1) Third Division 443
Supplemental 308

Following is a statement which shows the Workload of the Board as a whole (actual data for Fiscal Years 1967 and 1968 and projected data for Fiscal Years 1969 and 1970.).

Workload

	1967 Actual	1968 Actual	1969 Estimate	1970 Estimate
Pending, beginning of year	6,090	5,346	5,024	4,944
Received during year	1,689	1,395	1,740	1,730
Closed during year	2,433	1,717	1,820	1,850
Pending, end of year	5,346	5,024	4,944	4,824

The number of cases closed in fiscal year 1967 includes 513 withdrawn from the First Division and 170 from the Third Division. These withdrawn cases were assigned to PL Boards.

JUSTIFICATION OF ITEMS

PERSONAL SERVICES

Salaries of office personnel

The number of employees for the fiscal year 1970 is estimated at 59 at an estimated cost of $500,000. Little turnover is expected during the current year or in fiscal year 1970. Except for possible delays in filling vacancies due to limitations prescribed by Section 201 of Public Law 90-364 (Bureau of the Budget Bulletin No. 68-15, June 28, 1968) there is not much opportunity for savings in that area. None of the Board's personnel is engaged in public relations or publicity activities, nor is there any employee engaged as much as half time in personnel work.

Salaries of Referees

The Act creating the National Railroad Adjustment Board provides that in case of a deadlock or inability to secure a majority vote of the division members, a referee is selected to sit with the division as a member thereof to make an award. Referees are now paid a salary of $100 per day, actual and necessary travel expenses, and per diem in lieu of subsistence.

Referees are usually selected from among such groups as judges, attorneys, professors of universities, or labor relations consultants. Their qualifications must be of the highest.

Referees were required 1,726 days in the settlement of 1,064 cases in the fiscal year 1968. For the current fiscal year, we hope our funds will be sufficient for 1,500 referee days during which we expect they will participate in the settlement of 927 cases. The estimate for 1970 is for 1,500 referee days, during which we expect they will participate in the settlement of some 950 cases.

There follows a list of Referees rendering services during the fiscal year 1968.

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REFEREES -- FISCAL YEAR 1968

Name	State	Number of Days	No. of Cases Closed	Salary Paid
Anrod, Charles W.	Illinois	3-1/4	0	$325.00
Brown, David H.	Texas	0	2	---
Coburn, William H.	Dst, of Col.	88-1/2	58	8,850.00
Daugherty, Carroll R.	Illinois	4	4	400.00
Devine, Arthur W.	Rhode Island	37-3/4	19	3,775.00
Dolnick, David	Illinois	56	31	5,600.00
Dorsey, John H.	Dst. of Col.	44-1/2	20	4,450.00
Dugan, Paul C.	Missouri	56-1/2	28	5,650.00
Engelstein, Nathan	Illinois	103-1/2	46	10,350.00
Friedman, Milton	New York	36	18	3,600.00
Goodman, Jerry L.	Oklahoma	21-1/2	12	2,150.00
Hall, Levi M.	Minnesota	22	51	2,200.00
Hamilton, Donald E.	Oklahoma	29	37	2,900.00
Harr, Don J.	Oklahoma	15-1/2	9	1,550.00
Heskett, Billy L.	Oklahoma	69-1/4	54	6,925.00
House, Daniel	New York	63-3/4	42	6,375.00
Ives, George S.	Dst. of Col.	144-3/4	96	14,475.00
Johnson, Howard A.	Montana	19	21	1,900.00
Kane, Joseph S.	Washington	35	30	3,500.00
Kenan, Thomas J.	Oklahoma	38	41	3,800.00
Knox, James E.	Illinois	32-1/2	30	3,250.00
Larkin, John Day	Illinois	38-1/2	21	3,850.00
Lynch, Edward A.	Dst. of Col.	34	17	3,400.00
McGovern, John J.	Maryland	233-3/4	110	23,375.00
Mesigh, Herbert J.	Oklahoma	50-3/4	30	5,075.00
Miller, Wesley	Oklahoma	64-1/2	24	6,450.00
Moore, Preston J.	Oklahoma	11-1/4	7	1,125.00
Perelson, Bernard E.	New York	55-3/4	24	5,575.00
Ritter, Gene T.	Oklahoma	58-1/2	30	5,850.00
Rohman, Murray M.	Texas	70-1/4	38	7,025.00
Seff, Bernard J.	Maryland	3	0	300.00
Seidenberg, Jacob	Virginia	26-1/2	28	2,650.00
Stark, Arthur	New York	1-1/2	0	150.00
Weston, Harold M.	New York	64-1/2	38	6,450.00
Woody, Claude S.	Oklahoma	15-1/4	9	1,525.00
Zack, Arnold M.	Dst. of Col.	33-1/4	16	3,325.00
Zumas, Nicholas H.	Dst, of Col.	45	23	4,500.00
Totals.....		1,726-1/2	1,064	$172,650.00

Personnel benefits

Personnel benefits consist of the employer's share of costs of employees' life insurance, health benefits, Civil Service retirement, and Federal Insurance Contributions Act taxes amounting to approximately $46,000.

Travel Expenses

Almost all of the amount for travel expenses is required for Referees, in connection with travel between their official stations and Chicago. As evidenced by the preceding statement "Referees-- Fiscal Year 1968", the Referees are selected from all parts of the United States. It is estimated that the over-all average cost will be about $27,800 for the year plus about $1,200 for other official travel, making a total of $29,000.

Printing and reproduction

The largest part of the appropriation for printing and reproduction is expended for printing awards of the various divisions for only the interested parties and for the use of Members of the Board. An initial supply of each of the awards is printed in pamphlet form; and when a sufficient number has been issued, a volume is bound. The Board receives 150 pamphlet copies and 100 of each of the volumes. It is also necessary to furnish the Library of Congress a number of copies of each volume for use in the library and for international exchange.

The field contract for printing and binding awards permits the contractor to sell to interested parties, largely railroad labor organizations and the carriers; and therefore, the cost is spread so that the Government pays approximately one-third of the amount it would have to pay were it not for these outside sales.

At the beginning of fiscal year 1968 we instituted a change in the method of binding volumes of awards which should decrease our cost somewhat.

Other items

The other items in the estimate involve comparatively small amounts, and in these little or no change is expected.

NATIONAL MEDIATION BOARD
NATIONAL RAILROAD ADJUSTMENT BOARD
ACTIVITY ANALYSIS BY OBJECT CLASSIFICATION

Activity: ADJUSTMENT OF RAILROAD GRIEVANCES	1968 Actual	1969 Estimate	Increase (+) or Decrease (-)	1970 Estimate
11 Personnel compensation				
Permanent positions	468,611	500,000	---	500,000
Pay above the stated annual rate	---	2,000	---	2,000
Positions other than permanent	172,650	150,000	---	150,000
Total personnel compensation	641,261	652,000	---	652,000
12 Personnel benefits	40,237	46,000	---	46,000
21 Travel and transportation of persons	32,497	29,000	---	29,000
23 Rent, communications and utilities	16,517	17,000	---	17,000
24 Printing and reproduction	91,546	52,000	---	52,000
25 Other services	3,492	3,000	---	3,000
26 Supplies and materials	10,416	10,000	---	10,000
31 Equipment	8,034	6,000	---	6,000
Total Obligations	844,000	815,000	---	815,000

FEDERAL MEDIATION AND CONCILIATION SERVICE

WITNESSES

J. CURTIS COUNTS, DIRECTOR
ROBERT H. MOORE, DEPUTY DIRECTOR
L. E. EADY, DIRECTOR, ADMINISTRATIVE MANAGEMENT
JAMES J. DINNENY, ASSOCIATE DIRECTOR, ADMINISTRATIVE MANAGEMENT
GUY MARINO, CHIEF, BUDGET AND FINANCE DIVISION

FEDERAL MEDIATION AND CONCILIATION SERVICE

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Permanent positions	5,943	6,526	6,592
Positions other than permanent	28	86	86
Other personnel compensation	3	6	6
Total personnel compensation	5,974	6,618	6,684
Personnel benefits: Civilian employees	461	522	525
Travel and transportation of persons	478	582	582
Transportation of things	25	22	22
Rent, communications, and utilities	313	341	341
Printing and reproduction	11	10	10
Other services	57	59	59
Supplies and materials	37	35	35
Equipment	22	22	22
Total obligations	7,378	8,211	8,280

PERSONNEL SUMMARY

Total number of permanent positions	446	436	440
Full-time equivalent of other positions	5	10	10
Average number of all employees	448	448	448
Average GS grade	11.0	11.2	11.2
Average GS salary	$13,653	$14,948	$15,158

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

Program by activities:			
1. Mediation and conciliation of labor disputes	6,039	6,698	6,768
2. Ad hoc boards, panels, mediators, and consultants	13	125	125
3. Administration	1,280	1,388	1,387
Total program costs, funded	7,332	8,211	8,280
Change in selected resources [1]	46		
Total obligations	7,378	8,211	8,280
Financing: Unobligated balance lapsing	59		
Budget authority	7,437	8,211	8,280
Budget authority:			
Appropriation	7,451	8,090	8,280
Transferred to other accounts	−14	−4	
Appropriation (adjusted)	7,437	8,086	8,280
Proposed supplemental for civilian pay act increase		125	
Relation of obligations to outlays:			
Obligations incurred, net	7,378	8,211	8,280
Obligated balance, start of year	411	402	482
Obligated balance, end of year	−402	−482	−490
Adjustments in expired accounts	−51		
Outlays, excluding pay increase supplemental	7,336	8,011	8,267
Outlays from civilian pay increase supplemental		120	5

[1] Selected resources as of June 30, are as follows: Unpaid undelivered orders, 1967, $23,000 (1968 adjustments, −$51,000); 1968, $18,000; 1969, $18,000; 1970, $18,000.

Mr. FLOOD. We now have the Federal Mediation and Conciliation Service. The Director, Mr. J. Curtis Counts, will be the principal witness.

Is that French?

Mr. COUNTS. No. As best I know, that is Welsh, and I had a——

Mr. FLOOD. Scotch-Welsh?

Mr. COUNTS. Yes, sir.

Mr. FLOOD. Where were you born?

Mr. COUNTS. Colorado.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Mr. FLOOD. You are pretty new here. We have your biographical sketch which shall go in the record.

(The biographical sketch follows:)

BIOGRAPHY OF J. CURTIS COUNTS

Last previous position: Vice President, Employe Relations Douglas Aircraft Co., Inc. Santa Monica, Calif. 90406.

Legal address: Los Angeles, Calif.

Date of birth: August 2, 1915.

Education: Graduate of University of California at Los Angeles; graduate study at University of Southern California.

Past work experience and appointments:

1941–44 In charge of personnel activities for the Douglas Overseas Projects (Iraq, Iran, Africa).

1945–46 assistant to the director of personnel.

1946–48 assistant to the director of industrial relations.

1948–60 manager of employee relations.

1960–62 assistant director of industrial relations.

1962–64 corporate director of employee relations.

1964–69 vice president, employee relations.

Former member of National Labor-Management Panel (Presidential appointment).

Organization affiliations: Member of the EIA industrial relations department's executive, Government affairs, and conference committees; chairman of AIA industrial relations national committee.

Mr. FLOOD. Mr. Moore and Mr. Eady have been here longer than anyone cares to remember, I suppose.

GENERAL STATEMENT

Mr. Counts, you have a statement. How do you wish to proceed?

Mr. COUNTS. As it pleases you, sir. We can just enter it into the record or, if you wish, we will be glad to read it.

Mr. FLOOD. Do whatever you want to.

Mr. COUNTS. Why don't we enter it into the record.

Mr. FLOOD. Without objection, the statement will be placed in the record and you may proceed as you wish.

(The statement follows:)

STATEMENT BY J. CURTIS COUNTS, FEDERAL MEDIATION AND CONCILIATION SERVICE DIRECTOR

As newly appointed Director of the Service, I am pleased to appear before this committee to present justification for the Service's fiscal year 1970 budget estimate.

The justification materials now before the committee, in book form, were submitted before my arrival on the scene. However, I have carefully reviewed them

and have been briefed on them by the staff. Although I support the estimate for 1970, I wish to state that the funds sought are the minimum necessary to maintain an effective Federal mediation agency.

It is to be noted that the 1970 budget estimate, in terms of the number of positions for which budget approval is sought, is considerably below the number of positions authorized by Congress in the Service's 1969 appropriation. These are the facts:

The Congress under the provisions of Public Law 90–557 (Labor-Health, Education, and Welfare 1969 Appropriation Act) authorized a total of 465 positions, 280 of which were mediator positions. This authorization was 19 positions above the 1968 position authorization.

Despite this approval, the Budget Bureau, acting under authority of Public Law 90–364 (the Revenue and Expenditure Control Act, 1968), did not permit any of the 19 newly authorized positions to be filled. In addition, another 10 positions will be lost by the end of the fiscal year 1969 since Public Law 90–364 and subsequent Budget Bureau action in effect will only permit replacement of 70 percent of position vacancies occurring by reason of employee turnover.

Thus the Service, at the end of the fiscal year 1969, will have a total position strength of 436 as against the 465 originally approved by Congress. The mediator staff will stand at 259 in contrast with the 280 authorized by Congress.

The 1970 budget estimate does not seek to increase current position totals. In terms of money, the 1970 estimate is $8,280,000 compared with $8,215,000 expected to be made available in the current year.

It is apparent, therefore, that as a maximum the estimate before the committee is a status quo estimate; or, even more likely, is a further declining estimate if the position elimination provisions of Public Law 90–364 are continued. This projected continuance of mediation functions at 1969 budget levels is submitted in a position effort to meet the requirement that every possible economy be effected in the 1970 budget.

The dynamic nature of the collective-bargaining relationship, the enlargement of its scope to include elements of the public sector, and the increasing complexity of its problems, all add up to a continued increase in the workload of the Federal Mediation and Conciliation Service. According to estimates of the Bureau of Labor Statistics, there are more than 140,000 separate collective-bargaining agreements in this country covering some 250,000 separate employers. In addition, the National Labor Relations Board issues about 5,000 new bargaining certifications each year as a result of representation elections, most of which culminate in labor agreements. The large majority of all these labor-management agreements, as they expire, are renegotiated without work stoppages, usually after hard bargaining between the parties.

Mediation, effectively rendered, quite frequently contributes to the settlement of those disputes in which impasses develop during the negotiations. Our data indicates that in three out of each 10 mediation assignments, the mediator participates in the negotiations, as a neutral, in helping the parties bridge the gap that separates them from complete agreement. In the remaining seven of 10 assignments, it is only necessary for the mediator to maintain contact with the bargaining parties, encouraging them along the way to reach their own agreement without outside assistance.

Frequently, too, as the mediator works with the parties, he can detect the basic reason(s) why the parties were unable to reach agreement on their own. Usually it is some irritant in the basic relationship that may be susceptible to improvement. If so, the mediator will suggest to the parties that constructive action be taken toward improving the day-to-day relationship. Should the parties display an interest in improving their relationships, the mediator will offer his assistance to help design a program to accomplish that objective. The parties, themselves, however, must be willing to make the effort. This is how most of the Service's preventive activities are initiated.

The principal purpose of the preventive program is to encourage the parties to discuss their mutual problems away from and without the tensions of a strike deadline or a contract termination. The Service believes, from its own experience and that of others, that the long-range potential for minimizing industrial strife through such activities has not yet begun to be realized. This is one positive method by which collective bargaining can be made to work better.

In summary, the estimate for 1970 will continue operations at approximately their present level assuming the ending of the position elimination provisions of Public Law 90–364. Any further reduction would have a harmful impact on

the ready availability of mediation facilities to the renegotiating parties. Frequently, this ready availability can mean the difference between a work stoppage, which benefits no one, and successful negotiation of a new contract without work stoppage, to the benefit of all.

I urge full approval by the committee of the 1970 estimate for the Service.

Mr. COUNTS. I would like to express my appreciation at having the opportunity to appear before you. As you have indicated, I am brand-new to the job, having been sworn in 1 month ago, March 17, and it has been a very——

BACKGROUND OF PRINCIPAL WITNESS

Mr. FLOOD. You have been in this town before?

Mr. COUNTS. Yes, sir. I have been in this town many times before but, surprisingly, only about 4 or 5 days since my appointment. Since I got involved in the Boston dock strike and spent a good deal of time there and the balance of the time in the regions.

Mr. FLOOD.. You are not a new man in employee-employer relation?

Mr. COUNTS. No, sir; I am not.

Mr. FLOOD. For better or for worse, you are not an amateur.

Mr. COUNTS. I am not that. I might tell you a little bit about myself. I was born in Goldfield, Colo., on August 2, 1915.

Mr. FLOOD. We have your biographical sketch but we would like some highlights. We don't want you to be immodest, but don't hurt yourself either.

Mr. COUNTS. No. I was merely going to indicate that I have resided practically all of my life in California. I married a California girl, have three children; two married daughters and a son who is a senior at the Southern Methodist University in Texas. I have spent my total working life with the Douglas Co., which is now merged in the McDonnel Douglas Corp.

Mr. FLOOD. Would it interest you to know, or do you know, that ever since the subcommittee was organized after the war, I have served, and still serve, upon the Appropriations Subcommittee for the Department of Defense?

Mr. COUNTS. I think that is an outstanding record.

Mr. FLOOD. I have heard of Douglas and McDonnell.

Mr. COUNTS. Fine.

Mr. FLOOD. As you can imagine.

Mr. COUNTS. I come to this position having served them in the labor-management field over a period of approximately 28 years, and at the time of the appointment I was their vice president of employee relations. I have, as you noted, with me associates who have been with the Service many years and who are completely familiar with it and its operations. I might introduce them:

Robert Moore, who is the Deputy Director; Mr. Lawrence Eady, Director of Administrative Management; Mr. James Dinneny, who is Associate Director of Administrative Management; and Guy Marino, our Chief of Budget and Finance.

BUDGET REQUEST, 1970

As indicated in my statement to you, I am supporting my predecessor's budget. And this, as you have noted, is a status quo budget. We

are not seeking an increase in the number of positions sought, and this is a change from the formal presentation that is in the committee's hands. The money sought is $8,280,000 against $8,215,000 in 1969. I might point out that even though we are supporting the previous budget, status quo budget, we do think that 1969 is going to be an important year.

Mr. FLOOD. Has the Nixon review of the Johnson budget resulted in any change in your request in 1970?

Mr. COUNTS. It has resulted in the dropping of the request for four additional positions; yes, sir.

Mr. FLOOD. That is a switch.

Mr. COUNTS. Yes, sir; it is a switch. I think it is a genuinely sincere effort to meet the requirements of the administration with respect to its budget, and I wanted to emphasize that this action is not in any way intended to convey that 1969 is not going to be an important year, nor one in which we feel that we will have a continuing increasing workload.

I might point out that there are over 750 contracts involving 1,000 or more employees that expire during this year, contracts affecting approximately 2½ million employees will be involved in discussions, negotiations during 1969. There are some very important contracts that are open. For example, Westinghouse, Offshore Maritime, building or construction industry involving about 250,000 employees, and the West Coast Paper.

Mr. FLOOD. I just read some newspaper articles on that in the last couple of weeks reaffirming what you are saying.

Mr. COUNTS. Yes, sir. I think that on top of this everybody is familiar, and certainly, I was impressed with the interest of the Senators that were part of the committee that I visited with during the confirmation proceedings, the interest, impact of that development in the public sector. I think while our role currently is very limited there, this has to be noted as also being a very important thing in the labor-management field and with potential impact on our service's activity in 1969 and in 1970.

I think also that there is nothing current on the scene to indicate that there is going to be any great switch from the continued high level of bargaining demands and high level of settlements, and certainly this is very important with respect to the inflationary trend and getting the plateau that we are seeking and a reversal of that trend.

Mr. FLOOD. Any scuttlebutt on a maritime strike next month?

Mr. COUNTS. No scutttlebutt to my knowledge. We are very aware of the possibility of that and we are aware of the communication of the Merchants, Mates and Pilots that has put this into a strike perspective. We are working as diligently and as effectively as we can to be abreast of the issues and of the tide so that we can be prepared and hopefully block off the establishing of issues that will effectively impede——

Mr. FLOOD. You have big ears.

PREVENTIVE MEDIATION

Mr. COUNTS. Yes, sir; we have big ears. That is correct. We are attempting to increase the communication and dialog. We are attempting and are going to continue to attempt—and I think the figures that the Service provided you in the area of preventive mediation

indicate that continued interest. We feel that if we can be effective there that much of the problems of dispute and mediation crisis bargaining can be avoided.

Mr. FLOOD. Your predecessor was very enthusiastic about preventive mediation. He was very strong for that. A lot of people have doubts that it prevented very much trouble. What do you think?

Mr. COUNTS. I feel very strongly that it is one of the most important fields of activity and one of the most important responsibilities that we have. Philosophically, I might say that I feel collective bargaining, the principle of volunteerism, is the answer to these problems. If we are to attack them and attack them successfully, we must have the ability to communicate, to have effective dialog, to teach, to train, to have the parties in the bargaining situation, both management and union leadership, be sophisticated and effectively approach the issues with a feeling of responsibility.

Having come from a history or a background in a very large corporation with multiple plants and many, many contracts, and knowing the complexities of modern-day issues, the pension trusts, arguments involving how you fund them, the development, complexities—you know that you cannot approach these problems successfully under a normal crisis time period of bargaining. It seems to me that the way to approach this most effectively is to use the noncrisis periods to develop the understanding that is necessary to do the job. I am very gung ho on it myself.

EFFECT OF REVENUE AND EXPENDITURE CONTROL ACT

Mr. FLOOD. This question might be more for your staff since you are pretty new.

What effect has the personnel limitations of the Revenue and Expenditure Control Act had on your operations?

Mr. EADY. We have actually suffered a loss of 10 thus far. Insofar as mediators are concerned, we have managed to make do.

Mr. FLOOD. Did they die or quit or what?

Mr. EADY. Mostly retirements.

One thing that may appear minor but of interest to me is with regard to our clerical staff. We have 78 offices located across the country, and a good many of them have no stenographic or clerical help. We have two or three men stationed at most of them. If we lose a clerk, we cannot replace her and we are having to use mediators of grade 13 and 14 to do clerical work. What our experience will be from now until the end of the fiscal year, June 30, we cannot be certain of. We do know that three more mediators are scheduled for retirement during May and June. This is the time when activity is at the highest peak.

In my opinion—I have not discussed this with the Director—my own opinion is that it appears fairly obvious that the degree of activity which we should provide in some cases just cannot be met if we do not have the men. This means either we do not service the case at all or do not give it the amount of attention it should have.

Mr. FLOOD. Your boys can't work a little bit harder?

Mr. EADY. Mr. Chairman, I don't know how this is possible, frankly.

Mr. FLOOD. You ought to know.

Mr. COUNTS. It has to be the answer. We are going to make a more effective use of the work force. The hours are long. I do think that we,

perhaps, can effect some improvements there. This is a rather short-term view because I have not been in there, but I am hopeful that maybe coming from the outside I may have a fresh idea or two. I do think——

Mr. FLOOD. Have you had a chance to visit any of the offices?

Mr. COUNTS. Yes, sir. That has been my primary goal. I have visited four of the regions and been in Boston for 2 week and here for 3 or 4 days. These regions are the areas in which the work is done. They are the key to the function, and certainly I am going to pay every bit of attention that I can to improving the effectiveness of these agencies.

POSSIBLE ADMINISTRATIVE CHANGES

Mr. FLOOD. What changes are you proposing to make in the way the Service deals with these labor-management problems. Any ideas in the back of your head yet?

Mr. COUNTS. I think one of the things that stands out, coming out of industry, is the fact that I do not see in the organization a planning organization, one that is set up to analyze and to effectively handle the matters of trends, situations, changes in union structure, that type of thing, which might be involved in a small amount of research. I think that this kind of an arm can be helpful.

Mr. FLOOD. How long would it take you to give birth to something like that?

Mr. COUNTS. I think probably 60 to 90 days. I am very hopeful that I can make a contribution. At the same time, I want to indicate that I have the utmost humility. I have no magic. It would be presumptuous for me to come in here after this short period of time and to suggest that I can make a tremendous improvement over what has been done. My association with the Service, as a member of industry, as a member of the National Labor Management Panel was one of the things that encouraged me to accept the appointment and see if I could be of help.

Mr. FLOOD. You are not going to wave any wand. We don't expect anything dramatic from you in the second act.

Mr. COUNTS. No, sir; this is not that kind of a business. There is no magic in this field. The person that tells you that he has it, watch out for him.

WORKLOAD ESTIMATES

Mr. FLOOD. Take a look at page 9. You refer to the "continuing increment factor of 2,100 new National Labor Relations Board certifications in 1970." What do you mean, certification of what?

Mr. COUNTS. Bargaining agencies. I am sure that that is what this refers to.

Mr. FLOOD. That is it?

Mr. EADY. This is where representation elections are conducted by NLRB and new bargaining units are certified. This usually means an initial contract negotiation.

Mr. FLOOD. New headaches?

Mr. COUNTS. Yes, sir; particularly if it is a new union both to management and the employees.

Mr. FLOOD. Or an old union with brandnew management, which could be worse?

Mr. COUNTS. Yes, sir. You have very often a high incidence of mediation situations.

ARBITRATION

Mr. FLOOD. We touched upon this a minute ago but I think we better point it up a bit.

You used the word "trend." Is there any trend in the acceptance of arbitration as a substitute for work stoppage?

Mr. COUNTS. I would like to think so. It seems to me that a terminal procedure in established bargaining relationship has to be the answer, rather than the no-strike situation. I think data is available, and I would be pleased to explore it with the committee, to indicate that the number of contracts having binding arbitration as a terminal point of their grievance procedure is continuing. I can tell you from data in our own arbitration operation whereby we furnish panels to parties that ask our service, it indicates that the number of panels being furnished is continually increasing.

Mr. FLOOD. I think the record should show that.

Mr. COUNTS. Fine. We do have on page 8 of the presentation the arbitration workload in terms of panels that shows up.

Mr. FLOOD. Put that in the record.

(The information follows:)

TABLE E.—ARBITRATION WORKLOAD

Processing requests for panels	Fiscal year—						
	1962	1963	1964	1965	1966	1967	1968
Number of requests received	3,548	4,279	4,791	5,048	5,654	6,955	7,809
Number of panels issued	3,808	4,497	5,172	5,453	6,255	7,623	8,630
Number of selections made by the parties	2,303	2,719	3,142	3,286	3,386	3,953	4,103
Number of direct appointments made by the service at request of the parties	52	38	40	47	44	42	72

LEGISLATIVE PROPOSALS

Mr. FLOOD. What changes in the existing law or proposals for new legislation in the entire field of labor-management relations are you working on?

Mr. COUNTS. There are two or three things I am thinking about. No. 1, I am thinking very seriously about the President's request for a redefinition of what constitutes public interest strikes, or revision of the Taft-Hartley procedures. I am thinking very seriously about the legislation that is pending, or is stated to be pending, that has to do with such things as compulsory arbitration or labor courts as a substitute for the voluntary collective bargaining process.

This is negative rather than positive, but I feel that that type of legislation is not desirable and certainly will sound, in effect, the death knell of the collective bargaining process.

ROLE OF COURTS IN LABOR DISPUTES

Mr. FLOOD. Is there anything between the present bargaining process and the courts? Is there a gray area in there?

Mr. COUNTS. I think that the collective bargaining area and the mediation function under an independent agency constitutes the best

answer to that. I don't claim that I have the answer to that, but I have never seen anything in my readings or studies that have suggested a better substitute. You know, when you talk about courts people think there is a lot of magic—and I know your background as an attorney—they are going to add something to this, some element or ingredient that is not there.

In lawsuits not involved in the labor sector there is always a winner and always a loser. There is not necessarily satisfaction under the present system, and some decisions are better than others. I happen to believe when you are managing an enterprise such as a union organization or management, you are best equipped to make your own decisions and be responsive to your management. I think that voluntary action is preferable.

I am not convinced that the emergency procedures that we now have on the books are not working satisfactorily, and a review of the Taft-Hartley injunctions supports that view. They have been used rather infrequently over the period of years that the law has been in effect and it has operated to secure agreements in the preponderant majority of cases.

COMPULSORY ARBITRATION

Mr. FLOOD. What do you think about compulsory arbitration?

Mr. COUNTS. I don't like compulsory arbitration, particularly with binding results, because here you are substituting the judgment of an outsider for your own judgment.

I think it destroys bargaining in the sense that if your position is weak, the incentive or motivation to reach an answer is lessened. It is very easy to go to some other individual, some outsider to do it, and I would think you would abrogate very definitely your right to manage the enterprise and be responsive to your board, be it a union membership or a board of directors of an organization.

FOREIGN VISITOR GROUPS

Mr. FLOOD. Take a look at page 3. Under "Informational and Educational Activity" you show 125 foreign visitor groups. What type of groups are these? What do you do for them?

Mr. COUNTS. I am going to ask one of the staff to answer that.

Mr. MOORE. I work in this a great deal.

We always do this in cooperation with the ILO, Department of Labor and State Department. These are generally teams, small to medium sized, foreign, labor and industrial people who are brought over here on some reciprocal agreement and are in the country usually for 2 or 3 weeks making a study of our system and method of procedure. Our involvement here is ordinarily a matter of a few hours by one of our top staff spending it with them discussing the particular areas they are interested in.

Mr. FLOOD. You don't run around wet-nursing these people for 2 or 3 weeks at a time?

Mr. MOORE. No, sir. This is programed by the ILO, ILAB, State Department. They give us a fixed schedule.

Mr. FLOOD. This is your part of the show?

Mr. MOORE. That is right.

Mr. FLOOD. It is not your show?

Mr. MOORE. No. We have no means of bringing people over or bringing people in independently.

Mr. FLOOD. Mr. Shriver?

COMPULSORY ARBITRATION

Mr. SHRIVER. You were talking a moment ago about compulsory arbitration. What do you think about separate legislation such as the Congress had to enact or did enact to settle the railroad strike; do you want to wait until something like that happened?

Mr. COUNTS. I am not so sure that that terminal type of action is not desirable. Again I point to the fact that it has not been necessary and there are some 250,000 bargaining situations existent to invoke this very frequently. I think we have adequate machinery in the public-interest areas to handle that.

Mr. SHRIVER. Your conclusion is, nothing is needed along this line?

Mr. COUNTS. Well, my conclusion is that I have not——

Mr. SHRIVER. Reached a conclusion?

Mr. COUNTS. I don't know of anything better to change it. I wouldn't be calloused enough to say when you have to go to a public-interest situation to the Congress that something better is not needed. I don't know what that is at this point. I don't think it is compulsory arbitration.

Mr. SHRIVER. You are not alone.

BUDGET REQUEST, 1970

You made quite a point of the fact that you are in agreement with the request as contained in the justification books.

Mr. COUNTS. Yes, sir.

Mr. SHRIVER. How does that request compare with the original request when you went to the Bureau of the Budget?

Mr. EADY. Our original request was for an amount of $9,350,000. This was to finance a total staff of 514. The Bureau reduced that to the current figure $8,280,000, and also reduced the personnel strength to 440.

Mr. SHRIVER. There is quite a difference from the request originally made and that which came up to us, and there is an additional deletion?

Mr. EADY. Yes, sir.

The review has reduced it by four which maintains the staff at the present year level.

Mr. SHRIVER. Are those four mediators?

Mr. COUNTS. Yes, sir.

Mr. SHRIVER. That is all.

Mr. FLOOD. Mrs. Reid.

PRIVATE ARBITRATION GROUPS

Mrs. REID. Thank you, Mr. Chairman.

The American Arbitration Association, which is a private institution, seems to perform a comparable function to the Federal Mediation and Conciliation Service, and I believe the National Academy of Arbitrators does likewise. Do you have any type of liaison with these groups?

Mr. COUNTS. Yes. We do exchange information with them. We do communicate with them and particularly in the matter of arbitrators, the development and training, introduction of new arbitrators into the area and into the field.

COST OF THE DOCK STRIKE

Mrs. REID. I notice on page 10 of your justifications you refer to the fact that thus far during fiscal year 1969 only one Taft-Hartley injunction has been required. This was in the case of the dock strike. Do you have any reliable statistics as to how much this long labor dispute cost our economy?

Mr. COUNTS. I could supply you figures that were introduced by parties in interest as to the cost of them. I think the answer to your question in terms of reliable estimates—no. Much of the cost was projected on current losses and a good deal of this, in my judgment, will be recovered as a result of the commerce flowing and the profits being realized there. Deferred rather than lost.

There is no doubt but what this was a tremendously costly thing.

FACTORS IN LABOR UNREST

Mrs. REID. On page 10 you comment about your efforts "to alleviate the current feeling of unrest in labor-management relations," which you say you feel are made worse by today's critical inflationary spiral. I certainly agree that control of inflation would contribute to a reduction of this unrest. However, you don't say anything about the constant pressure for more fringe benefits and nonwage benefits sought by the unions. How about these factors in labor unrest?

Mr. COUNTS. In my opening remarks I did indicate that I felt that in 1969 and 1970. The fiscal year we are talking about, that the increased high level of demands and the high level of settlements will continue. I must admit, having been a practitioner in the field, I have to be very practical about this situation and I don't believe that you are going to go out again with any magic and persuade people to ask for less and accept less in view of what has occurred and is occurring particularly with price increases.

I do think, though, that we have the responsibility to be as persuasive as we can to point out the impact of these excessive demands, the effect of them, and to attempt to be an educational and communication device to these people to have them face up to their responsibilities and really to understand their responsibilities.

I could point to a situation or two in which responsible unions and responsible management have reacted properly. However, I might visit about the dock situation as I saw it from a person in the aerospace industry moving into a new industry as a mediator for the first time. The structure of that organization, the manner in which they bargained and pass on the pattern from one port to another, the impact of their refusal to work with automated processes, the lack of communication and dialog with respect to the introduction of automation, impact upon the individuals, attrition, how to meet that—these are all things that occurred to me as items that were very fertile fields for discussion and training.

Mr. FLOOD. You are speaking of all coasts, Atlantic, gulf, and Pacific?

Mr. COUNTS. I am speaking of my experience as I saw it in Boston and as I came to know it. I cannot speak for all coasts, ports, because I was not there. I did see the New York Port pattern in Boston, for example. I did listen to the management, shippers, tell of the fact that the local conditions were without recognizance and they had to be observed. I think this type of thing is very important. I think that we have a merchandising job, if it might be described as that. I am not so certain that we cannot have some impact on getting that changed.

Mr. FLOOD. Merchandising job? Who are you going to sell what?

Mr. COUNTS. Sell management and unions as to their responsibilities.

Mr. FLOOD. That is quite a trick.

Mr. COUNTS. Yes, it is. I suppose it is quite ambitious. Nevertheless, I don't think this is a field for a pessimist.

Mrs. REID. Thank you. That is all.

Mr. FLOOD. Thank you very much.

PROPOSED LANGUAGE CHANGE

Mr. EADY. There is one thing we should add, Mr. Chairman.

Since the written material was initially submitted, we have proposed and the Budget Bureau has concurred in the addition of language in our appropriation authority. This provides for the hiring of passenger motor vehicles. This is not to permit people to indiscriminately ride at Government expense. As a matter of fact, our mediators now drive their own cars in performing the bulk of their work. This proposal is to cope with those situations where an automobile is needed by a mediator to get to the scene of the dispute.

Mr. FLOOD. Rental service?

Mr. EADY. Yes, sir. I believe you will find this is rather common throughout Government and we are asking for similar authority.

Mr. FLOOD. Without objection, a copy of that will be put in the record at this point.

Mr. EADY. I will see that it is inserted.

(The information follows:)

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., March 11, 1969.

Hon. J. CURTIS COUNTS,
Director, Federal Mediation and Conciliation Service,
Washington, D.C.

DEAR MR. COUNTS: Your letter of February 20, requesting our concurrence in seeking congressional approval of additional appropriation language has been reviewed. I concur in your agency's desire to request congressional authority for the hire of passenger motor vehicles.

The Bureau has no objection to your agency requesting added appropriation language. The Bureau's General Counsel recomemnds the following:

SALARIES AND EXPENSES

For expenses necessary for the Service to carry out the functions vested in it by the Labor-Management Relations Act, 1947 (29 U.S.C. 171–180, 182), including expenses of the Labor-Management Panel as provided in section 205 of said act; expenses of boards of inquiry appointed by the President pursuant

to section 206 of said act; hire of passenger motor vehicles, temporary employment of arbitrators, conciliators, and mediators on labor relations at rates not in excess of $100 per diem; rental of conference rooms in the District of Columbia; and Government-listed telephones in private residences and private apartments for official use in cities where mediators are officially stationed, but no Federal Mediation and Conciliation Service office is maintained; [$8,090,000] *$8,280,000.* (Departments of Labor, and Health, Education, and Welfare Appropriation Act, 1969.)

Bureau of the Budget Circular A–22 prescribes the policies governing the acquisition and use of sedans. Amendment of the appropriation language, as above, will not affect the policies which are operative in this circular and consequently the leasing of a medium sedan will require the agency-owned medium sedan to be declared excess to the General Services Administration.

Sincerely,

RICHARD P. NATHAN,
Assistant Director.

Mr. FLOOD. Thank you very much.

Mr. COUNTS. Thank you, Mr. Chairman.

JUSTIFICATION MATERIAL

FEDERAL MEDIATION AND CONCILIATION SERVICE
SALARIES AND EXPENSES
COMPARATIVE BUDGET ESTIMATE
FISCAL YEAR 1970 OVER FISCAL YEAR 1969

Description	Fiscal Year 1969		Fiscal Year 1970		Increase (+) or Decrease (-) over 1969 Estimate	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel Compensation						
Office of the Director	4	$ 76,930	4	$ 77,152	-	+ $ 222
Office of the Deputy Director	7	123,592	7	124,910	-	+ 1,318
Office of Disputes	11	193,694	11	196,182	-	+ 2,488
Office of Public Relations and Training	4	61,450	4	62,320	-	+ 870
Office of General Counsel	7	68,485	7	69,079	-	+ 594
Office of Administrative Management	35	336,401	35	342,149	-	+ 5,748
Total Departmental	68	860,552	68	871,792	-	+ 11,240
Total Field	368	5,684,654	372	5,825,227	+ 4	+ 140,573
Total Permanent	436	6,545,206	440	6,697,019	+ 4	+ 151,813
Pay above the stated annual rate		24,000		26,000		+ 2,000
Lapses		-43,206	-2	-131,019	-2	- 87,813
Net savings due to lower pay scales for part of year		---		---		---
Net Permanent	436	6,526,000	438	6,592,000	+ 2	+ 66,000
Part Time and Temporary		86,000		86,000		-
Payment Above Basic Rates		6,000		6,000		-
TOTAL PERSONNEL COMPENSATION		$6,618,000		$6,684,000		+$66,000
Other Objects						
Personnel benefits		522,000		525,000		+ 3,000
Travel and Transportation of persons		582,000		582,000		-
Transportation of things		22,000		22,000		-
Rent, communications and utilities		341,000		341,000		-
Printing and reproduction		10,000		10,000		-
Other services		59,000		59,000		-
Supplies and materials		35,000		35,000		-
Equipment		22,000		22,000		-
Total Other Objects		1,593,000		1,596,000		+ 3,000
TOTAL OBLIGATIONS		8,211,000		8,280,000		+ 69,000
Financing						
Appropriation		8,090,000		8,280,000		+190,000
Transfer to "Operating Expenses, Public Building Services", General Services Administration		-4,000		-		+ 4,000
Appropriation (adjusted)		8,086,000		8,280,000		+194,000
Proposed supplemental for pay increases		125,000		-		-125,000
TOTAL OBLIGATIONS		8,211,000		8,280,000		+ 69,000
COMPARATIVE ESTIMATE BY ACTIVITIES						
1. Mediation and Conciliation of Labor Disputes		$6,698,000		$6,768,000		+$70,000
2. Ad hoc boards, panels, mediators and consultants		125,000		125,000		-
3. Administration		1,388,000		1,387,000		-1,000
Total program costs, funded		8,211,000		8,280,000		+ 69,000
Change in selected resources		-		-		-
TOTAL OBLIGATIONS		8,211,000		8,280,000		+ 69,000

Federal Mediation and Conciliation Service

Narrative Justification

Fiscal Year 1970 Budget

Salaries and Expenses, Federal Mediation and Conciliation Service

Introduction

The positive program objective of the Service is to minimize industrial conflict, and particularly to avoid work stoppages, if possible, or to reduce their duration if and when they occur. Four distinct but interrelated activities contribute to this purpose: (a) dispute mediation, (b) preventive mediation, (c) public information and education, and (d) arbitration services.

(a) Dispute mediation is concerned with rendering assistance to the parties, when needed, in connection with the negotiation or renegotiation of a collective bargaining agreement. It is frequently referred to as "crisis" mediation. Usually the mediator does not enter the negotiations unless an impasse appears likely or has been reached and the possibility of a work stoppage looms.

(b) In preventive mediation the major purpose of the Service's activity is the long term improvement of the labor-management relationship. The technique is to encourage the parties in discussion of their problems away from and without the tensions of a strike deadline or a contract expiration. This continuous dialogue approach is a highly significant development in labor-management relations that has become more prevalent and is more needed in recent years. The Service believes strongly that the potential for minimizing industrial tensions through preventive mediation and related programs is a close second in priority to dispute mediation.

(c) Public information and education - this is a minor but necessary supporting adjunct to the total mediation task. The activity is designed to help fulfill the need for information about collective bargaining and mediation and the role of each in the Nation's economic and industrial life.

(d) Arbitration is a commonly accepted process utilized by labor and management as a method for solving problems that arise out of the terms and during the life of the collective bargaining agreement. It is usually the terminal point of the grievance procedure contained in the agreement; its acceptance by the parties results in settlement of grievances and other disputes without resort to work stoppages.

The Service contributes to this process by making available to the parties rosters of skilled arbitrators from which selections of individuals can be made by the parties to hear and

decide the issues in dispute. The parties pay the arbitrator's fee and other related expenses.

Summary of 1970 Estimate

The collective bargaining process is the primary means through which labor and management must reconcile their differences and reach voluntary accommodation on economic, technological, and other serious bargaining problems. The availability of competent mediation assistance, when needed, in connection with the negotiation or renegotiation of a collective bargaining agreement serves the needs of both labor and management.

Throughout the current year and in fiscal year 1970, the Service will work to reduce current tensions in labor-management relations by urging on the parties a return to more positive collective bargaining with due recognition of the public interest in major negotiations; it will, through its preventive mediation activity, continue to assist the parties and to urge on them the need for devising new approaches to meet the complex bargaining problems arising from rapid industrial and technological change; and it will, through its arbitration panel service, assist in the resolution of grievances and other problems that arise out of the terms of existing collective bargaining agreements.

A total appropriation of $8,280,000 is proposed for the budget year. This estimate will provide funds for:

(a) A national office staff of 68 positions.

(b) Seven regional and seven assistant regional director positions.

(c) A nonsupervisory mediator complement of 264 positions, an increase of four over the number anticipated for the current year.

(d) A regional and field office administrative, stenographic, and clerical staff of 94 positions.

(e) An increase in total budgeted permanent positions from 436 anticipated in the current fiscal year to 440 in the budget year, a total increase of 4 positions.

Workload Data

The statistical data tabulations which follow are largely self-explanatory:

Table A shows a composite summary of mediator activities in dispute, preventive and public information work areas for the fiscal years 1967 and 1968 (page 3).

Table B shows a summary of dispute mediation workload over the past five fiscal years, plus the first half of fiscal 1969 (page 4).

TABLE A

MEDIATOR WORK ASSIGNMENTS

FISCAL YEARS 1967 - 1968

	1967 Assignments Serviced		1968 Assignments Serviced	
Dispute Mediation Activity				
Negotiations involving joint conferences with active mediator attendance	7,193		7,485	
Negotiations involving separate conferences with active mediator attendance	284		281	
Negotiations followed closely from notification until disposition	9,970		10,997	
Negotiations limited to inquiry and evaluation	3,348		3,279	
Total mediator assignments		20,795		22,042
Total mediator conferences held in assignments	31,858		32,239	
Preventive Mediation Activity	**Participations**		**Participations**	
Joint labor-management committee meetings	1,210		1,330	
Separate labor or management committee meetings			329	
Joint labor-management consultations			400	
Separate labor or management consultations	3,084		2,788	
Joint labor-management continuing liaison contacts			85	
Separate labor or management continuing liaison contacts			1,372	
Labor-management training - combined groups	258		499	
Labor-management training - union	557		1,189	
Labor-management training - management	395		1,066	
Total preventive situations		1,175		1,322
Total mediator participations	5,504		9,058	
Informational and Educational Activity				
Mock mediation presentations	237		195	
Speeches and panel discussion participations	665		616	
Radio and television presentations	17		18	
Published interviews	14		11	
Foreign visitor groups	91		125	
Planning committee meetings	147		83	
Total informational situations		675		683
Total mediator participations	1,171		1,048	

TABLE B

Comparison of Disputes Mediation Workload

(Number of Cases Exclusive of Preventive Activity)

Fiscal Years 1964 - 1968 and First Six Months F. Y. 1969

		1964	1965	1966	1967	1968	1969 (Jul-Dec)
A.	Case Totals						
	1. In Process Start of Year	5,014	5,281	5,472	4,781	5,036	5,260
	2. Assignments	20,797	21,262	20,230	19,602	21,385	10,159
	3. Total Workload	25,811	26,543	25,702	24,383	26,421	15,419
	4. In Process End of Year	5,281	5,472	4,781	5,036	5,260	4,432
	5. Cases Closed	20,530	21,071	20,921	19,347	21,161	10,987
B.	Analysis by Types of Mediation Activity						
	1. Joint Conference Cases	7,221	7,445	7,836	7,193	7,485	4,048
	2. Separate Conference Cases	324	316	300	284	281	132
	3. No Conference Cases	11,208	11,283	11,048	9,970	10,997	5,308
	4. No Mediation Activity	1,777	2,027	1,737	1,900	2,398	1,499
	5. Cases Closed	20,530	21,071	20,921	19,347	21,161	10,987
C.	Joint Meetings Conducted	23,399	25,183	26,530	25,749	26,016	13,937
D.	Separate Meetings Conducted	3,097	3,268	3,713	3,631	3,744	2,118

Table C treats in detail, by region, the preventive mediation workload for fiscal year 1968. It summarizes different activities which evolved from 1322 preventive mediation cases worked on during the year (pages 6 and 7).

Table D shows a six-year summary of the Service's arbitration activity (page 8).

Future Outlook and Work Program for Fiscal Year 1970

The quickening pace of technological change and the maze of complexity which surrounds all aspects of labor relations point clearly to an expanding need for readily available mediation services. The tabulation which follows presents the workload forecast in terms of cases and/or assignments. Lacking in the tabulation, however, is any measure or indication of the degree of complexity and the extensive complications that are inherent in today's collective bargaining. The commentary which follows the tabulation is directed to a number of factors which are relevant to the workload projections and to the setting in which the collective bargaining process will be functioning during fiscal year 1970.

Workload Projections, Fiscal Years 1969 and 1970

	Actual F.Y. 1968	Est. F.Y. 1969	Est. F.Y. 1970
I. Dispute Mediation			
(a) Dispute case assignments in process during the fiscal year	26,421	27,600	27,990
(b) Joint meeting cases closed	7,485	7,810[1]	7,920[1]
(c) Percentage ratio of joint meeting cases closed to total assignments in process during the year	28.3%	28.3%	28.3%
II. Preventive Mediation			
(d) Total preventive mediation assignments (new case assignments and carryover)	1,322	1,400	1,450
III. Public Information and Education			
(e) Total assignments (closed)	879	900	900
IV. Arbitration Services			
(f) Number of Panels submitted to the parties	8,630	9,500	10,400

1/ Based on assumption that the percentage ratio (item c) as prevailed in actual 1968 will remain at the same level in 1969 and 1970.

TABLE C

PREVENTIVE MEDIATION CASE ACTIVITIES SUMMARY*

FISCAL YEAR 1968

Reg.	TOTAL CASES	COMMITTEES			CONSULTATION			CONT. LIAISON			TRAINING				DEFENSE	DISP.	GOVT.
		Joint	Sep.	TOTAL	Joint	Sep.	TOTAL	Joint	Sep.	TOTAL	Union	Mgmt.	Comb.	TOTAL			
1	168	169	77	246	78	457	535	13	72	85	66	81	18	165	59	107	6
2	170	88	17	105	51	403	454	5	245	250	108	97	65	270	53	103	10
3	151	177	43	220	40	303	343	3	109	112	50	73	35	158	25	100	4
4	168	148	27	175	64	216	280	13	116	129	128	69	23	220	43	90	13
5	329	215	51	266	52	405	457	14	189	203	134	181	124	439	80	227	12
6	173	169	21	190	24	362	386	14	219	233	202	164	18	384	44	118	1
7	157	249	36	285	35	295	330	13	378	391	31	26	22	79	53	94	7
N.O.	6																
TOTALS:	1,322	1,215	272	1,487	344	2,441	2,785	75	1,328	1,403	719	691	305	1,715	357	839	53

*P.M. Case Activities, exclusive of "Other" (telephone calls, etc.)

Percentage of P.M. cases where Defense Contracts were involved - 27.0%

Percentage of P.M. cases related to previous Dispute case - 63.5%

TABLE C (Continued)

PREVENTIVE MEDIATION ACTIVITIES - FISCAL YEAR 1968

Reg.	NO. CASES	MEDIATOR ASSIGNMTS.			MEDIATOR ACTIVITIES												AVERAGES PER MEDIATOR			
					COMMITTEES		CONSULTATION			CONT. LIAISON			TRAINING			TOTAL	No.			
		Prin.	Panel	TOTAL	Jt.	Sep.	Jt.	Sep.	Other	Jt.	Sep.	Other	Union	Mgmt.	Comb.	ACTV'S	Med'r	Cases	Assgn.	Activ.
1	168	175	65	240	191	90	97	512	387	16	80	289	108	127	24	1,921	41.6	4.04	5.76	46.2
2	170	168	143	311	98	27	56	458	322	4	247	148	217	191	117	1,885	29.0	5.86	10.72	65.0
3	151	152	45	197	179	53	43	338	343	3	113	320	62	98	44	1,596	26.0	5.81	7.58	61.4
4	168	174	119	293	161	31	71	257	531	16	115	368	184	106	58	1,898	42.5	3.95	6.89	44.7
5	329	328	316	644	258	61	66	498	663	17	205	330	269	309	208	2,884	46.2	7.12	13.94	62.4
6	173	186	96	282	185	26	29	416	318	16	220	703	314	208	23	2,458	33.9	5.10	8.32	72.5
7	157	160	36	196	258	41	38	309	516	13	392	774	35	27	25	2,428	36.2	4.34	5.41	67.1
N.O.	6																			
TOTALS:	1,322	1,343	820	2,163	1330	329	400	2788	3080	85	1372	2932	1189	1066	499	15,070	255.4	5.18	8.47	59.0

TABLE D

ARBITRATION WORKLOAD

PROCESSING REQUESTS FOR PANELS	FISCAL YEAR						
	1962	1963	1964	1965	1966	1967	1968
Number of Requests Received	3548	4279	4791	5038	5654	6955	7809
Number of Panels Issued	3808	4497	5172	5453	6255	7623	8630
Number of Selections Made by the Parties	2303	2719	3142	3286	3386	3953	4103
Number of Direct Appointments Made by the Service at Request of the Parties	52	38	40	47	44	42	72

The dispute mediation workload projection for fiscal year 1969 is based on the average actual workload for the three preceding fiscal years, plus an increment of 2,100 additional case assignments arising out of new National Labor Relations Board bargaining certifications. Actual data for the past few years substantiates the accuracy of this increment projection.

The projection for the budget year, fiscal year 1970, is also premised on the average workload for the three preceding fiscal years (1967-69) plus the continuing increment factor of 2,100 new National Labor Relations Board certifications in 1970.

The estimate of joint meeting cases closed for both fiscal years 1969 and 1970 is based on the assumption that the percentage ratio that prevailed in actual 1968 will remain at the same level in 1969 and 1970. This means that the Service becomes actively involved in only three out of every ten dispute assignments, although the mediators must maintain continuing liaison with the parties in those cases where active involvement is not necessary. These data reinforce the Service position of insisting that the parties should first endeavor to reach their own agreement before calling for mediation assistance. If this were not done, a much larger mediator staff would be required

The preventive mediation estimates bear a relationship to the dispute case workload. Most of the preventive mediation activity has arisen out of dispute case negotations during which the mediator perceives the need for improvement in one or more aspects of the labor-management relationship. Accordingly, he will, where appropriate, broach the subject to the parties and offer his assistance in getting a program underway which will address itself to particular problems or circumstances hindering a good labor-management relationship. It is only with the consent and cooperation of the parties that a mediator engages in preventive mediation activity.

As the active dispute case load rises, it follows that there will be an appreciable increase in the number of preventive assignments evolving from this increased workload. The estimate for 1969-70 reflects this fact. Much of this activity must of necessity be performed after regular working hours.

Also, it has been noted that a successful preventive endeavor frequently leads to inquiries from other labor and management people in the same industrial community about the Service's preventive program. In fact, several preventive assignments have been generated from favorable union and/or management comment about the program. This is termed the "snowballing effect," and it is not insignificant in its implications for the future of the preventive effort.

The public relations and educational assignments are a minor but necessary adjunct to the total mediation job. The mediator staff devotes as much time as is possible, without neglecting mediation or preventive mediation assignments, to help meet the interest of various segments of the population in learning more about collective bargaining and its role in the Nation's economic and industrial life. The number of such assignments do not vary much from year to year.

Arbitration services are not a part of the individual mediator's job. However, the Service does perform an important administrative function in the field of labor arbitration through the maintenance of a large roster of well-qualified persons from which the parties can select an arbitrator to adjudicate their differences. The estimates for 1969 and 1970 are merely a continuation of the case load increment which has taken place each year for the past thirteen years.

. . . . . .

It has been noted earlier that no Taft-Hartley injunctions, in Vietnam related disputes, were required in fiscal year 1968. The 40 or 50 potential Taft-Hartley defense cases which did develop during the year were settled by the parties with intensive FMCS mediation assistance. Thus far in fiscal year 1969, only one Taft-Hartley injunction has been required (ILA). This high priority concentration on dispute situations involving defense production will continue until such time as the Vietnam war is ended.

Service efforts to alleviate the current feeling of unrest in labor-management relations will be intensified despite the obvious difficulties involved. The critical inflationary spiral must be checked if return to a more stable labor-management relations atmosphere is to be accomplished. With advances in the Bureau of Labor Statistics cost of living index now approximating five percent on an annual basis, unions are insistent on wage increases to offset the cost of living increases as well as equally insistent on cost of living escalation clauses to protect further erosion of their "real" wages. Current fiscal and budgetary efforts to curb the inflationary spiral may, in turn, create some increase in the rate of unemployment. This issue and its related seniority implications in lay-offs will no doubt be reflected more prominently in future contract negotiations. Relative price stability is the major economic requirement needed for the reduction of labor relations unrest.

Employers naturally are resisting union wage demands and cost of living escalation clauses on the grounds, usually, that there is no corresponding large increase in worker productivity to offset the high wage demands. Also foreign competition is growing steadily and in some areas is having an effect on profitable operations. Manufacturing plants, it is estimated, were operating at only about 85 percent of capacity in July 1968. Employers are now more prone to take strikes rather than capitulate to what they consider to be excessively high union demands.

The union technique of "coordinated bargaining" is another important development in current day industrial relations, and it is a certainty that we shall see more of it in the future. In a sense it is labor's response to the increasing number of company mergers and the emergence of the "conglomerates." A huge multiple corporation making a diversity of products and having a large number of separate contracts with a number of different unions obviously is a bargaining problem to the individual unions. Hence the movement by the unions to present a united front through coordination of efforts in contract negotiations. Mediation of disputes of this nature are

bound to be prolonged and difficult. There is usually initial disagreement on the bargaining format before any substantive issues are reached.

Further adding to the labor relations uncertainty is the tendency of union members to reject contract solutions reached in good faith by their bargaining committees. Fortunately this trend may be abating. In the past fiscal year, in 11.9 percent of the joint meeting cases closed by the Service, the tentative settlements reached in negotiations were rejected by the membership. This compares with 14.1 percent in 1967; 11.7 percent in 1966; 10 percent in 1965; and 8.7 percent in 1964. Rejections mean an additional drain on manpower because the mediator must again reenter the case.

Preventive mediation is the descriptive terms used by the Service for its activities under the Congressional mandate that the agency cultivate better permanent relations between parties to labor agreements. In essence it involves continuing dialogue during non-crisis bargaining periods for the purpose of cultivating better understanding between the parties of their mutual problems. It has many of the same aspects as dispute mediation absent the emotion and pressure of the "crisis" deadline.

Typical of the activities which fall within the preventive mediation concept, and in which the mediator staff actively engage are:

(1) Labor-Management Committees for purposes of pre-negotiations, post-negotiations, problem-solving study assignments, or continuing dialogue to iron out day-to-day problems during the term of contract.

(2) Consultations; ad hoc trouble shooting or advisory services.

(3) Continuing Liaison; industry wide surveillance for impending trends or developing problems.

(4) Training; directed primarily toward foreman-steward levels to improve "grass roots" communications, human relations, responsible grievance handling, and so on.

(5) Community-Wide Activities; encompassing various mediums for improving community labor-management climates. These may include tripartite community forums, Industrial Relations Research Association chapters, or labor-management seminars in conjunction with colleges or universities.

Endorsement of the concept of "continuing dialogue during the life of the collective bargaining contract has come from a variety of professional labor relations sources and many good examples of this type of activity are in operation, apart from Service sponsored preventive mediation activities. Successful programs exist in the meat, rubber, aluminum and other industries. The President of the United Steel Workers, I. W. Abel, supports the concept and foresees the day when there will be "continuous, year-around bargaining at the local level."

Preventive mediation, and similar programs, constitute a new and positive approach to difficult bargaining problems arising out of our complex industrial and economic society. The Service will continue to pursue its efforts vigorously in this promising work area.

Missile and Space Site Activity

Under the provisions of Executive Order No. 11374, the Service was assigned the full responsibility for continuing the mediation activity at local missile and space sites throughout the country. This function has been carried out by the Office of the Deputy Director under the Preventive Mediation Program. The Executive Order transferred to the Service the functions and responsibilities of the Missile Sites Labor Commission.

During the past fiscal year, the missile and space program of the Government continued to move forward, with no significant labor problems.

Labor relations at the major missile and space sites have been constantly monitored by the Service on a priority basis. The local Missile Site Labor Relations Committees, composed of representatives of labor and management at the site with the local mediator serving as Chairman, have continued at those sites where there has been a determined need.

Collective bargaining negotiations between both industrial and construction contractors and unions, which relate to work on the sites, are also assigned to the local site mediator on a priority basis.

The local site activity will continue on an expanded basis as those sites selected by the Sentinel Systems Command for construction of the Anti-Ballistic Missile complex, are inaugurated. A cooperative program is being developed between the responsible branches of the Military and this Service for surveillance and immediate handling of labor problems at the Sentinel sites.

During the past fiscal year, work was in progress at 12 missile and space sites throughout the country. Of the total of 8,312,00 man-days worked, only 5,210 man-days were lost due to work stoppages. The number of work stoppages during the fiscal year showed a drop from the 41 recorded during the previous fiscal year to a new low of 24.

Arbitration Services

The number of requests for arbitration panels in fiscal year 1968 totaled 7809, up 12.3 percent from the previous fiscal year. Since fiscal year 1962, the arbitration workload, as measured by the number of requests for panels, has increased by 120 percent. All other aspects of the arbitration case load show similar steady increases. The tabulation on page 8 summarizes these data for the past seven fiscal years.

Despite the fact that the Service has more than 1200 arbitrators on its roster, there is a continuing problem of adding to and maintaining a roster of a sufficient number of experienced and acceptable arbitrators. The joint effort with the American Arbitration Association and the National Academy of Arbitrators in developing training programs for new arbitrators continues. These programs are being developed on an area basis. The objective is to increase the number of qualified arbitrators in any area where the arbitration case load of that area indicates a shortage of competent arbitrators.

Arbitration, as an effective means for the settlement of grievance disputes, is well established in the institution of collective bargaining. It can safely be assumed that the rate of arbitration volume will continue to expand in the future as it has over the past ten years.

Mediator Activity and Productivity

The Service in its past budget submission, both to the Bureau of the Budget and to Congress, has documented that about 60 percent of the average mediator work year was devoted to joint meetings with the parties in dispute cases, to active participation in preventive mediation cases, and to attendance at Federal Mediation and Conciliation Service seminars, regional conferences and training workshops. This time allocation is considered equally valid as of the present time.

However, time requirements for the following important tasks, closely associated with the mediator job, cannot be accurately deduced from our data:

1. The very considerable amount of travel involved in servicing active dispute and preventive mediation cases in an industrial area.

2. Preparation outside of conferences, and separate consultations in person and by telephone outside the meeting rooms in active (joint meeting) dispute cases.

3. Extensive contacts, in person and by telephone, in assigned dispute cases that do not require joint meeting services of the mediator (these cases exceed the joint meeting cases by a two to one ratio).

4. Reporting of both types of dispute cases (2 and 3 above).

5. Frequent necessary "waiting time" between joint meetings in the more important dispute cases where the time intervals are uncertain and/or so short as to prevent "working in" another active joint meeting case.

6. Preparation for preventive mediation cases and consultations in person and by telephone outside the meeting rooms.

7. Reporting of preventive mediation cases.

8. Public relations activities (speeches, conference attendance, etc.) that are not associated with specific disputes or preventive mediation cases.

9. Keeping up with current labor relations developments by reading available literature and reports and by consultation with other mediators and other labor relations personnel, aside from the more formal seminars and other training programs. This is essential if a mediator is to do a competent job.

These nine job related activities more than account for the remaining 40 percent of a normal work year.

As a matter of fact, periodic time surveys, as presented in previous budget submissions to the Bureau of the Budget (fiscal years 1965, 1966, and 1968), show a considerable volume of voluntary overtime. In the latest data submitted with the fiscal year 1968 budget submission, an average of 3900 hours for each of two consecutive pay periods covered in the survey were worked by the mediator staff. This averaged out to a 48 hour work week. At other times in the year it could even be higher. The nature of the job calls for irregular working hours for a variety of reasons:

1. In the "heavy" portion of the yearly disputes cycle, a typical mediator day on disputes is considerably longer than the normal eight-hour working day.

2. Much of the preventive mediation work is performed at night after a day's work on other cases.

3. Much mediator time is worked on Saturdays, Sundays, or holidays without adequate compensatory time off.

The essential point of all of the foregoing is that there can be no doubt about the high level of mediator "productivity" and the full utilization of all manpower resources available to the agency.

Economic Benefits Accruing from Effective Mediation

There are no precise measurements for evaluating mediation effectiveness or for computing the economic benefits which result from a work stoppage that is averted or shortened through mediation. Because of the many complex and interrelated factors present, the Bureau of Labor Statistics makes no attempt to measure the cost of strikes in terms of the amount of production and wages lost.

Based on certain assumptions, however, a few possibilities on the cost/benefit relationship can be illustrated.

Direct cost benefits to the parties due to effective dispute mediation can be estimated as follows:

A. Wage Losses Eliminated or Minimized

1. In fiscal year 1968, strike deadlines were postponed after mediator requests in 1442 instances. In 1168 of these cases, involving 363,013 employees, the additional time and intensive mediation prevented any strikes from developing. The potential strike time loss avoided in these 1168 cases was 6,534,234 man-days, calculated by use of the BLS average of 18 days per strike for calendar year 1966. Discounting the figure by 50 percent on the basis that some postponements and subsequent settlements would have occurred without a mediator or that strike duration would have been less than the BLS average, a conservative figure of 3,267,117 man-days is estimated.

2. In fiscal year 1968, 4,326 additional active cases involving 1,689,000 employees were closed by FMCS mediators without strikes and without the necessity of postponement of strike deadlines. It is a conservative estimate that strikes would have occurred in 20 percent of these cases absent mediator assistance, and that the work time lost, using the BLS average time lost, would have been at least 6,080,000 man-days.

3. Actual strike time losses are minimized by mediator assistance. Going back to BLS data for 1966 only for purposes of greater accuracy (Bulletin No. 1573), Federal Mediators participated in 1,731 strike cases, involving 1,093,000 workers and a total of 19,690,000 man-days of idleness.

   Assuming that these strikes would have persisted for five working days longer in the absence of mediator assistance (a conservative estimate), 5,465,000 man-days of additional idleness were avoided.

4. Actual strike prevention due to preventive mediation activity is impossible to validate precisely but it is a conservative estimate that "early bird" contracts and the positive effects of the wide variety of FMCS preventive activity save at least 500,000 man-days of potential strikes.

5. Estimated total yearly strike time avoided is:

a.	Cases settled without strikes where deadline postponent was involved	3,267,117 man-days
b.	Cases settled without strikes prior to deadline	6,080,000 man-days
c.	Strike time losses shortened	5,465,000 man-days
d.	Results of preventive mediation activity	500,000 man-days
	Total	15,312,117 man-days

At $22.60 per day (based on BLS average hourly earnings for manufacturing for 1967), the estimated annual wage losses avoided due to mediation are: $ 346,053,844

"Rounded off" to $ 346,000,000

B. Company Profits Saved by Effective Mediation

As a conservative estimate, company profits preserved by avoidance of strikes and limiting the duration of strikes (items discussed in A above) were at least half the estimated wage loss or $173,000,000.

C. Offsets

Some strike time losses are recovered by workers after a strike has terminated - sometimes at overtime rates.

Likewise, some lost company profits are recovered subsequently.

Assuming 50 percent recovery, the total savings to the economy would be about one-half of the sum of $346,000,000 and $173,000,000 or about $259,000,000.

We do believe it is conservative to conclude that the Federal Government expenditure of $7,378,423 for fiscal year 1968 for the FMCS budget saved at least $259,000,000 to the parties involved.

D. Effect on Taxes

It is also very pertinent to note that taxes accruing to the Federal Government (individual worker income taxes and corporate taxes) by reason of the work of the FMCS far exceeded the FMCS budget.

Boards of Inquiry and Other Ad Hoc Panels and Experts

No Taft-Hartley Boards of Inquiry were needed in emergency dispute situations in the past fiscal year (1968). Some 40 to 50 potential Taft-Hartley situations were successfully concluded by agreement between the parties with the assistance of mediation. These were all defense oriented situations. Outside experts, working with FMCS mediators, were used in a few instances, most notably in the Pacific Coast Shipbuilders Association - IBEW case in which a special board, suggested and assisted by FMCS, successfully mediated the dispute after the Taft-Hartly injunction (issued in fiscal year 1967) had expired.

The Service will continue to provide mediatory and administrative assistance to any such boards or panels as may be appointed during both fiscal years 1969 and 1970. Only one such board has been created to date in the current fiscal year.

The sum of $125,000 is included each year in the Service's budget for Boards of Inquiry, special boards, panels and outside experts. It is essential that the full amount be made available because of the uncertainty of future needs for boards and panels. As in previous years, funds not obligated will be returned to the Treasury or applied to federal employee pay increases.

National Labor-Management Panel

This advisory group, authorized by the Labor Management Relations Act of 1947, met twice during the past fiscal year. Pressures of serious disputes prevented other meetings from being scheduled. Also four Panel member appointments expired during the year and recommendations have been made to the President for appointment of their successors.

Meetings of the Panel are held in executive session, thus permitting free and meaningful discussion and interchange of ideas on a variety of industrial relations and collective bargaining problems. These discussions are especially helpful to the Service in assessing labor and management attitudes on specific topics.

Panel activity will continue during the current fiscal year 1969 immediately after the new members have been appointed. Close liaison is maintained with the members between the regularly scheduled meetings and the advise and counsel of the panel and its individual members have been of genuine benefit to the Service.

Manpower and Financial Requirements

1. Mediator Manpower Increases

The estimate for 1970 proposes an increase of four new mediator positions at grade GS-12. This will restore the total non-supervisory mediator staff to 264. Prior to the operational impact of Public Law 90-364, under which three of every ten

vacancies are eliminated, the non-supervisory mediator staff stood at 266.

The additional staff is critically needed because, despite Public Law 90-364, the facts support the position that there will be a continuing increase in the demand for mediation services in the years ahead. As an indication of the steady growth of collective bargaining, the Bureau of Labor Statistics estimates that for 1966 there were more than 250,000 different employers covered by collective bargaining agreements with national labor unions. In 1969 and 1970 this number can be expected to continue to increase.

Each year, for instance, there is a steady increase in new National Labor Relations Board Certifications (5000 a year at the current rate), which in turn portend an increase in mediation workload. These new certifications usually involve initial contract bargaining in which mediation is particularly effective because of the lack of experience on the part of the parties in effective collective bargaining.

In summary, the total appropriation proposal for 1970 will enable the Service to continue its concentration on disputes related to the defense effort; to service the Nation's missile, anti-missile, and space sites, particularly so as the Sentinel system enters the construction stage; to encourage labor and management to engage in constructive collective bargaining with fewer work stoppages; and to continue promoting through its preventive mediation program the benefits that can accrue from "continuous dialogue" and other forms of labor-management discussion and cooperation.

2. Other Non-Manpower Increases

The personnel benefits object shows an increase of $3,000 in 1970 over 1969. This increase is related to and computed on the basis of the total personal services compensation for 1970.

All other non-manpower costs remain at the same level in 1970 as budgeted for the current fiscal year 1969.

TUESDAY, APRIL 15, 1969.

NATIONAL LABOR RELATIONS BOARD

WITNESSES

FRANK W. McCULLOCH, CHAIRMAN
ARNOLD ORDMAN, GENERAL COUNSEL
JOHN H. FANNING, BOARD MEMBER
OGDEN W. FIELDS, EXECUTIVE SECRETARY
DOMINICK L. MANOLI, ASSOCIATE GENERAL COUNSEL
H. STEPHAN GORDON, ASSOCIATE GENERAL COUNSEL
WILLIAM T. EVANS, SPECIAL ASSISTANT TO GENERAL COUNSEL
CLARENCE S. WRIGHT, DIRECTOR, DIVISION OF ADMINISTRATION
EDWARD GOODSTEIN, ASSOCIATE DIRECTOR, DIVISION OF ADMINISTRATION
MILDRED E. STEVENS, ASSISTANT CHIEF, BUDGET BRANCH

NATIONAL LABOR RELATIONS BOARD

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	Actual, 1968	Estimate, 1969	Estimate, 1970
Personnel compensation:			
Permanent positions	25,112	27,720	29,040
Positions other than permanent	187	244	259
Other personnel compensation	14	48	32
Special personal service payments	45	46	50
Total personnel compensation	25,358	28,058	29,381
Personnel benefits: Civilian employees	1,951	2,341	2,418
Travel and transportation of persons	1,394	1,483	1,553
Transportation of things	40	67	66
Rent, communications, and utilities	1,151	1,418	1,493
Printing and reproduction	553	728	785
Other services	949	1,068	1,090
Supplies and materials	326	330	347
Equipment	104	236	206
Total costs, funded	31,826	35,728	37,339
Change in selected resources	77	−60	−109
Total obligations	31,903	35,668	37,230

PERSONNEL SUMMARY

Total number of permanent positions	2,418	2,528	2,457
Full-time equivalent of other positions	34	43	43
Average number of all employees	2,360	2,331	2,406
Average GS grade	9.5	9.6	9.8
Average GS salary	$11,104	$11,937	$12,330

PROGRAM AND FINANCING (In thousands of dollars)

	Actual, 1968	Estimated, 1969	Estimated, 1970
Program by activities:			
1. Field investigation	19,731	21,595	23,020
2. Trial examiner hearing	3,225	3,998	3,841
3. Board adjudication	3,980	4,513	4,544
4. Securing compliance with Board order	4,890	5,622	5,934
Total program costs, funded	31,826	35,728	37,339
Change in selected resources [1]	77	−60	−109
Total obligations	31,903	35,668	37,230
Financing: Unobligated balance lapsing	327		
Budget authority	32,230	35,668	37,230
Budget authority:			
Appropriation	32,288	35,074	37,230
Transfer to other accounts	−58	−7	
Appropriation (adjusted)	32,230	35,067	37,230
Proposed supplemental for civilian pay act increases		601	
Relation of obligations to outlays:			
Obligations incurred, net	31,903	35,668	37,230
Obligated balance, start of year	2,156	2,082	2,438
Obligated balance, end of year	−2,082	−2,438	−2,818
Adjustments in expired accounts	−114		
Outlays, excluding pay increase supplemental	31,863	34,729	36,832
Outlays from civilian pay act supplemental		583	18

[1] Selected resources as of June 30 are as follows: Unpaid, undelivered orders, 1967, $303,000; 1968, $380,000; 1969, $320,000; 1970, $211,000.

Mr. FLOOD. Now we have the National Labor Relations Board and Mr. Frank M. McCulloch, chairman. Mr. McCulloch, you are no amateur here. We also have the General Counsel of the National Labor Relations Board, Mr. Arnold Ordman. Of course, Mr. Ordman, you are no beginner either.

I have never been quite sure how these two groups could work together, but to my utter amazement apparently they do.

Mr. McCulloch, I see that you have a statement here. The length of it indicates that you still think you must be under fire. How do you wish to proceed?

Mr. MCCULLOCH. Mr. Chairman, I would be very glad to summarize my statement and request leave to insert the full text in the record.

Mr. FLOOD. Without objection, we will do that.

(The statement follows:)

STATEMENT OF FRANK W. McCULLOCH, CHAIRMAN OF THE NATIONAL LABOR RELATIONS BOARD, BEFORE THE SUBCOMMITTEE ON LABOR AND HEALTH, EDUCATION AND WELFARE AND RELATED AGENCIES OF THE HOUSE COMMITTEE ON APPROPRIATIONS

April 15, 1969

I wish to thank the Committee for this opportunity to appear on behalf of the National Labor Relations Board, and to support its budget request for fiscal year 1970 to carry out the responsibilities laid upon it by the Congress.

The Agency Request

The Agency request for fiscal year 1970, as currently supplied to you, is (a) for $36,974,000, an increase of $1½ million over the $35,474,000 expected for fiscal year 1969 and (b) for an increase of 55 man-years over 1969.

The Budget Bureau, however, at the request of the President has carried out another review designed to bring employment for all agencies down to 1969 levels or lower. The President is trying to cut Federal expenditures in his battle with inflation, a contest which must be won for the benefit of us all. His general announcement this past week-end heralds a more detailed message in a matter of days. The consequences, as far as this Agency is concerned, will probably be a continuation of the employment reductions which began January 1, 1968 with all the attendant problems.

As our justification indicates, we had expected to use $876,323 for increased pay and other mandatory administrative costs, and the remainder of the $1½ million increase was to be used mostly for processing

increased case filings, with $113,200 set aside for continuing our automation program and $120,700 for making a small beginning toward meeting our need to reduce time delay in our Court of Appeals enforcement work.

This basic justification, in terms of investigative, decisional and enforcement work to be done on matters committed to us by Congress, is still valid.

At this point, however, until the President's new reduced Budget figures are released in their detail, we cannot determine and advise you where the further changes in allocation of available funds are recommended to be made. Since we shall receive less than originally proposed, the final figures of the amounts and the employment to be requested must be re-assessed and will be transmitted just as soon as they are determined. I assure you, however, that the Agency will make the fullest and best use it can of the funds and employment it receives to carry out the objectives set by Congress, as we have done in the past.

As you know, we have placed primary emphasis on maximizing the informal and voluntary processing of the labor relations matters brought to our attention; and secondly, in those cases requiring formal litigation, we have placed emphasis on timely processing so that the parties will get answers to their labor relations questions as soon as possible. Only thus can we hope to attain the objectives of Congress in the now more than 30,000 cases that come to this Agency annually.

Agency Budget Formulation

This Agency's work program and budget are based upon the processing of the labor relations matters brought tc us. The Agency has no control over these case filings. They result from the stresses and strains of our complex economic machine, and from the assignment to this Agency, among the various means provided by the Congress of responsibility for the orderly and peaceful resolution of the specific labor relations problems arising under our statute.

We investigate each and every case filed with us, and dispose of about 90% right in the field offices without a formal hearing. The General Counsel will go into this phase of our operations more deeply in connection with his review of field operations. In representation matters, even after formal hearing, most cases are decided by the Regional Directors themselves, and as our time delay table indicates (see Table B page 9 of the Justification) even these formal questions, are decided in about 45 days on the average.

In unfair labor practice charges, the small percentage of cases which are not disposed of informally in our field offices (while th percentage of the total filings is small, the gross total of Board Decisions annually now exceeds 800) take longer, as Table B indicates. In addition, we also have a time-consuming operation (not shown on Table B) in our need for court enforcement of Board Decisions. This need has grown greatly in recent years. This phase of our operations will also be discussed in greater detail by the General Counsel, since he supervises it on behalf of the Board.

Our budget, therefore, tries to provide for the current processing of cases filed in order to carry out our Congressionally assigned mission. We estimate filings for the budget year and their form of disposition so that a work program can be set up and staff be employed for the work to be done in the various stages of processing. Furthermore, to judge the efficiency of these operations, we have set time standards for each stage against which we measure performance. When, despite these controls, backlog and time delay develop, we study the problem and establish management plans for reducing the delay. When additional staff is needed, we ask for your assistance, and you have been very understanding and helpful in these matters.

Factors Affecting Intake

In order to estimate intake, we have analyzed with the greatest care our own experience in the field in recent years and have secured field estimates from every part of the country. In addition we have studied the factors which lead to filings. All of these guidelines suggest a continuing upward trend.

The filing of cases requiring determination of a question concerning representation (i.e. where a union claims to represent a majority of the employees in an appropriate unit), or cases charging a company or union with actions alleged to be unfair labor practices, results from the interaction of a number of different factors involved in labor management relations. These include for example, attempts to organize employees hired to operate a new plant or extension, loss of

jobs as a result of automation, labor union rivalry, plant closings and relocations, and other economic changes. The recent industrial unrest reflected in part by the growth of strikes and the refusal of union members to accept new contract terms negotiated by their leaders, and the broader rank and file dissatisfactions appear to have had a substantial impact on our filings since 1967. In 1967, for example, charges rose by 1,107 of which 776 were filed by individuals. In fiscal year 1968 there was a net rise in charges of 776, but those filed by individuals increased by 954 or by more than the total increase.

In the foreseeable future we look for greater filings by unions and companies as a result of increased labor union organizing. We expect such organizing to result from the following basic causes:

1. The rise expected in industrial growth, which creates new jobs in old plants and in new plants as well as at construction sites and often leads to more organizing.
2. Competition among unions to organize the unorganized, including the competition created by the establishment of the ALA by the Auto Workers and the Teamsters.
3. The obvious signs of increased organizing of white collar workers which is expected to spill over from the public employment areas where professionals such as teachers and nurses and other

white collar workers are now being organized in large numbers.

4. The announced special organizing programs including, for example, increased organizing of service workers, textile workers, and non-union building trades employees.

Appraisal of Our Present Situation

Intake

We have estimated that we would receive 18,785 unfair labor practice charges and 13,355 representation proceedings in the current, fiscal year 1969. Thus far our unfair labor practice filings (our major workload factor) have exceeded estimate, and we expect the fiscal year total to meet the estimate. Representation filings, on the other hand, have been lower.

In our opinion this results mainly from a continuation of the pattern of filings we began to see in 1967 and 1968, which apparently reflected current industrial unrest. The main increase in these years as noted above has been the filing of charges by individuals (see page 6 of Justification). At the same time there was an actual decline in representation proceedings filed in 1968 and thus far in 1969.

Our current estimate is based upon an expected rise in filings by unions and employers as a result of increased organizing activity. We still expect this to occur and project it for 1970. It is somewhat late in coming, however, and it is difficult to say precisely when it will begin.

Nevertheless, as stated, the Agency is receiving in 1969 most of the work estimated.

Workload Processing

The kind of intake experienced thus far has helped our efforts to keep current. The field offices have been able to catch up with their workloads and by December were essentially current in their work. The normal increase in work in the second half, on the other hand, has brought some of the problems expected. Pending loads are beginning to rise. The extent to which the problem becomes aggravated will depend on the continuing relationships between increasing work and decreasing staff.

The ability to remain current in our field offices through December was facilitated by the fact that despite the increased investigative work required by rising case filings, the percentage of meritorious charges requiring processing after investigation decreased during this period. A smaller proportion of meritorious charges means a lower manpower need to dispose of these cases - by settlement or by trial- in our field offices. It also means less formal work for the trial examiners, the Board and our Appellate Court branch to handle. Consequently, although charges filed were ahead of estimate and necessitated added investigative time, formal work resulting from these charges was not higher than estimated. In addition, the reduction in representation work from estimate reduced manpower requirements in that area and released some of that manpower to handle the extra investigations. The constant and diligent attention given

by the General Counsel and his staff in Washington and the field to the handling of all this work has attained a remarkably high level of case dispositions.

As a result the trial examiner calendar is current. However, cases awaiting trial examiner decision have not decreased to the extent we had planned. The trial examiners were unable to reduce this pending load for a number of reasons, including loss of staff (10 thus far this fiscal year), illness, and the necessity to move the major part of the Division to a new location because of lack of space. Nevertheless the trial examiners did manage to reduce the time required to process their work, with the assistance of the field offices. As Table B, page 9, of our Justification indicates, time required from Complaint to Close of Hearing was reduced from 64 days to 59 this year, and time required from Close of Hearing to Trial Examiner Decision was reduced from 106 days to 83 days this year. These two reductions make up the bulk of the total reduction in case processing time from 349 days last year to 319 days this year.

The Board has not received as many trial examiner decisions this year as planned (for the reasons detailed above), and therefore at this point expects to issue about 840 contested unfair labor practice decisions instead of the 877 programmed. There will also be, in all probability, some reduction in the representation work planned for. The Board will remain current in its work and has reduced the time

required to issue a contested unfair labor practice decision from 120 to 118 days. In addition the Board recently detailed 10 of its legal assistants for 6 months to the Appellate Court Branch to help with its backlog problems.

At this point, as explained above, the Trial Examiners and the Board are in fairly good operating shape having managed to reduce the backlog problems which arose most strikingly about 1964.

Now, however, these problems have moved, with the flow of work, to the Appellate Court area where we have a very serious problem of time delay. The General Counsel will explain, in his presentation, the nature of the problem and our plans for managing it so as to reduce the backlog there.

Outlook For 1970

Intake

From our study of all the factors noted above, we have estimated for fiscal year 1970, to which our present appropriations request to your Committee is addressed, a further increase of 6% in unfair labor practice charges filed and 4% in representation work. These estimates are predicated as I have stated on the assumption that current factors affecting intake will continue and that in addition labor organizing activity will pick up. We believe that our estimates are sound although, as noted, we have not yet seen the organizing pickup expected.

Workload Processing

The future, detailed posture of our workload processing cannot

be predicted at this time in the absence of more specific information on the availability of funds and employment.

In general, we have planned to utilize all of the increase that is requested for added employment in our field offices and in our Appellate Court work, so as to contain the potential problems in the field offices and start reducing the backlog problems in enforcement work. We had also planned to decrease our trial examiner and Board staffs slightly in 1970 from the 1969 levels, expecting higher efficiency and lower need for formal work.

We shall carry out those programs as planned to the extent that manpower is available and work intake provides need. Our major purpose will be, as always, to use our staff as efficiently as possible to accomplish the purposes set forth.

Management Improvement and Cost Reduction

We have, as we do every year, made strenuous efforts to plan and program substantial productivity improvement. These efforts in 1970 are valued at over $400,000. We are also proceeding , insofar as our funds and employment allow, to develop an automated system for printing volumes of decisions and other such printing needs and to set up an information system capable of supplying modern management and substantive information needs toward a goal of achieving much more enlightened management to function more efficiently.

SUMMARY

Our main problem at this point is coordinating the most efficient use of a reduced staff to process the Agency's constantly

increasing workload in a manner designed to reduce the tensions of the community and add to the peaceful resolution of labor management problems.

With your guidance and understanding, as in previous years, we hope to meet and deal with these problems as effectively and skillfully as we can, having in mind at all time the responsibilities laid on us by the Congress to resolve as speedily as possible those industrial conflicts which arise from representation and unfair labor practice disputes.

Mr. FLOOD. Proceed as you wish.

GENERAL STATEMENT

Mr. MCCULLOCH. The General Counsel and I appreciate the opportunity to appear here in support of our appropriation request before the subcommittee.

Mr. FLOOD. Do you have any new people here?

Mr. MCCULLOCH. Yes. We have Mrs. Mildred Stevens, assistant chief of the Budget Branch, who is here for the first time. She has a junior employee, Miss Bradley, with her.

Mr. FLOOD. Mr. Chairman, proceed as you wish.

REVISED BUDGET REQUEST

Mr. MCCULLOCH. The Agency's 1970 appropriation request, Mr. Chairman, subject to some modifications downwards that may come soon, is for $36,974,000. This is $1.5 million more than is anticipated for 1969.

Mr. FLOOD. Have they actually come?

Mr. MCCULLOCH. We understand that they are going to arrive sometime later today, but the precise hour and the precise figures are not known to us.

This figure that we are presenting is the result of a review which the Bureau of the Budget made after the submission of the original budget and represents a reduction of a quarter of a million dollars from the original budget submitted in the justifications before you. The figure that I just gave, $36,974,000, reflects the first review and that first reduction of a quarter of a million dollars. This figure would provide for a 55 man-year increase in employment.

As a result of the President's announcement on Saturday that he had completed this further review of the 1970 budget, there will be further recommended cuts, as we all know. As soon as his figures are transmitted to the Congress and made known to us, we shall prepare and submit to this committee a supplemental analysis with the consequent reductions in the National Labor Relations Board requests, in order to cooperate very fully in the Government's drive against inflation.

Today we are prepared to support the request as we have submitted it in the justifications, and we assure you that we shall always try to make the most efficient possible use of the funds that Congress provides.

The breakdown of the requested increase quite briefly in this: Over half of the requested increase that is slightly over $875,000, is required for increased pay and other administrative costs. The increase also includes $113,000 to continue the automation program that we are carrying on to automate some of our printing and other research matters; and the increase would cover a beginning effort, which the General Counsel will explain in a little more detail, amounting to $120,000 to reduce the backlog in our appellate court work. The balance is to take care of the increased case filings.

I would say in summary about these figures merely that the work is going to be there that would justify every one of these items of increase.

ANTICIPATED WORKLOAD

As this committee knows, the basis of our appropriation request, is anticipated workload. This is something that we don't originate and that we don't control. This workload comes from the now more than 30,000 cases that are filed annually with the agency by individuals, by unions and by employers.

In the investigational, decisional and enforcement work that results from these 30,000 case filings, we emphasize two things; First, informal and voluntary processing. We are quite proud of the work done by our field offices under the supervision of the General Counsel in disposing of roughly 90 percent of those case filings in the field by informal and voluntary processes.

We emphasize, secondly, the timely processing of the cases that have to go the full litigation route.

Mr. FLOOD. Do you get the impression that this statement of yours has an atmosphere of being on the defensive? I wonder why?

Mr. MCCULLOCH. It may be in part, Congressman. The National Labor Relations Board from its birth—and I was not around at its birth—has been a pretty controversial agency.

Mr. FLOOD. It had a very difficult accouchment, too.

Mr. MCCULLOCH. So I understand.

In any event, we have been living with it, those of us who are here now—I for now 8 years—and I find that it still seems to stir a considerable controversy. This probably helps to keep us on our toes. It makes us look at the careful expenditure of our funds, and we hope, prompts the careful making of every decision from the regional offices up to the General Counsel, through the Trial Examiners, and the Board, and in our disposition of the cases in the courts, because these cases are now litigated to the hilt. If this creeps into my statement, it is an accurate reflection of the situation in which we live.

Our appropriation request is therefore based first, on the estimate of caseload intake and, secondly, on our analysis of what is required for the case disposition—primarily, what staff will be needed to carry the work through these different stages to final disposition. If this budget process seems a little abstract and statistical, I assure you that it is not so to the parties in the representation petition or in the unfair labor practice disputes, who are counting on the orderly congressionally created procedures for the resolution of their very real labor-management problems.

INCREASE IN CASES

May I say a brief word about the case intake. We anticipate it will continue to be affected by the factors that have resulted in virtually a 100-percent increase in our case intake in the last 10 years. These factors are the continuing industrial growth of the country, new union organizing, organizing competition between unions, somewhat accelerated now by the split-off of the United Automobile Workers who have joined with the Teamsters to form a new labor alliance, increased white-collar organizing partly resulting perhaps from the recognition of the white-collar organizations among public employees, plant relocations, and perhaps another somewhat newer item, individual unrest to which we attribute a marked increase in the number of case

filings by individuals. Since I go into this in some detail in the statement I need not trouble you long with that. We have noted substantial increases in the percentage of cases being filed by individuals: that is, not unions, not employers, but just persons who come in thinking that some of their rights under the law have been violated.

On the basis of the continuation of these factors, looking at the current year 1969, we find that our unfair labor practice filings exceed the estimates on the basis of which we have come to this committee, by some 3 percent. Our representation petition filings are going up although they are slightly under the estimates that we have given. Our projection for the conclusion of fiscal year 1969 is that we will virtually receive the increased workload estimates that we have presented to you.

For 1970, which is the crux of your consideration today, we anticipate an increase of 6 percent in unfair labor practice case filings and 4 percent in representation petition filings. Despite the trend that I mentioned a moment ago about the increases in filings by individuals, we anticipate that this may, compared with union and employer filings, come into somewhat greater balance, although this is a little speculative.

For this 6 percent unfair labor practice increase and four percent representation case increase, the staff increases that we request would not be in the same percentage. We would like to give you precise figures as to that, but we can not until the President's final recommendations are before us. It is as to that that we shall file the supplementary statements.

TIMELY HANDLING OF CASELOAD

Now a word about those elements of our work processing which enter into the Board's timely handling of the caseload.

The field offices where these matters originate have remained remarkably current in case handling despite the reductions in their manpower and the increases in the workload. This we attribute primarily to the change in the nature of the caseload with the increase in individual filings. But now as of the middle of April 1969, the field offices, which are handling and disposing of 90 percent of this mammoth caseload, are beginning to feel the effects of the kind of nutcracker result created by more cases on the one hand and less manpower on the other. It appears that some backlog will almost inevitably build up before the end of the year.

I want to pay tribute to the field offices, which are under the supervision of the General Counsel, for remaining as current as they have.

The trial examiners, in brief, have remained substantially current and have very substantially reduced the time for the completion of their work, the issuance of trial examiner decisions. The Board has maintained its high level of decisional issuance, and we expect to issue about 840 unfair labor practice decisions in this current year, which with our representation case decisions and the like add up to a commendable volume of work and a slight reduction in the time required.

The Appellate Court Division, to which the General Counsel will give the most detailed attention, is where we are feeling the pressure of the workload most severely. It is at that point that the latest delays have crept in.

For 1970, we anticipate, in the light of this brief survey of the work developments, that any increases in manpower made possible by our appropriation will be planned for the field offices in the first place because this is where the new work lands and where the backlogs are anticipated later this year; and, in the second place, for the appellate court work where the heavy volume has already flowed in and is creating time delay problems. We are projecting for your consideration slight reductions in the manpower for the Board members and in the trial examiner corps. We believe this is realistic on the basis of our best guess as to how this work will shape up. These detailed allocations within the limits of available funds and manpower must await the President's recommendations.

As further reductions are made, it will be difficult to avoid buildup of backlogs and time delay in the coming year, as the agency tries to process a caseload that may be anywhere from 18 to 22 or 23 percent above 1966 with a level of manpower that is gradually being brought down to the level of 1966. We can only assure the committee, in conclusion, that we shall make the best possible use of the appropriated funds to achieve the speediest possible resolution of the representation and unfair labor practice conflicts that come to us.

Statement of the General Counsel

Mr. Flood. Now we will hear from the General Counsel. Proceed Mr. Ordman.

Mr. Ordman. Mr. Chairman, I, too, want to thank the committee for this opportunity to appear in support of our budget request for fiscal year 1970. With your permission, Mr. Chairman——

Mr. Flood. How do you want to proceed?

Mr. Ordman. I would like to insert my statement in the record, if I may, and direct my remarks in general to the highlights.

Mr. Flood. Without objection, that will be done.

(The statement follows:)

STATEMENT OF ARNOLD ORDMAN, GENERAL COUNSEL OF THE NATIONAL LABOR RELATIONS BOARD, BEFORE THE SUBCOMMITTEE ON LABOR AND HEALTH, EDUCATION AND WELFARE AND RELATED AGENCIES OF THE HOUSE COMMITTEE ON APPROPRIATIONS

April 15, 1969

I thank the Committee for this opportunity to appear on behalf of the National Labor Relations Board and to support its budget request for fiscal year 1970.

THE AGENCY REQUEST

The Agency request for fiscal year 1970 as currently supplied to you, is for $36,974,000 an increase of $1,500,000 over the $35,474,000 expected for fiscal year 1969.

This request provided for an increase of 55 man-years over 1969. However the Budget Bureau at the request of the President, is carrying out another review designed to bring employment for all agencies down to 1969 levels or lower. The consequences, for the Agency, will probably be a continuation of the employment reductions which began January 1, 1968, as a result of Public Law 90-218 and which continued in fiscal year of 1969 as a result of Public Law 90-364. In our field offices the effect of these employment reductions has been to reduce staff now available to 1966 levels, although field work has already risen by over 15%.

RESPONSIBILITIES OF THE OFFICE OF THE GENERAL COUNSEL

The National Labor Relations Act provides that "the General Counsel shall exercise general supervision over all attorneys employed by the Board (other than trial examiners and legal assistants to Board members) and over the officers and employees in the regional offices. He shall have final

authority, on behalf of the Board, in respect of the investigation of charges and issuance of complaints under Section 10, and in respect of the prosecutions of such complaints before the Board, and shall have such other duties as the Board may prescribe . . ."

As a result of the delegations in the statute and those made by the Board under the statute, the General Counsel is responsible for the operation of the Agency's field offices and in addition supervises all court litigation before and after Board decision. The Board has also delegated to the General Counsel supervision over the Division of Administration. The principal emphasis in this presentation is upon our Field Operation and our Litigation workload.

FIELD OPERATIONS

General

The Agency has been receiving and processing since fiscal year 1967 more than 30,000 petitions, charges or other requests for action yearly. All of these filings are investigated in our regional offices and over 90% of them are disposed of completely in the field office. If you look at the charts contained in our justification on pages 3 and 4 you will see how this work is carried out. On page 3 we show the disposition pattern for unfair labor practices cases closed in fiscal years 1968 and 1967. In 1968 35.1% of the cases closed were withdrawn before complaint and 30.4% were dismissed before complaint. Together these two groupings, constituting 65.5% of the total, were found after investigation to have no merit. This means that about one-third (34.5%) of the cases closed were found to have merit. The

meritorious 34.5% were closed in the following manner: 26.4% were settled without any need for a formal decision, 2.5% were closed on compliance with the Trial Examiners Decision, and the remaining 5.6% required a contested Board Decision. In other words, only 1 out of 20 cases, in total, required a contested Board Decision. Counting meritorious cases only 1 out of 6 requires a contested Board Decision, and most of the other 5 are settled without the need for any formal Decision.

Since there were over 17,700 charges closed in fiscal year 1968 an increase of 1% of this total in requirements for Board orders would have meant another 177 decisions by the Board. Since the Board issued over 800 decisions in 1968 this would have been an increase in the Board's unfair labor practice work of over 20%. Thus if the percentage of cases settled should drop from 26.4% to 25.4%, the increased cost of processing the resulting cases through Trial Examiner decision, Board decision and court enforcement would be around $1,000,000. In short, the field operation by emphasizing speed and settlement, which are interrelated factors, saves the Government many millions of dollars and saves the parties much more in the cost of protracted labor disputes, strikes, violence, and other industrial disruption.

Page 4 of the justification, which pictures our disposition pattern for representation cases closed, shows a similar story. In this case all but 18.6% of the representation cases closed were closed by informal means, mainly by consent agreement for election. Furthermore of the 18.6% going to hearing, the great bulk were disposed of by Regional Director

decision. Only about 5% reached the Board on request for review of the Regional Director's decision or on referral by the Regional Director from cases involving unsettled areas of policy or law for initial decision by the Board. Significant also is the fact, as shown on Table B page 9 of our justification, that even the cases going to Regional Director decision are decided in about 45 days on the average. This speed is essential to the accomplishment of our mission of reducing obstructions to commerce resulting from labor disputes by providing an orderly forum for their settlement.

1969 Status

I am happy to report that the field offices continued their fine performance during fiscal year 1968 despite the employment reductions and other problems encountered. We have just completed and are issuing our Summary of Operations for that fiscal year. I have sent a copy to each member of the Committee. The field office performance recorded in detail in this summary enabled us to maintain the current processing of cases through December 1968.

However, as we anticipated, the employment reduction is now having its effect. The beginnings of a backlog are evident at the present time. Pending loads have risen by about 80 proceedings in January, again in February, and the March figures indicate an accelerating trend. Days required from filing to complaint shown as 59 on Table B of the justification are now 64. Although we will make every effort to keep current, problems of handling increasing workload with a reduced staff create grave

obstacles. What happens in the next few months will depend upon the number and type of filings that we receive. Our budget estimates foresee an increase in pending of about 500 to 600 this year.

1970 Outlook

As Chairman McCulloch has set forth in his Statement, we expect a further increase in work in fiscal year 1970. Our ability to handle this work and to remain current will depend upon the funds and employment available to us. We will, of course, utilize every resource available to us to maintain the currency of our field operation upon which the entire workload pattern and program of the Agency hinge so heavily.

COURT LITIGATION

General

As I indicated in delineating the responsibilities of the Office of the General Counsel, the General Counsel, by statute and by Board delegation, exercises supervision of all litigation in the courts before and after Board decision. This includes district court litigation involving requests for injunction required under section 10(l) of the Act and requests for injunction directed by the Board under section 10(j) of the Act. These actions are supervised by one branch of the Division of Litigation entitled the District Court Branch. Most of the 10(l) actions have been assigned for direct processing by field offices except for clearance with the District Court Branch when necessary.

We also have a number of miscellaneous court actions, mostly in cases brought against the Board or Regional Directors by the parties.

The bulk of the court litigation workload, however, falls on the Appellate Court Branch which carries out the function of enforcing or defending Board orders in the eleven circuit courts of appeals. To the extent that Supreme Court review is sought, or subsequent contempt proceedings are required, the Appellate Court Branch also handles these matters. Board orders, as this Committee is aware, are not self-enforcing.

It is in this area that the needs of the Agency are most pressing. Chairman McCulloch has described to you the material improvements in the backlog situation which formerly existed in the Trial Examiner Division and in the Board itself. With the cooperation of the President and the Congress, manpower was provided in these areas to handle not only the increasing current case load but also the backlog. This objective has now been substantially achieved but the necessary effect, because of the nature of the Agency workflow, has been a very substantial increase in the number of cases required to be processed by the Appellate Court Branch.

The increase in output by this Branch has been impressive. In the early 1960's, briefs filed in the eleven courts of appeals numbered less than 200 per year. The comparable figure for 1966 was 247, for 1967 312, and for 1968 344. Oral arguments jumped from 254 in 1966 to 272 in 1967 and to 341 in 1968.

On the other hand, against the rising current caseload and the added impact of the backlog reductions at the Agency decisional level, the increased output has failed to keep pace with the intake. At the beginning of F.Y. 1966, 233 cases were pending enforcement in the Branch. This work-

load rose to 329 in 1967, 382 in 1968, and 437 by the beginning of 1969, a figure which approximates an entire year's output at the 1968 rate of output.

The delay factor in this stage of case processing is particularly acute. Even under the best of circumstances litigation in the courts is a slow process over which the Agency has virtually no control. Court rules prescribe the times for filing pleadings, briefs and oral argument; and crowded court dockets have their impact on the pace of casehandling. To illustrate, petitions for review of Board orders, which are filed by private parties and constitute a substantial and growing portion of our appellate workload, are invariably filed very shortly after issuance of the Board order. Even in those cases, which are processed as fast as the court dockets and rules permit, the processing time to court decision in the median case is 411 days, substantially more than the median time for the total administrative process from filing of charge to Board decision. In our present limited staff situation, petitions for review must be accorded priority in handling by the Agency; accordingly, the enforcement cases which the Board itself initiates are delayed, and the median time for processing cases in which the Agency petitions for enforcement reaches a total of 630 days from Board decision to court decree.

We are satisfied that the delay factor at any stage of the Agency process encourages more litigation which, in turn, serves to postpone effective remedial action. Where litigation itself can substantially contribute to this delay, resort to litigation is more frequently utilized. Two special

subcommittees of the Committee on Education and Labor of the House of Representatives, chaired by Congressman Thompson and Pucinski, have pointed out the serious effects of time delay in the Agency's operations. Furthermore, independent studies such as that conducted by Benjamin Wolkinson of Cornell University, published November 10, 1968, under the title Joy Silk Bargaining Orders, document this conclusion.

The Appellate Branch area is presently the soft spot in our Agency operation. More expeditious handling at this stage is not only desirable as an end in itself; we believe it will also diminish resort to the courts where such resort is motivated only by the desire for delay.

1969 Status

Although this committee approved the program for 1969 which included provisions for beginning to attack this problem, we have had to defer this program as a result of the employment restrictions of Public Law 90-364. It is our hope at this point that the pending load will not increase in fiscal year 1969.

1970 Outlook

Our original plan as approved by the President provided for a small reduction in pending in this area in fiscal year 1970 by the addition of increased staff as well as improved management.

However at this point in view of the reductions which have and are expected to take place we can make no promises as to our ability to carry out this program in 1970.

SUMMARY

With your help and understanding we have been able to make demonstrable progress in virtually all the areas which are significant in the operations under the supervision of the Office of the General Counsel. However, the combination of backlog and current caseload in the Appellate Branch, notwithstanding the increased productivity in that area, presents a special problem.

Nevertheless, from a total Agency point of view, it seems fair to state that substantial progress has been made by the Office of the General Counsel, in cooperation with the Chairman and the members of the Board, in fulfilling the functions delegated to the Agency by the Congress. Although at this point we face many uncertainties with respect to fiscal year 1970 we look forward hopefully to your continued understanding and assistance in our further efforts.

OPERATION OF THE NLRB

Mr. ORDMAN. If I may, Mr. Chairman, I would like to direct your attention to a more graphic picture of our operation in the chart we have on page 3 of the justifications. I think this will give you a vivid picture of our operations. As you know, under the statute, as General Counsel I am entrusted with the authority by the Congress to conduct all the investigative and prosecutory functions of the agency in the unfair labor practice sector. The Office of the General Counsel is also given supervision over all of the field offices which together constitute the largest component unit in the agency operation. The representation case law is dictated by the Board and the Board has sole control of the representation process as will presently appear. Much of the actual representation work is done in the field offices, where for administrative purposes the General Counsel has control over the utilization of personnel.

The picture of our unfair labor practice operation appears most lucidly on page 3; the representation case process is depicted on page 4.

CASELOAD

Out total caseload in 1968 was 30,705 cases.

Mr. FLOOD. Is that a lot?

Mr. ORDMAN. That is a growing figure which has increased consistently over the years. The overall percentage over the years is about 5- or 6-percent annual increase. It has shaded off a little bit in the last year but that is our projection basically over the years since about 1958.

Of the total caseload, 17,816 cases are unfair labor practice cases. The remainder, about 12,889, are representation cases. May I direct your attention to the almost 18,000 unfair labor practice cases, all of which allege violations of the act by employers or by unions?

PROCEDURE FOR FILING COMPLAINTS

Each one of these is initiated—as you know we can initiate no cases ourselves—each case is initiated by the filing of a charge by some individual or union or employer. The complainant comes to our office and files a piece of paper——

Mr. FLOOD. Can it be done on a set Government form or what?

Mr. ORDMAN. We do provide forms. We also provide advice. We have in each of our regional offices a person called an officer of the day.

Mr. FLOOD. The form is a condition precedent to filing?

Mr. ORDMAN. Yes, sir. When a novice appears or someone who does not know how to file, our officer of the day advises him and helps him, advises him as to whether he has a case which is cognizable under our act and advises him how to proceed.

Mr. FLOOD. Are they Government gobbledygook forms or what; could I file one? Would I understand it?

Mr. ORDMAN. Yes.

I had occasion years ago when the late Judge Hicks of the sixth circuit asked, "Who can file a charge?" To reply, I said, "Your Honor, you can."

Each one of these charges is investigated thoroughly and promptly. That is the secret of our operation and why it has been so successful, Mr. Chairman. There is no defensiveness here; we are proud of the operation carried out in the field. Of these 17,000 cases, each one has to be investigated by the staff and, as you will note here——

Mr. FLOOD. Did you ever visit a field office?

Mr. ORDMAN. Quite regularly. I have visited all of them, a number of them on several occasions. I find that it helps.

CASES WITHDRAWN

Of these cases, you will notice that 35.1 percent of the total are withdrawn before complaint.

Mr. FLOOD. Why?

Mr. ORDMAN. This is on the basis of our investigation. We inform the charging party that our investigation has revealed facts on the basis of which we cannot conclude that there has been an unfair labor practice. Our most common allegation in unfair labor practice cases is still discrimination against employees either by an employer or at the instigation of a union. A typical charge is one which alleges that an employee was discharged for union activity.

Mr. FLOOD. Is that a very common charge?

Mr. ORDMAN. That is a very common charge. About 65 percent of all unfair labor practice cases brought to the agency contain an allegation of discharge or other job reprisal.

Mr. FLOOD. Is that a geographic problem?

Mr. ORDMAN. I think that goes throughout the country. I believe a study might show a little greater frequency in the southern part of the country. However, I cannot say that that particular charge is markedly geographic in nature.

Mr. FLOOD. Are they mad at you after they withdraw?

Mr. ORDMAN. No; they are not required to withdraw. Let me illustrate. We will tell the particular individual, the charging party, that we have gone over the company's records and we find that the company's orders have dropped off; that the company had to let go a number of people; that under the seniority system which existed, the company dropped the people at the bottom of the seniority roster; and that we find no support for the proposition that the discharge was dictated by antiunion hostility.

Mr. FLOOD. Any arm-twisting going on?

Mr. ORDMAN. No arm-twisting. In 35 percent of the 17,000 unfair labor practice cases, the charging party agrees, after we have set forth the results of our investigation, to withdraw his charge.

CASES DISMISSED

There is another 30.4 percent of that 17,000 cases where the charging party says, "I don't agree with your analysis." And the regional office then dismisses the case. However we have improvised a review procedure in those dismissal cases even though that review is not required by the statute. The Office of the General Counsel has created an appeals unit in Washington to make sure that the person whose case is dismissed gets his day in court. Every notice of dismissal states explicitly the reasons for the dismissal and notifies the party

further of his right to appeal from that dismissal to our appeals unit in Washington. We entertain some 1,400 appeals per year. This group under the direction of Mr. Manoli, the head of our Division of Litigation, reviews that case from scratch to determine whether perhaps an injustice was done when that case was dismissed. Over the years in about 6 percent of the cases appealed, the dismissals are reversed and a complaint issues.

OTHER CASES

Withdrawals and dismissals account for roughly 65 percent of our total unfair labor practice caseload. The remainder, about 35 percent, which is marked on the chart as "Settlements and Adjustments, Board Order in Contested Cases, and Other Dispositions," are cases where after investigation we determine that we have, in the words of the statute, "reasonable cause to believe"——

Mr. FLOOD. My old friend.

Mr. ORDMAN (continuing). A violation has occurred and we are ready, if necessary, to go to hearing.

Mr. FLOOD. Ever hear of Dean Pound?

Mr. ORDMAN. Very much so.

Mr. FLOOD. Reasonable cause to believe.

Mr. ORDMAN. I studied under him, as you did, Mr. Chairman. I studied the rise of the Roman civilization. Pound always referred to the "rice" of Roman civilization.

SETTLEMENTS

Of these cases which we call our merit package, those on which we are prepared to go to hearing, we settle four out of five cases before they go to formal litigation. In fiscal year 1968 our settlement figure was 79 percent of the merit package, or 26.4 percent of the total unfair labor practice caseload.

Mr. FLOOD. Is that good?

Mr. ORDMAN. I think it is quite remarkable.

TRIAL EXAMINER CASES

Of the remaining cases, a little over 5 percent of the total brought to the Agency in the first instance go to hearing before a trial examiner. Most of the trial examiner cases go on to Board decision and a little better than half of those that go to Board decision end up in the courts of appeals.

COURT CASES

Mr. FLOOD. Who tries them in court?

Mr. ORDMAN. The litigation section, which by delegation of the Board also operates under the supervision of the General Counsel.

Mr. FLOOD. Not the Department of Justice?

Mr. ORDMAN. Not the Department of Justice. Under the terms of the statute we handle our own litigation. Our record in litigation, of which we are also proud, is set forth here in a Summary of Operations which I sent to each of you last weekend. That summary covers the

operations in the Office of the General Counsel. It contains a trove of information.

Mr. FLOOD. Other disposition, 2.5 percent; what is that?

Mr. ORDMAN. Those are cases of compliance with the trial examiner's decision, the parties decide not to take it further. Basically that is the 2.5 percent. But let me make the important point. Unless our field operation which disposes of a little over 90 percent of the cases without resort to Washington, unless we can maintain that currency of operation in the field, and we are anticipating a little difficulty with our present staffing—unless we can maintain that operation in the field, the result will be an increase in trial examiner, Board, and court work which can stultify our whole Agency operation.

Mr. FLOOD. Do you get to the U.S. Supreme Court?

Mr. ORDMAN. Yes, sir; I have.

Mr. FLOOD. When was the last time?

Mr. ORDMAN. About a year and a half ago.

Mr. MCCULLOCH. He personally.

Mr. ORDMAN. I thought you meant me personally. Yes; I have appeared before the Supreme Court on three occasions in the last few years. Most of our Supreme Court work is done by Mr. Manoli and Mr. Come.

Mr. FLOOD. Do you get up there often?

Mr. ORDMAN. In 1967 we had about six cases on the merits or as amicus in the Supreme Court. The last year, this past year we have had——

Mr. MANOLI. I might say, during my employment with the Agency I have argued about 35 cases before the Supreme Court.

Mr. FLOOD. How many years?

Mr. MANOLI. Since 1955.

Mr. FLOOD. Going to the appellate courts. Not direct?

Mr. MANOLI. That is right.

Mr. ORDMAN. Our litigation caseload, in the appellate courts of the Federal system is now close to 400 cases a year.

Mr. FLOOD. By the way, how did you make out?

Mr. MANOLI. On the whole, I think the Agency has done quite well. I must confess there was a period of time when we were not doing so well. I was wondering how soon the Board was going to trade me off to the minor leagues.

Mr. FLOOD. They come back, you know.

Mr. ORDMAN. The short of the matter is, Mr. Chairman, that if this settlement factor, the 26.4 percent of the total package, or the 79 percent of the cases that would otherwise go to trial——

Mr. FLOOD. That is your achilles heel.

Mr. ORDMAN. If this 26.4 percent of cases dropped 1 percent to 25.4 and that number of cases went to trial examiner hearing, Board hearing and court, the cost in our appropriation request would go up approximately $1 million. Moreover, the Board Chairman is here and a member, Mr. Fanning, is here, and I know from my personal knowledge they are putting in a prodigious amount of effort and a prodigious amount of time in turning out between 800 and 900 decisions on unfair labor practice cases each year.

If our percentage dropped 1 percent, if our settlement figure dropped by 1 percent, it would add roughly another 170 cases to the caseload, about a fifth. Our whole operation is geared to the currency of our field operation.

Mr. FLOOD. You are not snoopers, are you? You don't go out looking for business?

Mr. MCCULLOCH. We don't. So much of it flows in we are never even tempted.

Mr. FLOOD. That is not true of some of your brother bureaus.

Mr. ORDMAN. I would like, if I may, Mr. Chairman, to just add one thought. This committee and the Congress and the Executive have been very cooperative with us over the years.

Mr. FLOOD. You have been very cooperative with us.

Mr. MCCULLOCH. We try.

DISPOSITION OF REPRESENTATION CASES

Mr. ORDMAN. I want to refer to page 4 of our justification which depicts our disposition of representation cases. You will find there, too, in the part marked "Elections by Agreement, Dismissals, and Withdrawals," that we have been able in our field operations to dispose of over 75 percent of the total package without having to go to the Board or without having to go to hearing. This is another way we can keep current with this fantastically large caseload.

Mr. FLOOD. Most of your people have been on board quite a long time, have they not?

Mr. ORDMAN. If I may——

Mr. FLOOD. I don't mean the lawyers, I mean the Board itself. Your lawyers come and go like Greyhound buses, do they not?

Mr. ORDMAN. That is correct.

Mr. MCCULLOCH. That is one of our problems. We get able lawyers, and after they stay with us for a time and people outside find out how good they are and hire them away from us. There are even congressional committees that have done that.

Mr. FLOOD. I know that.

Mr. ORDMAN. I might give you a picture of that. Our turnover factor in the field offices——

Mr. FLOOD. Your administrative people are pretty good.

Mr. MCCULLOCH. We are very fortunate in that respect. As far as my colleagues on the Board are concerned, Mr. Fanning was appointed by three different Presidents.

Mr. ORDMAN. Mr. Chairman, as to how we are doing this, I would say that our field office staff today is down to the level it was in 1966. Our caseload since that period has jumped 15 percent. I want to pay tribute to Mr. Gordon of our field division, our Associate General Counsel in charge of field operation, who is handling with a 1966 staff a 1968–69 caseload which is up 15 percent. So far we have been able to maintain that current handling of cases.

EFFECT OF REVENUE AND EXPENDITURE CONTROL ACT

Mr. FLOOD. Mr. Chairman, you commented on the effect of the Expenditure Control Act and in your justifications you also comment on it. I gain the general impression that as of the time the justifications were written—and when were they written—last fall?

Mr. MCCULLOCH. The justifications had to be updated after the first budget review.

Mr. FLOOD. Has it resulted in much of an increase in your backlog of work.

Mr. MCCULLOCH. That is true.

Mr. ORDMAN. That is correct.

Mr. FLOOD. What is the situation going to be at the end of the present fiscal year?

Mr. ORDMAN. There are danger signs. We have a backlog in one area right now, in the appellate branch, which Chairman McCulloch made reference to. I said we had wonderful cooperation from the Congress and the Administration. Our field operations have been current for some years. But, as the case flow goes, we found several years ago, in the late fifties, that we were piling up a backlog at the trial examiner level. The field had its cases investigated, ready to try, but the trial examiners were insufficient in number to handle the caseload. At that time, the administration and the Congress gave us extra manpower and we have taken care, substantially, of that trial examiner backlog. Now the caseload goes from trial examiner level to the Board for decision and we developed a backlog at the Board level.

Mr. FLOOD. Do you have any trouble with the court clerk's dockets?

Mr. ORDMAN. Yes, sir. I want to——

Mr. FLOOD. You are a low man on the totem pole?

Mr. ORDMAN. No, we are not.

The committee, the Congress, and the administration did give us extra manpower for the Board. So we substantially eliminated the backlog there. The next step in our operation comes from those who wish to contest Board decisions in the courts—and presently that figure is about 60 percent of Board decisions.

That backlog has moved over——

Mr. FLOOD. My spies tell me that you are not very popular in the clerk of the court's office.

Mr. ORDMAN. I don't think that one can fairly say that. A few courts are concerned because they are complaining about the size of our court caseload. These are about 400 a year. I don't suppose they love that. We have no choice. Board orders are not self-enforcing. Unless we are willing to let them lie fallow, we must go to court to give teeth to the Board orders.

ACTUAL EMPLOYMENT IN FISCAL YEAR 1969

Mr. FLOOD. Your justification, Mr. Chairman, shows 2,528 positions for the NLRB for 1969. How many were filled on July 1? How many were filled on December 31? How many do you expect to have filled by June 30?

Mr. MCCULLOCH. Mr. Wright can provide that.

Mr. WRIGHT. On July 1 we had 2,331 filled. At the end of December we were down to 2,287 and we expect to go down to 2,250 by the end of June.

EFFECT OF REVISIONS IN THE 1970 BUDGET

Mr. FLOOD. The so-called Johnson budget request for 1970 is $37,230,000. The revised request is $36,974,000. Will you be able to increase the level of employment above this June 30, 1969, level with this revised budget?

Mr. WRIGHT. Yes.

Mr. FLOOD. How many?

Mr. WRIGHT. With the funding we will be able to increase the employment provided that Public Law 90–364 does not continue to operate. That law as written today, will continue to operate through next year.

Mr. FLOOD. What would be the effect on your operation if Congress approves the so-called Johnson budget?

Mr. ORDMAN. If Congress approves the Johnson budget, Mr. Chairman, we believe we would be able to maintain currency in our field operations with very slight impact, maybe a buildup in what we call cases pending. We would be able to make some headway toward eliminating the deplorable delay and backlog which presently exists in the appellate branch. If we have to absorb a further cut, it is going to make it difficult both at the field level and at the appellate branch level.

Mr. FLOOD. Suppose we approve the Nixon revision?

Mr. ORDMAN. I find it difficult to project, Mr. Chairman, because I am not just sure what that revision is.

REPEAL OF HIRING RESTRICTIONS OF REVENUE AND EXPENDITURE CONTROL ACT

Mr. FLOOD. Suppose Congress does not remove the present limitation under the Expenditure Control Act; suppose we don't remove these personnel limitations. Where are you going to be then?

Mr. WRIGHT. That is impossible to predict because that is the total governmental employment and not individual agency employment.

Mr. FLOOD. You are well trained.

Mr. WRIGHT. We are in the dark on that.

INCREASE IN UNFAIR LABOR PRACTICE FILINGS BY INDIVIDUALS

Mr. FLOOD. I come from the hard coal fields. You know where that is. I am very close to these labor things, and my father and my grandfather and my great-grandfather before me. That is the dark and bloody ground of organized labor—hard coal.

Your justifications comment on a considerable increase in unfair labor practice filings by individuals in 1968, while the filings by the unions actually went down. Why? What is the reason for that?

Let me add this: Are there any significant numbers of these filings by individuals that are frivolous as a result of petty disagreements, or are they largely backed by something real and substantive? Do you have a lot of guardhouse lawyers running around generating this?

Mr. ORDMAN. Mr. Chairman, I think there are two answers: First, this development is typical of a pattern we have been seeing. Not only in the industrial area but in the general area. It is sometimes loosely called the revolt against the establishment. I think we are getting a lot of individual employees——

Mr. FLOOD. Let me tell you a story. A ship got wrecked in the South Pacific a number of years ago. Only one guy survived. An Irishman. He gets on a little liferaft and is adrift in the South Pacific for 15, 20 days, no water and no food. Hot sun. All of a sudden he approaches an island and there is a cliff on the side of the island. There is a guy sitting on top of the cliff. The Irishman can hardly talk. He croaks, up to him, "Is that island inhabitated?"

The guy yells down, "Yes."
The Irishman says, "Do you have a government?"
The guy says, "Yes."
The Irishman says, "I am agin it" and rows away.
Is that it?

Mr. ORDMAN. Exactly.

As you are aware, unions are having a great deal of difficulty on things like ratification votes. This is one symptom of this problem.

Mr. FLOOD. We are facing one of those this week?

Mr. ORDMAN. Yes, sir. Relevant, also, is the fact that the Government agencies, including our own, the courts and the Congress have made more avenues available, and publicized them, for the protection of individual rights. The Landrum-Griffin Act has had an impact in that direction some years ago and still does.

Mr. FLOOD. Is this healthy?

Mr. ORDMAN. I think on the whole; yes. It has side effects. For example, it has had a specific effect with us. Individual charges have been rising sharply. Unions and employers—in very substantial part today—don't file charges without advice of counsel. So they tend to file less charges because counsel advises them in many instances that the charges have no merit. But the percentage of charges filed by individuals which lack merit is much higher simply because individuals usually don't have advice of counsel.

Mr. FLOOD. What percentage of these individuals file because they figure they didn't get a square deal by the grievance committee or by the union?

Mr. ORDMAN. A great number of our charges are against a company, union, or frequently both. Our merit factor, the percentage of cases where we are ready to go to hearing, this year dropped a little bit from previous years. The explanation of that drop is attributable to the increase in individual charges. Indeed, the increase in the number of individual charges in 1968 was greater by itself than the increase in our total package of charges.

Mr. FLOOD. Does anybody else want to make a statement about that?

I know that you are not supposed to volunteer, but everybody on the Hill is interested in this business of the sudden mass of individual petitions, and the volume of mail we have been getting for the last few years from the individuals who say, "We have filed so and so," very elaborate letters written about why they have filed, and so on. Does anybody else back there want to comment?

Mr. FANNING. I think that you are having today a more highly educated, more sophisticated public who read the papers, who listen to television, who watch what congressional committees are doing, and who do a lot of individual thinking, and more people read and write and know the Government is there for their service and utilize it.

REDUCTION IN 1969 PAY SUPPLEMENTAL

Mr. FLOOD. Mr. Chairman, you requested of Congress a supplemental for pay costs of $601,000, plus release of $848,000 in reserve. Can this request be amended down because of additional savings resulting from the application of the requirements of the Revenue and Expenditure Control Act? That is a Budget question more than yours.

Mr. McCULLOCH. Mr. Wright can answer that.

Mr. WRIGHT. We have proposed reducing the $601,000 down to $400,000 at this time. We have so indicated somewhere in this document.

Mr. FLOOD. I missed that.

Mr. WRIGHT. $400,000 instead of $601,000.

Mr. FLOOD. Mr. Michel.

Mr. MICHEL. Thank you, Mr. Chairman.

Following up that question, if it can be reduced from six to four, why couldn't it be reduced from six to two or wiped out altogether?

Mr. WRIGHT At the rate attrition is going this year, it may be possible to do that. It may come down close to that but we are not sure. We are reviewing the situation monthly.

SIZE OF CASE BACKLOG

Mr. MICHEL. Mr. McCulloch, I remember several years ago your dwelling at some length on the backlog of cases and what you had proposed to do about that and the General Counsel's remarks were partly addressed to this problem. Could we nail down more specifically where we are in that backlog of cases? Where were we 5 years ago? How much have we eaten into that backlog?

Mr. McCULLOCH. Eight years ago the backlog at the Board level, including both representation and unfair labor practice cases, was close to one thousand cases. When the Congress, in enacting the 1959 amendments, permitted us to delegate some of our authority in representation cases to our regional directors, which the Board did in 1961, this took off a good part of that volume from the Board and placed it on the regional directors subject to review by the Board. This resulted in a very great reduction in the representation case backlog, so that it runs currently between 150 and 200 each month and varies a little, depending on the difficulty of the cases and the particular makeup.

At the same time, the unfair labor practice caseload, which usually entails considerably more work, was going up faster than the representation work. Since I have come to the Board, the volume of unfair labor practice decisions has increased by close to I think 80 percent. Somewhere close to 80 percent. Perhaps I overstate that slightly. Seventy to 75 percent. We were down a little below 500 unfair labor practice cases and that has been quite an increase. Now we are running at the rate of over 800 a year and our backlog in the unfair labor practice area runs in the neighborhood of 400 cases, about half a year's total of the volume. (The following statement was subsequently provided:)

In fiscal year 1961 when Mr. McCulloch first came to the Board. 415 Board decisions were issued. In fiscal year 1968 the Board issued 817 decisions which is an actual increase of 100 percent.

We feel that we have made progress in this, although I have to confess to you that in terms of our case processing, with vacations coming in in the summer and slowing down the flow of cases, with things happening in the outer world that stop the filing of cases before the Board, in years that are leap years, shall I say, we sometimes see the pile up of that volume of work in the latter part of the fiscal year, January, February, and March.

So our pending caseload at the Board level tends to get a little higher and is probably a little over 600 or 625, but we are geared up to reduce that probably to a little bit over 500, including both representation and unfair labor practice cases by the end of the fiscal year.

Mr. MICHEL. I think that you said about 90 percent of the cases are disposed of before they ever get to a point of litigation. Would that hold true for unfair labor practice cases?

Mr. ORDMAN. Yes, sir. I was speaking specifically of that.

Mr. MICHEL. Going again to the backlog, you said that several years ago or sometime back, it was at the trial examiner level where we had a backup, and I recall that we did provide you more personnel to get at that problem. Do you remember particularly how many additional people we gave you at the time to help that situation at that level?

Mr. ORDMAN. I think over a period of years—I don't recall the precise figures, but I think we added 20 to 25 additional personnel to the trial examiners division.

Mr. MICHEL. Those were lawyers?

Mr. ORDMAN. Lawyers, yes, sir.

Mr. MICHEL. Then you said that you had a problem before the Board and we also then addressed ourselves to that. Do you remember how many we provided at that time?

Mr. ORDMAN. Perhaps you are better qualified to answer that, Mr. Chairman.

Mr. MCCULLOCH. I think the Board figures are close to three or four lawyers for each Board member's staff.

CASES APPEALED TO COURTS

Mr. MICHEL. Then if I recall, you said roughly 60 percent of the cases now decided by the Board go to appeal. At that higher level is where there is some backlog?

Mr. ORDMAN. That is if I may say so, the soft spot in our operation. And, I now can address myself belatedly to a question about the courts. Our caseload in the courts has jumped from 233 cases pending in the Appellate branch in 1966 to almost double that number, or 437, in fiscal year 1969. At the present time under ideal circumstances, because of court rules governing pleadings, filing of petitions, filing of an answer, the filing of briefs, filing of a record, setting of oral argument, and because of the crowded dockets in courts of appeals it takes approximately 400 days from the time the Board decision issues until it is enforced in the courts.

Mr. FLOOD. Your office has been accused of being dilatory.

Mr. ORDMAN. I want to say that to some extent the criticism is valid. We are swamped. We have improved. Our statement and the justifications will show that our productivity in that branch has been remarkable but we can not keep the pace under our present staffing with the backlog plus the increasing current intake. We are confronted with both of these. I submit that if you give us the kind of help and continue to give us the kind of help that you gave us in other areas, in the trial examiner area and in the Board area, we think that we can make an impact in this area also. As it is, 45 percent of our appellate caseload is initiated by the private parties. That is invariably done very quickly after Board decision. Those cases take 411 days. The

calendar gets set. So once the private party files a petition to review a Board order, within 30, 40 days thereafter, we have to file an answer. We have to file a record. That number of cases with our limited manpower means that the cases we initiate ourselves, enforcement cases, have to wait their turn because we are already stuck with the review cases.

Mr. MICHEL. You spoke of a cluttering of the court docket. If we were in a kind of situation where there was no problem whatsoever with respect to the crowding of the courts, could you do better than that?

Mr. ORDMAN. We would need more manpower. Frankly, we are not geared, despite——

Mr. MICHEL. The very fact there is a crowding in the court helps your situation, with a limitation of personnel, indirectly?

Mr. ORDMAN. No; it does not, because there are cases which we are properly faulted for not bringing, cases where we cannot initiate the action more promptly because we lack the manpower.

Mr. MICHEL. These cases on appeal from the Board in the main are cases damaging to whom?

Mr. ORDMAN. Ultimately, I think in most cases the damage is to the employees. Most of our cases in the courts as elsewhere are cases alleging a refusal to bargain on one side or the other or discrimination by employers or unions. Those are the bulk of our cases still, and the ultimate prejudice falls upon employees who are not being reinstated or who are not receiving the benefits of bargaining.

Mr. MICHEL. Certainly some must be very similar in nature so that if a decision were made on one, a like decision could be made or determination made on others? Do they all, even though similar as they are, go through this long process?

Mr. ORDMAN. No. Most of our cases—and this is true at all stages of the game—involve discrimination in terms of employment and you are going to have a different set of facts in almost each case. These do not set precedents; the broad principle cases are the infrequent ones.

Mr. FLOOD. Any problems concerning sex?

Mr. ORDMAN. We have had a minimal number. I would say a handful involving sex. We have been able to dispose of those on an informal basis either by settlement or other disposition. I don't think we have had any subject to litigation yet.

CASES OF LONG DURATION

Mr. MICHEL. Of these cases on appeal from the Board, what would be the one of longest duration?

Mr. ORDMAN. We have a number, I could say—we had a *Darlington* case which took a very long time and it is now, I hope, at the stage where we can begin supplementary proceedings, if necessary. We had a *Mastro Plastics* case decided by the Supreme Court, I think about 1956. We just wound it up about 2 weeks ago. I think you must remember, Congressman, we are rather proud of the fact that the great bulk of our cases are disposed of completely in 45 days or less. I think there is a danger of generalizing when you concentrate on a handful of 25 or 50 cases which are terribly prolonged over the years.

When you think of the number of unfair labor practice cases we are getting—about 15,000 to 17,000 a year over the years—the fraction of prolonged cases becomes very infinitesimal. The trouble is, as you know, the ones that you hear about are the ones that are delayed. Nobody calls you about the huge bulk which are processed within 45 days or less.

Mr. MICHEL. One final question.

In your testimony, Mr. McCulloch, you say on page 10 of your statement that "in general, we have planned to utilize all of the increase that is requested for the added employment in our field offices and in our appellate court work so as to confine the potential problems in the field offices and start reducing the backlog problems in enforcement work."

What are we talking about?

Mr. ORDMAN. That is the appellate branch we are talking about.

Mr. MCCULLOCH. Appellate court backlog.

Mr. MICHEL. I wanted to make sure you were not out on a fishing expedition for additional work, as the chairman asked you about.

Mr. FLOOD. We are a little gun shy on that around here.

Mr. MCCULLOCH. And rightly so.

Mr. MICHEL. That is all, Mr. Chairman.

Mr. FLOOD. Mr. Natcher?

Mr. NATCHER. No questions.

Mr. FLOOD. Mrs. Reid?

RUTTER REX CASE—LONG DELAYS

Mrs. REID. Thank you, Mr. Chairman.

On March 10 of this year the Chicago Tribune carried an editorial regarding the Supreme Court's agreement to review a lower court ruling against the NLRB involving the J. H. Rutter Rex Manufacturing plant in New Orleans and a clothing workers strike in 1954. As I understand the news item, the Board ruled that the company should pay an amount of $340,000 in back pay to employees because of failure to bargain in good faith. A lower court ruled last July the order to back pay was justified but the company should not be penalized for the delay on the part of the NLRB in handling the case and the company's obligation to pay this amount on June 30, 1959. Now, I understand that the NLRB is asking for a review by the Supreme Court on the basis of an extremely heavy workload which prevented it from answering certain inquiries from the company earlier. This case has been pending for 15 years and it seems to me that this long delay unduly penalizes all parties to these negotiations.

I would be interested in your comments.

Mr. MCCULLOCH. I think that I will pass that to the General Counsel once again because we have delegated to the General Counsel the handling of our litigation in the courts. I believe that he has had to answer some congressional correspondence with references to this specific matter.

Mr. ORDMAN. This runs in the line of cases which I referred to before—I can identify probably a score or more of cases where there has been regrettable delay.

The *Rutter Rex* case originated at a time when I said we were presenting the administration and the Congress with a request for

relief of the backlog piling up. The stories are never onesided. We make at all stages desperate efforts to adjust or settle. We have always allowed time to see if we cannot dispose of the case without delay. This case is regrettable. Sometimes for reasons for which we are subject to criticism and more often because things are beyond our control we have had this kind of delay. I am not going to say we are faultless. We are constantly reviewing our procedures to see whether we can abate or eliminate problems of delay by speeding up our procedures or by asking for relief where we need it.

Mr. MANOLI. I might add one word. This seems to be on the face of it so unfair to the employer to have been charged with a backpay bill because of the delays on the part of the Board in computing the amount of backpay.

I might say that the company could have cut off that backpay liability very quickly had it done what the court decree required it to do; to offer reinstatement to the employees in question. Had the company complied with the court decree requiring it to offer reinstatement to these people, backpay would have been cut off very quickly.

CASES PENDING FOR LONG PERIODS

Mrs. REID. How many cases would you say are of that duration; 15 years?

Mr. ORDMAN. I would say it would be hard to speculate. Again, I would say since they are coming in, climbing from about 15,000 to 17,000 for the last several years, I would estimate——

Mr. MANOLI. A very small number.

Mr. ORDMAN. Out of a total package of 10 or more, 15 maybe.

Mrs. REID. What about 10 years?

Mr. ORDMAN. I think that would be the same number.

Mrs. REID. I would like to get something in the record regarding your evaluation of your workload, some kind of breakdown of the length of time of these backlog cases.

Mr. ORDMAN. Let me give you an example that may help you.

The Board's time for decisions I think now is a little less than a year, for the total operation, including investigation of the case, issuance of the complaint, hearing before examiners and exceptions before the Board.

If an employer against whom the Board issues an order wants to litigate, it will take under the best of circumstances another 411 days until we get a court decree, and until we do get a court decree the order is really nothing more than a scrap of paper. So there is already a matter of 2 years.

Occasionally, for example, the court is not satisfied with something about the case and will remand the case for another hearing before the Board. More often than not, there is an appeal to the Supreme Court and a petition for certiorari that can take another 6 or 8 months. We are now up to about 2½ to 3 years in the normal course of events. If there is a remand, and there has been in some of the cases we have been talking about right here, it goes back before the Board, another period of a minimum of 2 to 6 months, and then it goes back to the court again and you have another minimum of 411 days.

So if the party seeks to litigate to the *n*th degree and exhaust all of its rights up to and including Supreme Court review, and possibly getting it, it can go a minimum of 4 years with no delays.

Mrs. REID. Would you be able to perhaps list for the record the number of cases, say, of 5 years and then 10 years?

Mr. ORDMAN. I will do that.

Mrs. REID. And over 10 years?

Mr. ORDMAN. Yes.

Mrs. REID. Some kind of a table so the record will show the breakdown.

(The information follows:)

At the request of Congresswoman Reid we list for the record, in a table set forth below, the number of cases pending in the Agency for from 5 to 10 years old, over 10 years, and over 15 years. A review of our pending cases in this respect indicates the following:

1. Between 5 and 10 years—87 proceedings have been pending between 5 and 10 years. The majority of these have been pending between 5 and 7 years.
2. Between 10 and 15 years—five proceedings have been pending between 10 and 15 years. One of these, however, is merely awaiting final backpay payments before being officially closed out.
3. More than 15 years—there is one proceeding pending more than 15 years. It also is merely awaitng final backpay payment before official closeout.

UNFAIR LABOR PRACTICE PROCEEDINGS PENDING FOR 5 YEARS OR MORE, BY YEAR OF FILING (COMPUTED FROM MAR. 31, 1964)

Fiscal year of filing	Total proceedings filed	Total proceedings still pending	Percent pending in year filed
1951	5,079	1	2/100 of 1
1952	5,291		
1953	5,355		
1954	5,780	1	2/100 of 1
1955	6,029		
1956	5,003	2	4/100 of 1
1957	5,179	2	Do.
1958	8,650		
1959	11,022	3	3/100 of 1
1960	10,811	10	1/10 of 1
1961	11,730	6	5/100 of 1
1962	12,909	9	7/100 of 1
1963	13,590	31	3/10 of 1
1964 (¾ year)	[1] 10,963	28	Do.

[1] As of Mar. 31, 1964 (5-year cutoff).

Mr. MCCULLOCH. Let me add a word if I may. The cases that last so long are few in number and usually stick out like sore thumbs. We need to add that the fact there are no more, is, I believe, proof that the great bulk are being handled expeditiously.

I was asked by a Member of Congress about the steps in the *Darlington* case and I went back to check on them. It was begun 5 or 6 years before I came to the Board, and the first I entered into it was, I think, in 1962. Then it made its way to the Supreme Court.

Our first decision was reversed in the court of appeals; and then the Supreme Court reversed them, and it went back to another hearing. I reviewed the various steps beginning with the Trial Examiner's decision, and found that the Board, before I ever got to it, decided that it didn't cover some other issues, and they sent it back. Then there were two intermediate court appeals in the case seeking to alter the way in which the Board at that time—this is pre-1960—was

handling the case. Then it became so much more intelligible that what was regarded by the parties in that case as their due process could result in an awfully long period of time that looked to others like redtape.

I could not, in reviewing the action of my predecessors, fault them for having resisted the efforts to delay in the court, for having sought additional testimony on other issues by sending the case back to the Trial Examiner, and in the face of the kind of issues we had, which were basic and fundamental, it was carried all the way to the Supreme Court and our eventual decision went again to the court of appeals. There once again certiorari was sought from the court of appeals decision, and our final decision was at last confirmed in the *Darlington* case, all of which consumed 12 years. And now we have only begun on what may be the possible backpay proceeding as a result of the finding by the Board that the respondent in the case had violated the law. Here in deciding the respondent's liability you have all of these complicated questions—what other pay the employees earned that would reduce the backpay bill, whether the individual made appropriate efforts to secure other employment, and this can require litigation for every one of the employees who might otherwise be entitled to some backpay. And we have only begun on that now in the *Darlington* case.

Rutter Rex was a case involving very complex backpay provisions.

Our regional offices, I think to their credit, again after the Board decision, settle many of those compliance matters so the parties are not compelled to go through this long agonizing period, agonizing not only for the employee who is not sure what the final remedy he will be entitled to is, and agonizing for the employer as well in having the uncertainty for so long.

We at the Board level seek to keep track of the older cases by having a monthly review of the cases pending before us, and in that review which we make, we list the time when that case reached the Board and when they get kind of old we underline them in order to remind us to push them along as rapidly as we can. This is a heavy docket and we may sometimes miss some of them, but the decisional process, with the various Board members having various views and wanting to change or test the tentative decision in one way or another, means that a five-man decision, takes time, as you can see.

But we are trying to check up on ourselves by internal procedures.

I know that the General Counsel and his Division of Operations have a very similar, much more complex procedure because they have so many more cases by which they are keeping track of the cases in the regions by the length of time that they are pending. And they are checking up on their own people every month in order to prevent standout cases of the kind you have mentioned.

I suspect that the General Counsel would be very glad, if there were congressional interest at this point, to demonstrate and take people through the chartroom which our visitors have found a very impressive management tool for catching up with the old cases and trying to get on top of the load and preventing the very thing you put your finger on.

Mrs. REID. Thank you.

Mr. FLOOD. Thank you, gentlemen.

JUSTIFICATION MATERIAL

NATIONAL LABOR RELATIONS BOARD

TABLE I
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Comparison of 1969 and 1970 Positions, Annual Salaries, and Personnel Compensation for the Organizational Units of the Agency

Organizational Unit	Fiscal Year 1969 Estimate		Fiscal Year 1970 Request		Change from 1969 Estimate to 1970 Request	
	Positions	Annual Salary	Positions	Annual Salary	Positions	Annual Salary
Board Members' Offices & Related Units:						
Board Members' Offices and Legal Assistants	187	$2,696,277	167	$2,600,153	-20	-$96,124
Office of the Executive Secretary	39	390,122	37	388,788	-2	-1,334
Office of the Solicitor	4	65,101	4	65,751	...	+650
Division of Trial Examiners	152	3,252,297	154	3,260,477	+2	+8,180
Office of the Security Officer	3	34,529	3	35,400	...	+871
Division of Information	11	123,316	11	128,691	...	+5,375
Subtotal, Board Members and Related Units	396	6,561,642	376	6,479,260	-20	-82,382
General Counsel & Staff:						
Office of the General Counsel	15	191,360	15	193,664	...	+2,304
Division of Operations:						
Departmental Staff	63	829,259	63	848,916	...	+19,657
Field Staff:						
Regional Directors and Regional Attorneys	63	1,498,748	63	1,508,849	...	+10,101
All Other Field Professionals	880	12,343,555	867	12,511,743	-13	+168,188
Field Clericals	622	3,983,880	604	3,944,829	-18	-39,051
Subtotal, Field Staff	1,565	17,826,183	1,534	17,965,421	-31	+139,238
Subtotal, Division of Operations	1,628	18,655,442	1,597	18,814,337	-31	+158,895
Division of Litigation:						
Office of the Associate General Counsel	4	62,055	4	62,902	...	+847
Supreme Court Branch	3	43,800	3	43,800	...	...
District Court Branch	16	240,047	16	241,641	...	+1,594
Appellate Court Branch	111	1,401,500	104	1,365,930	-7	-35,570
Litigation Services Section	17	113,374	17	116,848	...	+3,474

NATIONAL LABOR RELATIONS BOARD

TABLE I
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Organizational Unit	Fiscal Year 1969 Estimate		Fiscal Year 1970 Request		Change from 1969 Estimate to 1970 Request	
	Positions	Annual Salary	Positions	Annual Salary	Positions	Annual Salary
General Counsel & Staff: (Cont'd)						
Division of Litigation: (Cont'd)						
Office of Appeals	37	$475,710	36	$484,689	-1	+$8,979
Legal Research & Special Projects Branch	26	303,007	23	293,560	-3	-9,447
Subtotal, Division of Litigation	214	2,639,493	203	2,609,370	-11	-30,123
Division of Administration	275	2,035,731	266	2,089,911	-9	+54,180
Subtotal, General Counsel & Staff	2,132	23,522,026	2,081	23,707,282	-51	+185,256
Total Permanent for the Agency	2,528	30,083,668	2,457	30,186,542	-71	+102,874
Amendment	...	...	-24	-176,169	-24	-176,169
Revised Permanent for the Agency	2,528	30,083,668	2,433	30,010,373	-95	-73,295
Additional from "Advances and Reimbursements"	2	25,906	2	25,906	...	...

Summary of Positions	Fiscal Year 1969 Estimate	Fiscal Year 1970 Request	Change from 1969 Estimate to 1970 Request
Total Permanent, Departmental	963	923	-40
Total Permanent, Field	1,565	1,534	-31
Total Permanent, Departmental & Field	2,528	2,457	-71
Deduct lapses	-243	-94	+149
Net Permanent, Departmental & Field	2,285	2,363	+78
Amendment	...	-24	-24
Revised Net Permanent, Departmental & Field	2,285	2,339	+54
Additional from "Advances and Reimbursements"	2	2	2

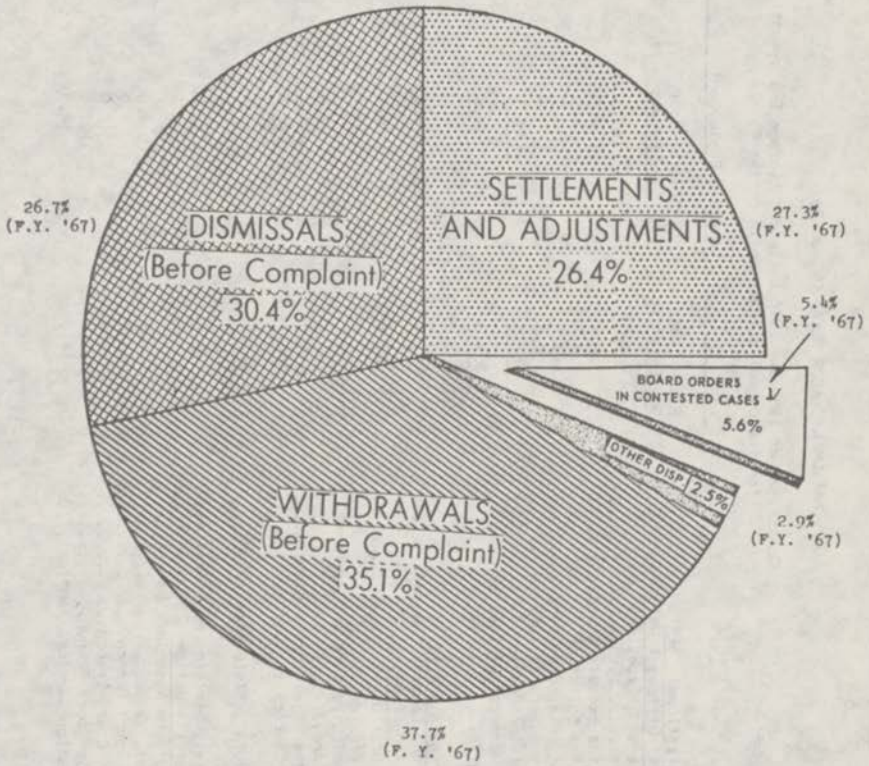
NATIONAL LABOR RELATIONS BOARD

Comparison of 1969 and 1970 Positions, Annual Salaries, and Personnel Compensation for the Organizational Units of the Agency

	Fiscal Year 1969 Estimate	Fiscal Year 1970 Request	Change from 1969 Estimate to 1970 Request
Total Permanent, Departmental.....	$12,257,485	$12,221,121	-$36,364
Total Permanent, Field.....	17,826,183	17,965,421	+139,238
Total Permanent, Departmental & Field....	30,083,668	30,186,542	+102,874
Pay above the stated annual rate.....	98,800	106,900	+8,100
Deduct lapses.....	-2,560,568	-1,253,642	+1,306,926
Deduct net decrease to lower pay scale for part of year.....	-58,700	...	+58,700
Net Permanent, Departmental & Field.....	27,563,200	29,039,800	+1,476,600
Temporary employment.....	130,300	127,400	-2,900
Part-time employment.....	64,400	82,400	+18,000
Intermittent employment.....	49,000	49,000	...
Overtime and holiday pay.....	48,300	31,900	-16,400
Compensation of witnesses.....	119,200	50,300	-68,900
11 Personnel Compensation.....	27,974,400	29,380,800	+1,406,400
Summary, 11 Personnel Compensation:			
Estimated obligations and expenses prior to pay act increase.....	26,339,300	29,380,800	+3,041,500
Estimated increase in personnel compensation for pay act increase....	1,635,100	...	-1,635,100
Total, 11 Personnel Compensation.....	27,974,400	29,380,800	+1,406,400
Additional obligations from "Advances and Reimbursements":			
11 Personnel Compensation.....	26,700	26,900	+200

DISPOSITION PATTERN FOR ULP CASES

(Based on Cases Closed)
Fiscal Year 1968
Compared with Fiscal Year 1967



1/ CONTESTED CASES REACHING BOARD MEMBERS FOR DECISIONS

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NATIONAL LABOR RELATIONS BOARD

TABLE III
Page 1 of 2 Pages

Comparison of 1969 and 1970 Estimated Average Employment
for the Organizational Units of the Agency

Organizational Unit	Average Employment: Fiscal Year 1969 Estimate	Fiscal Year 1970 Request	Change from 1969 Estimate to 1970 Request
Board Members' Offices & Related Units:			
Board Members' Offices and Legal Assistants	165.0	162.3	-2.7
Office of the Executive Secretary	34.6	33.4	-1.2
Office of the Solicitor	3.1	4.0	+0.9
Division of Trial Examiners	145.1	138.2	-6.9
Office of the Security Officer	3.0	3.0	...
Division of Information	10.5	10.7	+0.2
Total Board Members' Offices & Related Units	361.3	351.6	-9.7
General Counsel & Staff:			
Office of the General Counsel	13.9	14.9	+1.0
Division of Operations:			
Departmental Staff	53.9	59.6	+5.7
Field Staff:			
Regional Directors and Regional Attorneys	63.5	63.5	...
All Other Field Professionals	810.0	838.4	+28.4
Field Clericals	568.7	584.3	+15.6
Subtotal, Field Staff	1,442.2	1,486.2	+44.0
Subtotal, Division of Operations	1,496.1	1,545.8	+49.7
Division of Litigation:			
Office of the Associate General Counsel	3.2	4.0	+0.8
Supreme Court Branch	3.0	3.0	...
District Court Branch	14.0	16.0	+2.0
Appellate Court Branch	88.3	101.6	+13.3
Litigation Services Section	14.0	14.5	+0.5

NATIONAL LABOR RELATIONS BOARD

TABLE III
Page 2 of 2 Pages

Comparison of 1969 and 1970 Estimated Average Employment
for the Organizational Units of the Agency

Organizational Unit	Average Employment		
	Fiscal Year 1969 Estimate	Fiscal Year 1970 Request	Change from 1969 Estimate to 1970 Request
General Counsel & Staff: (Cont'd)			
Division of Litigation: (Cont'd)			
Office of Appeals	32.1	35.0	+2.9
Legal Research & Special Projects Branch	20.8	21.3	+0.5
Subtotal, Division of Litigation	175.4	195.4	+20.0
Division of Administration	238.1	254.6	+16.5
Subtotal, General Counsel & Staff	1,923.5	2,010.7	+87.2
Net Permanent for the Agency 1/	2,284.8	2,362.3	+77.5
Amendment	...	-24.0	-24.0
Revised Net Permanent for the Agency 1/	2,284.8	2,338.3	+53.5
Summary:			
Total Permanent, Departmental	842.6	876.1	+33.5
Total Permanent, Field	1,442.2	1,486.2	+44.0
Net Permanent for the Agency	2,284.8	2,362.3	+77.5
Amendment	...	-24.0	-24.0
Revised Net Permanent for the Agency	2,284.8	2,338.3	+53.5
Additional from "Advances and Reimbursements"	2.1	2.1	...
1/ Excludes man-years for positions other than permanent	42.6	43.4	+0.8

NATIONAL LABOR RELATIONS BOARD

TABLE IV

Comparison of Program and Financing by Activities
for 1969 and 1970 Fiscal Years (Cost Basis)

Description	Fiscal Year 1969 Estimate		Fiscal Year 1970 Request	Comparison of 1970 Request to 1969 Estimate	
	Before Pay Act	After Pay Act		Before Pay Act	After Pay Act
Program by Activities:					
1. Field investigation	$20,550,323	$21,557,923	$23,019,500	+$2,469,177	+$1,461,577
2. Trial Examiner hearings	3,654,600	3,902,500	3,841,000	+186,400	-61,500
3. Board adjudication	4,218,400	4,457,400	4,544,500	+326,100	+87,100
4. Securing of compliance with Board Orders	5,347,300	5,609,600	5,934,000	+587,700	+324,400
Total program costs, funded	33,770,623	35,527,423	37,339,000	+3,568,377	+1,811,577
Change in selected resources	-60,000	-60,000	-109,000	-49,000	-49,000
Total obligations	33,710,623	35,467,423	37,230,000	+3,519,377	+1,762,577
Amendment	...	...	-256,000	-256,000	-256,000
Revised total obligations	33,710,623	35,467,423	36,974,000	+3,263,377	+1,506,577
Financing:					
Budget authority	33,710,623	35,467,423	37,230,000	+3,519,377	+1,762,577
Amendment	...	...	-256,000	-256,000	-256,000
Revised budget authority	33,710,623	35,467,423	36,974,000	+3,263,377	+1,506,577
Budget authority:					
Appropriation	35,074,000	35,074,000	37,230,000	+2,156,000	+2,156,000
Transfer to "Operating Expenses, Public Building Services, General Services Administration	-6,577	-6,577	...	+6,577	+6,577
Appropriation (adjusted)	35,067,423	35,067,423	37,230,000	+2,162,577	+2,162,577
Amendment	...	...	-256,000	-256,000	-256,000
Revised appropriation (adjusted)	35,067,423	35,067,423	36,974,000	+1,906,577	+1,906,577
Proposed supplemental for civilian pay act increases	...	400,000	...	...	-400,000
Additional obligations from "Advances and Reimbursements":					
1. Field investigation		25,300	25,600		+300
2. Trial Examiner hearings		1,000	1,000		...
3. Board adjudication		1,100	1,100		...
4. Securing compliance with Board Orders		4,600	4,500		-100
Total obligations		32,000	32,200		+200

NARRATIVE JUSTIFICATION
OF
APPROPRIATION ESTIMATES
FISCAL YEAR 1970

"Salaries and Expenses,
National Labor Relations Board"

APPROPRIATION REQUEST FOR 1970

An original appropriation request of $37,230,000 was made for fiscal year 1970. That appropriation request has been revised to $36,974,000. A comparison of fiscal year 1969 appropriation availability and the fiscal year 1970 request follows:

		Fiscal Year 1969	Fiscal Year 1970	Increases 1970/1969
A. Appropriation availability 1969 and net increase for 1970 before pay increase				
Total appropriation	$35,074,000			
Less Reduction under P.L. 90-364	1,356,800	$33,717,200	$35,451,900	$1,734,700
B. Plus increased costs due to Postal Revenue and Salary Act of 1967 and Administrative pay actions		1,756,800	1,778,100	21,300
C. Funds Available 1969 and Request 1970		35,474,000	37,230,000	1,756,000
D. Amendment		...	-256,000	-256,000
E. Revised Request		35,474,000	36,974,000	1,500,000

The increase in appropriation availability (before application of the 1970 amendment reducing funds requested by $256,000 and employment by 24) was to be used as follows: (a) $855,023, for additional mandatory administrative costs, (b) $113,200, for continuing the program of automating our printing and information systems, (c) $120,700, for making a small beginning in our program to reduce delay in our processing of cases requiring Appellate Court action, and (d)$645,777, for processing increased representation and unfair labor practice filings and related programs.

	Fiscal Year 1969	Fiscal Year 1970	Increases 1970/1969
Original Request			
Positions.....	2,528	2,457	None
Average Employment...	2,327	2,406	79
Revised Request			
Positions.....		2,433	None
Average Employment...		2,382	55

The organizational summary of new employment and the program set forth thereafter were based upon the President's original request for 1970.

ORGANIZATIONAL SUMMARY OF NEW EMPLOYMENT REQUESTED

	Increases In Ave. Empl.
Board Members and Related Units	
Board Members.....	-2.8
Trial Examiners.....	-5.7
Office of the General Counsel	
Field Staff.....	+41.0
Washington Staff*.....	+45.8
Total.....	78.3

* Includes Division of Litigation, Washington Staff of Division of Operations, and Division of Administration.

The Appropriation, "Salaries and Expenses, National Labor Relations Board" provides funds for the Agency to fulfill its responsibilities under the National Labor Relations Act, as amended. It covers all operating costs of the Agency, including all field and departmental activities of the Office of the General Counsel and all functions of the Board Members' Offices and activities thereunder.

FORMULATION OF THE AGENCY WORKLOAD BUDGET

The Agency's request for funds and positions is based upon its estimate of filing of unfair labor practice situations (a "situation" represents one or more charges handled as a single work unit and, therefore, counted as one work situation) and representation petitions or cases. Since filings are not controllable by the Agency, estimates are based upon various factors which experience demonstrates will affect filings. Major factors include industrial growth, increases in the work force, labor union organizing activity, opposition to self-organization and collective bargaining, automation, plant closings and relocations, and changes in level of employment. The estimates are made initially by our Regional Directors, based upon local conditions, and adjusted on a national basis.

Our estimates take into account the various forms of case disposition, and make provision for the cost of processing cases from initial filing of a charge or petition by a party to the final disposition of the matter by the Agency. Costs vary greatly according to the type of disposition required; cases requiring a formal hearing, Board Decision, and Court litigation are the most costly. In addition to its dispute reduction values, therefore economy is a major consideration behind the Agency's emphasis on voluntary settlement of cases. The cases settled or adjusted prior to hearing or trial examiner decision provide the greatest return in reducing litigation costs and encouraging peaceful labor relations.

The charts on pages 3 and 4 describe the proportions and major methods of disposition of unfair labor practice cases and of representation cases processed during fiscal year 1968 compared with 1967 experience. The

NATIONAL LABOR RELATIONS BOARD

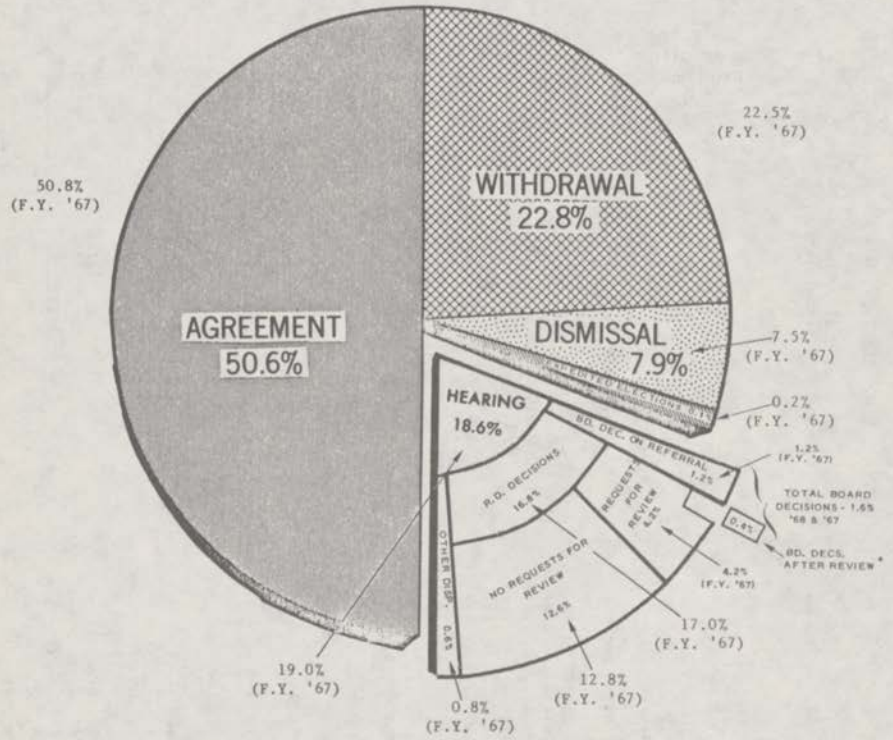
TABLE II

Comparative Table of Obligations by Object
for 1969 and 1970 Fiscal Years

	Fiscal Year 1969 Estimate			Comparison of 1970 Request to 1969 Estimate	
	Before Pay Act	After Pay Act	Fiscal Year 1970 Request	Before Pay Act	After Pay Act
11 Personnel compensation	$26,339,300	$27,974,400	$29,380,800	+$3,041,500	+$1,406,400
12 Personnel benefits	2,157,787	2,279,487	2,418,290	+260,503	+138,803
21 Travel and transportation of persons	1,510,100	1,510,100	1,553,300	+43,200	+43,200
22 Transportation of things	66,600	66,600	66,400	-200	-200
23 Rent, communications & utilities:					
Communication services	1,080,000	1,080,000	1,063,700	-16,300	-16,300
Rents and utilities	282,600	282,600	429,200	+146,600	+146,600
24 Printing and reproduction	700,600	700,600	785,100	+84,500	+84,500
25 Other services	1,068,000	1,068,000	1,089,100	+21,100	+21,100
26 Supplies and materials	329,736	329,736	347,010	+17,274	+17,274
31 Equipment	235,900	235,900	206,100	-29,800	-29,800
Total costs	33,770,623	35,527,423	37,339,000	+3,568,377	+1,811,577
Change in selected resources	-60,000	-60,000	-109,000	-49,000	-49,000
Total direct obligations	33,710,623	35,467,423	37,230,000	+3,519,377	+1,762,577
Amendment	...	...	-256,000	-256,000	-256,000
Revised total direct obligations	33,710,623	35,467,423	36,974,000	+3,263,377	+1,506,577
Estimated pay act increase	...	1,756,800	...	...	+1,756,800
Additional obligations from "Advances and Reimbursements":					
11 Personnel compensation		26,700	26,900		+200
12 Personnel benefits		2,000	2,000		...
21 Travel and transportation of persons		900	900		...
23 Rent, communications & utilities:					
Communications		1,700	1,700		...
Rents and utilities		500	500		...
26 Supplies and materials		200	200		...
Total reimbursable obligations		32,000	32,200		+200

DISPOSITION PATTERN FOR REPRESENTATION CASES

(Based on Cases Closed)
Fiscal Year 1968
Compared with Fiscal Year 1967



*THESE CASES ALSO COUNTED UNDER REG. DIR. DECISIONS

cost consideration in the Agency's budget estimates are based upon a projection of this experience.

The estimates also provide for elimination or prevention of backlog and time delay at any stage where such a problem is developing or appears likely to develop. Beginning with fiscal year 1958 the Agency inaugurated a comprehensive program for eliminating backlog and assuring disposition of cases as expeditiously as possible. Time standards were used as a measure for judging expeditious handling. Where average time for case disposition at any stage exceeds the standard, the Agency considers this to be a warning signal and re-examines its case handling procedures and initiates corrective measures as necessary.

Current Situation

The Agency has experienced a substantial increase in the rate of unfair labor practice filings in each year since 1966. 1967 filings were over 6% higher than 1966, and 1968 filings were over 5% higher than 1967. Our estimate for fiscal year 1969 is that there will be an additional 5½% increase in 1969. Current experience indicates that that estimate will be met.

Unfair labor practice work normally constitutes the major work element and manpower need of the Agency. The strong rise in unfair labor practice work since 1966 has raised significantly the need for staff to process the increase in filings and stay current. This is true despite the fact that there has been no appreciable increase in representation work since 1966.

1968 employment restrictions resulting from the enactment of P.L.90-218 and the President's implementation of it, prevented us from exceeding a permanent staff count of 2,331 on June 30, 1968. As a result of the employment restrictions contained in P.L. 90-364, 2,331 became our peak ceiling for 1969 and our staff has grown steadily smaller. Assuming no change in the employment restrictions to the end of fiscal year 1969, we estimate a staff of about 2,230 on June 30, 1969 or a loss of about 100 from June 30, 1968. For our field staff we estimate a reduction from 1,461 on June 30, 1968 to approximately 1,400 by June 30, 1969, bringing that staff below the level of June 30, 1966.

The Agency's basic problem in fiscal year 1969 is attempting to handle a workload estimated to be 15% higher than was received in fiscal year 1966 with a declining manpower level which by June 30, 1969 will be equal to that of June 30, 1966 and at the same time to retain the advances achieved earlier in reduction of time delays. Despite productivity improvements in each year amounting to about 2% per year it is difficult to see how we can avoid some buildup of backlog in the initial phases of casehandling in the field. This buildup will probably bring increased time delay in our field office operations. At the same time, however, we expect to continue reducing time delay in our formal case handling from trial examiner hearing through Board Decision and on petition for enforcement in the U.S. Courts of Appeals.

INTAKE

Fiscal Year 1969

Unfair labor practice filings thus far this fiscal year are about 3% ahead of our estimate, which is based upon intake experience in 1965 our last comparable year. The unfair labor practice filings, thus far, are high because of individual filings. In addition, we expect union filings resulting from organizing to pick up strongly during the remainder of the year. Our experience shows that filings rise strongly in the second half of the fiscal year with March, April, and May normally experiencing the peak intake for the year.

Representation work is estimated to rise by 3½% to 13,355. Thus far this rise has not occurred. Since representation work however is strongly related to union organizing, we expect that representation filings will increase sharply and will substantially meet our estimate.

Fiscal Year 1970

Unfair labor practice charges and situations are estimated to rise by 6% in fiscal year 1970 to 19,110 charges and 17,080 situations. Representation work is estimated to rise by 4% to 13,910. The basic labor relations factors supporting the 1970 estimate are set forth below.

FACTORS AFFECTING INTAKE

General

Representation petitions and unfair labor practice charges are filed in constantly varying proportions by unions, employers, and employees as their needs for Agency service dictate.

The broad gauge factors affecting these filings by unions and employers include industrial growth, increases in the work force, automation, plant closings and relocations, and sales and mergers. These phenomena set in motion increased labor union organizing and collective bargaining activity in new situations as well as disruptions and readjustments of existing bargaining relationships.

Although the factors listed above also lead to filings by individuals, we recently experienced a substantial rise in filings by individuals which was apparently related to other signals of discontent appearing in the form of increasing strikes, and other forms of industrial unrest, such as the refusal of union memberships to accept new contract terms negotiated by their leaders. The most recent spurt in unfair labor practice filings began in fiscal year 1967. In that year charges rose by 1,107 of which 776 were charges by individuals. In fiscal year 1968 there was a net rise in charges of 776, but charges by individuals rose by 954 or by more than the total increase. These unusual increases in charges by individuals are continuing and appear to be related to the continuing industrial and general unrest.

Industrial Growth

Industrial growth in calendar year 1968 was at a higher rate than was originally anticipated. Gross National Product for the year is now estimated at $860 billion as compared to an original estimate of $854 billion. The most recent survey of plans for new plant and equipment released by the Council of Economic Advisers indicates plans for a 14% increase over 1968. Authoritative economic reports forecast a 1969 calendar year gross national product of about $920 billion. We, therefore, expect industrial growth to continue contributing to the rising volume of case filings.

Labor Union Activity

We expect increased labor union activity in organizing for several reasons. (1) Increased economic activity creates new jobs in old plants and in new plants as well as at construction sites. (2) Competition among unions to organize the unorganized is increasing. Normal competition will probably be heightened by the expected plans of the Alliance for Labor Action (United Automobile Workers, Teamsters, and allied unions) to begin organizing the poor,

and to spur organizing in other areas where union strength is weak. (3) Competition between the AFL-CIO and the ALA may result in an increase in attempts to organize plants now represented by one or the other group. (4) There is evidence of increased organizing of white collar workers by the unions which are members of the AFL-CIO White Collar Council and others. The activity of these unions in organizing teachers and other white collar employees of local government should reflect itself in increased organizing of white collar workers in areas over which the Board has jurisdiction. This movement has already manifested itself in the private hospital area where the Board decided recently to assert jurisdiction in order to minimize conflict that would have a significant effect on interstate commerce. (5) Increased organizing of service workers is shown by the fact that cases filed in this area increased by 7½% in fiscal year 1968, mainly in representation cases. (6) Organizing drives are being put together in other industrial areas, for example, in the textile industry, in plans to organize non-union building trades employees, and the Steelworkers Union which has set a goal for recruiting a half million new members.

WORKLOAD PROCESSING REVIEW

1. 1969 Outlook

General

The Appropriation Committees accepted the Agency's program for 1969 and authorized the staff and funds required to carry it out. The President however, in order to carry out his responsibilities under P.L.90-364, reduced the funds available to the Agency by $1,356,800, and average employment by 123. The Agency has had to meet the funds and employment cuts by restricting hirings. Peak permanent employment was 2,331 out of the 2,528 positions authorized. Total average employment is estimated at 2,327 as compared to the 2,450 authorized.

Field Processing

As indicated previously, P.L. 90-364 is bringing about a constant reduction in staff. When this effect is coupled with the expected rise in filings in the second half of the fiscal year, the result most likely will be an inability to maintain current processing of cases in our field offices. The extent of the backlogging will depend upon the staff available and the actual filings. We have estimated the filing of 18,785 unfair labor practice charges and 13,355 representation proceedings in fiscal year 1969. Our period of highest intake is during the months of March, April, and May normally.

Continuing our efforts to improve field productivity, we have estimated a rise in average performance of 5.7% in 1969 above 1968. Despite this effort, the increase in field unfair labor practice cases pending investigation by the end of 1969 is expected to be about 15% above the 1968 levels. We also expect time delay to increase at this stage of effort.

Trial Examiners

The trial examiners are expected to be able to hold all hearings which the field offices can schedule (realizing that the reduced field staff may not be able to maintain current investigation and trial of cases), and in addition reduce the number of cases awaiting trial examiner decision. The net result of this trial examiner effort should be current processing of cases which the field schedules in both the hearing and trial examiner decision stages, and consequently, a further reduction in time required at these stages.

Board Decisions

The Board has been processing all of the work it has received each

TABLE A

Comparison of Recent Case Intake Experience with Budget Estimates for Fiscal Years 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968, 1969 and 1970

		Unfair Labor Practices		Representations
		Cases	Situations	Cases a/
A.	Actual Recent Experience for--			
	1. Fiscal Year 1958	9,260	7,673	7,488
	2. Fiscal Year 1959	12,239	9,061	9,394
	3. Fiscal Year 1960	11,357	9,128	10,170
	4. Fiscal Year 1961	12,132	10,592	10,559
	5. Fiscal Year 1962	13,479	11,877	11,369
	6. Fiscal Year 1963	14,166	12,719	11,205
	7. Fiscal Year 1964	15,620	13,978	11,783
	8. Fiscal Year 1965	15,800	14,423	12,225
	9. Fiscal Year 1966	15,933	14,540	13,060
	10. Fiscal Year 1967	17,040	15,499	13,385
	11. Fiscal Year 1968	17,816	16,343	12,889
	12. Fiscal Year 1969(Jul-Dec. 1968)	8,887	8,076	5,964
B.	Budget Estimates for Fiscal Year 1961-			
	1. As estimated in 1961 Budget	11,400	9,400	10,425
	2. As estimated in 1962 Budget	11,275	9,470	11,100
	3. Revised estimates in 1962 Budget	12,100	10,500	10,550
	4. Actual intake	12,132	10,592	10,559
C.	Budget Estimates for Fiscal Year 1962-			
	1. As estimated in 1962 Budget	11,275	9,470	11,100
	2. As estimated in 1963 Budget	13,100	11,500	11,250
	3. Actual intake	13,479	11,877	11,369
D.	Budget Estimates for Fiscal Year 1963-			
	1. As estimated in 1963 Budget	14,600	12,750	12,300
	2. As estimated in 1964 Budget	14,600	13,000	12,590
	3. Actual intake	14,166	12 719	11,205
E.	Budget Estimates for Fiscal Year 1964-			
	1. As estimated in 1964 Budget	15,500	13,750	13,300
	2. As estimated in 1965 Budget	15,300	13,750	11,800
	3. Actual intake	15,620	13,978	11,783
F.	Budget Estimates for Fiscal Year 1965-			
	1. As estimated in 1965 Budget	16,800	15,125	12,600
	2. As estimated in 1966 Budget	16,615	14,875	12,400
	3. Actual intake	15,800	14,423	12,225
G.	Budget Estimates for Fiscal Year 1966-			
	1. As estimated in 1966 Budget	18,010	16,150	13,100
	2. As estimated in 1967 Budget	17,080	15,590	13,100
	3. Actual intake	15,933	14,540	13,060
H.	Budget Estimates for Fiscal Year 1967-			
	1. As estimated in 1967 Budget	18,200	16,615	13,550
	2. As estimated in 1968 Budget	16,100	14,700	13,750
	3. Actual intake	17,040	15,499	13,385
I.	Budget Estimates for Fiscal Year 1968-			
	1. As estimated in 1968 Budget	16,565	15,124	14,440
	2. As estimated in 1969 Budget	17,805	16,185	13,745
	3. Actual intake	17,816	16,343	12,889
J.	Budget Estimates for Fiscal Year 1969-			
	1. As estimated in 1969 Budget	18,785	17,075	14,235
	2. As estimated in 1970 Budget	18,785	17,235	13,355
K.	Budget Estimates for Fiscal Year 1970	19,910	18,265	13,910

a/ Includes union decertification (UD),,amendement of certification (AC), and unit clarification (UC) cases.

TABLE B
Comparison of Median Time (Days) Elapsed in Processing Cases

Stages	July-December (Fiscal Year) 1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
UNFAIR LABOR PRACTICE CASES-											
From Filing to Complaint.....	143	63	44	46	49	56	57	59	60	59	59
From Complaint to Close of Hearing.....	54	71	43	45	51	53	62	73	67	64	59
From Close of Hearing to Trial Examiner Decision.....	73	87	95	65	70	77	126	114	103	106	83
From Trial Examiner Decision to Board Decision.....	194	146	150	176	132	123	136	105	119	120	118
Total, Filing to Decision....	464	367	332	332	302	309	381	351	349	349	319
REPRESENTATION CASES-											
A. Field Processing											
From Filing to Notice of Hearing.....	12	11	10	10	10	10	8	9	9	9	9
From Notice of Hearing to Close of Hearing..	16	15	14	14	13	13	13	13	13	14	14
Subtotal, Filing to Close of Hearing.....	28	26	24	24	23	23	21	22	22	23	23
B. Decisional Processing											
1. Before Decisional Delegation to Regional Director											
From Close of Hearing to Board Decision	49	52	50								
Total, Filing to Board Decision...	77	78	74								
2. After Decisional Delegation to Regional Director											
a. By the Board [1]											
From Hearing to Board Decision				112	121	108	101	109	143	118	142
Total, Filing to Board Decision.....				136	144	131	122	131	165	141	165
b. By Regional Director [1]											
From Hearing to R. D. Decision.....				20	17	18	17	20	20	21	23
Total, Filing to R. D. Decision				44	40	41	38	42	42	44	46

[1] In fiscal year 1968 the Board issued only 182 decisions while the Regional Directors issued 1,810 or approximately 90% of the total initial representation decisions.

year since 1965, raising its output of contested unfair labor practice decisions from 547 in 1964 to 817 in 1968. As a result, the time required to process a case from trial examiner decision to Board Decision has been reduced, and the efficiency of the Board staff has improved steadily.

Again in 1969, the Board's program is to process all of the work it receives and to further reduce the time and effort required.

Appellate Court Litigation

Our Appellate Court workload has been rising steadily and sharply as a result of the steady increase in Board Decisions, and because the percentage of Board Decisions requiring court enforcement has increased from about 50% a few years ago to about 60% in the last few years. (This increase in the percentage of Board Decisions requiring court enforcement results in part from the success of the Agency's drive to settle or secure voluntary compliance at the earliest stage possible. This drive has resulted in greater settlement at the field and trial examiner levels, but has left the most difficult cases for further litigation).

Although we have steadily increased the number of briefs filed in the Courts of Appeals, reaching 344 in fiscal year 1968, we have not been able to keep up with the cases requiring enforcement. Many more respondents file their own petitions for review, and with the Court's filings requirements for reply documents thus brought into play, these cases must be briefed ahead of the others. In a case where respondent files for review, the median case now takes about 411 days from Board Decision to Court Decree. (It should be noted that the review cases are processed as quickly as the present court dockets allow for). But in the case where respondent refuses to comply and we must file for enforcement, the median case takes 630 days to process from Board Decision to Court Decree. Much of the difference in time between the two types of actions is due to the time required to reach the case for assignment and briefing in our overloaded Appellate Court Branch. This time delay although it affects only about 200 cases a year (or about 1½% of total intake) is nevertheless completely unacceptable. This is especially true when you note that the median case can be processed from filing all the way to Board Decision in about half the time it takes to enforce the case after Board Decision via a Court Decree.

In a recent case decided by the Second Circuit, Judge Friendly points out: "The events giving rise to the order occurred in May, 1966. Although the Board rendered its decision on March 27, 1967, 163 N. L. R. B. No. 74, it waited more than a year before seeking enforcement and did not file its brief until July 31, 1968; in consequence the proceeding did not appear upon our calendar until October. Such unexplained delay is inimical to the proper administration of the National Labor Relations Act . . ." (World Carpets of New York, decided November 18, 1968).

Although we have provided for the filing of 380 briefs in fiscal year 1969 (a 10% increase over the 344 filed in 1968) with the employment available to the Agency, nevertheless the backlog situation in this branch will probably not be improved. Our program for 1970, as indicated hereafter, provides for a reduction in time delay and backlog in this area.

2. 1970 Program

General

The program approved by the President may enable the Agency to maintain the overall time schedules achieved to date for processing unfair labor practice charges from filing to Board Decision. In addition it should enable the Agency to start reducing the backlog and time delay in our Appellate Court procedures.

On the negative side, however, it means further backlog and probably greater delay in our field office procedures. This greater time delay we hope to offset by further reductions in time required to process cases requiring formal action from complaint to Board Decisions.

Field Processing

We have provided for less than a 3% increase in field staff in 1970 amounting to 1,511 man-years, as compared to 1,470 man-years in 1969. The 1970 staff is budgeted to process an increase of 5% in rated work, including provision for productivity improvement. This 5% increase in work output will still leave 4% of the workload increase unprocessed and result in a further addition to backlog, as explained in more detail below.

The unfair labor practice workload intake to the field in 1968 consisted of 17,257 proceedings. The expected workload intake to the field in 1970 is 19,290 proceedings. This is an increase of 11.8% over the two year span. Although the representation proceedings workload is only increasing 6.7% from 11,982 to 12,786, this has a relatively smaller effect on manpower needs, and the total workload increase for the two years is estimated at about 11%.

In 1969 the field's reduced staff is expected to process only 17,508 unfair labor practice proceedings as against expected intake of 18,200. In 1970 we have programmed the processing of 18,535 unfair labor practice proceedings of the 19,295 expected to be filed. Thus we are expecting the pending ULP proceeding workload to rise by 590 in 1969, and by another 665 in 1970 or a total increase in pending load of 34% from 1968 to 1970, while staff has remained relatively constant. The pending per professional rises 32%.

These increases in pending are expected to occur despite the fact that we have provided substantial productivity increases in our projections. For example, the 1968 staff processed 17,298 ULP proceedings. The 1970 staff, which is only 1½% higher (as a result of a drop in 1969) is programmed to process 18,535 proceedings or an additional 7% in ULP work output.

Trial Examiners

In view of the anticipated inability of the field staff to keep up with intake, the flow of work in the trial examiner division will not increase enough to create any problems in this area. The trial examiner staff is expected to be able to process the 1,097 hearings estimated to be requested by the field in 1970 (compared to 1,117 in 1969 and 1,074 in 1968), and to issue the resulting 958 trial examiner decisions (compared to 1,039 in 1969 and 954 in 1968). The number of trial examiner decisions programmed is greater in 1969 because of the availability of trial examiner staff to reduce backlog and attain current handling of trials and decisions. We have programmed a reduction in trial examiner staff in 1970 because of the reduction in work flow.

Board Decisions

The need for Board Decisions follows the pattern of trial examiner work as detailed above. The Board's current staff level of legal assistants is expected to be able to cope with the higher number of trial examiner decisions expected to be issued in 1969. We have programmed a reduction in legal assistant staff in 1970 to match the programmed reduction in trial examiner decisions.

The Board is expected to issue 825 contested unfair labor practice decisions in 1970, as compared to 877 in 1969 and 817 in 1968. In addition the Board must handle supplementary unfair labor practice work, representation work on appeals and on review, about 200 contested representation decisions each year, and about 300 decisions on objections and challenges to elections.

Appellate Court Proceedings

This is an area of primary concern to the Agency because of the great time delays involved in proceeding from Board Decision to Court Decree as noted above. We had programmed a reduction in backlog and time delay for 1969, but that program had to be postponed as a consequence of the employment restrictions faced by this Agency in 1969.

In 1970, therefore, we propose to begin reducing the accumulated backlog and the time delay at this stage. We have programmed the filing of 404 briefs in the Court of Appeals, as compared to 380 in 1969, and 344 in 1968.

MANAGEMENT IMPROVEMENT AND COST REDUCTION

The Agency's budget request is based upon our continuing plan for productivity improvement at all production levels. Productivity is examined in each area, and the maximum possible improvement scheduled. For 1970, the budgeted productivity improvements for major case processing areas are shown below and are to be achieved by constant attention to reducing time and effort required to process case filings to closings. Failure to achieve these improvements would result in an additional cost of over $400,000 for the work to be done.

The main productivity improvements provided for in fiscal year 1969 and 1970, by function are as follows:

Function	F. Y. 1969	F. Y. 1970
Field Investigation and Processing	5.7%	2.0%
Trial Examiner Decision Writing	NONE	1.6%
Board Decision Issuance	5.6%	1.8%
Appellate Court Briefing	10.3%	4.0%

The Agency has, in addition, a research and development program for automating its extensive printing work and its management information system.

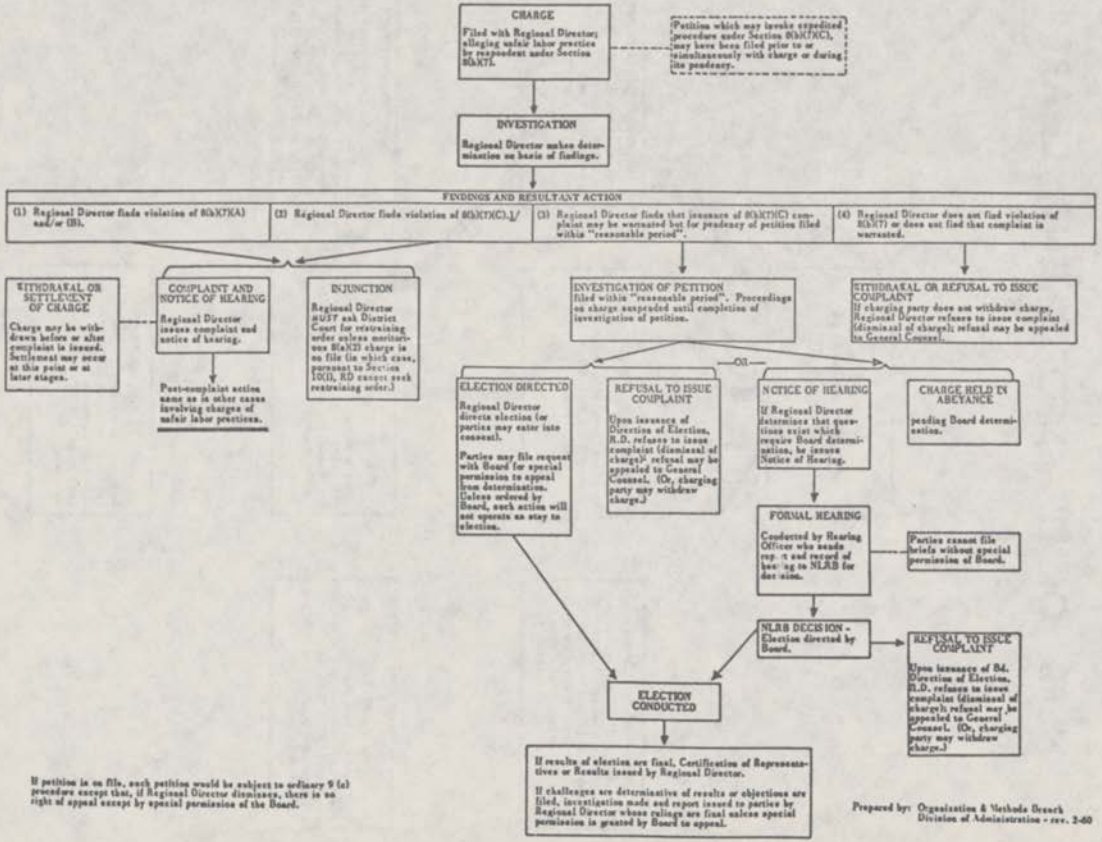
The Agency now spends about three quarters of a million dollars on printing and reproduction. In addition, the printing of Board Volumes of Decisions has taken 15 months from date of issuance of the last decision in the volume. The automation program when fully operating will provide for printing volumes of Board Decisions in about three months and for reducing the cost of printing substantially. In our 1969 budget we have provided for a reduced cost of about $10,000 per volume to be printed. This reduction from previous cost is estimated to save the Agency $90,000 in 1969 and $10,000 per volume issued thereafter.

Our automation program, however will require additional funds in 1970 for renting a small computer and moving ahead with the automation of our management information system. This will cost an additional $113,200. Computerization of our information gathering system should enable us to expand greatly the information we can collect, process, analyze, and use for further management improvements.

SUMMARY

The Agency is very grateful to the Congress for its understanding of the many problems which beset us in administering the policies laid down in the law and for its recognition of the goals and financial needs which are necessary to help keep pace with the ever-increasing volume of work. We are mindful of our responsibilities under the law, and of our obligation to serve the public whom the Congress has sought to protect in the most efficient and economical way possible. The Agency firmly believes that on the basis of its experience thus far, it can continue its record of improvements in public service, and will make every effort to do so.

BASIC PROCEDURES FOR CASEHANDLING UNDER SECTION 8(b)(7)



If petition is on file, such petition would be subject to ordinary 9 (c) procedure except that, if Regional Director dismisses, there is no right of appeal except by special permission of the Board.

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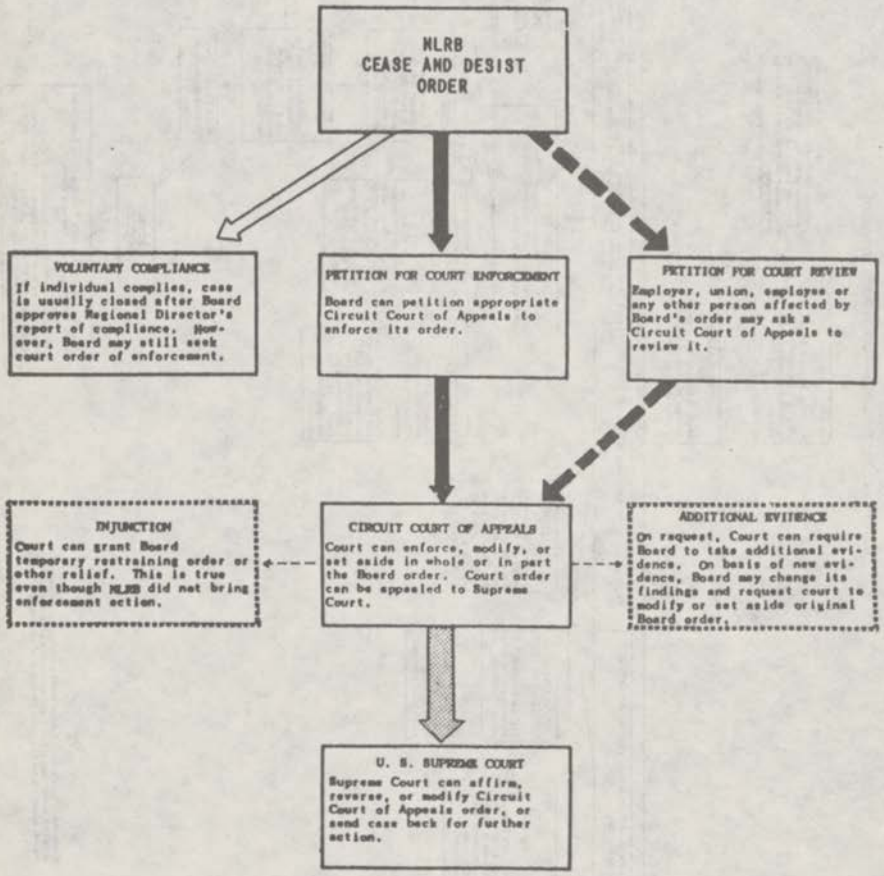
NLRB ORDER ENFORCEMENT CHART



TYPES OF CASES

1. Charges of Unfair Labor Practices

CHARGE AGAINST EMPLOYER	CHARGE AGAINST LABOR ORGANIZATION				CHARGE AGAINST LABOR ORGANIZATION AND EMPLOYER
Section of the Act CA	Section of the Act CB	Section of the Act CC 8(b)(4)	Section of the Act CD 8(b)(4)	Section of the Act CP	Section of the Act CE
8(a)(1) Interfere with, restrain, or coerce employees in exercise of their rights under Section 7 (to join or assist a labor organization or to refrain).	8(b)(1)(A) Restrain or coerce employees in exercise of their rights under Section 7 (to join or assist a labor organization or to refrain).	(i) TO ENGAGE IN, OR INDUCE OR ENCOURAGE ANY INDIVIDUAL EMPLOYED BY ANY PERSON ENGAGED IN COMMERCE OR IN AN INDUSTRY AFFECTING COMMERCE TO ENGAGE IN, A STRIKE OR A REFUSAL IN THE COURSE OF HIS EMPLOYMENT TO USE, MANUFACTURE, PROCESS, TRANSPORT, OR OTHERWISE HANDLE OR WORK ON ANY GOODS OR TO PERFORM ANY SERVICES; OR (ii) TO THREATEN, COERCE OR RESTRAIN ANY PERSON ENGAGED IN COMMERCE OR IN AN INDUSTRY AFFECTING COMMERCE, WHERE IN EITHER CASE AN OBJECT THEREOF IS:	First Stage - 10(k)* Second Stage - Complaint**	8(b)(7) To picket, cause, or threaten the picketing of any employer where an object is to force or require an employer to recognize or bargain with a labor organization as the representative of his employees, or to force or require the employees of an employer to select such labor organization as their collective bargaining representative, unless such labor organization is currently certified as the representative of such employees:	8(e) To enter into any contract or agreement (any labor organization and any employer) whereby such employer ceases or refrains or agrees to cease or refrain from handling or dealing in any product of any other employer, or to cease doing business with any other person.
8(a)(2) Dominate or interfere with the formation or administration of a labor organization or contribute financial or other support to it.	8(b)(2) Cause or attempt to cause an employer to discriminate against an employee.	(A) To force or require any employer or self-employed person to join any labor or employer organization or to enter into any agreement prohibited by Sec. 8(e).	(D) To force or require any employer to assign particular work to employees in a particular labor organization or in a particular trade, craft, or class rather than to employees in another trade, craft, or class, unless such employer is failing to conform to an appropriate Board order or certification.		
8(a)(3) Encourage or discourage membership in a labor organization (discrimination in regard to hire or tenure).	8(b)(3) Refuse to bargain collectively with employer.	(B) To force or require any person to cease using, selling, handling, transporting, or otherwise dealing in the products of any other producer, processor, or manufacturer, or cease to doing business with any other person, or force or require any other employer to recognize or bargain with a labor organization as the representative of his employees unless such labor organization has been so certified.	*First Stage - Proceeding under Section 10(k) of the Act Whenever it is charged that any person has engaged in an Unfair Labor Practice within the meaning of paragraph (4)(D) of Section 8(b), the Board is empowered and directed to hear and determine the dispute out of which such Unfair Labor Practice shall have arisen...	(A) where the employer has lawfully recognized any other labor organization and a question concerning representation may not appropriately be raised under Section 9(c),	
8(a)(4) Discharge or otherwise discriminate against an employee because he has given testimony under the Act.	8(b)(5) Require of employees the payment of excessive or discriminatory fees for membership.	(C) To force or require any employer to recognize or bargain with a particular labor organization as the representative of his employees if another labor organization has been certified as the representative.	**Second Stage - Complaint Complaint under Section 8(b)(4)(D) is issued where there has been no voluntary adjustment of the dispute, and no compliance with the Board's Decision and Determination of Dispute.	(B) where within the preceding 12 months a valid election under 9(c) has been conducted, or	
8(a)(5) Refuse to bargain collectively with representatives of his employees.	8(b)(6) Cause or attempt to cause an employer to pay or agree to pay money or other thing of value for services which are not performed or not to be performed.			(C) where picketing has been conducted without a petition under 9(c) being filed within a reasonable period of time not to exceed 30 days from the commencement of such picketing.	

2. Petitions

9(c)(1)(A)(i) RC	9(c)(1)(B) RM	9(c)(1)(A)(ii) RD	9(e)(1) UD	UC	AC
Requesting the designation of filing party as bargaining agent. 1/	Alleging that one or more claims for recognition as exclusive bargaining agent have been received by employer. 1/	Asserting that the certified or recognized bargaining agent is no longer the representative. 1/	Employees wish to rescind a union security clause.	Requesting clarification of bargaining unit.	Requesting amendment of certification.

1/ This statement is not applicable if an 8(b)(7) charge is on file involving the same employer; however, the "R" designation applies.

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Division of Administration - Rev. 1-65

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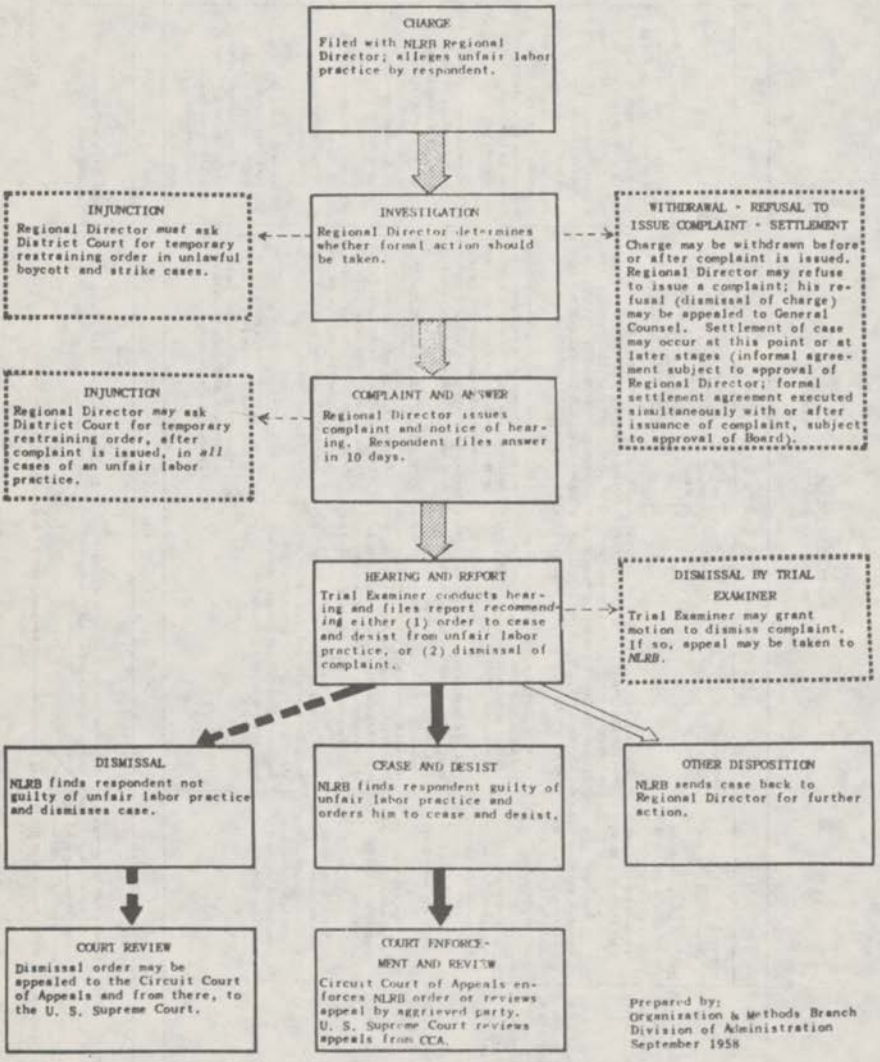
BASIC PROCEDURES IN CASES INVOLVING CHARGES OF UNFAIR LABOR PRACTICES



Prepared by:
Organization & Methods Branch
Division of Administration
September 1958

TUESDAY, APRIL 15, 1969.

PRESIDENT'S COMMITTEE ON CONSUMER INTERESTS

WITNESSES

MRS. VIRGINIA H. KNAUER, SPECIAL ASSISTANT-DESIGNATE TO THE PRESIDENT FOR CONSUMER AFFAIRS; CHAIRMAN-DESIGNATE OF THE PRESIDENT'S COMMITTEE ON CONSUMER INTERESTS; EXECUTIVE SECRETARY-DESIGNATE TO THE CONSUMER ADVISORY COUNCIL
WILLIAM G. KAYE, EXECUTIVE DIRECTOR
MRS. BETTY BAY, ACTING DIRECTOR FOR LEGISLATIVE AFFAIRS

PRESIDENT'S COMMITTEE ON CONSUMER INTERESTS

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Permanent positions	191	251	340
Positions other than permanent	34	20	34
Other personnel compensation	4	5	3
Total personnel compensation	229	276	377
Personnel benefits: Civilian employees	15	20	27
Travel and transportation of persons	26	30	35
Rent, communications, and utilities	20	30	35
Printing and reproduction	8	2	3
Other services	33	50	55
Supplies and materials	11	12	15
Equipment	2	1	3
Total obligations	344	421	550

PERSONNEL SUMMARY

Total number of permanent positions	19	23	28
Full-time equivalent of other positions	2	2	2
Average number of all employees	17	21	26
Average GS grade	11.6	10.8	10.5
Average GS salary	$13,779	$13,434	$13,073

PROGRAM AND FINANCING (In thousands of dollars)

Program by activities:			
Advancing the interests of consumers (program costs, funded)	354	421	550
Change in selected resources [1]	−10		
Total obligations	344	421	550
Financing: Unobligated balance lapsing	1		
Budget authority (appropriation)	345	421	550
Relation of obligations to outlays:			
Obligations incurred, net	344	421	550
Obligated balance, start of year	24	21	50
Obligated balance, end of year	−21	−50	−80
Adjustment in expired accounts	8		
Outlays	355	392	520

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1967, $19,000; 1968, $9,000; 1969, $9,000; 1970, $9,000.

Mr. FLOOD. Now we have the President's Committee on Consumer Interests and we have Mrs. Virginia H. Knauer, Special Assistant-Designate to the President for Consumer Affairs; and also Chairman-Designate of the President's Committee on Consumer Interests.

I might add we understand the "Designate" is simply because you have not been sworn in.

Mrs. KNAUER. No, I have not, sir.

BIOGRAPHICAL SKETCH OF EXECUTIVE DIRECTOR

Mr. FLOOD. And Mr. William G. Kaye, the Executive Director. We will place in the record your biographical sketch, Mr. Kaye.

(Biographical sketch follows:)

BIOGRAPHY OF WILLIAM G. KAYE

William G. Kaye was named Executive Director of the President's Committee on Consumer Interests, October 16, 1967.

Prior to accepting this appointment, Mr. Kaye was Deputy Director of the Office of Marketing and Services in the Business and Defense Services Administration of the U.S. Department of Commerce.

For the past 4 years, Mr. Kaye, 35, has been an executive with the Department of Commerce as a Special Assistant to the Administrator of the Business and Defense Services Administration and, since 1966, as Deputy Director of the Office of Marketing and Services. Prior to this, he was a marketing executive with the Converse Rubber Co., of Malden, Mass., from 1957–63.

Before entering industry, he was a member of the faculty of the Harvard Graduate School of Business Administration, where he was a research assistant in business administration.

A native of the Boston Mass., area, Mr. Kaye is a graduate of the Harvard Graduate School of Business Administration (M.B.A., 1956) and of Haverford College (B.A., 1954).

Mr. Kaye is married. The Kayes have two children and reside Rockville, Md.

APPOINTMENT OF MRS. KNAUER AS SPECIAL ASSISTANT TO THE PRESIDENT FOR CONSUMER AFFAIRS

Mr. FLOOD. Before Mr. Kaye begins, I would like to say to the members of the committee, as you know, the President today announced his appointment of Mrs. Virginia H. Knauer as Special Assistant to the President for Consumer Affairs. In this position she will serve as Chairman of the President's Committee on Consumer Interests and as Executive Secretary of the Consumer Advisory Council.

Since February 1968, she has been Director of the Bureau of Consumer Protection, the Department of Justice, of the State of Pennsylvania. Coming from Wilkes-Barre, it is our opinion this is the best department doing this kind of work in the entire country.

Mrs. KNAUER. Thank you.

Mr. FLOOD. She is the only woman in the United States who actually administers such a bureau, devoted to consumer protection and consumer education. She also directed the operation of five branch offices in Philadelphia, Pittsburgh, Harrisburg, Erie, and Scranton.

I am sorry to say Scranton and not Wilkes-Barre. That could not be the Scranton influence.

Born and educated in Philadelphia, Mrs. Knauer won a board of education scholarship to the Pennsylvania Academy of Fine Arts. She is a graduate of the University of Pennsylvania and did postgraduate work at the Royal Academy of Fine Arts in Florence, Italy. This assignment will give you a chance to exhibit your fine arts.

She was the first Republican woman elected to the Philadelphia City Council as a councilman-at-large in 1960.

She is married to Wilhelm F. Knauer, a Philadelphia attorney, and they have two children.

Mrs. REID. Mr. Chairman?

Mr. FLOOD. Mrs. Reid.

Mrs. REID. I would like to say at this time that I certainly want to congratulate Mrs. Knauer on her appointment. I know the President has said consumer interests are of high priority in this administration, and I think it is fortunate for the country that he has been able to obtain someone with Mrs. Knauer's background and experience for this consumer affairs position.

I wish you the very best.

Mrs. KNAUER. Thank you.

Mr. FLOOD. We will also place Mrs. Knauer's biographical sketch in the record at this point.

(Biographical sketch follows:)

BIOGRAPHY OF MRS. VIRGINIA H. KNAUER

Mrs. Virginia H. Knauer was appointed by President Nixon as his Special Assistant for Consumer Affairs on April 9, 1969. She also serves as chairman of the President's Committee on Consumer Interests and as Executive Secretary of the Consumer Advisory Council.

Prior to her present job, Mrs. Knauer was director of the Pennsylvania Bureau of Consumer Protection for 14 months, the first woman in the United States to actually administer such a bureau. In that post she also directed the operation of five branch offices in Philadelphia, Pittsburgh, Harrisburg, Erie, and Scranton.

Born and educated in Philadelphia, Mrs. Knauer won a Board of Education scholarship to the Pennsylvania Academy of Fine Arts. She is a graduate of the University of Pennsylvania and did postgraduate work at the Royal Academy of Fine Arts in Florence, Italy.

She was the first Republican woman elected to the Philadelphia City Council as a councilman-at-large in 1960.

She is married to Wilhelm F. Knauer, a Philadelphia attorney. They have two children, Mrs. I. Townsend Burden III, of Philadelphia and Wilhelm F. Knauer Jr., an assistant district attorney in Philadelphia.

Mr. FLOOD. Mr. Kaye, I see you have a statement. How do you wish to proceed?

Mr. KAYE. I would like to read my statement, Mr. Chairman.

Mr. FLOOD. You may proceed.

Mr. KAYE. Before I begin, I would like to turn over to the committee copies of some documents which the committee published this past year and to which I will make reference during my testimony.

GENERAL STATEMENT

Mr. Chairman and members of the subcommittee; I am William G. Kaye, Executive Director of the President's Committee on Consumer Interests.

I am privileged to have with me Mrs. Virginia Knauer, Special Assistant-designate to the President for Consumer Affairs, who will also serve as chairman of the President's Committee.

As senior officer on the Committee staff, I administered our programs over the past 3 months in the absence of a committee chairman. During this time, the President's Committee has carried out its basic functions in all areas—in legislation, consumer education, field opera-

tions relating to consumer groups, in industry and marketing relations, and in public affairs.

My experience as Executive Director over the past year and a half has convinced me that there is a great and growing need for a consumer program on both the State and National level, and that government must constantly update and revise its activities to meet that need.

The President's Committee on Consumer Interests is no exception.

At this time, the President's Committee is requesting a revised fiscal year 1970 budget of $450,000. This is an increse of $29,000 over the $421,000 which Congress appropriated for fiscal year 1969. The increase will make possible 19 permanent positions on the Committee staff.

The services cover a wide range of activities which are discussed in detail in the statement we have submitted. But I would like to review briefly the setup of the Committee, some of the highlights of the past year, and some of the areas which will require increased attention n the coming year.

The President's Committee on Consumer Interests was established by Executive order on January 3, 1964, to give the consumer a voice in the highest councils of Government. Subsequently, the Committee was upgraded to Cabinet and head-of-agency status, and its Chairman, who also serves as Special Assistant to the President for Consumer Affairs, was given the full-time job of supervising and directing the Committee staff.

DUAL ROLE OF SPECIAL ASSISTANT FOR CONSUMER AFFAIRS

Mr. FLOOD. This I do not understand. I was not aware of these two hats. What are the two jobs?

Mr. KAYE. The first job is that of the Special Assistant to the President for Consumer Affairs and his adviser on consumer matters. In that capacity our Executive order calls for her to be the Chairman of the President's Committee, an interagency committee, which consists of the heads of 12 major departments or agencies. She is also the Executive Secretary of our citizen advisory group, known as the Consumer Advisory Council.

All three of these hats which she wears are serviced by the staff of the President's Committee, namely, that of Special Assistant, the President's Committee, and Consumer Advisory Council. They draw staff support from the professional staff of the Committee.

Mr. FLOOD. Did Esther Peterson and Betty Furness have the same positions?

Mr. KAYE. Yes, they did, basically the same.

CONSUMER ADVISORY COUNCIL

The President's Consumer Advisory Council, which consists of 12 private citizens, serves the Committee in an advisory capacity.

During the past year, seven consumer bills were passed by the Congress, making a total of 20 since the President's Committee was established.

Industry representatives met frequently with the Committee in an effort to improve their consumer services. One example of this coopera-

tion is the report of the Presidential Task Force on appliance warranties and service, which was made public last January and which we have submitted to the subcommittee. The report represents one of the Committee's major efforts to obtain voluntary correction of consumer problems, and I am pleased to say that the appliance industry helped in its preparation.

CONSUMER EDUCATION

Progress also has been made in consumer education. This type of education is needed by everyone, rich or poor, to make intelligent choices in the marketplace, and it is receiving more and more attention in the schools and in business, labor, and private organizations. In fact, one of the most popular publications recently issued by the Committee is the pamphlet entitled "Consumer Education—What It Is and What It Is Not," which also has been submitted to the subcommittee.

I might say we have now distributed more than 30,000 copies of this publication. And coming off the press very shortly will be a new booklet, the first major bibliography published on consumer education resource materials. It contains nearly 900 bibliographic citations on books, brochures, filmstrips, and other material concerned with consumer subjects, and orders for it already are piling up from Government agencies, educators, and consumer organizations.

Our initial press run calls for 15,000 copies. In addition, other agencies are ordering copies for themselves and the Government Printing Office will carry it as a regular stock item and give it wide circulation and promotion.

The growth of private consumer organizations—from 29 to 46 in 2 years—points up the vast public interest in this field. A new national group, the Consumer Federation of America, was formed last year. But as these groups continue to grow and expand, so does the work of the Committee. To assist them, the President's Committee just a few months ago published a booklet on "Forming Consumer Organizations."

Along with these activities is the constant flow of letters containing complaints and suggestions from consumers—ranging from housewives with marketing problems to the sick and the elderly with more poignant problems.

Frankly, Mr. Chairman, our list of activities continues to get longer and longer.

For example, there are now more than 100 consumer bills before the Congress, and the President's Committee has been asked to comment on a number of them. In addition, our legislative office is planning to make a comprehensive study of existing consumer laws and pending consumer bills in the States—the first such study, I believe, to be undertaken anywhere. It will be done with the cooperation of the National Association of Attorneys General, the Council of State Governments, and the American Bar Foundation.

PROPOSED LEGISLATION

Mr. FLOOD. Are you proposing any legislation this year?

Mr. KAYE. Mrs. Knauer, of course, has just come on board and this will be one of the first matters we will be discussing with her. In the

few hours we have had with her, we have not had the opportunity to do so.

There are a number of bills before the Congress, as I have indicated, and I certainly expect we will be commenting on them.

WORK WITH MANUFACTURERS AND TRADE ASSOCIATIONS

We also want to work more closely with manufacturers, trade associations, and industry standards-making groups to promote consumer involvement in the development of standards, to urge more responsive complaint handling facilities and to encourage the adoption of voluntary arbitration systems for consumer disputes.

Specifically, the Presidential Task Force Report on Appliance Warranties and Service is one area that will require further attention. The report, with its recommendations for voluntary correction of consumer problems by industry has, in the main, been accepted favorably by the affected industry. But the job of implementing it still lies ahead. In fiscal 1970, we hope to be working with the household appliance industry toward that goal.

Our aim is to have the consumer and industry go forward together with both the buyer and the seller enjoying the advantages of the modern marketplace.

At the same time, during the months ahead, the new Committee Chairman has been directed by the President to evaluate all the efforts that are taking place within Government relating to consumer affairs, and to recommend ways in which the Administration can develop a more fully coordinated program—one that will strengthen consumer protection in every way possible. The staff of the President's Committee will assist in the survey, while carrying out its other functions.

We also want to work more closely with the consumer fraud or protection bureaus in State governments and we will make every effort to do so. While the exact makeup of these bureaus varies from State to State, all of them generally are empowered to protect the consumer through mediation, education, legislation, and litigation. We think it is important to strengthen our Federal-State relationship in consumer affairs.

In short, while much has been done in the interest of the consumer in recent years, I see the need for even greater progress. I sincerely hope the President's Committee will be given the resources to help fulfill that need.

Before I close, I do want to say how pleased we are to have Mrs. Knauer with us and we look forward to working with her as we did with her distinguished predecessors.

I also want to express my appreciation to the staff for their support during the transition period and to say how much I valued their counsel and advice to me as Executive Director of the Committee while awaiting the appointment.

Thank you for giving me the opportunity to appear here today.

Mr. FLOOD. We know you are pretty new in this job, Mrs. Knauer, and technically not even in it, but we are glad to have you on board.

CHANGES IN FUNCTIONS OF THE COMMITTEE

Mr. Kaye, you have been in town a couple of years, so I am sure you know this phrase—you will likely "re-align your priorities," make

some changes in details of your organization and operation. Has the new Administration made or are they making any basic changes in the functions of this Committee?

Mr. KAYE. Our present instructions are to continue with the activities of the office as they have been traditionally carried out, but we will be asked to make the study of Federal activities in the field of consumer affairs.

I think the study will have a great deal of bearing on how we re-align our priorities and point to those areas which the Committee or other agencies may want to give emphasis to in the future.

Mr. FLOOD. Do you have any target date?

Mr. KAYE. We have, quite truthfully, barely had an opportunity to discuss this with Mrs. Knauer. We are concerned that we have sufficient resources to do the study. We will be talking to her at great length in the days ahead to define the study and its scope and to reappraise our resources, for we consider the study to be of major significance——

Mr. FLOOD. Distinct from Mrs. Knauer, how about you? You have been here longer.

Mr. KAYE. Our own feeling is there is a very valid reason for doing the study and there are areas of coordination we hope to get into.

Mr. FLOOD. Who is doing the study?

Mr. KAYE. This has not been determined.

Mr. FLOOD. The study has not started?

Mr. KAYE. Right. We have not had an opportunity to discuss this at great length.

REVISION OF THE 1970 BUDGET

Mr. FLOOD. Is the amount in the budget request being changed as a result of what we call the Nixon review of the Johnson budget?

My spies have reported to me within the last hour and a half that it has, and there will be a reduction of $100,000.

Mr. KAYE. That is correct, sir.

Mr. FLOOD. This of course will be important in your study.

Mr. KAYE. Very much so.

This budget was decided before the appointment. We will be looking very thoroughly at what the implications of the study are in terms of need for resources and as to how we can handle the study, within the staff or elsewhere, and if we shall have to go back to the administration and discuss further the resources required.

RELATION TO OTHER CONSUMER PROTECTION AGENCIES

Mr. FLOOD. As you undoubtedly know, and Mrs. Knauer will soon learn, this question has come up ever since this committee was created. This town is full of Presidential committees. As a matter of fact, some people are in favor of a Presidential committee against any more Presidential committees. Many of them are merely titular. But this is the question, "why should we have this agency in the first place when we already have agencies set up to protect every aspect of the consumer that we can think of?" Before this committee we have had a half dozen in the last 2 months and we will have two or three more. We have the Food and Drug Administration, which we handle; the Federal Trade Commission, Biologic Standards, which we handle

here, and the Agriculture Extension Service, which Mr. Michel's Appropriation Committee on Agriculture handles. We have legal aid programs, of which we handle two or three.

Mrs. KNAUER. I feel the whole purpose of this Committee on Consumer Interests is to funnel the feeling of the consumer so that the consumers of America feel they have a direct pipeline to the President himself. I feel that is what my office is supposed to do, to be the voice of the consumers.

From a practical point of view, I feel that our evaluation of the existing consumer programs is long overdue. Some of them are much older than others and there may be duplication in the various agencies and departments, or gaps.

To serve the consumer most efficiently and certainly most economically, a review I think is in order to find out how these match. Are they really doing the job for which they were created? Have they kept abreast of the changing demands? Are they truly as effective as they should be? This is not going to be a superficial type evaluation.

We hope to get down and really do a job, make sure the consumers get the value of their tax money in this. We may be able to point out how many savings can be made by avoiding duplication, and also to make Federal consumer programs more responsive to the consumers' current needs. I think the needs of the consumers have been changing, certainly since the Second World War. I think the effectiveness of our committee has to be looked into as well.

I strongly suspect even we are not doing enough in our State-Federal relationships. I say this as a recent State director of a consumer protection agency I think we ought to see more of these agencies. There are only 33 of these State agencies. I think we ought to encourage creation of others.

Mr. FLOOD. The term is badly misused, but are you an activist?

Mrs. Knauer. I definitely am.

1 think, Mr. Chairman, you know our record in Pennsylvania.

PUBLIC INTEREST IN CONSUMER AFFAIRS

Mr. FLOOD. On the first page of your justifications you say, "The interest of the public in consumer matters has increased markedly in recent years."

If you people mean what 1 think you mean, the interest in the things you are involved in, that there is great public interest, I could not agree with you less. I think the public is just as lackadaisical, just as disinterested and unknowing that you exist as thay ever were.

Can you show us something to prove that what I say is wrong and you are right?

Mrs. KNAUER. Of course, at this point I can only point to what we did in Pennsylvania. At the end of the first year in which I served as director, our incoming caseload increased by 74.3 percent and we were solving cases at the rate of 96.4 percent. These figures are from our official annual report.

Mr. FLOOD. How do you solve a case?

Mrs. KNAUER. We get the money back, cancel the contracts, or they are canceled. The smaller percentage we were not able to solve were those where bankruptcy of the company occurred or the people had fled to a jurisdiction outside the Commonwealth.

Mr. FLOOD. Fly-by-nights?

Mrs. KNAUER. Yes. Through new laws the legislature passed unanimously in Pennsylvania we now have subpoena power. This is something new.

Mr. FLOOD. There are two or three pretty good laws up there.

Mrs. KNAUER. Excellent. I understand the FTC is sending these laws out all over the country as model legislation. We have outlawed referral selling.

STATE CONSUMER PROTECTION LAWS

Mr. FLOOD. Suppose for the record you prepare a synopsis of those consumer laws from the State of Pennsylvania.

Mr. KAYE. We have prepared a statement of some selected laws from various States, including Pennsylvania.

Mr. FLOOD. We will put those in the record at this time.

Mrs. KNAUER. As far as Pennsylvania goes, the statement prepared by the staff is very brief. We consider those laws in Pennsylvania effective. Within 24 hours we can serve our first subpoena.

(The information follows:)

EXECUTIVE OFFICE OF THE PRESIDENT
PRESIDENT'S COMMITTEE ON CONSUMER INTERESTS
WASHINGTON, D.C.

A SAMPLING OF CONSUMER PROTECTION LEGISLATION ENACTED OR PROPOSED IN SELECTED STATES

California

In 1968, California passed legislation:

- providing standards for imitation milk and substitute milk products and requiring "truth-in-labeling" on all products made to resemble milk;
- providing more protection for auto buyers;
- prohibiting referral selling and chain and pyramid club type sales gimmicks.

Illinois

In 1967, Illinois became the first State to require teaching of consumer education courses on a compulsory basis from the 8th through the 12th grades. In 1968, Illinois passed legislation:

- declaring that anyone receiving anything unordered in the mail may consider it a free gift;
- amending consumer fraud act to include installment credit sales.

Consumer Legislation Introduced (1969):

- to establish a special office concerned with consumer protection;
- to prohibit door-to-door solicitation at dwellings where a sign prohibiting such activities is posted.

Iowa

In 1969, Iowa has passed legislation:

- providing a cooling-off period for cancellation of sales from door-to-door salesmen.

Consumer Legislation Introduced (1969):

- a measure to establish a special office devoted to consumer protection;

- bill concerning unordered merchandise by mail being deemed an unconditional gift to the recipient;

- proposal to require approval before making a credit investigation of a person or a company and to make the credit rating available on demand;

- proposal to impose tax on trading stamps to be paid by the distributor.

Kansas

In 1968, Kansas passed legislation:

- giving Attorney General power to investigate and enjoin deceptive trade practices (3/68);

- requiring licensing of hearing aid dealers;

- setting up a Consumer Protection Division in Office of Attorney General.

(Note: The Attorney General established administratively a Consumer Advisory Council composed of citizen appointees to advise him on consumer problems.)

Kentucky

In 1968, Kentucky passed legislation:

- providing for truth-in-lending;

- strengthening meat inspection;

- improving auto insurance law;

- via a joint resolution, authorizing a study to determine best procedure for establishing a consumer protection agency;

- via joint resolution, authorized study of credit cards and plans with regard to need for legislation in this area.

(Governor Louie B. Nunn, established by Executive Order on April 5, 1968, a Consumer Affairs Commission composed of 11 appointees

to make recommendations to the Governor on consumer policies. In addition, the Attorney General established a 24-member Consumer Protection Council to advise the Consumer Protection Division of the Attorney General's Office and to assist in informing the public about services available through the Division.)

Louisiana

In 1968, Louisiana passed legislation:

- requiring the licensing of hearing aid dealers.

Maryland

In 1968, Maryland passed legislation:

- establishing mandatory safety standards for glass doors;
- banning promotional contests and games by gas stations, grocery stores, and other retailers;
- strengthening the power of the State Public Service Commission;
- increasing powers of the Attorney General to enforce State consumer protection laws;
- establishing procedures to safeguard deposits given builders by prospective home buyers.

Massachusetts

In 1968, Massachusetts passed legislation:

- banning gas station games;
- outlawing all unfair methods of competition or deceptive trade acts;
- requiring stores to provide a public scale so housewives can check weight of pre-packaged meats.

Missouri

Consumer Legislation Introduced (1969):

- bill providing that unordered merchandise sent through the mail shall be considered an unconditional gift.

New Jersey

In 1968, New Jersey passed legislation:

- providing a two-business day cooling-off period for a householder who signs an installment contract in his home; he can rescind agreement provided he informs parent company by certified mail.

Consumer Bills Introduced (1969):

- certificate of ownership of motor vehicle shall indicate if person to whom it is issued is original, second, or subsequent owner (Assembly 90);

- written itemized statement of funeral expenses must be given at time of funeral arrangements (Senate 196);

- unsolicited merchandise by mail shall be deemed an unconditional gift unless the recipient accepts it in writing;

- to create an Auto Body Safety Board and to license and regulate vehicle body repairing.

New York

In 1968, New York passed legislation:

- declaring that anyone receiving anything unordered in the mail may consider it a free gift;

- concerning truth-in-lending.

Consumer Legislation Introduced (1969):

- require all credit reporting agencies to adopt reasonable procedure for meeting needs of commerce for credit information in a manner which is fair and impartial;

- require use of generic names of drugs that require prescription;

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- require licensing of shops and mechanics engaged in services or repair of motor vehicles;

- require licensing of persons engaged in servicing and repair of television sets.

New York City

In September 1968, New York City established by statute a Department of Consumer Affairs, headed by a Commissioner and providing a Consumer Council to advise the Commissioner.

Pennsylvania

In 1968, Pennsylvania passed legislation:

- (HB 2429) establishing the Bureau of Consumer Protection as a permanent agency of the Justice Department; empowers Bureau to investigate commercial and trade practices; and promotes consumer education;

- (HB 2431) spelling out unethical business practices and providing penalties (Little FTC law). Also, permits cancellation of contract signed with a door-to-door salesman within two full business days if sale amounts to $25 or more.

Consumer Legislation Introduced (1969):

- measure to strengthen consumer credit law;

- amendments to improve the meat inspection law;

- bill to require all State-operated institutions and those receiving State funds to purchase only State-inspected meat;

- bill revising auto insurance law so that insurance companies include their investment portfolios when calculating rates;

- measure requiring the disconnection and capping, at the curbline, of disconnected service lines of public utilities serving gas.

Rhode Island

In 1968, Rhode Island passed legislation:

- giving Attorney General power to investigate and enjoin deceptive trade practices.

South Dakota

In 1969, South Dakota passed legislation:

- providing for a Consumer Affairs Commissioner in the Office of the Attorney General;

- requiring licensing of hearing aid dealers.

Texas

In 1968, Texas passed legislation:

- strengthening their consumer credit code regulating interest rates on small loans;

- tightening regulations dealing with deceptive trade practices.

Consumer Legislation Introduced (1969):

- to amend the Credit Code to require licensing of debit collection agencies (SB 642) and (HB 969) to permit the Consumer Credit Commissioner to prosecute persons for contracting for, charging or receiving charges in excess of those permitted by the Code;

- to broaden coverage of deceptive sales and legislation (HB 37).

- to limit rate of interest on any written contract to 10% per annum on the amount of the contract;

- to provide a cooling-off period in which buyers can cancel sales from door-to-door salesmen (HB 970).

Virginia

In 1968, Virginia passed legislation:

- providing for truth-in-lending.

Consumer Legislation Introduced (1969):

- proposed constitutional revision requiring that the consumers' interest be represented in cases before the State Corporation Commissioner.

Washington, D. C.

In 1968, Washington, D. C. passed legislation which included:

- providing that all firms offering consumer goods on credit must be licensed;
- strengthening regulations concerning retail credit;
- prohibiting false and misleading advertising;
- authorizing a Department of Consumer Affairs and providing for the establishment of a Metropolitan Area Consumer Affairs Board.

Washington (State)

In 1968, Washington passed legislation:

- providing 14-hour cooling-off period in which to cancel certain contracts made with door-to-door salesmen;
- (voters approved a petition reducing maximum interest on revolving credit and bank credit cards from 18% to 12%.)

STATE CONSUMER PROTECTION AGENCIES

Mr. FLOOD. How many States would you say are really active in the promotion of consumer interests?

Mrs. KNAUER. I would say, with Mr. Kaye's concurrence, there are supposed to be 33 States with consumer protection bureaus, usually associated with the Department of Justice in whatever State it is.

Mr. FLOOD. Are they really trying?

Mr. KAYE. A number of these States have very distinguished records in this, including such States as New York and Pennsylvania.

Mr. HULL. Mr. Chairman, could we get those States into the record?

Mr. FLOOD. Yes, they will be placed in the record at this point.

(The information follows:)

EXECUTIVE OFFICE OF THE PRESIDENT,
PRESIDENT'S COMMITTEE ON CONSUMER INTERESTS,
Washington, D.C., February 15, 1969.

CONSUMER FRAUD BUREAUS OF PROTECTION AGENCIES IN STATE GOVERNMENTS

Thirty-three States have some form of consumer fraud or protection agency functioning for the most part in the offices of the attorneys general. While the exact makeup of such bodies and the functions assigned to them vary from State to State, generally they are empowered to protect the consumer through (as stated by the New York Bureau of Consumer Frauds and Protection) mediation, education, legislation, and litigation.

STATES WITH CONSUMER PROTECTION AGENCIES

Alaska	Kansas	North Carolina
Arizona	Kentucky	North Dakota
Arkansas	Maine	Ohio
California	Maryland	Oregon
Colorado	Massachusetts	Pennsylvania
Connecticut	Michigan	Rhode Island
Delaware	Minnesota	Texas
Florida	Missouri	Vermont
Hawaii	New Jersey	Washington
Illinois	New Mexico	West Virginia
Iowa	New York	Wisconsin

Mr. FLOOD. Is the number of these States increasing or on dead center?

Mrs. KNAUER. They have increased, but we do not have a State bureau in all 50 States. I think this is something we should work to encourage because I feel, as recent State director, this is enforcement at the grassroots level. In Pennsylvania we have cut down the time for handling cases.

In the Philadelphia office alone, we took 47 days to finalize a case. Now we have cut it down to about 17 days a case.

MEETINGS OF THE PRESIDENT'S COMMITTEE ON CONSUMER INTERESTS

Mr. FLOOD. Most of this will be for the record.

How many meetings of the President's Committee on Consumer Interests have been held during the past year?

How good was the attendance?

Who was present by name and by title at each of the meetings? What was the purpose and the result of each meeting?

(The information follows:)

One meeting of the full Committee was called by Miss Furness on June 12, 1968. The purpose of the meeting was to discuss the establishment of a statutory office of consumer affairs in the Executive Office of the President.

Those attending were as follows:

Peter Barash—Legal Assistant, Government Operations Committee (Congressman Rosenthal's staff).

David Black—Under Secretary of Interior.

Leslie V. Dix—Director for Legislative Affairs, President's Committee on Consumer Interests.

Paul Rand Dixon—Chairman, Federal Trade Commission.

Betty Furness—Special Assistant to the President for Consumer Affairs.

James Goddard—Commissioner, Food and Drug Administration.

Cliff Hackett—Legislative Assistant to Congressman Rosenthal.

Walter Hamilton—Deputy Assistant Secretary for Domestic Business Policies, Department of Commerce.

Bertram Harding—Acting Director, Office of Economic Opportunity.

William G. Kaye—Executive Director, President's Committee on Consumer Interests.

Rodney Leonard—Administrator, Consumer and Marketing Services, Department of Agriculture.

Lawrence McQuade—Assistant Secretary for Domestic Business Policy, Department of Commerce.

Henry Montague—Chief Postal Inspector, Post Office Department.

Merton J. Peck—Member of Council of Economic Advisers.

Benjamin Rosenthal—Congressman, Democrat, Eighth Congressional District, New York.

Arthur Ross—Commissioner of Labor Statistics, Bureau of Labor Statistics, Department of Labor.

A. W. Stratton—Deputy Administrator, Veterans' Administration.

Rober C. Weaver—Secretary, Department of Housing and Urban Development.

Edwin Zimmerman—Assistant Attorney General in charge of Antitust Division, Justice Department.

The recommendations made by the President's Committee on Consumer Interests to the White House as a result of this meeting are attached.

Each member of the President's Committee on Consumer Interests appointed an alternate with authority to attend meetings on his behalf and represent him officially. There were three meetings of these President's Committee on Consumer Interests Federal Department Liaison Officers, as follows:

1. February 9, 1968.
2. June 18, 1969.
3. October 8, 1968—Special meeting with selected members of the President's Committee on Consumer Interests Liaison Officers to discuss Federal programs related to consumer problems of the poor. See attached memorandum for details of the meeting.

The purpose of these three general meetings was to familiarize each liaison officer with the consumer-related activities of the other Federal departments and agencies and to promote cooperation between them.

Mr. FLOOD. Tell us generally, is this an active committee? Do the big shots attend, the top officials?

What are these worthwhile results?

We have a lot of committees and commissions around here with Cabinet members and important names, and they never show up.

Mr. KAYE. We do not call the full committee into session very often because seldom do we have one matter that pertains to all departments simultaneously. We do have a number of meetings with the departments, with their Secretary or Chairman, as a particular issue arises.

For example, our Task Force on Appliances at the President's directive involved the Secretary of Commerce, the Secretary of Labor, the Chairman of the Federal Trade Commission, and the Special Assistant for Consumer Affairs.

We met on several occasions with them, and the staff, of course, as the study progressed. We have met at various times with the representatives of Housing and Urban Development, Health, Education, and Welfare, Agriculture, Interior, among others. So that as a particular issue would come up, be it legislative or some particular area of consumer interests, we would meet with the agencies most directly involved. I have participated in a number of these meetings and I think over the years they have represented certainly large portions, if not the entire membership, of the President's Committee at one time or another.

Mr. FLOOD. Mrs. Reid?

RELATIONSHIP WITH FEDERAL TRADE COMMISSION

Mrs. REID. How close does the President's Consumer Interests Committee work with the Federal Trade Commission?

Mr. KAYE. Our relationship with the FTC is very close. We work very closely with Chairman Dixon and his staff. They have been a major participant in the Task Force on Appliance Warranties and Service. We testified before them in their hearings last fall.

I believe we testified also on the auto warranties, and I believe in a few other occasions last year, so that we have had contact at all levels, at the top, between the Chairman and other members of the Commission, and our special assistant, as well as staff contact on almost a continuing basis.

There are many matters that come to our attention which we will be discussing with them or referring to them for further attention in their area of jurisdiction.

Mrs. KNAUER. On a State level, I testified before them in November relative to our activities in Pennsylvania on consumer protection. At that time I said our major complaint was that we felt they were understaffed and were not able to answer our complaints, to investigate our complaints as fast as we would have liked to have them. Certainly not at the same clip we were working. We attributed this to the fact they just did not have the manpower to do all we would ask them to do. Of course we realize they have priorities too.

LIAISON WITH STATE AGENCIES

Mrs. REID. You mentioned increasing cooperation and strengthening your work with the States and State offices of consumer protection. Do you feel that there has been liaison with the States or has this been lacking?

Mrs. KNAUER. I would not say it was lacking, I think it can be strengthened. I think our goal might conceivable be to do everything we could do to encourage the establishment of a consumer protection bureau in each of the 50 States, and I do feel we should give increasing emphasis to a consumer education program.

CONSUMER EDUCATION OF THE POOR

Mrs. REID. Have adequate steps been taken, do you feel, to educate the poor minorities who are ill educated and the aged, for instance, to buy wisely.

Mrs. KNAUER. I feel that initial steps have been taken. I feel we must come up with more dynamic plans out of this committee in the form of recommendations for possible legislation. Because I feel perhaps this is the core to some of the unrest actually in the ghettos. We could do more than we have been doing.

SERVICING OF APPLIANCES

Mrs. REID. What has been done to upgrade the servicing of appliances? I receive so many complaints about the inability to obtain good servicing for such items as washing machines, television sets, and so forth.

Mr. KAYE. The task force report released in January urges the companies to make improvements.

We found a number of things in terms of ways to handle consumer disputes. We found a need for simpler warranties and guarantees for consumers so they would know exactly what was and what was not guaranteed, and have less difficulty in determining whether a particular appliance was adequately covered.

We found many companies did not have systems for really handling consumer complaints. They received mail and it was answered in a pro forma way, or out of a computer, but many companies, surprisingly enough to us, do not have a way of apparently taking the input from the comments and complaints and questions of consumers and using it to look at the products and what is told the company about the products.

Some firms do not send out repair manuals or parts for several months after the new machine has been shipped out. We have asked questions in a number of these areas in an industry that has already begun to look at them, and our hope is they can tackle the problem themselves without legislation.

Mrs. KNAUER. One of the recommendations was for them to set up training schools to train more factory-trained mechanics or repairmen to go out and do this.

Mr. KAYE. This particular problem I am sure is of interest to this committee. Many firms have a training program for young people or the disadvantaged to bring them into the repair business. As they develop their skills, they may decide to go elsewhere, on to better paying jobs in other industries, or they may decide to open up their own business.

So there is a very large turnover. The industry is quite concerned about it. This is one of the areas the Labor Department was looking at as they worked with us on the study.

Mr. MICHEL. Will the gentlewoman yield?

Mrs. REID. Yes.

Mr. MICHEL. Is it not true in the old days when most of the appliances were bought from a recognized retailer, maybe it was a little cushioned price, but it also carried with it a certain amount of service, whereas now more and more stuff is being purchased wholesale at cut rate, with no frills. Unless there is a guarantee or a certificate of warranty in the packaged item, you really do not get the service you do from those establishments that have recognized servicemen available to do this repair and depends upon repeat sales to the same customer.

Mr. KAYE. That is correct. The distribution system has become very complex. This is the principal reason we put so much of the burden in this study on the manufacturers who are the starting point for the machines moving out to the consumer and the public, asking them to do what they could working with retailers and service dealers to develop a better system if possible to take care of repairs and repair costs. We hope they are making progress.

They have an Industry Advisory Committee meeting already trying to look at these problems, and I hope they will respond and take up the challenge.

COOPERATION WITH THE STATES

Mrs. BAY. I would like to speak to the points raised by the chairman and Congresswoman Reid both on the growing interests of consumers in consumer issues, and the interest at State government levels in consumer protection; also to the question of the cooperation or work we are able to do with the States.

We have had a very thin staff in terms of jobs to be done. Cooperative work with the States has been an area I think we have long recognized to which we could give more attention with more time and more staff. In the interim in which we were, of course, waiting for appointment of the new Special Assistant, we did use this time to dig into the area a bit.

One of the things I will be doing next week is attending the Southern Attorneys General meeting in Lexington, Ky., to discuss areas of cooperation with them and to participate in a panel on consumer protection. I think this answers the question is there a very great increase of interest in consumer matters. Certainly there is an increase of interest in State offices and increased interest in how consumer services can be met at doorstep and State level.

We have been working with the States to the extent that we have found one gap which is the need of an interchange of information from one State to another, as to what States have laws in the consumer protection area, and in the exchange of the exact laws. We are hoping we can explore this further and expand it into a study of State laws following up Barbara Curran's study of consumer credit laws made in 1965.

This is one of the points I hope to raise with the Attorneys General: what areas of study can be most helpful to them. We do feel this is an area which needs attention.

Mr. KAYE. One other comment on the Bureaus of Protection.

I mentioned there are now 33 States that have bureaus compared to 26 a year ago approximately. So they have gone up seven in number during that period.

Mrs. KNAUER. This is true in a number of areas—in consumer groups, their activities, the amount of interest by the press and so on. There has been an increase in all of the observable areas we can see.

Mrs. REID. That is all, Mr. Chairman.

Mr. FLOOD. Mr. Michel?

FEDERAL CONSUMER LEGISLATION

Mr. MICHEL. Since you mention the seven consumer laws that were passed by the Congress, I think you ought to cite those in the rec-

ord at this point. As a matter of fact, since there are supposedly 20 since the President's Committee was established, why don't you list those at this point in the record.

Mr. KAYE. Yes, sir.

(The information follows:)

CONSUMER LEGISLATION, PASSED 1964–69

TWENTY CONSUMER LAWS

Federal Insecticide, Fungicide and Rodenticide Act Amendment, Public Law 88–305, signed May 12, 1964. Closed consumer protection loopholes which permitted pesticides to be sold before they were federally passed as safe. It required Federal registration numbers on the labels.

"Truth in Securities Act" Securities Acts amendment, Public Law 88–467, signed August 20, 1964. Provided greater protection to investors by extending disclosure requirements to over-the-counter securities, and by requiring improved qualification and disciplinary procedures for registered brokers and dealers.

Drug abuse control amendments, Public Law 89–74, signed July 15, 1965. Protected public health and safety by preventing both misuse and illicit traffic of potentially dangerous drugs, especially sedatives and stimulants.

Fair Packaging and Labeling Act, Public Law 89–755, signed November 3, 1966. Protected consumers by preventing unfair and deceptive methods of packaging and labeling. Made value comparisons easier by requiring manufacturer to tell shoppers clearly and understandably exactly what a package contains, who made it, and how much it contains.

Child Protection Act, Public Law 89–756, signed November 3, 1966. Protected children by banning sale of hazardous toys and articles intended for children. Protected all consumers by banning sale of general household articles so hazardous as to be dangerous regardless of labeling.

"Traffic Safety Act" Highway Safety Act, Public Law 89–564, signed September 9, 1966. Increased public highway safety by creating a Federal-State partnership for coordinated and accelerated national highway safety programs.

"Traffic Safety Act" National Traffic and Motor Vehicle Safety Act, Public Law 89–563, signed September 9, 1966. Protected drivers by providing a coordinated national safety program and establishment of national safety standards for motor vehicles.

"Bank Supervisory Act" Financial Institutions Supervisory Act, Public Law 89–695, signed October 16, 1966. Protected investors by strengthening the ability of Federal supervisory agencies to safeguard soundness of the nation's financial system, and by increased insurance coverage for depositors and savers.

National Commission on Product Safety, Public Law 90–146, signed November 20, 1967. Protected consumers by establishment of the National Commission on Product Safety to determine dangerous products, effectiveness of regulatory laws, and to recommend additional protective measures necessary.

"Clinical Laboratories Improvement Act" (Enacted as title 3 of Partnership for Health Amendments of 1967), Public Law 90–174, signed December 5, 1967. Protected public health by elimination of substandard clinical laboratories. Required clinical laboratories in interstate commerce to be federally licensed and to comply with Federal minimum standards.

Flammable Fabrics Act Amendment, Public Law 90–201, signed December 14, 1967. Protected consumers from flammable clothing and household products by broadening the Federal authority to set safety standards and broadening fabrics and articles covered.

Wholesome Meat Act, Public Law 90–201, December 15, 1967. Protected consumers from impure and unwholesome meat by offering States Federal assistance in establishing interstate inspection system, but providing that Federal inspection will be made if after 2 years no State inspection system equally as good as the federal system has been established; by giving the Federal Government power to inspect State plants; and by raising quality standards for all imported meats.

Fire Research and Safety Act, Public Law 90–259, signed March 1, 1968. Protected public health by developing improved information about the number and causes of fires and their costs in terms of property, lives, and injuries; initiation of a fire safety research and education program; and pilot projects to improve and upgrade efficiency of firefighters.

Automobile Insurance Study Resolution, Public Law 90–313, signed May 22, 1968. Safeguards consumers from inequalities, inadequacies of our automobile insurance system by authorizing a comprehensive study of the existing compensation system, to include recommendations for improvement.

Consumer Credit Protection Act (Truth-in-Lending), Public Law 90–321, May 29, 1968. Safeguarded consumers by requiring full disclosure of terms and conditions of finance charges in credit transactions; by restricting garnishment of wages; and by creating the National Commission on Consumer Finance to study and make recommendations on the need for further regulation of the consumer finance industry.

"Securities Market Review Act," Securities Exchange Act Amendment, Public Law 90–438, signed July 29, 1968. Protected investors by authorizing an investigation of the effect on the securities market of the operation of institutional investors.

Interstate Land Sales Full Disclosure Act (incorporated as title 14 of the Housing and Urban Development Act of 1968), Public Law 90–448, signed August 1, 1968. Protected consumers with greater safeguards against sharp and unscrupulous practices in interstate land sales by requiring sellers to provide potential buyers all material facts needed for an informed choice fully, simply, and clearly.

Natural Gas Pipeline Safety Act, Public Law 90–481, signed August 12, 1968. Protected the public by creating enforceable safety procedures regulating the pipeline transportation of flammable, toxic, and corrosive gases.

Wholesome Poultry Products Act, Public Law 90–492, signed August 18, 1968. Protected consumers from impure and unwholesome poultry and poultry products as the Wholesome Meat Act increased protection from impure meat.

Radiation Control for Health and Safety Act, Public Law 90–602, signed October 18, 1968. Protected consumers from dangerous radiation emissions from electronic products by providing mandatory control standards and recall of faulty products. It also provided for research on biological effects of radiation, and development of advisory standards for accrediting schools for medical X-ray technicians, and development of model State laws for licensing technicians.

Mr. MICHEL. I notice in this publication the 900 bibliographic citations. I think you could do yourself some good if you put every Member of the Congress on that mailing list to receive one because we get all kinds of requests from people, and that just might be a good assist for us.

Mr. KAYE. It is a book in which we all take much pride. We think it will make a major contribution in the field of consumer education.

Mr. MICHEL. That is all.

Mr. FLOOD. Thank you.

Mrs. KNAUER. Thank you very much, and thank you for allowing me to come today.

JUSTIFICATION MATERIAL

ADVANCING THE INTERESTS OF CONSUMERS
(1969, $421,000; 1970, $550,000)

Consumer problems are broad and complex. They range from the more indirect areas of antitrust and the definition of consumer environmental rights to tangible difficulties such as inadequate information, ineffective consumer representation in policy decisions, imbalance of buyer-seller legal rights and ineffective grievance procedures. Many of these problems are not of the consumer's own making, are not within the individual's power to solve, and are not problems with the marketplace alone but with government itself.

The interest of the public in consumer matters has increased markedly in recent years. Educator, business, and press interest in these matters has likewise grown. The increased attention to consumer problems by the Executive Branch, the Congress, State legislatures, Federal and State government generally is well documented. All such actions have brought growing demands on the President's Committee on Consumer Interests.

This Administration has announced intentions for having active and aggressive programs aimed at problems which face the consumer. One thrust of consumer activity is to evaluate the efforts that are taking place within government relating to consumer affairs and to make recommendations as to how the Administration can best develop a full and coordinated program that will deal with consumer problems most effectively. The President's Committee on Consumer Interests is to carry on its normal functions while the study of the overall program is being made. In addition to such normal functions, this staff will be assisting in the survey. There is to be no effort to prejudge what the results of the study will be, but the decision to make this type study marks an expanded effort to be certain that the consumer is protected in every way.

As a result of all these factors, the following request reflects a minimal enlargement of the operation as more fully explained below.

By Executive Order, the President's Committee on Consumer Interests constitutes the consumer voice in the Administration; makes recommendations to the President on Administration consumer policies, studies the plans and programs of Federal agencies affecting consumer interests, and assists all Federal agencies in accomplishing inter-agency coordination of such programs; plans, develops and proposes legislation necessary to implement the President's consumer policies and objectives, including coordination of all consumer legislation proposed by, or referred for, comment to the Executive Branch, and, in a consultative capacity, when requested by the States, local governments, or private groups, supplies comments or assistance concerning prospective legislation and ordinances; promotes cooperation and communication on consumer affairs between the Federal government, the States and their local subdivisions, consumers, business, private organizations, and individual consumers; participates in the dissemination of consumer education and information; cooperates with business and industry in the improvement of the marketplace; provides staff support and assistance to the President's Consumer Advisory Council.

The Special Assistant to the President for Consumer Affairs serves as Chairman of the President's Committee. The membership of the President's Committee and the Consumer Advisory Council is listed in Tables A and B.

Budget and Position

The President's Committee on Consumer Interests is requesting a fiscal year 1970 budget of $550,000. This is an increase over the $421,000 which the Congress appropriated for fiscal year 1969. This $550,000 budget will make possible 28 permanent positions on the staff, compared with 23 permanent positions in our present 1969 budget.

Table C shows how the proposed positions of the President's Committee are allocated by office within the Committee.

Legislative Activities

The President's Executive Order gives the Committee responsibility in his legislative program -- research into consumer needs and recommendations to the President on legislation and administrative policies; drafting specific legislation; coordinating and evaluating plans and programs of Federal agencies affecting the consumer interest; assisting Federal agencies in accomplishing inter-agency coordination for such programs; analysis of legislative proposals by members of Congress; testimony before congressional committees; general liaison with the States in developing expanded consumer protection through legislation and administrative programs.

During the 90th Congress, this Office was asked to testify more than twelve times before the Congress, including appropriations hearings, plus several testimonies before Commissions. There were 49 categories of consumer bills still before the Congress when it adjourned. Much of this consumer legislation has already been re-introduced in the 91st Congress, plus a wide range of new consumer legislation. This Office has been asked to comment on a number of these bills, and the President's appointee to direct the Office can be expected to be asked to testify.

The Legislative Affairs Office prepares a monthly legislative report distributed to interested groups in and outside of government. In response to widely expressed general interest we hope to incorporate into this monthly report, reports on legislation introduced or enacted in the States. We also are planning to make a comprehensive study of present consumer legislation in the States, the first such study of its type of which we know.

The Legislative Affairs Office also maintains close liaison with the National Association of Attorneys General, Council of State Governments, National Conference of Commissioners on Uniform State Laws, and the American Bar Association. Our planned project for reporting proposed consumer laws in the States and the study of State laws will, in fact, be undertaken in cooperation with the National Association of Attorneys General, the Council of State Governments, and the American Bar Foundation.

The increased attention to the problems of consumers is paralleled in activity at the State and local level (Table D). Nine States now have formal consumer representation at the executive level via consumer councils or consumer departments, including three established in calendar year 1967 and one in 1968. Thirty-three States have consumer fraud or protection agencies; seventeen of these are new since January 1, 1967. In addition, two counties within the past two years -- Nassau County, New York, and Dade County, Florida -- have established by statute offices to handle consumer affairs. Prince Georges County, Maryland, is presently considering similar action. The cities of New York, Chicago, Columbus Ohio, and Washington, D.C. have also officially established consumer protection agencies or programs within their governments. Three of these programs were set up within the past 18 months.

Requests for consultation concerning State consumer legislation and administrative programs have increased significantly in the present fiscal year.

We are requesting one additional clerk for the legislative affairs area at this time.

Consumer Education

Legislation must go hand-in-hand with a positive program of consumer education. There is strong evidence that States and localities recognize this and are increasing their consumer education and consumer protection activities for affluent and disadvantaged citizens alike. The Illinois legislature has made consumer education a mandatory subject in that State. New York has recently made consumer education a statewide elective course at the 12th grade level and we understand that 400 schools offered the course in the fall of 1968. Idaho, Washington, and Missouri have issued consumer education materials through a particular discipline such as home economics, business education, or social studies. Hawaii, Rhode Island, Maryland, New Jersey, Tennessee, Massachusetts and several localities are exploring their roles in the consumer education field.

We are often called upon by school groups to counsel them in the preparation of curricula in the consumer education field and to provide assistance in terms of in-service teacher training. Many such meetings were held in FY 1968. We have also been asked by business and consumer groups to assist or advise them in the preparation of consumer information and education materials. The Committee's responsibilities in the consumer education and information field require that we provide staff to service these activities.

Research by this Office pointed up the need for a comprehensive bibliography of consumer education resource materials. Such a compilation was needed to further consumer education in this country. The President's Committee asked the Yonkers, New York Public Library to make the compilation which they have done as a public service and at virtually no cost to us except printing. This landmark bibliography due for release about April 20, 1969, will be given wide distribution by the President's Committee, with 15,000 copies being printed for us by the Government Printing Office, as well as additional copies ordered by other Federal agencies and the Government Printing Office itself.

This Office authored a brochure this year on "Consumer Education--What it is and...What it is not." Some 30,000 copies have been distributed. We hope to add more such brochures to our publications program.

This Office will continue to work with the U.S. Office of Education, in particular, on consumer education programs to be established under the Vocational Education Amendments of 1968.

At the suggestion of the President's Committee, the U.S. Office of Education in the Department of Health, Education and Welfare, is funding a pilot study ($80,000) by Purdue University of the status of consumer education in the U.S.

We are requesting one additional professional to assist us in carrying out our responsibilities in the areas of consumer education and consumer information.

Public Affairs Activities

The increased public and press interest in consumer affairs, as well as the establishment of the Special Assistant as a full-time position, have materially added to the demands on the public affairs staff. The Special Assistant and staff members make numerous public appearances at meetings of business, consumer, labor, or educational groups. In addition to speeches and statements, there are press releases to be prepared and press arrangements to make.

Correspondence with consumers continues at a high level.

We maintain liaison with public information offices of other departments and agencies. We would like to prepare and issue public information brochures. The President's Committee would like to update existing publications and to add new publications in the future.

We are requesting a total of three additional professionals and clericals.

Producer/Marketing Relations

The Committee has a regular program of meeting with business groups on consumer-related matters. These meetings are increasing in frequency as the amount of consumer legislation grows and as the Committee continues to focus attention on the unmet consumer needs in the marketplace. The Producer/Marketing Relations Office provides the basic staff background for these meetings.

To encourage voluntary improvements in the marketplace, the Committee is increasing its efforts to arrange additional industry meetings to aid in the work of the Committee. Among the more frequent industries contacted are: textiles, apparel, appliances, retailing, supermarkets, credit, grocery manufacturing, meat and poultry, and many others.

This Office served as coordinator of the Report of the Task Force on Appliance Warranties and Service, working with the Departments of Commerce and of Labor and the Federal Trade Commission. This major report was released on January 8, 1969.

The producer/marketing professionals are involved in the standards-making work of the Federal agencies as well as the work of non-government groups such as the United States of America Standards Institute and the American Society for Testing Materials.

Field Operations

There has been a marked increase in consumer affairs activities by existing national, State, and local civic, labor, church, fraternal, and women's organizations. We have a primary role in organizing conferences and meetings in Washington and elsewhere.

The number of national, State, and local consumer organizations is also growing rapidly. Three national consumer organizations are active.

Thirty States, one county and eight cities now have voluntary consumer organizations (Table E). Fourteen were formed in 1967 and five more in 1968. These groups testify in support of consumer bills before the local, State, and national legislatures. They initiate and support new and more effective consumer legislation; they encourage consumer representation at the various levels of government; they promote more effective consumer education. To assist new groups, the President's Committee published a booklet on Forming Consumer Organizations, issued in January 1969; over 3,000 copies have already been distributed.

We also have an Ad Hoc Advisory Committee on Consumer Interests providing liaison with 32 national organizations, which have programs or interest in consumer affairs in addition to their regular activities in church work, labor, education, etc. (Table F).

These voluntary groups encourage improvements in such areas as product pricing, quality of goods, servicing and guarantees, credit and insurance, home improvements, cost of food, drugs and medical care, safety, and other areas determined by their respective board of directors.

Administration

The Office of the Executive Director has operational responsibilities for policy coordination, administration, personnel, and budget of the Committee. He supervises the Committee's liaison with more than 35 Federal departments, bureaus and agencies, which have various consumer-related programs. These inter-agency activities have involved a number of areas, among them: legislation, the Task Force on Appliance Warranties and Service, consumer problems of the poor, handling of consumer complaints, suggestions for Model Cities' consumer proposals, development of consumer education, and Federal consumer services for the public, in general. We consider interagency coordination to be a growing function.

Consumer Advisory Council

The work of the Consumer Advisory Council, a group of twelve non-government private advisers on consumer matters appointed by the President, is invaluable to the President's Committee. The membership of the Council is experienced in a number of areas such as: the State attorney general's office, uniform State codes, voluntary consumer groups, credit unions, and labor union work. The Council has undertaken advisory projects in credit practices, State consumer protection laws, and consumer education. We have had to cancel past meetings of the Consumer Advisory Council for lack of funds in fiscal year 1968; we will undoubtedly have to do so again if we do not have an adequate budget.

While the staff work for the Council is provided by the various offices within the President's Committee, $20,000 in funds are needed for consulting fees, per diem, and travel expenses of the Council members.

WORKLOAD STATISTICS

	1968	1969(Est)	1970
Conferences serviced, organized.....	12	18	24
Information materials; Prepared.....	6	6	6
Distributed.....	500,000	500,000	500,000
Promotional contacts; Business.....	240	300	600
Federal Government.....	450	600	750
State Government.....	100	200	350
Education.....	50	100	200
Voluntary Organizations.....	200	300	500

TABLE A

President's Committee on Consumer Interests
(As of April 10, 1969)
Washington, D.C. 20506

Honorable Virginia H. Knauer, Chairman-Designate
Special Assistant to the President for Consumer Affairs (Designate)
Washington, D.C. 20506

Honorable Paul W. McCracken
Chairman
Council of Economic Advisers
Washington, D.C. 20506

Honorable Bertram Harding
Acting Director
Office of Economic Opportunity
Washington, D.C. 20506

Honorable John N. Mitchell
Attorney General
Washington, D.C. 20530

Honorable Winton M. Blount
Postmaster General
Washington, D.C. 20260

Honorable Walter J. Hickel
Secretary of the Interior
Washington, D.C. 20240

Honorable Clifford M. Hardin
Secretary of Agriculture
Washington, D.C. 20250

Honorable Maurice H. Stans
Secretary of Commerce
Washington, D.C. 20230

Honorable George P. Shultz
Secretary of Labor
Washington, D.C. 20210

Honorable Robert H. Finch
Secretary of Health, Education,
and Welfare
Washington, D.C. 20201

Honorable George Romney
Secretary of Housing and
Urban Development
Washington, D.C. 20410

Honorable Paul Rand Dixon
Chairman
Federal Trade Commission
Washington, D.C. 20580

Honorable William J. Driver
Administrator of Veterans Affairs
Washington, D.C. 20420

And such other Government officials as the President may designate according to the Executive Order 11349 of May 1, 1967.

TABLE B
Consumer Advisory Council

The Council members appointed by the President on August 11, 1967, are:

Bronson C. La Follette of Madison, Wisconsin -- Chairman
Attorney General of Wisconsin

Robert J. McEwen of Boston, Massachusetts
Associate Professor and Chairman of the Department of Economics, Boston College

William J. Pierce of Ann Arbor, Michigan
Professor of Law and Director of Legislative Research Center, University of Michigan

Corwin D. Edwards of Eugene, Oregon
Professor Economics, University of Oregon

Richard H. Grant of Portsmouth, New Hampshire
General Manager, Federal Credit Union, Pease Air Force Base

Gerald A. Lamb of Waterbury, Connecticut
State Treasurer, State of Connecticut

Louis Stulberg of New York City, New York
President, International Ladies Garment Workers Union

William L. Lanier of Metter, Georgia
State Executive Director, Agricultural Stabilization and Conservation Center

Mary L. Bailey (Mrs. Charles W.) of Austin, Texas
Housewife

Maurine B. Neuberger of Portland, Oregon (currently residing in Cambridge, Massachusetts), Chairman, Citizens' Advisory Council on the Status of Women

Otrie Taylor (Mrs.) of Los Angeles, California
Neighborhood Aid Participant for Neighborhood Aid Projects in Watts, Los Angeles

Louise Gentry of State College, Pennsylvania
Assistant Dean for Resident Education, Pennsylvania State University

The Special Assistant to the President for Consumer Affairs, serves as Executive Secretary of this Council.

TABLE C
Permanent Staff Positions. President's Committee on Consumer Interests

Fiscal Year 1969 Budget

	FY 1969			FY 1970		
	Prof.	Cler.	Total	Prof.	Cler.	Total
Office of						
Executive Director	2	1	3	2	1	3
Legislative Affairs	3	2	5	3	3	6
Producer/Marketing	2	1	3	2	1	3
Consumer Education	1	2	3	2	2	4
Public Affairs	3	3	6	4	5	9
Field Operations	2	1	3	2	1	3
	13	10	23	15	13	28

TABLE D

CONSUMER FRAUD BUREAUS OR PROTECTION AGENCIES IN STATE GOVERNMENTS

Thirty-three States have some form of consumer fraud or protection agency functioning for the most part in the offices of the Attorneys General. While the exact makeup of such bodies and the functions assigned to them vary from State to State, generally they are empowered to protect the consumer through (as stated by the New York Bureau of Consumer Frauds and Protection) mediation, education, legislation and litigation.

States with Consumer Protection Agencies

Alaska	Kansas	North Carolina
Arizona	Kentucky	North Dakota
Arkansas	Maine	Ohio
California	Maryland	Oregon
Colorado	Massachusetts	Pennsylvania
Connecticut	Michigan	Rhode Island
Delaware	Minnesota	Texas
Florida	Missouri	Vermont
Hawaii	New Jersey	Washington
Illinois	New Mexico	West Virginia
Iowa	New York	Wisconsin

CONSUMER REPRESENTATION IN STATE AND CITY GOVERNMENTS

Location and Types of Representation

Currently nine States, three cities, and two counties have some form of consumer representation at the executive level. They are:

States	California
	Connecticut
	Florida
	Kentucky
	Massachusetts
	Michigan
	New Hampshire
	New Jersey
	Rhode Island
Cities	Chicago, Illinois
	New York, New York
	Columbus, Ohio
Counties	Nassau County, New York
	Dade County, Florida

TABLE E

VOLUNTARY CONSUMER ORGANIZATIONS AT NATIONAL, STATE AND LOCAL LEVELS

As of March 1, 1969, there were a total of 46 voluntary consumer organizations existing at the national, state or local level. These are voluntary groups drawing membership, for the most part, from individuals. They seek to promote consumer interests at their respective level through programs of education and the promotion of needed legislative action. The distribution of these organizations is as follows:

National	3
State	32 in 30 States
County	1
City	10 (in eight cities)

National Level Consumer Organizations (3)

Consumer Federation of America, Inc., Washington, D.C.

Council on Consumer Information, Columbia, Missouri

National Consumers League, Washington, D. C.

State Level Consumer Organizations (32 in 30 States)

Alaska	Alaska Consumers Council
Arizona	Arizona Consumers Council
California	Association of California Consumers
Colorado	Colorado Consumers Association, Inc. Colorado Housewives Encouraging Consumer Knowledge (CHECK)
Connecticut	Connecticut Consumers Association, Inc.
Florida	Florida Consumers League
Georgia	Georgia Consumers Council
Illinois	Illinois Federation of Consumers
Indiana	Indiana Consumers Association
Kentucky	Consumer Association of Kentucky, Inc.
Louisiana	Louisiana Consumers League
Maryland	Maryland Consumers Association, Inc.
Massachusetts	Massachusetts Consumer Association
Minnesota	Minnesota Consumers League
Missouri	Missouri Association of Consumers
New Jersey	Consumers League of New Jersey
New Mexico	Albuquerque Consumers Association
North Carolina	North Carolina Consumers Council
Ohio	Consumers League of Ohio Ohio Consumers Association

Oregon	Oregon Consumer League
Pennsylvania	Pennsylvania League for Consumer Protection
Rhode Island	Rhode Island Consumers' League
South Dakota	South Dakota Consumers League
Texas	Texas Consumers Association
Utah	League of Utah Consumers
Vermont	Vermont Consumers' Association
Virginia	Virginia Citizens Consumer Council
Washington	Washington Committee on Consumer Interests
West Virginia	West Virginia Consumers Association
Wisconsin	Wisconsin Consumers League

County Level Consumer Organization (1)

Dade County, Florida	Dade County Consumers Council

City Level Consumer Organizations (10 in 8 Cities)

Cincinnati	Consumer Conference of Greater Cincinnati
Detroit	Consumer Research Advisory Council
D. C.	Consumer Assoc. of the District of Columbia D. C. Citywide Consumer Council
Kansas City	Kansas City Consumer Association
Newport News	Peninsula Consumer League, Inc.
New York City	Metropolitan New York Consumer Council Consumer Assembly of Greater New York City
Sacramento	Citizens for Consumer Action
St. Louis	St. Louis Consumer Federation

TABLE F

NATIONAL VOLUNTARY ORGANIZATIONS
AD HOC ADVISORY COMMITTEE ON CONSUMER INTERESTS

Purpose

The President's Committee on Consumer Interests, with the intent of furthering mutual consumer program objectives, sponsors the National Voluntary Organizations' Ad Hoc Advisory Committee on Consumer Interests as a means of maintaining liaison and coordinating the consumer activities of national voluntary organizations. As of January 1, 1969, thirty-two national voluntary organizations were represented on this Ad Hoc Committee.

National Organizations

Adult Education Association of the U.S.A.
AFL-CIO
American Association of Retired Persons
American Association of University Women
American Home Economics Association
American Public Power Association
B'Nai B'rith Women
Brotherhood of Railroad Trainmen
Consumer Federation of America
Cooperative League of the U.S.A.
Council on Consumer Information
CUNA International, Inc.
General Federation of Women's Clubs
National Association for the Advancement of Colored People
National Association of Colored Women's Clubs
National Association of Extension Home Economists
National Association of Negro Business and Professional Women's Clubs
National Congress of Parents and Teachers
National Consumers League
National Council of Catholic Men
National Council of Catholic Women
National Council of the Churches of Christ in the U.S.A.
National Council of Jewish Women
National Council of Negro Women
National Council of Senior Citizens
National Farmers Union
National Federation of Settlements and Neighborhood Centers
National Housewives League of America, Inc.
National Rural Electric Cooperative Association
National Urban League
United Church Women
Young Women's Christian Association

PRESIDENT'S COMMITTEE ON CONSUMER INTERESTS
EXPLANATION OF ESTIMATE BY OBJECT

11. Personnel Compensation $377,000. The estimate provides $340,000 for 28 permanent positions or 26 man-years; $34,000 for intermittent employment; and $3,000 for overtime pay. The net increase of $101,000 over 1969 reflects, primarily, the addition of 5 positions required to accommodate the Committee's expanded work program and responsibilities. The increase also includes provision for mandatory items consisting of $5,000 for within-grade promotions for the current staff; and $24,000 for increased pay costs resulting from the Federal Salary Act of 1967.

12. Personnel Benefits $27,000. Provides for contributions to the Civil Service Retirement Fund, group life insurance, health benefits and Social Security payments.

21. Travel and Transportation of Persons $35,000. Includes funds for travel to and from meetings and conferences in various States and localities involving promotional and consultative contacts with various groups of government, business, education, labor, and consumer groups, as well as Federal, State, and local governmental units. The estimate is based on an average of 10 staff travelers incurring 30 days of travel each for the year or 300 man-days averaging $80 per trip, plus $11,000 for travel expenses of the President's Consumer Advisory Council for its periodic meetings.

23. Rent, Communications and Utilities $35,000. Provides for comprehensive telephone services, including FTS; Xerox equipment rental; and other utilities as required. Also included are telegraph and penalty mail costs.

24. Printing and Reproduction $3,000 (other than work performed through Xerox equipment rental above). Provides for printing of speeches, press releases, testimony, promotional materials, reports, studies and other publications as needed, as well as duplicating of material for administrative use.

25.1 Other Services, $55,000. Provides for commercial contract services for graphics services, commercial news distribution services, and stenographic and reporting assistance at meetings and conferences, and other miscellaneous services not normally obtainable through Government facilities. Includes funds for reimbursement to General Services Administration for administrative and housekeeping services; personnel security checks; office machine and furniture repairs; and for miscellaneous services obtainable from other Federal agencies as required.

26. Supplies and Materials $15,000. For necessary office and operating supplies (desk-top supplies, envelopes, letterheads, photocopy materials and other stationery as required), and work materials consisting of subscribed periodicals, reference publications and books.

31. Equipment $3,000. For purchase of additional office furniture and equipment for increased staff (desks, chairs, typewriters, and dictating equipment). Also includes provision for replacement of furniture and equipment items, as required.

STANDARD FORM 300
July 1964, Bureau of the Budget
Circular No. A-11, Revised.
300-101

PRESIDENT'S COMMITTEE ON CONSUMER INTERESTS

Salaries and Expenses

Program and Financing (in thousands of dollars)

Identification code 32-10-1700-0-1-609	1968 actual	1969 estimate	1970 estimate
Program by activities:			
Advancing the interests on consumers (program costs, funded)..	354	421	550
Change in selected resources 1/...	-10	...	...
10 Total obligations.....	344	421	550
Financing:			
25 Unobligated balance lapsing.....	1	...	...
40 Budget authority (appropriation)..	345	421	550
Relation of obligations to outlays:			
71 Obligations incurred, net.....	344	421	550
72 Obligated balance, start of year.	24	21	50
74 Obligated balance, end of year...	-21	-50	-80
77 Adjustment in expired accounts...	8	...	...
90 Outlays.....	355	392	520

1/ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1967, $19 thousand; 1968, $9 thousand; 1969, $9 thousand; 1970, $9 thousand.

SUMMARY OF CHANGES

	Pos.	Amount
1969 Enacted Appropriation	23	$421,000
1970 Estimate	28	550,000
Total Change	+5	129,000

Mandatory Items

Increases

One extra day of pay in 1970 for current year staff		1,400
Net additional pay increase costs for full year		3,300
Within grade salary increases for staffing authorized in 1969		1,500
Full-year costs of positions authorized in 1969		19,800
Subtotal, mandatory items		26,000

Program Items

Increases

To provide increased attention to the problems of consumers in legislation, education, public affairs, Government business relations and state and local activities	5	103,000*
Total change	+5	129,000

*$75,000 applicable to salaries; $28,000 to related expenses

STANDARD FORM 304
July 1964, Bureau of the Budget
Circular No. A-11, Revised.
304-101

PRESIDENT'S COMMITTEE ON CONSUMER INTERESTS
SALARIES AND EXPENSES

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 32-10-1700-0-1-609	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
11.1 Permanent positions	191	251	340
11.3 Positions other than permanent	34	20	34
11.5 Other personnel compensation	4	5	3
Total personnel compensation	229	276	377
12.0 Personnel benefits, civilian employees	15	20	27
13.0 [illegible]			
21.0 Travel and transportation of persons	26	30	35
22.0 [illegible]			
23.0 Rent, communications, and utilities	20	30	35
24.0 Printing and reproduction	8	2	3
25.1 Other services	33	50	55
25.0 [illegible]			
26.0 Supplies and materials	11	12	15
31.0 Equipment	2	1	3
32.0 [illegible]			
33.0 [illegible]			
41.0 [illegible]			
42.0 [illegible]			
43.0 [illegible]			
44.0 [illegible]			
99.0 Total obligations	344	421	550

STANDARD FORM 306
July 1964, Bureau of the Budget
Circular No. A-11, Revised.
306-101

PRESIDENT'S COMMITTEE ON CONSUMER INTERESTS
SALARIES AND EXPENSES

DETAIL OF PERSONNEL COMPENSATION PERMANENT POSITIONS

	1968 actual		1969 estimate		1970 estimate	
GRADES AND RANGES	Number	Total salary	Number	Total salary	Number	Total salary
GS-16, $22,835 to $28,000	1		1		1	
GS-15, $19,780 to $25,711	5		5		6	
GS-14, $16,946 to $22,031	3		3		3	
GS-13, $14,409 to $18,729	1		1		2	
GS-12, $12,174 to $15,828	2		2		2	
GS-11, $10,203 to $13,263	1		1		1	
GS-9, $8,462 to $11,000	--		--		1	
GS-8, $7,699 to $10,012	3		3		3	
GS-7, $6,981 to $9,078	--		3		3	
GS-6, $6,321 to $8,221	2		2		3	
GS-5, $5,732 to $7,456	--		1		3	
GS-4, $5,145 to $6,684	1		1		--	
Total	19		23		28	
HIGHER LEVEL POSITIONS						
GS-16, $22,835 to $28,000: Executive Director	1		1		1	
Personnel Summary						
Total number of permanent positions	19		23		28	
Full-time equivalent of other positions	2		2		2	
Average number of all employees	17		21		26	
Average GS Grade	11.6		10.8		10.5	
Average GS Salary	$13,779		$13,434		$13,073	

TUESDAY, APRIL 15, 1969.

FEDERAL RADIATION COUNCIL

WITNESSES

PAUL C. TOMPKINS, EXECUTIVE DIRECTOR, FEDERAL RADIATION COUNCIL

A. J. CRATEN, BUDGET REPRESENTATIVE, GSA

FEDERAL RADIATION COUNCIL

OBJECT CLASSIFICATION

[In thousands of dollars]

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Permanent positions	63	68	68
Positions other than permanent	1	1	1
Total personnel compensation	64	69	69
Personnel benefits: Civilian employees	5	6	6
Travel and transportation of persons	10	9	10
Rent, communications, and utilities	1	1	1
Printing and reproduction	4	4	3
Other services	40	33	33
Supplies and materials	1	1	1
Equipment		1	1
Total obligations	125	124	124

PERSONNEL SUMMARY

Total number of permanent positions	4	4	4
Average number of all employees	4	4	4
Average GS grade	11.8	11.8	11.8
Average GS salary	$16,049	$16,932	$17,050

PROGRAM AND FINANCING

Program by activities:			
Executive direction and administrative costs (program costs, funded) [1]	92	164	124
Change in selected resources [2]	33	−40	
Total obligations	125	124	124
Financing: Unobligated balance lapsing	6	3	
Budget authority (appropriation)	131	127	124
Relation of obligations to outlays:			
Obligations incurred, net	125	124	124
Obligated balance, start of year	49	62	68
Obligated balance, end of year	−62	−68	−74
Adjustments in expired accounts	−14		
Outlays	97	118	118

[1] Includes capital outlay as follows: 1968, none; 1969, $1,000; 1970, $1,000.
[2] Selected resources as of June 30, are as follows: 1967, $21,000 (1968 adjustments −$14,000); 1968, $40,000; 1969, none.

Mr. FLOOD. We now have the Federal Radiation Council. Paul C. Tompkins is the Executive Director.

I see you have a statement. How do you wish to proceed?

Mr. TOMPKINS. With your permission, Mr. Chairman, I would like to read it into the record.

Mr. FLOOD. Very well.

General Statement

Mr. Tompkins. Mr. Chairman, with your persmission, my opening statement will summarize the background of the Federal Radiation Council to indicate for you what the Council is and what it does.

The creation of the Federal Radiation Council resulted directly from a Government-wide review of radiation hazards and radiation protection responsibilities conducted in 1959 by the Director of the Bureau of the Budget, the Chairman of the Atomic Energy Commission, and the Secretary of the Department of Health, Education, and Welfare. The desirability of such a review was stimulated by the public confusion and concern over fallout hazards associated with atmospheric testing on nuclear weapons, and the fact that there was no single agency within the executive branch responsible for the formulation of radiation protection guidance.

The study group concluded that, under the prevailing scientific assumption which states that any exposure to ionizing radiation is associated with some risk of causing harmful biological effects, the derivation of basic guidelines for radiation protection involves health, economic, social, and ethical considerations of such a nature that the person or persons making the decisions represented by that guidance should be publicly accountable. Since no single agency could be found with the appropriate breadth of responsibility and jurisdiction, it was recommended that the President be advised by a Federal Radiation Council on radiation matters directly or indirectly affecting health, including guidance for Federal agencies in the promulgation of operating radiation protection standards, and in the establishment of programs of cooperation with the States.

The President accepted this recommendation and created the Federal Radiation Council by Executive Order 10831, August 14, 1959. The Council was made statutory later that year by an amendment to the Atomic Energy Act of 1954—Public Law 86–373 (sec. 274h).

Organization of Council

The membership of the Council as established by Executive Order 10831 consisted of the Secretaries of Health, Education, and Welfare; Defense; Commerce; and the Chairman of the Atomic Energy Commission. The Secretary of Labor was added at the time the Council was made statutory by Public Law 86–373 (sec. 274h). The Secretary of Agriculture was appointed to the Council by the President on August 16, 1962. The Secretary of the Interior was added to the Council by the President on January 16, 1968.

Administratively, the Federal Radiation Council is considered to be an independent agency. It requests its own budget, and has its own staff.

As Executive Director of the FRC staff I am accountable directly to the Secretary of Health, Education, and Welfare designated by the President as Chairman of the FRC. The rsources of the Federal agencies whose heads are members of the Council are applied to the work of the Council through a group known as the working group of the FRC. The working group is comprised of senior technical people appointed by each agency to make information available on the agencies interests and viewpoints to the FRC staff. It is the work of this

group that makes the Federal Radiation Council productive and responsive to new requirements.

The Federal Radiation Council is an advisory body and has no direct regulatory function. Its recommendations are necessarily broadly worded and require interpretation for application to specific cases. The Council is concerned primarily with the development of a general framework of national policy in those problems where considerations of radiation protection impinge on other facets of national policy.

The funds requested by the FRC are those required for the direct operation of the Council office. They provide for the salaries of the personnel of the Council staff which consists of four people; two professional personnel and two secretarial. It also provides for the necessary personnel benefits; travel and per diem for the staff, consultants, and participants in FRC study groups; printing and reproduction; supplies and materials; and the services as shown in the object classification schedule. Public Law 86–373 requires the FRC to seek the advice of the National Academy of Sciences and the National Council on Radiation Protection and Measurements (NCRP) in formulation of its basic guidance. Contractual arrangements have been made with these two organizations to provide such advisory services, and the supporting funds are included in the appropriation request.

REPORTS ISSUED BY COUNCIL

Since its formation the FRC has issued eight reports. Three of these reported on fallout levels occurring in the United States, predicted the future levels that were anticipated, gave estimates of the magnitude of the radiation risks that might be associated with those levels, and concluded that the risks would be too small to justify the introduction of measures to limit the intake of radionuclides in fallout by modification of the diet or altering the normal distribution and use of food.

Five reports provided guidance for radiation protection activities under different conditions. Report 1 developed the general philosophy that derivation of basic radiation protection guidelines involved reaching a balance between the risk of radiation exposure and the benefits derived from the activities causing the exposure. It introduced the term "radiation protection guide" (RPG) which was defined as the radiation dose that should not be exceeded without careful consideration of the reasons for doing so, and noted that there could be different RPG's with different numerical values, depending on the circumstances. Report 1 gave numerical values for RPG's applicable to the control of occupational exposure of workers, and different numerical values applicable to the general public. These RPG's were considered to represent a reasonable balance between the benefits of normal peacetime operations in which possible exposure to radiation is necessarily a factor, and possible radiation risks associated with those operations.

FRC report 2 considered general guidance related to the planned release of certain radionuclides to the environment and the radiation exposure to the public that could result. The exposure conditions envisaged involved a continuous intake of radionuclides through the diet over a lifetime that would give a radiation dose from this source alone equal to the appropriate numerical value for the RPG's of the

selected organs in which the radionuclides would concentrate. The general guidance was expressed in terms of the equivalent daily intake which, when averaged over a year, could be equated with estimates of the actual annual intake. Numerical values were given for iodine 131 which is selectively concentrated in the thyroid gland, and for strontium 89, strontium 90, and radium 226 which are selectively concentrated in mineral bone.

The programs of atmospheric testing of thermonuclear devices conducted in 1961 and 1962 resulted in the appearance of enough iodine 131 in the United States so that possible annual population exposures in some sectors of the country were approaching the annual value shown in FRC report 2. One interpretation placed on that report was that public health authorities should act to remove food from the market as necessary to prevent annual exposures from exceeding the quantities shown in FRC report 2. The Council did not concur in the philosophy of that interpretation, and in 1963 committed itself to the Joint Committee on Atomic Energy to produce recommendations to deal with that area of public policy.

Recommendations applicable to the problem of initiating public health action after iodine 131 was already in the environment were proposed by the Council and approved by the President in 1964. Similar proposals to deal with the presence of the radionuclides strontium 89, strontium 90, and cesium 137 in foods were submitted by the Council and approved by the President in 1965.

The most recent guidance provided by the FRC dealt with radiation protection in underground uranium mines. FRC report 8 was released in September 1967 following recommendations to the President, which he approved on July 28, 1967. This guidance was extended through another memorandum approved by the President on January 11, 1969.

SUMMARY OF BUDGET

In accordance with the President's desire to curtail Federal expenditures, the Council's estimates for both fiscal years 1969 and 1970 were reduced. Of the $127,000 appropriated by the Congress for 1969, only $124,000 will be required for obligation, and the initial estimate for 1970 of $130,000 has been reduced to $124,000. The reduction for both years, as shown in the request before you, was achieved by a cutback in nonpermanent employment (consultants for proposed FRC studies) and in contractual services, such as those obtained from NAS and NCRP.

Mr. Chairman, if you have any questions about the Council or about our request for funds I will do my best to answer them.

CHANGES PROPOSED BY NEW ADMINISTRATION

Mr. FLOOD. First of all, we want to know has there been any change in your budget or the functions of your organization made or proposed by the new administration?

Mr. TOMPKINS. No, sir; but the setup of the organization is now being reviewed by the new administration.

COUNCIL MEETINGS

Mr. FLOOD. How often has your Council actually met during the last year, for what purposes did they meet, and with what results?

Mr. TOMPKINS. The Council itself met twice, in July of 1967. During 1968 they met once, on November 29. The purpose of both meetings was to reach an agreement on recommendations going to the President covering general guidance for radiation protection associated with underground uranium mining.

Mr. FLOOD. That was the purpose.

What were the results?

Mr. TOMPKINS. The results both times were that specific guidelines were recommended, and the November 29 meeting suggested dropping or recommended dropping the proposals that were agreed on in 1967 by a factor of about three, and also recommended a compliance date of 1971.

Mr. FLOOD. Why would you drop in one year what you recommended before, the same Council, the same people? Did you just change your mind, or what?

Mr. TOMPKINS. As you know, the general subject has been rather controversial on the technical side.

PROTECTION OF URANIUM MINERS

Mr. FLOOD. I am sure you have been and still are engaged in activities in connection with uranium mining problems.

Mr. TOMPKINS. We are.

Mr. FLOOD. What have you been doing about it?

Mr. TOMPKINS. The staff has been deeply engaged, of course. During 1967 and 1968 when the Council committed itself to review the information supporting the 1967 recommendation. We set up a task force, including representatives of all of the interested Government agencies, representatives from the mining companies themselves, State mine offices, State health department representatives, individual professional scientists involved in different phases of the research program.

The main function during the year was to service and monitor the evaluations.

Mr. FLOOD. I come from the coalfields. I know a good deal about mines, not uranium mines, but about deep mining. I come from the hard coal region and we have had problems for generations. We know about State agencies and we know about Federal agencies and State bureaus and Federal bureaus and Governor's commissions and President's commissions ad nauseum. For generations we have seen them hold meetings, pass resolutions, and issue reports. For a long time they were just spinning their wheels.

We get the impression there is not much fire, a lot of smoke, a lot of talk, not much real action. Are they spinning their wheels or what?

Mr. TOMPKINS. I do not think so, Mr. Flood. As a matter of actual fact——

Mr. FLOOD. What do we have to do to get this settled?

Mr. TOMPKINS. First of all, I think one will have to reach a consensus where a consensus does not now exist on what level of protection will be considered adequate. There is not only a professional disagree-

ment on this particular point, but to be quite frank, differences between agencies as to what really constitutes adequate protection in uranium mining.

The memorandum of 1967 recommended compliance with a previous recommendation brought out by the Public Health Service in 1957.

Mr. FLOOD. This has been going on for a long time and we are not getting anyplace. Apparently the agencies do not agree and the mining companies do not and insurance companies do not. Is it not about time you get everybody into a room and close the door? What are we going to do about this?

Mr. TOMPKINS. I think perhaps you are being a little unfair.

Mr. FLOOD. If you think I am, you say so.

Mr. TOMPKINS. First of all, neither the potentiality nor the severity of this particular problem was recognized when the industry first started.

Mr. FLOOD. That is correct.

Mr. TOMPKINS. It was recognized by 1960, at which time a non-government organization called the American Standards Association set up a committee to recommend control standards for uranium mining. The reason was that at this point in time there was no single Federal agency that clearly had the authority and it was considered to be a State problem.

Mr. FLOOD. Is there a Federal agency now?

Mr. TOMPKINS. Yes, the Department of the Interior, backed up to the extent that the material is being bought by the Government, by the Department of Labor. But in the long haul the Federal agency to carry the responsibility will be the Department of the Interior.

The point I wanted to make was that in terms——

Mr. FLOOD. The point I want to make is: As usual everybody was concerned about production and nobody about the mineworkers.

Mr. TOMPKINS. I think those of us who are concerned with protection are in fact much more concerned about the miners than we are about production. At least I am.

Mr. FLOOD. I am glad to hear that.

Mr. TOMPKINS. The point I wanted to make was that the degree of control that was exercised prior to 1960 was grossly inadequate in terms of the units of measurements that we talk about.

SAFETY STANDARDS FOR URANIUM MINES

Mr. FLOOD. What is the latest unit of measurement the Department has issued?

Mr. TOMPKINS. The basic unit of measurement is called a working level. The latest one recommends control to an average value of one working level over a year with the recommendation that this be reduced to .3 or one-third of that value by 1971.

Mr. FLOOD. Is that good?

Mr. TOMPKINS. It is certainly in the right direction.

Mr. FLOOD. It is in the right direction but it is not good?

Mr. TOMPKINS. I am not sure I interpret what you mean by not good.

Mr. FOLOD. You say it is in the right direction. Is it moving like molasses in winter and still a long way from being good?

Mr. TOMPKINS. Some of us feel it is not really necessary.

Mr. FLOOD. What do you feel?

Mr. TOMPKINS. It is not necessary.

Mr. FLOOD. Why not?

Mr. TOMPKINS. I do not think the data on, or the information we have on the capability, or you might say the toxicity of exposure to this particular agent, justifies the difference.

In other words, I cannot find any biological difference between either of these two values.

Mr. FLOOD. Do you have ventilation problems?

Mr. TOMPKINS. Yes, sir.

Mr. FLOOD. Compulsory mask-wearing problems?

Mr. TOMPKINS. Mask wearing is not compulsory unless the radon environment exceeds one working level. That was spelled out in the standards recently proposed by the Department of the Interior.

Mr. FLOOD. Is this all deep mining?

Mr. TOMPKINS. Yes.

Mr. FLOOD. How deep, the deepest shaft?

Mr. TOMPKINS. I do not know the deepest one. Some of them are at least a thousand feet. What the deepest one is I cannot answer.

Mr. FLOOD. Mr. Michel?

Mr. MICHEL. I have no questions.

Mr. FLOOD. Mrs. Reid?

RADIATION FROM COLOR TELEVISION SETS

Mrs. REID. Lately there has been considerable public concern expressed over the possibility of excessive radiation being emitted from color television sets in the home. Is it the responsibility of the Council to study this type of radiation hazard and issue recommendations?

Dr. TOMPKINS. The basic guidance provided by the Council applies to radiation exposures from all sources that affect our society generally. The Council is not responsible for regulatory standards or for inspections to assure that industrial quality control is adequate to comply with its basic guidance, in this case unwanted radiation from television sets. That responsibility now rests on the Department of Health, Education, and Welfare. The Council would be involved if there are indications that one particular source of exposure could lead to a population risk out of proportion with the benefits of the technology. This does not appear to be the case at the present moment and the existing guidance should be adequate for the needs of the Department of Health, Education, and Welfare in setting its regulatory standards.

CONSULTANT SERVICES

Mrs. REID. You speak of the necessity to obtain consultant services from the National Academy of Sciences, the National Research Council, and the National Council on Radiation Protection and Measurement. Is this done on a contract basis? What studies are currently in progress?

Dr. TOMPKINS. Consultant services are obtained from the National Academy of Sciences and the National Council on Radiation Protection and Measurement by contract. The NAS has recently completed a review of radiation exposure of uranium miners which was one of the major evaluations available to the Council for its latest review

of radiation protection guidance for uranium miners. At our request, it is now examining all available information that might allow us to determine if radiobiological information exists which would indicate that it would be in the best interest of the employee to remove him from employment requiring occupational exposure to radiation because of prior radiation therapy treatment.

The contract with the NCRP calls for an indepth examination of the metabolic and physiological processes involved in the distribution and deposition of strontium and cesium in the human body. The purpose is to see if the relationships between radionuclide intake, time and tissue deposition associated with the application of the Council's Protective Action Guides in FRC 7 need any modification.

Mrs. REID. Thank you, Dr. Tompkins.

NATIONAL COMMISSION ON PRODUCT SAFETY

WITNESSES

ARNOLD B. ELKIND, CHAIRMAN
WILLIAM V. WHITE, EXECUTIVE DIRECTOR
MICHAEL R. LEMOV, GENERAL COUNSEL

NATIONAL COMMISSION ON PRODUCT SAFETY

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Permanent positions		297	378
Positions other than permanent		83	98
Other personnel compensation			7
Special personal service payments		12	15
Total personnel compensation		392	498
Personnel benefits: Civilian employees		24	39
Travel and transportation of persons		30	50
Rent, communications, and utilities		36	45
Printing and reproduction		11	47
Other services		19	785
Supplies and materials		5	10
Equipment		8	1
Total obligations		525	1,475

PERSONNEL SUMMARY

Total number of permanent positions		29	29
Full-time equivalent of other positions		6	7
Average number of all employees		28	34
Average GS grade		10.9	10.9
Average GS salary		$13,733	$13,959

PROGRAM AND FINANCING

Program by activities: Study and investigation of hazardous household products (costs-obligations) [1]		525	1,475
Financing:			
Budget authority (appropriation)		500	1,475
Proposed supplemental for civilian pay act increases		25	
Relation of obligations to outlays:			
Obligations incurred, net		525	1,475
Obligated balance, start of year			25
Obligated balance, end of year		−25	−225
Outlays, excluding pay increase supplemental		478	1,272
Outlays from civilian pay act supplemental		22	3

[1] Includes capital outlay as follows: 1969, $8,000; 1970, $1,000.

Mr. FLOOD. Now we have with us the National Commission on Product Safety and the presentation will be made by Mr. Arnold B. Elkind, the Chairman.

You are accompanied by——

Mr. ELKIND. Mr. White, our Executive Director, and Mr. Mike Lemov, our General Counsel.

Mr. FLOOD. You have a very impressive statement here, Mr. Chairman. How do you wish to proceed? You are the boss.

Mr. ELKIND. If it is agreeable to the committee, I will read it.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Mr. FLOOD. We will place your biographical sketch in the record and you may proceed.

Mr. ELKIND. All right, sir.

(Mr. Elkind's biographical sketch follows:)

BIOGRAPHY OF ARNOLD B. ELKIND, CHAIRMAN, NATIONAL COMMISSION ON PRODUCT SAFETY

Arnold B. Elkind, appointed Chairman of the seven-member bipartisan National Commission on Product Safety, was sworn into office on May 15, 1968.

A New York City trial lawyer who earned both his bachelor of science and his LL.B. degrees at New York University, Mr. Elkind has been admitted to practice before all courts of record of the State of New York; the Supreme Court of the United States; the U.S. District Courts for the Southern, Eastern, and Northern Districts of New York, the Eastern District of Pennsylvania, and the District of Columbia; and the Board of Immigration and Appeals.

In addition to extensive lecturing before legal seminars throughout the country, Mr. Elkind has served as associate editor of the American Trial Lawyers Journal and as a member of the board of governors of that association. He is also a member of the American Bar Association, the New York State Bar Association, the Association of the Bar of the City of New York, and the Yonkers Lawyers' Association.

Mr. Elkind's interest in consumer affairs stemmed from a case he handled which involved a defective product in 1951. He subsequently organized the first national convention of American Trial Lawyers Association members scheduled to deal with the subject of consumer protection law. At that initial convention, Mr. Elkind stimulated activities which resulted in the present consumer information exchange of the American Trial Association.

He served as chairman of the Consumer Protection Committee of the American Trial Lawyers Association. He acted as liaison and consulted between Esther Peterson, Special Assistant to the President for Consumer Affairs, and the American Trial Lawyers Association.

Born in New York City, December 15, 1916, Mr. Elkind is married to the former Joan Spiegel. They have one son.

Mr. Elkind has been a resident of Yonkers, N.Y., for the past 15 years.

GENERAL STATEMENT

Mr. ELKIND. Gentlemen, as chairman of the National Commission on Product Safety, I am privileged to appear before this committee to discuss our budget request for the fiscal year 1970.

The legislation establishing the Commission in November 1967 authorized an appropriation of $2 million to do the job. The Commissioners were not appointed until March 1968 and were sworn in in May of that year. We received $525,000 for our expenses in what remained of fiscal 1969.

These funds have enabled us to show that we have the capability to do the job. Now we come before you with the bulk of our work still

to be done. We ask for the remainder of the authorized amount, $1,475,000, so that the work so well started may be completed.

Congress established the Commission after congressional hearings disclosed the need for a comprehensive investigation of the scope and adequacy of measures currently employed to protect consumers against unreasonable risk of injuries caused by hazardous household products.

The U.S. Public Health Service reported at those hearings that more than a million injuries a year are caused by products used daily in American homes. And the majority of these are ordinary products used by everyone.

The amazing creativeness of industry and the steady advance of our technology in producing new products make it ever more important that the consumer be safeguarded; that industry recognize its responsibility for safety standards, and that the existing workings and interrelationships of voluntary self-regulation, common law product liability, State and Federal regulatory legislation and municipal ordinances be examined and coordinated.

That, gentlemen, is what this Commission is all about.

ACTIVITIES TO DATE

In the 6 months since we have been funded we have established a firm beachhead. But the followthrough which will enable us to achieve our goal must be financed.

We have found that industry is willing, we might almost say eager, to cooperate with our efforts. Representatives of trade and industry, labor and consumers have participated at the four hearings we have held in New York, Boston and Washington, and will do so later this month in Chicago. We are considered the middle ground where advocates of conflicting interests are coming to reason with our professionals.

In our study we are attempting to identify categories of household products which may present an unreasonable hazard to health and safety. We are exploring the extent to which industry self-regulation affords adequate protection. We are examining the common law in the States in relation to the protection given against hazardous products. We are reviewing Federal, State and local laws relating to the portection of consumers against categories of such hazardous products, including scope of coverage, effectiveness of sanctions, adequacy of investigatory powers, uniformity of application and quality of enforcement of those laws.

We have undertaken an extensive survey of 85,000 physicians and a large number of hospitals throughout the country to try to obtain better statistics on product-related injuries.

Surveys are also underway with insurance companies, testing laboratories and retail stores which upon completion will form the basis for determination of future action by industry or, if found necessary, the Federal Government.

CATEGORIES OF WORK RESPONSIBILITIES

Our work force falls into three categories. Product-injury identification, industry self-regulation, and legal analysis. We have task

forces working in each of these areas to come up with the hard factual information which will, for the first time, be systematically organized and will enable the Commission to make its recommendations to the President and the Congress according to our mandate on a primary, hitherto nonexistent, factual record.

I would like to outline briefly the work of these units: The group working on product-injury identification is assembling and analyzing the relationship of household products to injuries through reports obtained from physicians, hospital emergency wards, Government agencies and private citizens.

The group concerned with industry self-regulation is examining certification programs and seals of approval as well as product testing methods used by industry. They are going into the whole question of the voluntary standards system in an effort to determine whether these methods give adequate protection to the consumer.

Our legal analysis group is studying and analyzing contemporary legal means of protection including warranties and the impact of product liability insurance. We have a summer intern program underway in which young law students will work closely with the authorities in five or six States to enable us to get a clear perspective on State protection procedures.

While concentrating our energies on the ongoing projects I have just mentioned, we have filed an interim report to the President and Congress recommending enactment of a Child Protection Act of 1969. This would amend the Federal Hazardous Substances Act to include protection against electrical, mechanical, and thermal hazards of toys and other articles intended for use by children.

I am happy to report that the proposal has received bipartisan support in both Houses of Congress. Hearings on the amendment on the Senate side are expected to begin tomorrow.

The Commission also recommended legislation to require that doors of new freezers be designed to conform with entrapment prevention standards set forth in the Refrigerator Safety Law (Public Law 84–930). The Commission has been influential in inspiring the industry to adopt a standard voluntarily to that effect and to launch an educational campaign to warn of entrapment dangers.

In other areas the Commission urged independent manufacturers to recall from the marketplace products whose hazards were brought to our attention. We have persuaded the Federal Housing Administration to amend its minimum property standards to require the use of safety glass in sliding patio doors.

With the adoption of the safety glass standard by the National Association of Home Builders this source of accidental injury and death will be phased out of the American home. This single hazard was said by the Department of Health, Education, and Welfare to account for 100,000 injuries per year. If 100,000 injuries are prevented through the use of safety glazing the saving to the Nation would be more than twice the total cost of this Commission.

We have influenced Underwriters' Laboratories to upgrade its labeling and standards policies and we have encouraged the American Gas Association to improve its existing standards for hazardous floor furnaces.

We believe that every consumer has the right to safety and the members of the Commission hope that the results of this study will help achieve this end.

We also hope to assemble an authoritative body of knowledge in the areas of product safety and to setup a comprehensive indexing mechanism which will lend itself to a computerized data storage and retrieval system. No such thing exists today.

SUMMARY OF BUDGET

Legislation is already pending to extend the life of the Commission to its full 2 years and the language of our appropriation request includes provision for funds through June 1970. I am now requesting that we be given the full funds authorized so that we may complete the work that is already underway.

The amount requested for fiscal year 1970 is $1.475 million. This is the balance of the $2 million authorized by Public Law 90–146.

Although our supporting documents give detailed information on proposed expenditures, let me summarize our needs:

1. Personnel costs are $498,000. This will provide compensation for our full-time staff, special consultants and other supporting staff services. In addition, it will provide payments to Commissioners for time spent on Commission business.

2. Travel for witnesses to hearings, travel of staff and Commissioners will require $50,000.

3. Office rent, telephone and telegraph services, postage and related expenses are estimated at $45,000.

4. Printing our final report plus special staff reports and proceedings of public hearings will require $47,000.

5. Supplies, materials, equipment, personnel benefits, et cetera, are estimated at $50,000.

6. The bulk of our request is for $785,000 for special contracts vital to the Commission work. The small permanent staff will require expert assistance from colleges, research organizations, testing laboratories and related institutions. Much of the contractual work can be conducted simultaneously thus providing an orderly flow of information in a relatively short period. It will also enable us to utilize more efficiently the remaining months of Commission life.

My fellow Commissioners and I are proud to have been chosen to break the ground in this extremely important area of consumer protection.

Thank you.

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

Mr. ELKIND. I was appointed by President Johnson in March of 1968.

Mr. FLOOD. You at least know the names of the streets by this time?

Mr. ELKIND. Just about. Legislation establishing this Commission was enacted in November 1967.

BACKGROUND OF CHAIRMAN'S INTEREST

Mr. FLOOD. You are a trial lawyer and I belong to your association and know all about you. Why did you get interested in this? Why did you want to organize this?

Mr. ELKIND. It started in about 1951, I believe, when I had a case involving a terribly injured plumber whose face had been blown off as a result of using a drainpipe solvent. When we began to investigate the case we found that there was no standard for making this product, it was——

Mr. FLOOD. Did he get a good settlement?

Mr. ELKIND. It was tried and went up to the Court of Appeals in the Third Circuit. A $250,000 verdict was considered good in those days.

Mr. FLOOD. Considered good today.

Mr. ELKIND. It was affirmed.

Mr. FLOOD. That is a good reason. I understand that.

Mr. ELKIND. So I began to look upon this particular aspect of trial law as an opportunity for trial lawyers not only to earn a good living by handling these cases on a contingency basis but in effect to render a public service, because it became apparent to me as a result of my experience and observations that these lawsuits were having a therapeutic effect in the marketplace, that is, these recoveries were a goad to the manufacturers to improve the standards of quality control and the attention they paid to the design of their products. So I felt that an important activity of a socially minded trial bar would be to include a section devoted to this kind of activity and we began to educate ourselves with respect to methods of handling these cases. We established a Product Liability Exchange, for lawyers having these cases. In those days, when we started out, you had to prove notice, you had to find some previous experience involving a given product. It was salutary and helpful to——

Mr. FLOOD. Also within the Association you are the guy that set up the Association committee, too?

Mr. ELKIND. Yes, sir.

Mr. FLOOD. I mean the Trial Lawyers Association Committee.

Mr. ELKIND. On Products Liability, which then became Consumer Protection. That I presume is how I happened to become appointed to this task.

I might say that I am still in practice but I am not handling these cases, obviously, for the duration. As long as this Commission continues, I am not handling cases against domestic manufacturers. It has been my observation, Mr. Chairman and gentlemen, that this legislation that was passed by Congress—and I had nothing to do with the conception of the legislation—it is a good piece of legislation not only because it enables this professional staff to acquire information that should be at hand but because the Commission's powers have enabled the Commission as a byproduct to produce good therapeutic results in the marketplace without legislation.

Mr. FLOOD. It was also bipartisan?

Mr. ELKIND. Yes, sir. We have found that our subpena power, which we have not used as yet, our power to conduct public hearings, the power to issue statements to the press enables us to talk to manufacturers and trade groups. We found that they are eager to, under the goad or whatever you want to call the existence of a Commission and the threat of legislation, we have been able to see some real results in the marketplace. I would like to cite one and draw some conclusions from that one illustration.

SAFETY GLASS IN PATIO AND STORM DOORS

We held hearings here in Washington on safety glazing or the lack of safety glazing in patio and storm doors.

Mr. FLOOD. Do you have the power of subpena?

Mr. ELKIND. Yes, sir. We have not used it, though.

On safety glazing in sliding patio doors there are approximately 100,000 people, according to the statistics that exist in this area—and I don't know how good they are, but this is the best estimate—approximately 100,000 people each year who have had injuries or deaths from walking into these patio doors.

Mr. FLOOD. A lot children?

Mr. ELKIND. A lot of children have been killed in the most heartbreaking way, and the industry involved, that is, the Architectural Aluminum Manufacturers Association that makes the frames, have been attempting to develop a standard for safety glazing in patio doors. They ran into roadblocks with the National Association of Home Builders and with our own governmental agency, the FHA.

Mr. FLOOD. Couldn't they just put a colored flower in the middle of the pane?

Mr. ELKIND. That might help, but it does not help a child or a fellow that has had a few drinks at a party. This is something that happens quite often, an indoor-outdoor party with cocktails and martinis and somebody leaves the patio door closed and somebody will go through it.

HAZARDOUS TOYS

We have made two interim recommendations. I guess they really don't rise to the dignity of interim reports but one pertains to the elimination of hazardous toys and furniture from the marketplace by legislation. It gives that kind of authority, the authority to do this to the Food and Drug Administration. You may have seen this report that we issued on the toys.

Mr. FLOOD. No, I didn't.

Mr. ELKIND. Do you want to make it a part of the record?

Mr. FLOOD. There was a newspaper story on this.

Mr. ELKIND. The present legislation covers certain types of hazards and gives the Food and Drug Administration the authority to eliminate those hazards from the marketplace, but it does not cover such things as children's stoves that develop temperatures of 600°, a serious thermal hazard. No thermal hazards, no electrical hazards, and there are plenty of those in the marketplace. Most importantly on a quantitative basis, the present legislation does not give the Food and Drug Administration, the power to eliminate mechanical hazards, toys having mechanical hazards from the marketplace. We heard testimony on a number of really horrible toys that were available.

Mr. FLOOD. You were set up under Public Law 90–146?
Mr. ELKIND. Yes, sir.
Mr. FLOOD. Signed November 26, 1967?
Mr. ELKIND. Yes, sir.
Mr. FLOOD. Will you have a copy of that to put in the record at this point?
Mr. ELKIND. Yes, sir.
(The joint resolution follows:)

Public Law 90-146
90th Congress, S. J. Res. 33
November 20, 1967

Joint Resolution

To establish a National Commission on Product Safety.

Whereas the American consumer has a right to be protected against unreasonable risk of bodily harm from products purchased on the open market for the use of himself and his family; 81 STAT. 466

Whereas manufacturers whose products are marketed substantially in interstate commerce are entitled to a reasonable degree of uniformity in the application of safety regulations to such products; 81 STAT. 467

Whereas it is desirable to establish a commission to review the scope, adequacy, and uniformity of existing voluntary self-regulation and Federal, State, and local law relating to consumer protection against such hazardous products; and

Whereas it is desirable for such commission to make recommendations as it deems appropriate for remedial action by the President, the Congress, the States, and private industry: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) there is hereby established a National Commission on Product Safety (hereinafter referred to as the "Commission"). National Commission on Product Safety. Establishment.

(b) The Commission shall be composed of seven members appointed by the President from among persons who are specially qualified to serve on such Commission by virtue of their education, training, or experience. Not more than four members of the Commission may be members of the same political party. Membership.

(c) Any vacancy in the Commission shall not affect its powers.

(d) The President shall designate one of the members to serve as Chairman and one to serve as Vice Chairman of the Commission.

(e) Four members of the Commission shall constitute a quorum.

DUTIES OF THE COMMISSION

SEC. 2. (a) The Commission shall conduct a comprehensive study and investigation of the scope and adequacy of measures now employed to protect consumers against unreasonable risk of injuries which may be caused by hazardous household products. Such study and investigation shall include consideration of the following:

(1) the identity of categories of household products, except such products excluded in section 6, which may present an unreasonable hazard to the health and safety of the consuming public;

(2) the extent to which self-regulation by industry affords such protection;

(3) the protection against such hazardous products afforded at common law in the States, including the relationship of product warranty to such protection; and

(4) a review of Federal, State, and local laws relating to the protection of consumers against categories of such hazardous products, including the scope of coverage, the effectiveness of sanctions, the adequacy of investigatory powers, the uniformity of application, and the quality of enforcement.

(b) As soon as practicable, the Commission shall publish in the Federal Register a list of the categories of household products which it proposes to study and investigate. The Commission shall afford an opportunity for any interested person to submit his views concerning any category of household product on the published list. Publication in Federal Register

(c) The Commission may transmit to the President and to the Congress such interim reports as it deems advisable and shall trans- Report to President and Congress.

mit its final report to the President and to the Congress not later than two years from the date of approval of this joint resolution. Such final report shall contain a detailed statement of the findings and conclusions of the Commission together with its recommendations for such legislation as it deems appropriate.

81 STAT. 467
81 STAT. 468

POWERS OF THE COMMISSION

Hearings.

SEC. 3. (a) The Commission, or any two members thereof as authorized by the Commission, may conduct hearings anywhere in the United States or otherwise secure data and expressions of opinions pertinent to the study. The Commission shall publish notice of any proposed hearing in the Federal Register and shall afford a reasonable opportunity for interested persons to present relevant testimony and data. In connection therewith the Commission is authorized by majority vote—

Publication in Federal Register.

(1) to require, by special or general orders, corporations, business firms, and individuals to submit in writing such reports and answers to questions as the Commission may prescribe; such submission shall be made within such reasonable period and under oath or otherwise as the Commission may determine;

(2) to administer oaths;

(3) to require by subpena the attendance and testimony of witnesses and the production of all documentary evidence relating to the execution of its duties;

(4) in the case of disobedience to a subpena or order issued under this subsection, to invoke the aid of any district court of the United States in requiring compliance with such subpena or order;

(5) in any proceeding or investigation to order testimony to be taken by deposition before any person who is designated by the Commission and has the power to administer oaths, and in such instances to compel testimony and the production of evidence in the same manner as authorized under paragraphs (3) and (4) of this subsection; and

(6) to pay witnesses the same fees and mileage as are paid in like circumstances in the courts of the United States.

Compliance orders.

(b) Any district court of the United States within the jurisdiction of which an inquiry is carried on may, in case of refusal to obey a subpena or order of the Commission issued under subsection (a) of this section, issue an order requiring compliance therewith; and any failure to obey the order of the court may be punished by the court as a contempt thereof.

Cooperation with Federal agencies.

(c) The Commission is authorized to request from any department, agency, or independent instrumentality of the Government any information it deems necessary to carry out its functions under this joint resolution; and each such department, agency, or independent instrumentality is authorized to cooperate with the Commission and, to the extent permitted by law, to furnish such information to the Commission upon request made by the Chairman or the Vice Chairman when acting as Chairman.

Contract authority.

(d) The Commission is authorized to enter into contracts with Federal or State agencies, private firms, institutions, and individuals for the conduct of research or surveys, the preparation of reports, and other activities necessary to the discharge of its duties.

Publication of information.

(e)(1) Except as provided in paragraph (2), when the Commission finds that publication of any information obtained by it is in the public interest and would not give an unfair competitive advantage to any person, it is authorized to publish such information in the form and manner deemed best adapted for public use, except that data and information which would separately disclose the business transac-

tions of any person, trade secrets, or names of customers shall be held confidential and shall not be disclosed by the Commission or its staff: *Provided, however*, That the Commission shall permit business firms or individuals reasonable access to documents furnished by them for the purpose of obtaining or copying such documents as need may arise.

(2) Prior to a finding by the Commission that the publication of any information with respect to any category of household product, is in the public interest and would not give an unfair competitive advantage to any person, the Commission shall (i) notify to the extent practicable all known manufacturers of any such products of such contemplated finding together with a synopsis of the information being considered for publication, and (ii) afford an opportunity not longer than thirty days for any such manufacturer to submit views with respect to the contemplated publication.

(f) The Commission is authorized to delegate any of its functions to individual members of the Commission or to designate individuals on its staff and to make such rules and regulations as are necessary for the conduct of its business, except as herein otherwise provided.

COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 4. Each member of the Commission may receive compensation at the rate of $100 for each day such member is engaged upon work of the Commission, and shall be reimbursed for travel expenses, including per diem in lieu of subsistence as authorized by law (5 U.S.C. 5703) for persons in the Government service employed intermittently. 80 Stat. 499.

ADMINISTRATION

SEC. 5. (a) The Commission is authorized, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, to appoint and fix the compensation of an Executive Director and the Executive Director, with the approval of the Commission, may employ and fix the compensation of such additional personnel as may be necessary to carry out the functions of the Commission, but no individual so appointed shall receive compensation in excess of the rate authorized for GS-18 by section 5332 of such title. Executive Director. Appointment. 80 Stat. 443, 467. 5 USC 5101 et seq., 5331 et seq.

(b) The Executive Director, with the approval of the Commission, is authorized to obtain services in accordance with the provisions of section 3109 of title 5, United States Code, but at rates for individuals not to exceed $100 per diem. Ante, p. 199. Experts and consultants. 80 Stat. 416.

(c) The head of any Federal agency is authorized to detail, on a reimbursable basis, any of its personnel to assist in carrying out the duties of the Commission under this joint resolution.

(d) Financial and administrative services (including those related to budgeting and accounting, financial reporting, personnel, and procurement) shall be provided the Commission by the General Services Administration, for which payment shall be made in advance, or by reimbursement, from funds of the Commission in such amounts as may be agreed upon by the Chairman of the Commission and the Administrator of General Services. Regulations of the General Services Administration for the collection of indebtedness of personnel resulting from erroneous payments shall apply to the collection of erroneous payments made to or on behalf of a Commission employee, and regulations of said Administrator for the administrative control Financial and administrative services.

of funds shall apply to appropriations of the Commission, but the Commission shall not be required to prescribe such regulations.

Termination of Commission.

(e) Ninety days after submission of its final report, as provided in section 2(c), the Commission shall cease to exist.

DEFINITION

"Household products."

SEC. 6. As used in this joint resolution, the term "household products" means products customarily produced or distributed for sale through retail sales agencies or instrumentalities for use by a consumer or any member of his family in or around the household. Such term does not include products which are subject to regulations prescribed under the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1381 et seq.), the Flammable Fabrics Act (15 U.S.C. 1191 et seq.), the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 et seq.), the Federal Hazardous Substances Labeling Act (15 U.S.C 1261 et seq.), the Federal Cigarette Labeling and Advertising Act (15 U.S.C. 1331 et seq.), the Federal Firearms Act (15 U.S.C. 901 et seq.), the National Firearms Act (26 U.S.C. 5801 et seq.), and the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 135 et seq.).

80 Stat. 718.
67 Stat. 111.
52 Stat. 1040.
74 Stat. 372.
79 Stat. 282.
52 Stat. 1250.
68A Stat. 721.
61 Stat. 163.

AUTHORIZATION

Appropriation.

SEC. 7. There are authorized to be appropriated such sums, not to exceed $2,000,000, as may be necessary to carry out the provisions of this joint resolution.

Approved November 20, 1967.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 882 (Comm. on Interstate & Foreign Commerce).
SENATE REPORT No. 225 (Comm. on Commerce).
CONGRESSIONAL RECORD, Vol. 113 (1967):
June 5: Considered in Senate.
June 6: Considered and passed Senate.
Nov. 6: Considered and passed House, amended.
Nov. 7: Senate concurred in House amendments.

COMPOSITION OF THE COMMISSION

Mr. FLOOD. What is the composition of your Commission and the staff?

Mr. ELKIND. We have broken down the staff into what might be called three parts.

Mr. FLOOD. It is not a broken-down staff?

Mr. ELKIND. Far from it. It is an elite staff. The task force that deals with identifying——

Mr. FLOOD. What is the composition of the Commission itself?

Mr. ELKIND. Seven.

Mr. FLOOD. Will you put the names and a couple of sentences biography of the Commission itself in the record?

Mr. ELKIND. Yes, sir.

(The information follows:)

MEMBERS OF THE NATIONAL COMMISSION ON PRODUCT SAFETY

Arnold Elkind, chairman; New York lawyer; a former member of board of governors and former chairman of the Consumer Protection Committee, American Trial Lawyers Association; member, American Bar Association; author of many articles on consumer problems.

Emory J. Crofoot, senior deputy city attorney, Portland, Oreg.; longtime advocate and drafter of legislation to improve safety in electrical installations, to reduce fire hazards, and to control air pollution.

Henry Aaron Hill, president, Riverside Research Laboratory, Havenhill, Mass.; former vice president, Atlanta Research Associates (National Dairy Corp. subsidiary); group leader, organic research, Dewey & Almy Chemical Co., and vice president, National Polychemicals.

Signey Margolius, consumer issues columnist for trade union and cooperative publications and author of books and articles; former consumer consultant, International Cooperation Administration and member, New York State Consumer Advisory Committee to the Governor.

Michael Pertschuk, general counsel, Senate Commerce Committee, with staff responsibility for consumer and marketing legislation; member, American Bar Association's Commission on Automobile Accident Reparations; chairman, Federal Bar Association's Committee on Advertising, Packaging and Labeling.

Hugh L. Ray, director, Merchandise Development and Testing Laboratory, Sears, Roebuck & Co., Chicago, Ill.; former director, Standards Institute and NAHB Research Foundations and vice chairman, Consumer Council, American Retail Federation.

Dana Young, senior vice president, Southwest Research Institute, San Antonio, Tex.; former dean, School of Engineering, Yale University; author of numerous articles in engineering field.

ORGANIZATION OF STAFF

Mr. FLOOD. What about the staff?

Mr. ELKIND. Task Force I, identifying dangerous products, is headed up by a physician, a pediatrician from the State of New Jersey who gave up his practice temporarily in order to do this work with the Commission staff.

Mr. FLOOD. So did you?

Mr. ELKIND. Yes, sir, to the extent indicated.

Task Force II is headed up by a biophysicist who had done work with automobile problems, engineering problems.

The third task force, which is charged with the responsibility of looking at the common law of the State, State laws, local ordinances—is headed by an experienced attorney.

Mr. FLOOD. You mean subcommittee of the Commission?

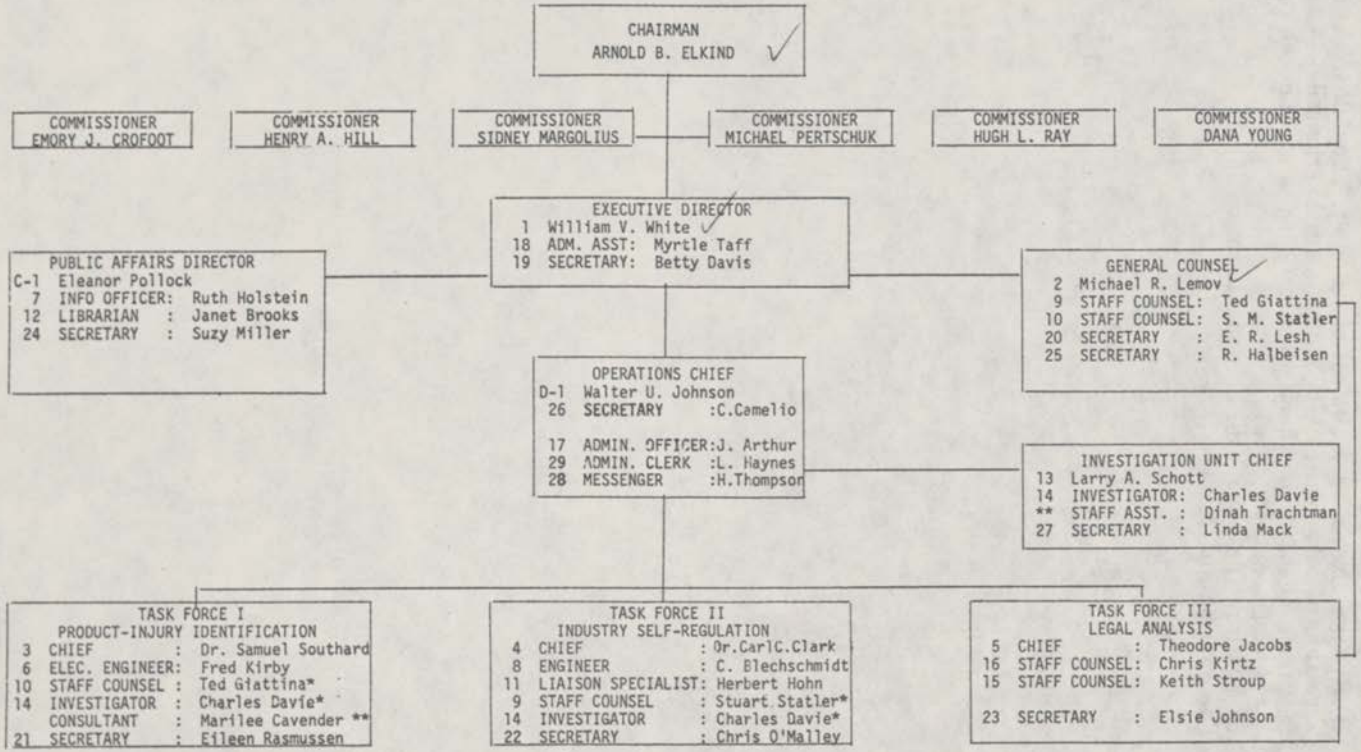
Mr. ELKIND. No, subcommittees of the staff. They all work under the direction of Mr. White. Mr. White is an experienced——

Mr. FLOOD. I see in your hand a chart. Can you place in the record a copy of such a chart?

Mr. ELKIND. Yes, that will be done at this point.

(The information follows:)

NATIONAL COMMISSION ON PRODUCT SAFETY



* LIAISON
** PART-TIME

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EXTENSION OF AUTHORIZING LEGISLATION

Mr. FLOOD. You are in a very peculiar position. You are only authorized for a part of the fiscal year 1970. How is your legislation on extension going along? What do you hear? Any trouble?

Mr. ELKIND. No, I don t think so. We are scheduled to appear tomorrow before a Senate subcommittee to testify in support of a bill that was introduced to extend the life of the Commission to June 30, 1970.

Mr. FLOOD. Is there going to be a straight extension, or new duties and authorities?

Mr. ELKIND. Just the straight extension.

Mr. FLOOD. You have $500,000 for 1969. Any other money under the rug available to you? Any other funds available to you besides that?

Mr. ELKIND. No. We had $30,000 before we were funded by virtue of a contract with HEW. No other moneys. Nothing else.

Mr. FLOOD. You were a paper organization on November 26, 1967. When did you first become active?

Mr. ELKIND. I would say we really began working and having meetings in April or May.

Mr. WHITE. The first Commission meeting was May 15, 1968.

PLANS FOR FISCAL YEARS 1969 AND 1970

Mr. FLOOD. What are you going to do until July 1, 1969? What are your plans up until the end of this fiscal year?

Mr. ELKIND. We have, I think, two or three more hearings scheduled between now and that date. We have 12 surveys that are either out, to which we are getting answers, or drafts are being approved by the Bureau of the Budget, and they have to be circulated and processed. I guess that will pretty well occupy us until July.

Mr. FLOOD. You are requesting $1,475,000 for next year. Three times your 1969 appropriation. Why such a big increase?

Mr. ELKIND. In order to finish up the work and come up with an authentic record, factual record, you have to remember, Mr. Chairman, that this is an area that there has been no real research in and no hard facts.

We have to develop these facts and have them processed, computerized in a limited time. We have 29 in staff. That is our capability, and our capability is adequate to maintain the present level of what we have been doing but we cannot get this extra information and these other studies that we have detailed in our backup material.

Mr. FLOOD. You believe all that. That begs the question. Three times the amount; that is the question. Why three times?

Mr. ELKIND. You see, we have 29 people. Our work last year——

Mr. FLOOD. Did you get cut? Did you lose any jobs?

Mr. ELKIND. No. We really didn't get funded until October of last year. I assume that that is the reason that our request was cut down to $500,000. We really are not asking for three times as much.

Mr. FLOOD. It is about half that?

Mr. ELKIND. If we assume that we worked about 7 months, 7 or 8 months——

Mr. FLOOD. OK; why about twice as much?

Mr. ELKIND. Because it is now apparent to us that we are going to come up with a good report but if it is to be backed up——

Mr. FLOOD. You can have some O. Henry-type write reports.

Mr. ELKIND. Right; but what I would like to do is to make sure that we are not going off the deep end in any of our suggestions. We want to make sure that industry and labor and other groups who are interested in this legislation will feel that we have developed the proper material to support our suggestions.

We do not want to just talk in terms of theories or half-baked ideas. We would like to have the studies made and they cost money. We can, do the job for less but they will be based on a lot of educated guesses, a lot of projections, and so forth. This might be challenged. It seems to me that as long as we are doing the job, it should be done right.

Mr. FLOOD. Is organized labor interested in helping you?

Mr. ELKIND. Yes, sir.

Mr. FLOOD. They should be.

Do you intend to get any additional funds by transfer from any other accounts in 1970?

Mr. WHITE. We don't anticipate any additional funds. We are still within the original authorization of Public Law 91–46 with this request. The bulk of the additional request is for the contracts that need to go on simultaneously with the staff work.

DUPLICATION OF ACTIVITIES OF OTHER AGENCIES

Mr. FLOOD. You may have heard about this. In the conference on this bill last session, there was an awful lot of talk about duplication of the activities of other accident-prevention agencies. Two or 3 years ago mention of family planning would have been taboo in most quarters. Now we have had about 10 agencies up here in the last 10 weeks and everybody except the Bureau of Mines is now in family planning. It is a respectable activity. So is this thing of yours. The Public Health Service, the Food and Drug Administration, the Federal Trade Commission are all in it. What about this argument; is this just a horse of another color? Let me tell you, in the conference with the Senate last year there was trouble about this.

Mr. ELKIND. These household products are not covered by any legislation. There are 267 categories of products that we listed and published in the Federal Register, which I have listed here and I will be glad to make a part of the record.

Mr. FLOOD. What is that?

Mr. ELKIND. These are the products, categories of products that we are concerned with.

Mr. FLOOD. You are going to need all the weapons in your arsenal. Put it in.

Mr. ELKIND. Fine.

(The information follows:)

NATIONAL COMMISSION ON PRODUCT SAFETY

CATEGORIES OF HOUSEHOLD PRODUCTS FOR STUDY AND INVESTIGATION

Notice is hereby given that, pursuant to Public Law 90–146 (81 Stat. 466), the National Commission on Product Safety proposes to study and investigate certain household products to determine the scope and adequacy of measures now employed to protect consumers against unreasonable risk of injury which may be caused by hazardous products used in or around the household. The Commission will report its findings and recommendations to Congress and the President. The Commission's investigation will consider, among other things:

(1) The identity of categories of household products which may present an unreasonable hazard to the health and safety of the consuming public;
(2) The extent to which self-regulation by industry affords protection against such hazardous products;
(3) The protection against such hazardous products afforded at common law in the States, including the relationship of product warranty to such protection;
(4) A review of Federal, State, and local laws relating to the protection of consumers against such hazardous products, including scope of coverage, effectiveness of sanctions, adequacy of investigating powers, uniformity of application, and quality of enforcement of such laws.

Pursuant to section 2(b) of Public Law 90–146 the categories of household products which the Commission proposes to study and investigate are as follows:

I. General household appliances including but not limited to—
Clothes washers and dryers.
Electric fans.
Electric blankets.
Electric heating pads.
Sewing machines.
Water softeners and conditioners.
Floor buffers, waxers, rug cleaners, vacuum cleaners.
Electric sweepers.
Intercommunication devices.
Automatic door openers.
Water heaters, including immersible water heaters.

II. Kitchen appliances including but not limited to—
Ranges.
Ovens (electric, gas, and microwave).
Refrigerators.
Freezers.
Dishwashers.
Electric fry pans and skillets.
Electric hot plates and grills.
Cutlery and openers.
Electric coffeemakers and kettles.
Electric toasters.
Rotisseries.
Electric steam and travel irons.
Electric mixers.
Electric blenders.
Knife sharpeners.
Electric broilers.
Garbage disposers.
Griddles.
Electric waffle irons.
Faucet water heaters.
Electric ice crushers.
Electric ice makers.
Electric ice-cream makers.
Electric slicers.
Electric scissors.
Electric defroster devices.

III. Space heating, cooking, and ventiliating appliances including but not limited to—
Air conditioners.
Fans.
Humidifiers.
Vaporizers.
Dehumidifiers.
Ionizers.
Boilers.
Furnaces including floor furnaces.
Space heaters.
Fireplaces.
Incinerators.

IV. Housewares including but not limited to—
Cooking utensils and ovenware.
Meat grinders.
Pressure cookers.
Ironing boards and covers.
Waste containers.
Coffee makers and teapots.

V. Home entertainment appliances and equipment including but not limited to—
Television sets.
Radios.
Sound and video recording and reproducing equipment.
Electrical musicl instruments.
Picture projectors.
TV and radio antennas.

VI. Home furnishings, fixtures, and construction materials including but not limited to—
Furniture including convertible and lawn furniture.
Electric fixtures, wiring devices, generators and distribution systems for use in or around the household.
Gas equipment, pipes, tubing, fittings and distribution systems for use in or around the household.
Plumbing fixtures and systems for use in or around the household.
Structural glass and galss doors.
Stairs and handrails.
Runners.
Ladders and stepstools.
Indoor-outdoor carpeting.
Electrical cords.
Extension cords.
Gas and electric meters.
Insulation materials.
Lamps and accessories.
Medicine cabinets.
Bathtub and shower enclosures.

VII. Home alarm, escape, and protection devices including but not limited to—
Fire extinguishers.
Fire alarms.
Fire escape devices.
Burglar alarms.
Ground fault circuit interrupters.
Lightning arresters, rods, and grounding systems.

VIII. Home workshop apparatus, tools, and attachments including but not limited to—
Power saws.
Power drills.
Power sanders.
Power routers.
Power lathes.
Power grinders.
Other portable and stationary power tools.
Torches.
Welding equipment.
Soldering guns and irons.
Hoists and lifts.
Test equipment.
Battery chargers and batteries.
Portable lights and power supplies.
Motors.
Hand tools.

IX. Home and family maintenance products including but not limited to—
Cleaning agents and compounds.
Bleaches.
Solvent based cleaning and sanitizing compounds.
Waxes.
Polishes.
Fumigants.
Paints and thinners.

X. Farm household equipment including but not limited to—
Electric fences.
Home pasteurizers.
Garden tractors.
Machinery for use in or around the farm household.
XI. Packaging and containers for household products including but not limited to—
Pressurized containers.
Vacuum containers.
Self-contained openers and resealable closures.
Storage containers for liquids and gases.
Glass bottles and containers.
Plastic packaging products.
Child-resistant closures.
XII. Sports and recreational equipment including but not limited to—
Playground equipment, swings, slides, and associated hardware.
Bicycles and other cycles.
Boats, motors, and accessories for recreational use.
Protective headgear and other body protective sports equipment.
Fishing equipment.
Underwater equipment.
Winter sports equipment including skiis, sleds, and hockey equipment.
Golf carts.
Snowmobiles.
Beach equipment.
Picnic equipment, coolers, cooking devices.
Camping trailers.
Camping equipment.
Stationary and portable grills (charcoal and gas).
Swimming and wading pools and associated equipment.
Photographic equipment and accessories.
Charcoal igniters.
Rebound tumbling devices.
Playhouses and treehouses.
Archery equipment.
Scooters and motors.
Gas, air, and spring-operated guns.
XIII. Toys including but not limited to—
Wheeled toys, powered and unpowered.
Dolls.
Kites.
Toy guns and other toy weapons.
Skates and skateboards.
Games and kits including rocketry sets, electric toys, and chemistry sets.
Fireworks and explosives.
XIV. Yard and garden equipment including but not limited to—
Power mowers of all types.
Other power garden tools.
Handmowers.
Hand tools.
Trimmers and edgers.
Tractors.
Snow throwers and plows.
Garden sprayers.
Outdoor lighting equipment and power supplies.
Chain saws.
Pumps.
Greenhouse equipment.
XV. Nursery equipment and supplies including but not limited to—
Highchairs.
Cribs.
Carriages.
Gates.
Blankets.
Walkers.
Bottle warmers.
Sterilizers.

Disposable diapers.
Furniture.

XVI. Personal use items including but not limited to—
Razors and shavers.
Hair dryers.
Hair curlers.
Cigarette, cigar, and pipe lighters.
Wigs.
Eyeglass frames.

XVII. Other products including but not limited to—
Metallic yarn (may be used for kites).
Footwear.
Christmas and other seasonal decorations (including trees).
Internal combustion engines, for use in or around the household.
Switchblade and gravity knives.
Mobile homes and related equipment.
Matches.

In investigating the foregoing categories of household products, the Commission will consider such products in terms of the nature of energy exchange constituting hazards to consumers. Examples of such hazards are—

Electromagnetic radiation.
Thermal.
Mechanical.
Explosive.
Electrical.
Chemical and biological.

Interested persons are invited to submit their views or comments, in writing to, the National Commission on Product Safety, 1016 16th St. NW., Washington, D.C., concerning any risk of injury or the absence of risk of injury with respect to any category of household product included in this list. The Commission desires to emphasize that the inclusion of a category of household product on this list does not indicate that the Commission has reached any conclusion with respect to the existence or nonexistence of any unusual hazard to the consumer, but merely that the Commission will study and investigate such products to the extent that time and the Commission's resources permit.

The Commission may from time to time publish additional categories of household products, which it intends to study and investigate pursuant to Public Law 90-146.

Dated: July 26, 1968.

ARNOLD B. ELKIND,
Chairman, National
Commission on Product Safety.

[F.R. Doc. 68-9173; Filed, July 30, 1968; 8:51 a.m.]

Mr. ELKIND. These products do not come under any other legislation.

Mr. FLOOD. That is an answer.

Mr ELKIND. I will confess to one thing, and that is that we have found that as we have investigated various products, the manufacturers—naturally we talk to the manufacturers and they talk to us. We have an exchange of information. We find that they can and do make changes in their procedures. We have arranged for the Food and Drug Administration to withdraw, for example, a product that we found on the market that violated the Flammable Fabrics Act. We found it and there it was. It came out during our hearings, and if we had not been there perhaps the Food and Drug Administration would have found it anyway. So to that extent I suppose I could say in this particular instance there was some duplication.

Mr. FLOOD. I meant within the rule of reason.

Mr. ELKIND. We try very hard not to do any duplicating. This has been a guiding principle that we have used in discussing our work at Commission meetings and we have been very——

Mr. LEMOV. Mr. Chairman, on this question of duplication of effort, about one-third of our contracts are in an area Congress directed us to look into; namely, determining what State and local protection there is for consumers now.

Mr. FLOOD. What else?

Mr. LEMOV. Questions about what sort of common law protection the consumer has at the present time. I know of no agency that is in this area at all in trying to evaluate the kind of product safety protection that the State and local governments would give to the consumer. There is no duplication in that area in any way. I think the same thing is true in large measure in other areas.

Mr. FLOOD. We had a very lovely lady from Pennsylvania who took over Betty Furness job. She was talking about consumers from that angle. Are you trying to get into her act?

Mr. ELKIND. No. We are here to meet a special obligation that Congress gave us, told us to do a certain job.

Mr. FLOOD. You are a creature of statute?

Mr. ELKIND. Yes, sir. We have certain responsibilities under the law and we are trying to carry out what we were told to do. That is why we are here.

FUTURE FUNDING OF THE COMMISSION

Mr. FLOOD. That brings up this question: You know there is nothing in Washington more permanent than a temporary building or a temporary agency. How permanent are you? What can we expect in terms of future appropriation requests?

Mr. ELKIND. I will say this: Speaking for the legislation as it stands, it is temporary. Speaking for the chairman, who is myself, I can assure you that it is temporary, and as soon as this is over——

Mr. FLOOD. We are lucky to have you.

Mr. ELKIND (continuing). I will go back to practice. Whether the Commission, when they consider all of the facts, will be of the opinion that it might be salutary to continue an organization something like this——

Mr. FLOOD. For the Congress?

Mr. ELKIND. Recommending to Congress. Yes.

Mr. FLOOD. Suppose Congress should extend the authorization for 5 years; what would it cost? Give me a ball park figure.

Mr. ELKIND. I think the job could be done for a million dollars a year.

Mr. FLOOD. Mr. Shriver?

Mr. SHRIVER. Thank you, Mr. Chairman.

Where is the Commission located?

Mr. ELKIND. 1016 16th Street, Washington, D.C.

GLAZING OF PATIO DOORS

Mr. SHRIVER. You were talking about glazing patio doors. What does that do?

Mr. ELKIND. Safety glazing. If you go into a plate glass it breaks into sharp shards that can readily cut the veins and arteries and cause profuse bleeding. If you have safety glazing it looks just like the ordinary plate glass but if it is tempered you can hit it with a baseball and it won't break at all. When it does, it will just break into tiny

little pearl-sized objects. So the risks of cutting, lacerations are eliminated by the safety glazing.

STUDIES BEING CONDUCTED BY THE COMMISSION

Mr. SHRIVER. You mentioned several items that you have been working on. What are a few of these that you are researching, products to make more safe?

Mr. ELKIND. I have a list of our studies. Is that what you are interested in? I will put these in the record.

(The information follows:)

CURRENT STATUS OF SPECIAL SURVEYS

1. Privately owned laboratories—began January 16, 1969—124 laboratories participating.
2. Government laboratories—BOB approved questionnaire April 10, 1969—60–80 laboratories participating.
3. Insurance companies (products liability) began March 1, 1969 for 90 days. 471 companies participating—150 replies received to date.
4. Manufacturers questionnaire in final draft—pretesting stage.
5. Retailers—3 retail stores now pretesting questionnaire.
6. Utility companies—questionnaire being drafted.
7. Physicians—85,000 participating—reporting period April 7 to April 20, 1969—100,000 injury reports anticipated.
8. Hospitals—5,500—2 weeks survey to be completed before September 1, 1969.
9. Product repairs—questionnaire in draft form.
10. Standards setting organizations—initiated April 18, 1969—50 organizations participating.
12. Law Professors—questionnaire sent April 4, 1969—280 professors participating—14 replies received to date.

Mr. SHRIVER. That is what you are doing, research?

Mr. ELKIND. These are research projects that are special surveys. One is a questionnaire to privately owned laboratories that we began in January. There are 124 labs that are concerned. We want to find out what the capabilities are of these private labs, how they fit into the testing situation, whether there is such a thing as an independent testing laboratory, a term commonly used in industry, whether they are really independent, and so forth. Then we are checking our Government laboratories, of which there are between 60 and 80, depending on your interpretation of what consitutes a laboratory. We have a survey being done by the insurance industry; that is, that part of the insurance industry that writes product liability insurance.

They are taking the period of 90 days from March 1; 471 companies are involved in this survey. They are giving us their report on the products that have been involved in accidents in their files. We already have 150 replies.

We have a survey for manufacturers of the various products that we have listed in the register and that survey is now in final draft form. It is being pretested with several manufacturers. We have a survey for retailers. Some retailing agencies have their own testing facilities and their own laboratories for testing products. Others don't. Some are slag places that go buy any kind of junk and sell it out cheap.

We are interested in that situation. We have a questionnaire for power companies. Very obviously these are one of the sources, dangerous sources of energy in the home. We have power companies that are in a key position there and we have a questionnaire that we would like them to answer that will help us.

Mr. FLOOD. You are not going to run around like the Department of Agriculture with a blue seal and say grade A, are you?

Mr. ELKIND. No. We are interested in a system, Mr. Chairman, to see if there is some way, some suggestions that we can make, Congress may want to implement.

Mr. SHRIVER. All these things are interesting but you don't think it is really temporary?

Mr. ELKIND. My participation?

Mr. SHRIVER. No, I mean the Commission.

Mr. ELKIND. It is a good piece of legislation and I can see advantages in having a continued presence of a group with this capability.

Mr. SHRIVER. With a relatively small appropriation?

Mr. ELKIND. Low overhead operation.

Mr. SHRIVER. Thank you.

Mr. FLOOD. Mr. Natcher.

Mr. NATCHER. No questions.

Mr. FLOOD. Mr. Hull.

Mr. HULL. No questions.

Mr. FLOOD. Mr. Casey.

CONTRACT COSTS

Mr. CASEY. This $785,000 that you requested for additional other services, that is the bulk of your request?

Mr. ELKIND. Yes, sir, it is.

Mr. CASEY. Is that all just for contracts, or what else is in that?

Mr. ELKIND. It is all for contracts.

USE OF INTERNS TO REVIEW STATE AND LOCAL LEGISLATION

Mr. CASEY. Interns in that figure, too?

Mr. ELKIND. No. The interns we are going to cover in our regular or current budget. We are going to pay our interns out of the current budget.

Mr. CASEY. Money you already have?

Mr. ELKIND. Yes, sir.

Mr. CASEY. How many interns do you plan on having?

Mr. FLOOD. What is an intern?

Mr. ELKIND. Fellows sent to us from law school. One of our responsibilities is to check on the effectiveness of local legislation, State legislation, in this consumer protection area, as far as our products are concerned. We thought it best to get these young fellows out of law school and give them a few States and have them check up a few cities and check up and see how things are working out there.

Mr. CASEY. This is just a study to see what States are doing on their own in the way of consumer protection?

Mr. ELKIND. States and municipalities. This is one of our responsibilities under the legislation. We didn't think of this.

Mr. CASEY. You are not supposed to do that for every State, are you?

Mr. ELKIND. One of our charges is to make a review of Federal, State, and local laws relating to the protection of consumers against categories of such hazardous products, including the scope of coverage,

effectiveness of sanctions, adequacy of investigatory powers, uniformity of application, and the quality of enforcement.

This is quite a responsibility just on a local level.

Mr. CASEY. It is.

Mr. ELKIND. We have a lot to do. It is very hard to find the perimeter of our responsibilities here. Finally, I think we know where we are going but it costs money to do the job.

Mr. CASEY. You are supposed to make a report when you get through with the first TWO years?

Mr. ELKIND. Yes, sir. Then we are supposed to go out of existence. I think the presumption should be that we will at the end of June 30, 1970.

Mr. CASEY. Are you strictly adhering to what you were authorized in the bill or is the language so broad that you can get into any and every study?

Mr. ELKIND. No. We are sticking to the bill. Just one "but," I just can't resist this because human lives are involved and health. As we go along, making our investigation, this is strictly a byproduct. This is not by way of any intention but as we go along we have these opportunities to bring about improvements in the marketplace and in the Underwriters Laboratories which are very importart in the voluntary standards system. As we come into contact with these groups and trade associations and uncover something and they improve it, that eliminates hazards from the marketplace. That is just fine. It is not our principal charge. We are essentially charged with investigating and reporting. This is just something we are able to do very easily and without spending a great deal of time and money.

Mr. CASEY. That just follows from what you are pursuing, this comes from the manufacturer's attention and the industry's attention?

Mr. EKLIND. Yes. They see the need.

Mr. CASEY. They see the need and do something about it?

Mr. ELKIND. Yes, sir.

Mr. CASEY. They beat the lawmakers to the punch and do it themselves?

Mr. ELKIND. Exactly.

Mr. CASEY. I believe that is all, Mr. Chairman.

Mr. FLOOD. Mrs. Reid?

CONFLICTING INTERESTS

Mrs. REID. In your statement on page 2 you state: "We are considered the middle ground where advocates of conflicting interests are coming to reason with our professionals." Would you be good enough to explain what is meant by "conflicting interests?" Isn't the interest of everyone centered on making the best and safest product possible?

Mr. ELKIND. The conflict arises from the desire of some manufacturers to sacrifice safety in order to keep costs down. A case in point was illustrated by our experience with the Architectural Aluminum Manufacturers Association, a trade association for the glass and aluminum industry. Some manufacturers threatened to leave their association rather than adhere to an industry standard that would require safety glazing at an extra cost. We resolved the problem by

working with the association and finally by our public hearing in February.

INFLUENCE ON INDUSTRY

Mrs. REID. Do you feel that your studies and hearings have had an effect on influencing industry to develop safer products?

Mr. ELKIND. Unequivocally the answer to your question is "Yes." We have seen considerable evidence of this kind of progress toward consumer safety on a voluntary basis.

SELECTION OF CONTRACTORS

Mrs. REID. I note that the bulk of your request ($785,000) is for special contracts vital to the Commission work. What are some of the criteria used in selecting the universities and groups to be awarded contracts?

Mr. ELKIND. Competency is the most important criteria. We have attempted and will continue to attempt to select universities and organizations who have already demonstrated ability in the specific area in which we require studies and surveys. For example, we are considering a proposal for a design study of the safety of bicycles from the Cornell Aeronautical Laboratory which, of course, is already preeminent in the field of automotive safety testing. During the past fiscal year we negotiated a small contract for an evaluation of the safety of gas-fired floor furnaces and the adequacy of industry standards to Weiner Associates, Inc., of Baltimore, Md. This contractor was selected in part because of its extensive work in thermodynamics for the Department of Defense and the Atomic Energy Commission.

Minimal cost to the Government is, of course, essential and this is an additional criteria. Finally, we attempt to obtain as many proposals as possible from interested organizations, public and private, and universities so that we can evaluate their value to the government on a comparative basis.

We have carefully reviewed the work of previous Commissions in related areas, such as the Douglas Commission on Urban Problems, with a view to avoiding duplication and obtaining experiences and well qualified groups to engage in contract work. We also consult with other Government agencies and industry groups to get as many views as possible as to the qualifications of potential contract holders.

JUSTIFICATION MATERIAL

NATIONAL COMMISSION ON PRODUCT SAFETY

GENERAL STATEMENT

A. Authority

The National Commission on Product Safety was established by Public Law 90-146 (81 Stat. 466) effective November 20, 1967.

The Commission consists of seven Commissioners appointed by the President on March 27, 1968, one of whom was designated Chairman.

A Bill has already been introduced (S. 1590) to extend the Commission's authority through June 30, 1970, plus ninety days for closing activities, which will run through September 30, 1970. If such action is granted by the Congress, the Commission will ask that funds for fiscal 1970 be authorized and retained until expended.

B. Purposes

Pursuant to statute, the Commission is to conduct a comprehensive study and investigation of the scope and adequacy of measures currently employed to protect consumers against unreasonable risk of injuries which may be caused by hazardous household products. Such study and investigation will include consideration of the following:

(1) The identity of categories of household products which may present an unreasonable hazard to the health and safety of the consuming public;

(2) The extent to which self-regulation by industry affords such protection;

(3) The protection against such hazardous products afforded at common law in the States, including the relationship of product warranty to such protection; and

(4) A review of Federal, State, and local laws relating to the protection of consumers against categories of such hazardous products, including scope of coverage, effectiveness of sanctions, adequacy of investigatory powers, uniformity of application, and quality of enforcement of those laws.

C. Functions

The Commission is authorized to conduct hearings anywhere in the United States; to require by special or general orders the submittal of written reports and answers to Commission inquiries; to administer oaths; to require by subpoena attendance and testimony of witnesses and the production of documentary evidence; to invoke the aid of any district court of the United States to ensure compliance with such subpoena or order; to order that testimony be taken by deposition before a duly selected designee of the Commission with power to administer oaths; to pay witness fees; to request from any other department, agency, or independent instrumentality of the Government such information as is deemed necessary to carry out the functions of the Commission; to enter into contracts for the conduct of research or surveys, the preparation of reports, and other activities necessary to the discharge of its duties; to publish or withhold from publication information obtained by it; to delegate any of its functions to individual members of the Commission or to designated individuals on its staff; and to make such rules and regulations as are necessary for the conduct of its business.

D. Organization

The executive staff of the Commission consists of the Executive Director, the General Counsel, the Operations Chief, Director of Public Affairs, three Task Force Chiefs and Chief of the Investigation Unit.

To carry out its wide-ranging studies and investigations, the Commission has set up three task forces.

Task Force One - PRODUCT-INJURY IDENTIFICATION - collects and collates information on the relationship between household products and accidental injuries or deaths around the home. Certain investigations of this task force will be carried out independently. Others will require assistance from the National Health Survey, the Department of Health, Education, and Welfare, Food and Drug Administration, community surveys, coroners' reports, and with other fact-finding organizations.

Task Force Two - INDUSTRY SELF-REGULATION - will thoroughly analyze and evaluate the voluntary standards systems currently in effect. This will include design by experience, establishing and meeting internal standards, utilizing quality control and human factors, reliability failure, maintainability, and product safety analyses, complying with industrial safety and zero defects programs, complying with external standards, certification of compliance with standards including testing by an external group, including instructions and advertising consumer safety and warning information, recall of products found faulty, response

to consumer complaints and public inquiries about safety, emphasis by the legal staff on product improvement as well as on getting products liability insurance, and participation in the work of standards-setting organizations. The conclusion will be sought as to whether or not industry self-regulation provides sufficient consumer protection.

Task Force Three - LEGAL ANALYSIS - will compile, study, and analyze Federal, State and local statutes, regulations, codes, ordinances, together with the common law and all other existing legal means of protecting the consumer from accidental injury or death resulting from the use of household products. Product warranties and guarantees will be taken into account, the possibility of requiring products liability insurance for manufacturers of household products will be explored, and the effectiveness of such civil and criminal sanctions as now exist will be evaluated in terms of consumer protection.

Explanation of distribution of objects

Personnel Compensation - ($498,000) distributed as follows:

11.1 There are 29 permanent staff positions authorized for the Commission. Except for the Executive Director and General Counsel, the Commission is following regular Civil Service classification and compensation.

Amount: $378,000

11.3 Extensive and complex investigatory duties require a wide variety of skills and knowledge. Approximately 12 consultants will be employed at daily rates ranging from $50 to $100. Such consultants and intermittent employees include a biostatistician, chemist, mechanical engineer, economist, epidemiologist, safety engineer, fire protection engineer, physicist, marketing specialist, communications expert, health educator and related supporting skills as required.

Also included are Commissioners' salaries, based on the assumption that the Chairman will be required to work approximately ten days per month at $100 per day or $12,000 for one year. In addition, the other six Commissioners are expected to be on duty approximately five days per month at $100 per day for a total of $36,000.

Amount: $ 98,000

11.5 Overtime compensation is provided for 10% of the twelve positions under GS-10.

Amount: $ 7,000

11.8 Special personal service payments for reimbursement detail of employees from other agencies.

Amount: $ 15,000

12.0 Personnel benefits are estimated at 7.5% of $498,000. This provides for the Government's share of retirement benefits, health and life insurance benefits and social security contribution under the Federal Insurance Contribution Act.

Amount: $ 39,000

21.0 Travel and Transportation of Persons ($50,000)

Commission meetings are held monthly, either in Washington, or in association with public hearings scheduled bi-monthly in various cities within the United States.

Travel of Commissioners is based on the following:

1 Chairman - 10 days per month for 12 months @$30 per day	$ 3,600
6 Commissioners - 5 days per month for 12 months @$30 per day	$ 10,800
Total per diem	$ 14,400
Transportation - 7 Commissioners @$120/trip for 12 trips	$ 10,080
Plus contingencies of $520	$ 520

Total: $ 25,000

Witness travel expenses are based on assumptions that 25 witnesses will travel an average of 250 miles @10¢ per mile, or $625. Fees are estimated for 25 witnesses for 2 days each @$20 per day, or $1,000. In addition, air travel of witnesses is estimated at $875.

Amount: $ 2,500

For staff travel to hearings and meetings, plus necessary travel of Executive Director and staff in the conduct of continuing Commission activities, it is estimated that $22,500 will be required.

Amount: $ 22,500

23.0 Rent, Communications and Utilities ($45,000)

Rent and utilities for 5,000 square feet of office space @$5 will total $25,000. Phone costs are estimated @$800 per month, or $9,600 per year for local service, and $5,000 per year for FTS toll calls. Postage, telegraph and teletype services are expected to total $3,500. Approximately $1,900 is reserved for (1) international communications in connection with the assessment of international product standards, and (2) special communications relating to detailed investigative reports.

24.0 Printing and Reproduction ($47,000)

The cost of printing the final and interim reports of the Commission is estimated at $30,000. This will provide fifty thousand copies of approximately 400 pages with photographs and art work.

Printing office stationtery, envelopes and fact sheets will cost an estimated $5,000. Reproduction of internal documents and of material for the public will cost approximately $12,000.

25.1 Other Services and Contracts ($785,000)

Reimbursement of $15,000 to the General Services Administration will cover costs of personnel, payrolling, accounting and other administrative services. $2,000 will cover cost of job orders for renovations and repairs.

TASK FORCE I ($194,960)

1. Complete coding, keypunching, programming, computerization and printout tables for U.S. Physicians' Survey currently in process -- completion by August 1, 1969. $39,160

2. U.S. Hospital Survey - A survey of all hospitals over 50 beds which have an emergency ward or accident dispensary service. This is a prospective study for two weeks in summer of 1969 and will be conducted with the approval and under the auspices of American Hospital Association.

Estimates include printing, $2,700; shipping, $150; addressing, etc., $500; handling returns, $1,100; coding, keypunching, programming, computerization and printout, $31,350. Completed by September 30, 1969. $35,800

3. Contract with the Department of Health of District of Columbia to collect and investigate product related accidents occurring within its jurisdiction. A network of reporting hospitals to be established as a prime source of systematic information but also utilizing coroners reports, news items, reports by citizens, etc., as additional sources. This contract to include an investigation to follow-up reports with in-depth analysis of the accident situation.
Estimated cost - July 1, 1969 to July 1, 1970 $15,000

4. Similar contract as above with the Memphis, Tennessee, Department of Health. $15,000

5. Follow-up investigation of selected sample of the most frequent and/or the most severe product related accidents as reported in the surveys of hospitals, physicians and insurance companies. $20,000

6. Sampling Physicians' Survey with an insured percentage of return done as a pretest to determine feasibility of this method for a continuing prospective system of consumer product injury identification. To be done on a contract basis. $20,000

7. Study contract with management consultant firm or with individual consultants to design a model and outline a pretest of a continuous consumer product injury identification system and effective utilization of these data to reduce the hazards of consumer products to a reasonable level.

Suggested methods to be explored are:

1. Broad based Government sponsored consumer poll - interview type of technique either part of an existing system or new facility.

2. Cooperative Government-industry project combining feedback mechanism sponsored by manufacturers utilizing retrieval technique similar to warranty system.

3. Cooperative Government - volunteer - private agency consumer polling system of a rotating sample. $25,000

8. Contract with Association of Medical Coroners to provide detailed reports on post-mortem examinations and requests in cases of accidental deaths related to consumer products utilizing a selected sample. $25,000

TASK FORCE II ($240,000)

1. Engineering analyses of manufacturers' product safety programs. $50,000

   A series of small contracts would be let to engineering schools throughout the country, to send students who have completed their junior or senior year into selected manufacturing plants to observe and report on the product safety programs. This would verify and extend our Manufacturers' Questionnaire; the visit and report would follow a standardized format. It is planned that a small number of contracts would also be made to professional engineers in the south, midwest, and west to coordinate the regional efforts.

2. Analyses of certain self-regulation system elements. $50,000

   A. Analyses of selected standards and preliminary development of standards delimiting the energy modes of possible injury.

Thermal hazards	Weiner Associates
Chemical hazards	Howard University
Biological hazards	SysteMed Corporation
Mechanical hazards	Wayne State University

   B. Analyses of quality control and testing techniques. What is the practicality of 100% production testing? (Battelle Memorial Institute or Johns Hopkins Applied Physics Laboratory.)

3. Quantitative systems analyses, including an "economic" model of product risks. $50,000

   Preliminary discussions with Operations Research, Inc. and Ernst and Ernst, Management Consultants. The mathematical model of numbers of products in use in relation to their "hazard indices", costs of accidents, costs of modifications for increased safety, etc.

4. A search of patent files to discover what new devices affecting safety are being developed. $ 5,000

5. An analysis of advertising, warnings, labels, instructions, and other consumer education efforts. $10,000

6. Data storage, retrieval and analysis (ADP) $75,000

TASK FORCE III ($202,500)

1. A contract with a school of government or school of law for a survey of the product safety statutes of the fifty states and selected localities. Particular emphasis would be given to such statutes as apply to products enumerated in the Commission's list published in the Federal Register such as electrical appliances, gas appliances, power tools, outdoor power equipment, toys, recreational equipment, etc. The study would attempt to evaluate the scope of coverage, the effectiveness of sanctions, the adequacy of investigatory powers, the uniformity of application and the quality of enforcement of the state and local statutes and codes. $25,000

2. A contract with a law school for in-depth surveys of the operation of several selected state statutes applicable to specific household products, including funds available, personnel utilized in conducting investigations, actions commenced to enjoin violations. Emphasis will be on approximately twenty top priority products with a view to determining the uniformity or lack of uniformity of state regulation of the same product. $15,000

3. A contract with a law school for a study of the origin, evolution and present status of the common law with respect to the products enumerated in the Commission's list published in the Federal Register. This study will include a state-by-state review of the law, an in-depth product analysis of the uniformity or lack thereof of the law, and a study of the problems and shortcomings of common law protection of the consumer. $25,000

4. A symposium of various teachers, attorneys, and judges expert in the area of product liability law to attain a wide-cross-section of expert opinion on recommendations the Commission might suggest in the area of common law and Federal, state and local statutory law. $10,000

5. A contract with a law or business school for a study to examine various types of commonly used warranties of major manufacturing concerns, with a view toward determining the scope of warranty, the actual operation of such warranties and recommendations for improvement, if necessary. $10,000

6. A contract with a law or business school for a study of the impact of product liability insurance on product safety. This study would seek to determine the cost to the economy (in terms of payment of claims and judgments) of hazardous products, an analysis of types of products involved in liability suits, methods used by insurance companies to attempt to lessen hazards, differences in approach to preventing accidents, and methods by which insurance companies establish rates for various product policies. $20,000

7. A contract with a legal aid agency or bar association for a study of the incidence of product hazards in products sold to poor persons and minority groups, the degree to which low income and/or minority group consumers are aware of their rights regarding product liability claims and warranties, the effectiveness of the common law in protecting these groups from hazardous household products and specific safety problems of these groups. $15,000

8. A contract with a bar association or law school for a survey of lawyers who handle product liability suits, with a view to determining the categories of products involved in such suits, the ratio of decided cases to claims and settlements, and the ratio of claims to cases abandoned, settled, won or lost. $20,000

9. A contract with a law school for a study to determine the effectiveness of the operation of selected Federal laws covering products related to those under study by the Commission. For example, those statutes enumerated in Section 6 of Public Law 90-146. This study would set forth the various alternative methods by which products are currently regulated with a view to determining the effectiveness of sanctions, the adequacy of investigatory powers, the uniformity of application and the quality of enforcement. $25,000

10. A contract with a law school for an analysis of the impact of selected product liability cases resulting in recovery against manufacturers on improvement or lack of improvement on product design or manufacture. $10,000

11. A contract with a law school or law firm for a study of existing antitrust law (including administrative and court decisions) and its impact upon industry procedures for standards making and certification of products complying with such standards. $ 7,500

12. A contract with a law school specializing in international law for a study of the product safety statutes and their administration in other industrial nations such as England, Canada, France, Germany, Japan, and Sweden. $15,000

13. A contract with a school of law or government for a history of past and present, state and federal activities in the field of testing consumer products for safety. Such history would include the scope of such activities, the reason for their commencement and discontinuance where applicable. $ 5,000

(25.1) Contracts for laboratory testing services $130,540

26.0 Supplies and Materials $ 10,000
This provides for supplies and material for the office.

31.0 Equipment $ 1,000
This will provide for purchase of a limited amount of photographic and office equipment. Major purchases were made during fiscal 1969.

INTER-AGENCY COMMITTEE ON MEXICAN AMERICAN AFFAIRS

WITNESSES

JOSE A. CHACON, EXECUTIVE DIRECTOR, IACMAA
GEORGE UPSHAW, ADMINISTRATIVE ASSISTANT, IACMAA
A. J. CRATEN, BUDGET REPRESENTATIVE, GSA
H. Z. DAVIS, LIAISON OFFICER, GSA

Inter-Agency Committee on Mexican-American Affairs

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Permanent positions	169	273	288
Positions other than permanent	41	10	10
Other personnel compensation	19	10	10
Special personal service payments	1		
Total personnel compensation	230	293	308
Personnel benefits: Civilian employees	14	21	24
Travel and transportation of persons	35	21	22
Transportation of things	2	2	2
Rent, communications, and utilities	80	78	80
Printing and reproduction	49	30	30
Other services	61	36	35
Supplies and materials	7	6	7
Equipment	2		2
Total costs funded	480	487	510
Change in selected resources	2	−2	
Total obligations	482	485	510

PERSONNEL SUMMARY

Total number of permanent positions	27	29	29
Full-time equivalent of other positions	4	1	1
Average number of all employees	21	26	26
Average GS grade	8.9	9.3	9.3
Average GS salary	$9,977	$10,793	$10,973

PROGRAM AND FINANCING (In thousands of dollars)

Program by activities:			
1. Resolution of problems of Mexican-Americans	360	487	510
2. Conference on problems of Mexican-Americans	120		
Total program costs, funded [1]	480	487	510
Change in selected resources [2]	2	−2	
Total obligations	482	485	510
Financing:			
Receipts and reimbursements from: Federal funds	−485	−485	
Unobligated balance lapsing	3		
Budget authority (appropriation)			510
Relation of obligations to outlays:			
Obligations incurred, net	−3		510
Obligated balance, start of year	9	42	
Obligated balance, end of year	−42		−30
Adjustments in expired accounts	−1		
Outlays	−37	42	480

[1] Includes capital outlay as follows: 1968 $2,000; 1969, $0; 1970, $2,000.
[2] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1967, $0; 1968, $2,000; 1969, $0; 1970, $0.

Mr. FLOOD. Now we have the Inter-Agency Committee on Mexican-American Affairs. The presentation will be made by Jose Chacon, the Executive Director.

Mr. Chacon, do you have somebody with you that we should know?

Mr. CHACON. Mr. Chairman, yes. I have Mr. George Upshaw from my office, and the General Services Administration gives us administrative support. Mr. Zeke Davis is here. Mr. Art Craten, from the General Services Administration.

Mr. FLOOD. Where were you born, Mr. Upshaw?

Mr. UPSHAW. Nashville, Tenn.

Mr. FLOOD. How do you wish to proceed?

Mr. CHACON. I would like to proceed informally, if I may.

Mr. FLOOD. Very well. We will, of course, place your supporting documents in the record at the end of the hearing.

Mr. CHACON. I would appreciate that.

GENERAL STATEMENT

Mr. CHACON. Mr. Chairman, Congresswoman Reid, and members of the subcommittee, my name is Jose Andres Chacon. I am originally from New Mexico. I am the Executive Director of the Inter-Agency Committee, having held this position since December 9 of last year.

Mr. FLOOD. I couldn't help but notice your ring.

Mr. CHACON. I graduated from the Military Academy at West Point.

Mr. FLOOD. When?

Mr. CHACON. 1951.

Mr. FLOOD. What was your outfit?

Mr. CHACON. I was with the 3d Bomb Wing. After graduation, the Third Bomb Wing in Korea.

Mr. FLOOD. What was your job?

Mr. CHACON. I was a pilot. Congresswoman Lusk appointed me to the Military Academy. Maybe some of you knew her

The Inter-Agency Committee was created by Presidential memorandum on June 9, 1967. I think the total expenditures authorized for that portion of the fiscal year 1967 were $95,000. To clarify what the Inter-Agency Committee is all about. I detect, in many cases, when I talk to people in Washington a certain amount of insensitivity. The Inter-Agency Committee is concerned with domestic problems. We deal with Mexican Americans who are citizens of this country. We have nothing to do with foreign affairs. The purpose of the creation of the committee was to insure that Federal programs are reaching Mexican Americans——

Mr. FLOOD. No striped pants in your outfit?

Mr. CHACON. No striped pants at all. Mexican-Americans is a generic term used to cover all Spanish-speaking citizens in this country who are all descendents of Spanish-speaking people and who are within the continental limits of the United States. It includes predominantly Spanish surnamed people who either were born in the Southwest or migrated from Mexico to Southwestern States. When we talk about that, we mean California, Arizona, New Mexico, Texas, and Colorado.

Mr. FLOOD. Be careful. I had an ancester who came over with Menendez. You don't go back that far? St. Augustine?

Mr. CHACON. Yes, sir. My ancestors came before anybody landed at Plymouth Rock.

In the northern part of New Mexico and southern part of Colorado there are great pockets of poverty. As a matter of fact, the Senate committee concerned with hunger and malnutrition, I just heard a report on the radio last night about families in New Mexico that have been identified as subsisting on weeds and chipmunks. This is happening today. These are Spanish-speaking people who settled here many, many years ago. It includes also those who have come up from Latin America and people who came here from Spain, Puerto Ricans who come to New York. We are concerned with all these people. We have very little authority. We were created by Presidential memorandum. On the committee are the Secretary of Labor, Secretary of HEW, Secretary of Agriculture——

PRESIDENTIAL MEMORANDUM ESTABLISHING THE COMMITTEE

Mr. FLOOD. This might be a good place to place in the record the Executive order which established this committee 2 years ago?

Mr. CHACON. Yes, sir. This is a copy of the Presidential memorandum. There was no Executive order.

(The Presidential memorandum follows:)

THE WHITE HOUSE

WASHINGTON

JUNE 9, 1967.

Memorandum for:

Hon. W. Willard Wirtz, Secretary of Labor.
Hon. John W. Gardner, Secretary of Health, Education, and Welfare.
Hon. Orville L. Freeman, Secretary of Agriculture.
Hon. Robert C. Weaver, Secretary of Housing and Urban Development.
Hon. R. Sargent Shriver, Director, Office of Economic Opportunity.
Hon. Vicente Ximenes, Commissioner, Equal Employment Opportunity Commission.

Over the past 3 years, many members of my administration have had discussions with Mexican-American leaders and others interested in their problems. They have discussed the value of our programs to Mexican Americans in their search for equal opportunity and first-class American citizenship.

The time has come to focus our efforts more intensely on the Mexican Americans of our Nation.

I am, therefore, asking the Secretary of Labor, the Secretary of Health, Education, and Welfare, the Secretary of Housing and Urban Development, the Secretary of Agriculture and the Director of the Office of Economic Opportunity to serve on an Interagency Committee on Mexican-American Affairs. I am asking Commissioner Vicente Ximenes of the Equal Employment Opportunity Commission to chair this committee.

The purpose of this committee is to

—assure that Federal programs are reaching the Mexican Americans and providing the assistance they need and

—seek out new programs that may be necessary to handle problems that are unique to the Mexican American community.

I am also asking this committee to meet with Mexican Americans, to review their problems and to hear from them what their needs are, and how the Federal Government can best work with State and local governments, with private industry, and with the Mexican Americans themselves in solving those problems.

I would like to be kept informed, at periodic intervals, of the progress being made.

LYNDON B. JOHNSON.

Mr. CHACON. The other members of the committee are the Secretary of Housing and Urban Development, and later on the Secretary of

Commerce was added. The Director of the Office of Economic Opportunity was also originally appointed to the committee.

The chairman of the committee is a member of the Equal Employment Opportunity Commission, Commissioner Vincente T. Ximenes. Commissioner Ximenes has submitted his resignation. His resignation has not been acted on to this moment. We understand that the President has selected a replacement for the Commissioner. To my knowledge it has not been officially announced. At the moment we are continuing to operate; we have a total authorization of 29 people. We are down to 20. We have not filled the positions because of the uncertainty of the situation. Our job, our function in life is to do whatever possible, whatever we can to help Mexican Americans improve their status in life. By all the indices of poverty in many cases, Mexican Americans are in a worse situation than the Negro community.

Mr. FLOOD. I think that is just coming to the fore very recently. This is totally unknown in our part of the country.

Mr. CHACON. Just beginning to realize this. It has been.

Mr. FLOOD. You have a right to your position. You have been here a long time?

Mr. CHACON. Yes, sir. It has been a very difficult job to get this message across. I think that we are just beginning.

Mr. FLOOD. I am amused that some people take you for foreigners because some of you cannot speak English very well. They have been here many generations, some of them.

How was this funded last year?

SOURCE OF FUNDS IN FISCAL YEAR 1969

Mr. CHACON. We are funded by contributions from the member agencies like HEW. They made a commitment to contribute $72,500 and each one of the other six-member agencies made that commitment. We have not received all of the monies.

Mr. FLOOD. What about this year?

Mr. CHACON. I am talking about this year, 1969.

COMMITTEE HEARINGS AND RECOMMENDATIONS

Mr. FLOOD. The budget document says, "The committee is seeking to assure that the recommendations resulting from the initial hearings held in October 1967 are carried out."

That is the end of the quotation. What hearings are you talking about? What recommendations?

Mr. CHACON. Shortly after the committee was created in June of 1967 the committee staff began to plan for hearings to be held in El Paso. There had been some suggestions made for a White House Conference on Mexican-Americans. It was decided—rather, the Commissioner and his advisers decided that rather than have a White House conference they wanted to have hearings where the Mexican-Americans themselves would come together with officials of the various agencies, high-level, Cabinet-level officials, and Mexican-Americans would be given an opportunity to discuss with these high Cabinet-level officials the solutions to community problems.

Mr. FLOOD. What were the recommendations?

Mr. CHACON. The recommendations—I have a list.

Mr. FLOOD. Tell me generally. What were the guts of the thing?

Mr. CHACON. The recommendations are broken down as they apply to each one of the Departments. To give you an example, some of the recommendations were elimination of the bracero program which was administered by the Department of Labor, where Mexicans were brought up to the United States to work here on the terms of the so-called bracero program. That has been terminated. That has been one of the recommendations that was carried completely through. The reasons for these recommendations are obvious. Bringing in cheap labor in effect puts people in our country, and particularly on the border States, out of jobs. It causes to a great extent some of the social problems.

Mr. FLOOD. Are you sure that these recommendations are being carried out?

Mr. CHACON. Not all of them, no, sir. I was not on the staff then. I came on the staff in January 15 of last year, but I attended the Cabinet hearings and I participated and I was in charge of some of the activities there. Shortly after I came aboard we began to compile, based on the testimony presented at El Paso, concrete and definite recommendations for each one of the departments as they applied, sometimes, to agencies not even part of the committee. We have no real authority. The authroity of the committee that we have is authority of persuasion.

ACTIVITIES OF THE COMMITTEE

Mr. FLOOD. What are your day-to-day activities to assure that these things are being carried out even only with the weapon of persuasion? What do you do in the morning at 9 o'clock? What do you do day by day?

Mr. CHACON. I begin my day rather early. I either have a meet ing scheduled with some particular individual to discuss some of the current day-to-day problems that arise, or shortly after the El Paso hearings when we sat down and outlined the recommendations we scheduled meetings with the particular department, say Agriculture, Forest Service.

Mr. FLOOD. This is not a one-man show?

Mr. CHACON. No. We have a staff, an authorized staff of 29. For a while there we didn't have many bilingual, bicultural people on the staff. Now we do have.

Mr. FLOOD. That is no problem; is it?

Mr. CHACON. It is a problem.

Mr. FLOOD. It is?

Mr. CHACON. It is.

Mr. FLOOD. I am surprised to hear that.

Mr. CHACON. Problems of finding Mexican-Americans that are willing to locate in the Eastern States is a difficult one. Even though there are many unemployed, a lot of them don't have the skills necessary to do this kind of job. So it is a real problem. It is not just a problem of finding them, but to begin with, the staff was brought together and the Commissioner was handed the staff with no further vacancies. There had to be some vacancies created before people could be brought in.

Mr. FLOOD. Are you concerned only with Mexican-Americans? What about the Puerto Ricans and the Cubans?

Mr. CHACON. Although the committee is called Mexican-American Affairs, we handle any problem that comes in to us or we become involved in problems of Puerto Ricans and Cubans as well as Mexican-Americans.

Mr. FLOOD. Miami?

Mr. CHACON. I have not personally been to Miami; no, sir. We have brought in people from the Cuban sector to meet with us. We formed one of the activities after concluding that one of the problems is that there are not enough Mexican-American people in banks, business, savings and loan associations, and so forth. We brought together people who had made attempts to get bank charters and we formed a national Spanish-speaking businessmen's association.

Mr. FLOOD. Harlem, Puerto Ricans?

Mr. CHACON. Yes, sir. I can name Julius Fernandez and Irme Santells who are Puerto Ricans.

Mr. FLOOD. Suppose for the record you show us several examples of where your concern goes beyond the Mexican-Americans and includes the Puerto Ricans and the Cubans?

Mr. CHACON. Yes, sir.

(The information follows:)

Examples of activities of the Interagency Committee on Mexican American Affairs undertaken in the Puerto Rican sector are: Assistance in coordinating with Federal Government agencies in order to push for funding various proposals which Puerto Ricans submitted to government agencies. Funding action is still pending on these programs.

Proposal to establish two veterans opportunities centers sponsored by a Mexican American and a Puerto Rican organization.

Proposal: Family planning education program (New York City).

Proposal: East Harlem Tenants Council Block project (Harlem).

Proposal: Project Welcome—Council of Spanish Speaking Organizations of Philadelphia, Pa.

Proposal: Spanish-speaking Businessmen's Association; a group of Mexican American and Puerto Rican business leaders formed the SSBA to mutually assist the Spanish-speaking community on business matters. Funding action is pending in the Small Business Administration.

Midwest Conference on Mexican American and Puerto Rican Affairs on October 19, 1968. The Interagency Committee sponsored this conference for the Puerto Rican and Mexican American communities of the Midwest.

Mr. CHACON. Let me continue with this example. One of the problems that I have seen of this heterogeneous population, is there has not been enough cooperation within the population Spanish-speaking, whatever their background is.

Mr. FLOOD. Are you forming a bloc? Are we financing the formation of a bloc?

Mr. CHACON. No. We feel there is a need for this group to work together. They have common cultural ties and interests. So we want to encourage crosstalk and exchange of ideas so that they can work together. Because of this we have another organization that I will mention a little later. This one on business we are trying to encourage.

There is only one Mexican-American bank in this country, that is the Pan-American Bank in Los Angeles. This is a real problem. Mexican Americans, in the Southwest, to a great extent do not have banking facilities available to them. They have to depend on loan shark

operations, on the small financial institutions, and they wind up paying in many cases up to 40 percent interest on loans readily available to the majority of the population for 6, 7, and 8 percent.

EFFECT OF A REDUCTION IN THE BUDGET REQUEST

Mr. FLOOD. You read the newspapers and you know that the budget situation is very tight.

What would happen if Congress would appropriate $400,000 or even $300,000 for this committee instead of the $510,000. Would the Rio Grande change its course?

Mr. CHACON. It did that, and that is the reason for the Chamizal agreement. The Mexican American has been the forgotten minority for a long, long time.

Mr. FLOOD. I agree with that.

Mr. CHACON. The Mexican Americans themselves are becoming more and more militant. We have gone to foundations, for instance, to get programs funded and people in the foundations tell us well, you are not among our priorities, you do not riot. I detect this is changing.

You saw what happened at Del Rio recently perhaps. There was a mass meeting there, people that finally have had enough. There were some VISTA volunteers there that had organized the people and the county commission decided to get these volunteers out of there because they were organizing the Mexican Americans and they are going to make demands.

Now the VISTA volunteers have been ousted. What this did is solidify the Spanish-speaking people in that part of the country and they came down and marched up Main Street and staked a "manifesto" on the door of the courthouse that says in effect "Ya basta". Enough is enough. We have had it. We are going to demand first-class citizenship.

The Interagency Committee has been and continues to be the focal point within Government with the little authority that we have for the Spanish-speaking people. We cannot march up and down streets and that sort of thing, but we have tried to get people to present their demands in an across-the-table manner by means of conciliation, personal confrontation and persuasion, and by reasoning together.

I suspect that there is a real possibility that the problems are going to happen, they are going to happen in Los Angeles, they are going to happen up in New York, the Puerto Ricans very definitely.

Cubans, to be frank with you, are a different breed of people. Cubans have special legislation. In the first place, people that came over from Cuba were professionals. By and large, the people from Cuba were professional people. They have special legislation.

The Government of the United States can hire Cubans. It is much different for the alien that comes from Mexico. He cannot be hired until he becomes a citizen. So the Cuban has his problems, but they are different and there is an agency over in HEW, the Cuban Affairs Office, that has been servicing the population down in Dade County very well. So we really do not get too deeply involved with Cubans. Specific cases, yes.

We do a lot of case work. We have brought the Cuban representatives into the Spanish-speaking Businessmen's Association, not for

purposes of forming blocks but for purposes of solving common problems.

Mr. FLOOD. Mr. Shriver?

Mr. SHRIVER. I have no questions.

Mr. FLOOD. Mr. Natcher?

Mr. NATCHER. No questions.

Mr. FLOOD. Mrs. Reid?

Mrs. REID. No questions.

Mr. FLOOD. Mr. Hull?

Mr. HULL. No questions.

Mr. FLOOD. Mr. Casey?

COLLEGES FOR MEXICAN AMERICANS

Mr. CASEY. In your justification, the last paragraph on the first page, you state that although the problems are worse than those of other minorities and community resources are scarce, the Mexican Americans have no colleges or other educational institutions that they can call their own.

Of course, I thought we had been striving in this country to have all colleges and educational institutions belong to everyone, and we have now gone through this with the Negroes.

First they wanted all the colleges open, and now some of them say they want their own colleges or institutions. What is your opinion on this?

Do you think we should build up say a Mexican-American college as such?

Mr. CHACON. No, sir. I do not think this is an argument for that kind of thing. I think it is an argument to point out that in contrast the Negro minority have 200 or more colleges throughout the Southern States.

I work right next to plans for progress and they have on the wall a map that pinpoints the colleges where they have programs to visit on the youth motivation program. There is not one college in the United States that can be said is a Mexican-American college and to some extent maybe that is good.

Now there are many people in the Spanish-speaking community that would want to have at least one college in this country that could be identified as such, this is a Spanish-speaking university, not a Spanish-speaking one, but where the emphasis is on the culture and the history of the Spanish-speaking people.

And there is a strong current of demand for ethnic studies throughout the Southwest. Many universities in the Southwest, the University of New Mexico, Stanford University, University of California, many other small colleges are establishing ethnic studies on Mexican Americans.

I do not believe personally there ought to be any university that is identified as only for Mexican Americans or for Cubans or Puerto Ricans or that kind of thing.

Incidentally, one of the things the committee has done in order to help Mexican American and Spanish-speaking college graduates, we got the Sandia Corp., for whom I worked for 14 years, I was basically a computer specialist and systems analyst, I asked them to put on their computer data we got from

colleges. We have a list of graduates scheduled to graduate in 1969 that are Spanish speaking. We have here colleges from New York (Puerto Ricans), and by the time this is completed, we will have from Florida (Cubans) and other parts of the country.

When you look at the record, the State of Colorado in 1968 graduated only 200 Spanish surnamed Americans. The University of Berkeley with 25,000 and better enrollment, we have 26 graduating this year. We have more Mexican Americans in the State of California prison system than we have in that State's institutions of higher learning.

These are some of the shocking statistics that we have a great deal of difficulty in getting across to people. It is a very real problem.

When you talk about northern New Mexico, San Miguel County, with 18 percent unemployment, with almost 70 percent of the families on welfare assistance one way or the other, these are small populations in northern New Mexico, a sparsely settled country

Mr. CASEY. I do not disagree they need help and need to be stimulated and need to have something they can take pride in, but by the same token I was just hoping you would not be trying to encourage separating them from the rest of the society when what we are trying to do, I thought, was to make sure everybody realizes he is just as good as the next man here.

Mr. CHACON. I agree with you

Mr. CASEY. He should have all the opportunities to go to any university he wants to.

Mr. CHACON. This is an effort here to point out the problems and it is not an argument at all for establishing Mexican-American colleges although there are some efforts. There is an effort to establish a college that could bring together the two continents down in Arizona. There is an effort there by some local people and educators to make the Foreign Trade Institute into an international college whose emphasis would be on the Latin American and American studies.

This kind of thing I think does not mean that any person, any number of the students there would be Mexican Americans. It would mean the study emphasis would be on Latin America and American studies rather than a separate institution.

DEMONSTRATION AT DEL RIO, TEX.

Mr. CASEY. Where was this manifesto nailed on the courthouse doors?

Mr. CHACON. In Del Rio.

Mr. CASEY. Are you familiar with that operation out there?

Mr. CHACON. Only what I have read in the papers. I have not had any contact with the people down there. I met some people here who have been in contact down there.

Mr. FLOOD. Is that not Mr. Gonzalez' district?

Mr. CASEY. It is not in Congressman Gonzalez' district, but he is involved in it or being brought into it occasionally. You have people from his district out at Del Rio participating.

Mr. CHACON. I believe that is correct.

I believe the problem you are referring to is the Civil Rights Commission had some hearings in San Antonio.

Mr. CASEY. The thing I do not like to see and I do not think you do either is where they try to advance their cause, not by a positive, but by what I call a negative approach, start calling some of the local officials gringos and start making picket signs to that effect, down with the gringos and things of that nature where the rest of the country gets a complete misconception of what they call a gringo. Of course they have their own definition of a gringo.

Mr. CHACON. This of course is happening down there and in many cases we have some young Anglo college students joining the Mexican-American Associations and going out trying to out-Mexican the Mexicans. This happens.

Mr. CASEY. The Ford Foundation started them out, did they not? One of the groups down there. Did not the Ford Foundation give them about $680,000 to get started?

Mr. CHACON. The Southwest Council of La Raza was funded by the Ford Foundation; yes, sir. I do not believe the Southwest Conference of La Raza was involved at Del Rio. I believe mainly Del Rio was the Mexican-American Youth Organization.

Mr. CASEY. But MAYO is funded by the Ford Foundation, too, indirectly by getting money from the council. So the newspapers say.

Mr. CHACON. I am unaware of that. My impression was that MAYO as a matter of fact did not have any funds at all. I have not detected any.

Mr. CASEY. I do not know except what I read in the newspaper accounts and they can be wrong, as you and I know. But the only thing I wanted to make sure is that we do not build up another separate entity in this country who let their pride and eagerness to be identified be so strong that they want to move separately from the rest of our society. I think that is completely contrary to what we have been building to.

Thank you, Mr. Chairman

Mr. FLOOD. I hold in my hand a clipping dated April 2, 1969, from the Washington Post, and the headline "Mexican-American Parley Shunned", by Stuart H. Loory, Los Angeles Times

"Representatives of 36 of the Nation's most prestigious foundations have refused invitations to a meeting on how they could help the second largest minority in the United States—the Mexican Americans—solve their problems.

"As a result, a disillusioned Vicente T. Ximenes is leaving his job as chairman of the Federal Government's Interagency Committee on Mexican-American Affairs."

The last paragraph says:

"They think we're stupid or dumb or maybe foreigners." Meaning the establishment.

Last paragraph: "Ximenes also related how, during the past 2 years, he had made appointments with top officials in Washington who, not realizing he was talking about a group of American citizens, expected him to describe problems in Mexico."

We will insert that in the record as an example of what you have in mind.

(The article follows:)

[From the Washington (D.C.) Post, Apr. 2, 1969]

MEXICAN-AMERICAN PARLEY SHUNNED

(By Stuart H. Loory, Los Angeles Times)

Representatives of 36 of the Nation's most prestigious foundations have refused invitations to a meeting on how they could help the second largest minority in the United States—the Mexican Americans—solve their problems.

As a result, a disillusioned Vicente T. Ximenes is leaving his job as chairman of the Federal Government's Interagency Committee on Mexican-American Affairs.

In the almost 2 years since former President Johnson created the committee and named Ximenes its chairman, the 49 year old New Mexican has not been able to convince the establishment that Mexican Americans are really there.

Ximenes, who will stay in a second job he holds—Commissioner on the Federal Equal Employment Opportunity Commission, rifled through a pile of letters from the foundations Tuesday and said:

"They think we're stupid or dumb or maybe foreigners."

The letter Ximenes sent out invited the foundations to send representatives to a meeting in Washington last March 22 to discuss "whether you would be interested in funding some specific proposals that we ourselves have prepared or that have been submitted to us by representatives of organizations within the community."

Of all the foundations which received the letters, the meeting was of interest to only two—the Josiah Macy, Jr. Foundation of New York, which said it is interested in helping prepare minority group students for careers in medicine, and the Sam Wyly Foundation of Dallas, Tex.

The refusals started with the big three among the foundations—Ford, Rockefeller and Carnegie. Siobhan Oppenheimer at the Ford Foundation wrote she would be happy to meet at a later date "to explore our mutual program priorities."

Leland DeVinney of the Rockefeller Foundation said he would be "glad to receive any report which may be developed from this meeting."

Sarah Dioguardi, secretary to Barbara D. Finberg of the Carnegie Foundation said simply that her boss had previous commitments.

Ximenes said the Ford Foundation has supported two Mexican-American projects in the past but he felt it could do more. He pointed, for example, to a newspaper clipping of last week announcing that the foundation had given $5 million in grants aimed at aiding minority groups and the poor.

"Not one of those grants went to a Mexican-American group," Ximenes said.

The stack of rejection letters finished, Ximenes said:

"We're just not that——— dumb, that's all; we are just not that dumb. We have proposals. They have all been drawn up professionally. There's no reason for them to turn us down."

Ximenes also related how, during the past 2 years, he had made appointments with top officials in Washington who, not realizing he was talking about a group of American citizens, expected him to describe problems in Mexico.

Mr. FLOOD. Thank you very much.

JUSTIFICATION MATERIAL

INTER-AGENCY COMMITTEE ON MEXICAN AMERICAN AFFAIRS

FISCAL 1970 BUDGET

I. GENERAL

On June 9, 1967 the President established a Cabinet Committee designated as the Inter-Agency Committee on Mexican American Affairs "to assure that Federal programs are reaching the Mexican Americans and providing the assistance that they need, and (to) seek out new programs that may be necessary to handle problems that are unique to the Mexican American community."

Initially the President appointed to the Committee the Secretaries of Agriculture; Labor; Health, Education, and Welfare; and Housing and Urban Development; and the Director of the Office of Economic Opportunity and on March 6, 1968 the Secretary of Commerce was added. Vicente T. Ximenes, a member of the Equal Employment Opportunity Commission, was appointed Chairman of the Committee.

The President created the Committee to help meet the pressing needs of a then estimated 6,000,000 Spanish-surnamed Americans -- the Mexican Americans of the Southwest, the Puerto Ricans on the mainland, the Cubans, and others.

Often forgotten, although the second largest in the nation, this minority has enormous problems.

The problems of the Mexican Americans are unique in dimension, geography, and cultural derivation,and there are factors which militate for their continuation unless vigorous action is taken. Similarly, the problems of the other Spanish-speaking groups in the country are marked by comparable characteristics.

The Spanish-surnamed population has most of the economic and social problems of the Negroes, but more so. Though the fact is not well known, the Mexican Americans in the Southwest have worse housing, greater unemployment and less education than the non-white population.

Although the problems are worse than those of other minorities, the community's resources are scarce. The Mexican Americans have no colleges or other educational institutions they can call their own, no substantial private institutions, virtually no funding for their organizations, and, until June 9, 1967, no unit of the Federal Government that was specifically concerned with their problems.

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Since June 9, 1967, the Inter-Agency Committee on Mexican American Affairs has served as the central liaison point between the Spanish-surnamed communities of the United States and the Federal Government. During Fiscal 1970, the Committee will continue the following services:

It will lend technical assistance to Federal agencies which have either grant-in-aid or direct programs of significance to the community so that these programs will match the real needs of the community;

It will also lend technical assistance to community organizations seeking program assistance from the Federal Government;

It will, as occasion demands, match the needs of the community, with both private and public resources outside the community;

It will lend technical assistance, in the research and statistics area, to Federal agencies, serving as a clearinghouse for the agencies and the community on what is happening in this field;

It will alert Federal agencies to the largely untapped personnel resources of the community, and will supply placement assistance to the agencies;

It will lend technical assistance to Federal agencies in the communications field, so that the Government can, in a meaningful way, let the community know what services are available to it, and what services are being provided;

It will provide technical assistance to the community on related legislation, agency and program guidelines and procedures as well as advice on legal issues in the field of civil rights;

All of these functions will be discussed in greater detail in the narrative describing the operating units of the Committee.

There has been a need for these services for a long, long, time. For a variety of reasons the community's very real needs had been neglected by the Government. During October, 1967, however, through the medium of Hearings summoned by President Johnson, the community's needs, and proposed solutions to the community's problems, were highlighted to the leaders of the Government in a history-making manner. As a result of these Hearings in El Paso the community is seeking and is expecting more Federal action. The Government, in order to meet these expectations, needs the kind of help which the Inter-Agency Committee on Mexican American Affairs is uniquely qualified to provide.

During Fiscal Year 1968 the Committee established itself as the focal point for the Mexican American. During this short period the problems of the Mexican American have been further clarified and magnified. We find that a better estimate of the population is 10,000,000 and that the problems in all areas of social and economic development are much more deep-rooted and complex than was previously believed.

During Fiscal Year 1969 the Committee is operating on a contributed funds basis at a Bureau of the Budget approved spending level of $485,000.00. Because of the urgency of the community's problems, as expressed in El Paso and elsewhere, the proposed budget for Fiscal Year 1970 is $510,000.00. This budget reflects an effort to continue meeting the pressing needs of the community on similar spending levels as in Fiscal 1969, with only a slight increase to cover forthcoming, government-wide salary increases.

II. FUNCTIONAL AND FISCAL

In organizing the staff of the Inter-Agency Committee on Mexican American Affairs, the Committee will continue to operate on the premise that it should rely to the fullest extent possible on the personnel and programs of the existing departments and agencies. The staff and budget of this office is to provide what cannot be drawn from the other agencies in carrying out the function of providing technical assistance, liaison, research, legal assistance, and communication.

Office of the Chairman:

The Chairman, who also serves as a Commissioner of the Equal Employment Opportunity Commission, functions as the head of the Inter-Agency Committee. The following positions will encompass his immediate staff for Committee activities:

Secretary	GS-9

Office of the Executive Director:

The Executive Director is concerned with the overall policy and direction of the Committee working within the general guidelines set by the Committee and the Committee Chairman.

The staff will consist of:

Executive Director	GS-17
Secretary to the Executive Director	GS-9
Receptionist	GS-4

Public Affairs Staff

Coordinated by the Executive Director, this office will help fill the very large communications gap which exists between the Government on the one hand, and the Spanish-surnamed population on the other. No other substantial community in the country is less reachable through ordinary communication channels, and perhaps no other community in the country can benefit as much by such communication.

Most Federal agencies do not communicate in Spanish to the Spanish language media of the Southwest, for instance, and virtually

none of them serve the northward-beamed radio and television stations which serve much of the Mexican American community from the other side of the border. This office will:

Stimulate a greater flow of information in Spanish from the Federal agencies via all media serving the Mexican American community and other Spanish-speaking communities.

Set up and work with an advisory committee of members of the information staffs of the various departments and agencies and officials of radio, television, newspapers and other media -- both English and Spanish language -- to develop a better flow of information to the Spanish-speaking communities.

Continue to develop and improve liaison with the organizations of Mexican American and other Spanish-speaking communities.

Proposed staff for this operation:

Information Officer	GS-13
Information Assistant	GS-9
Secretary	GS-8
Clerk-Stenographer	GS-5

Program and Technical Assistance Staff:

The Program and Technical Assistance staff is responsible for the dual activity of guiding Mexican American groups to the program resources of the Federal Government and helping Federal agencies cope more effectively with the needs of the community.

Since the lines of communication between the Mexican American community and the Government are still very tenuous, it is important that the Committee keep abreast of events and trends within the community, and it is equally important that the community know of the continuing concern and activities of the Administration.

A sampling of the programs to be carried forward are:

Encourage and assist Federal agencies to respond to the identified needs of the Mexican American community by the adaptation of existing programs or the creation of new ones.

Assist local Mexican American organizations in the field in devising and developing activities to meet their specialized needs through demonstration projects utilizing Government and private resources and stimulate the adoption as widely as possible of those activities which demonstrate success.

Work with private business and with labor to convince them of profitable opportunities in participating in the economic development of Mexican American communities.

Secure public and private resources (currently practically invisible to the community) to meet the needs of the community.

Conduct a systematic review of all major grant-in-aid programs to see to what extent they are serving the Spanish-speaking communities, and, at the same time, lend assistance to the operators of the programs so that the communities may be better served.

Conduct similar reviews of major direct action programs, with a particular emphasis on packaging the programs for the communities. (Medicare means nothing to a potentially eligible, monolingual beneficiary if he does not seek it because no one in the Social Security Office can explain it to him in Spanish.)

Serve as a one-stop office to Mexican American organizations seeking Federal programs and grant assistance.

Direct plans for promoting development of national cooperatives for Spanish-surnamed Americans to fill farming, housing, consumer and other needs uniquely felt by the community. This plan for social and economic development may be prepared through contract with private specialized organizations engaged in the development of cooperatives of this nature.

The proposed staff strength for this function is:

Assistant Executive Director Program and Technical Assistance	GS-15
Program Specialist	GS-11
Program Assistant	GS-7
Clerk-Typist	GS-4

Administration and Research Staff

The Administrative Office is responsible for all management services, including personnel, budget planning and execution, accounting and fiscal activities, mail and records, space, equipment, and other related duties.

The Office of Research maintains an overview of governmental and non-governmental research activities of interest to the Mexican American community. Essentially, this consists of evaluating and synthesizing the relevant research of others and the stimulation of such research.

At this time, there is literally no such institution as a Mexican American college or university, and with the demise of the Ford Foundation's Mexican American research project at UCLA, there will be no research clearinghouse of any kind for the community.

It is proposed to seek out and identify social and economic reference materials in government and private institutions and stimulate government, academic, and business development of additional material in this field.

It is proposed to cross-index social and economic reference material in the government departments and agencies, and private institutions. This is being done in cooperation with, and with the technical assistance of, the Library of Congress and other government libraries.

The research staff will continue to work closely with the Bureau of the Budget, the Census Bureau, the Civil Rights Commission, the Equal Employment Opportunity Commission, and other interested agencies on standardizing ethnic data collection systems, which will meet the tests of maximum efficiency and minimal irritation to the community.

It will establish an Advisory Committee from inside and outside Government to assist in the compilation of materials needed for the above, and thus reduce staff, travel and other costs to effect these needs.

Proposed staff for this office:

Assistant Executive Director Administration and Research	GS-15
Administrative Services Assistant (Personnel)	GS-9
Administrative Services Assistant (Office Services - Fiscal Clerk)	GS-9
Staff Assistant	GS-7
Clerk-Typist	GS-4
Clerk	GS-4
Data Processing Clerk	GS-3
Clerk	GS-1
Senior Research Assistant	GS-11
Research Assistant	GS-9
Secretary	GS-8

Placement and Government Liaison Staff:

Given the high degree of Agency interest in recruiting talented membersof the community and given the low level of Mexican American participation in Federal employment, this unit is and will continue to be working with Federal agencies and Federal contractors and providing assistance to others seeking to recruit Mexican Americans and other Spanish-surnamed peoples. It will:

Search for and discover Mexican Americans and other Spanish-speaking talent for placement in Federal agencies and in various private organizations.

Maintain liaison and conduct joint activities with the Civil Service Commission, other Federal agencies, the U. S. Employment Service and other organizations.

Establish a reservoir of consultants to be utilized by agencies according to special needs in special areas (both geographic and vocational).

Send Committee staff members to the field to pave the way for overall Federal Government recruitment.

Provide the agencies with the advice as to appropriate techniques for recruiting, including:

a. Basic data on best possible recruiting locations.

b. Lists of Mexican American organizations, federally-funded, in the manpower field.

c. Lists of other Mexican American organizations.

d. Lists of media which reach Mexican Americans.

Maintain a cross-indexed file of hundreds of Mexican Americans known to be interested in Federal employment.

Proposed staff for this activity:

Assistant Executive Director Placement and Government Liaison	GS-15
Placement Officer	GS-11
Liaison Officer	GS-9
Clerk-Stenographer	GS-4

Legislation and Legal Affairs Staff:

The Office of Legislation and Legal Affairs maintains contact with the Mexican American community and determines the need for and directs legal assistance where not available. It is proposed that this office will coordinate its efforts with the Mexican American Legal Defense and Education Fund, the American Civil Liberties Union, the American GI Forum Legal Defense Fund, and other similar voluntary organizations.

This office will also make legislative studies and recommendations to the member agencies based on demonstrated and observed need on the basis of continuous contact with the community.

The Legislation and Legal Affairs staff will consist of:

Assistant Executive Director Legislative and Legal	GS-15
Secretary	GS-7

Consultants:

Consultants on specific programs are required. However, use of this particular personnel is not required on a full-time basis.

It is proposed to use the following consultants during Fiscal 1970:

Consultants - Programs

10 days per year each (2)	$75.00 per day
14 days per year each (8)	$60.00 per day

Consultant to the Chairman

30 days per year (1)	$50.00 per day

U.S. SOLDIERS' HOME

WITNESSES

LT. GEN. ALBERT WATSON II, GOVERNOR
MAJ. GEN. T. R. STOUGHTON, DEPUTY GOVERNOR
COL. ERNEST L. JAMES, SECRETARY-TREASURER
COL. IVAN W. ELLIOTT, QUARTERMASTER
RAMOND A. GRITTON, BUDGET OFFICER
JAMES C. CAMP (M.P. & S.F. DIV., ODAB), BUDGET ANALYST

U.S. SOLDIERS' HOME

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation	4,829	5,131	5,431
Positions other than permanent	121	147	155
Other personnel compensation	225	254	250
Special personal service payments	57	67	67
Compensation of members	423	436	515
Total personnel compensation	5,655	6,035	6,418
Personnel benefits: Civilian employees	413	442	471
Travel and transportation of persons	1	1	4
Transportation of things	2	1	1
Rent, communications, and utilities	142	157	176
Printing and reproduction	6	6	6
Other services	399	352	465
Supplies and materials	1,240	1,284	1,352
Equipment	255	217	243
Lands and structures	86	172	78
Grants, subsidies, and contributions	1		
Subtotal	8,200	8,667	9,214
Quarters, subsistence, and laundry	—68	—65	—65
Total obligations	8,132	8,602	9,149

PERSONNEL SUMMARY

NONMEMBER EMPLOYEES			
Total number of permanent positions	843	858	889
Full-time equivalent of other positions	21	23	23
Average number of all employees	836	844	888
Average GS grade	4.6	4.6	4.7
Average GS salary	$6,207	$6,506	$6,547
Average salary of ungraded positions	$5,889	$6,204	$6,189
MEMBER EMPLOYEES			
Average number of employees	242	233	245
Average salary	$1,800	$1,835	$2,102

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Medical care	3,748	3,965	4,292
2. Domiciliary care	1,703	1,764	1,883
3. Administration and central services	2,681	2,873	2,974
Total program costs, funded—obligations	8,132	8,602	9,149
Financing:			
Unobligated balance lapsing	82		
Budget authority (appropriation)	8,214	8,602	9,149
Relation of obligations to outlays:			
Obligations incurred, net	8,132	8,602	9,149
Obligated balance, start of year	547	651	625
Obligated balance, end of year	—651	—625	—634
Adjustments in expired accounts	—1		
Outlays	8,027	8,628	9,140

CAPITAL OUTLAY

	1968 actual	1969 estimate	1970 estimate
U.S. SOLDIERS' HOME			
Other services	7	8	
Equipment		291	
Lands and structures		31	170
Total obligations, U.S. Soldiers' Home	7	330	170
ALLOCATION TO DEFENSE—CIVIL, ARMY			
Personnel compensation: Permanent positions	55	64	64
Personnel benefits: Civilian employees	4	5	5
Other services	5	5	
Lands and structures		849	9
Total obligations, Defense—Civil, Army	64	923	78
Total obligations	71	1,253	248

PERSONNEL SUMMARY

ALLOCATION TO DEFENSE—CIVIL, ARMY

Total number of permanent positions	7	8	8
Average number of all employees	7	8	8
Average GS grade	7.0	8.0	8.0
Average GS salary	$8,085	$8,230	$8,259

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
Permanent improvements (costs—obligations)	71	1,253	248
Financing:			
Recovery of prior year obligation	−32		
Unobligated balance available, start of year	−339	−605	−78
Unobligated balance available, end of year	605	78	
Budget authority (appropriation)	305	726	170
Relation of obligations to outlays:			
Obligations incurred, net	39	1,253	248
Obligated balance, start of year	3,302	1,402	325
Obligated balance, end of year	−1,402	−325	
Outlays	1,940	2,330	573

Mr. FLOOD. Now we have the U.S. Soldiers' Home. We have a statement of the Governor of the U.S. Soldiers' Home, Lt. Gen. Albert Watson II.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

We also have General Watson's biographical sketch which will be inserted in the record at this point.

(The biographical sketch follows:)

BIOGRAPHICAL SKETCH OF LT. GEN. ALBERT WATSON II

Albert Watson II, was born in Mount Vernon, Ill., January 5, 1909. He graduated from the U.S. Military Academy in 1930 and was commissioned a second lieutenant in the field artillery.

After 4 years as a battery officer at Fort Myer, Va., he attended the regular course at the Field Artillery School, Fort Sill, Okla., graduating in 1935; and the advanced horsemanship course; graduating in 1936. On July 13, 1935, he was married to Anne D. Bucher of Lewisburg, Pa. He remained at the Field Artillery School as an instructor and detachment commander until he was reassigned to Fort Riley, Kans., in 1941 to command a firing battery of the 3d Field Artillery Battalion. After a year he was placed in command of the battalion. During the period he commanded the battalion he attended the Field Artillery School field officers course. In 1943 he returned to Fort Sill, Okla., and served for a year as an instructor in the field officer's course.

In June 1944, he graduated from the Command and General Staff College and was assigned as assistant artillery officer of the 10th Army. He went overseas in August 1944 and served with the XXIV Corps and 6th Army in Hawaii, Hollandia, and Leyte. Returning to the 10th Army, he remained through the Okinawa operation, reporting to General Headquarters, Pacific for duty in the G3 section in October 1945.

After serving for 2 years with G3, General Headquarters in Tokyo, he was transferred to the United States for amphibious training duty with the Navy in Coronado, Calif. In May 1950, he was assigned to the faculty of the Army War College, first at Fort Leavenworth, Kans., and later at Carlisle Barracks, Pa.

In the summer of 1953 he was sent to Korea where he commanded successively the X Corps artillery and the 3d Infantry Division artillery. In September 1954, he was appointed assistant chief of staff, G3 for the 1st Army, Governors Island, N.Y. In July 1955, he was assigned to the office of the deputy chief of staff, personnel, Department of the Army, Washington, D.C. His assignment in that office as director of programs terminated in July 1958. General Watson assumed command of the 24th Infantry Division artillery, Munich, Germany, on September 16, 1958. In April 1960, he assumed command of the 3d Infantry Division and in May 1961, became the U.S. Commandant and Commanding General, U.S. Army, Berlin. On December 1, 1962, he was promoted to the rank of Lieutenant General. On February 2, 1963, he assumed command of 3d U.S. Army with headquarters at Fort McPherson, Ga. In August 1964 he was assigned Commanding General, U.S. Army, Ryukyu Islands, IX Corps and High Commissioner of the Ryukyu Islands. He held his post until October 31, 1966, when he was placed on the retired list.

He became the Governor of the U.S. Soldiers' Home on November 1, 1966.

General Watson has 2 children: Albert Watson III, Captain, U.S. Army, and John B. Watson of Atlanta, Ga.

General Watson has received many decorations including the Distinguished Service Medal with Oak Leaf Cluster, the Legion of Merit, the Bronze Star Medal, the Army Commendation Ribbon with Metal Pendant, and the American Defense Service Medal.

Mr. FLOOD. I see you have a statement. How do you wish to proceed?

General WATSON. With your permission, I would like to present it as it is given in written form, adding a comment here or there as we go along.

Mr. FLOOD. All right. We will do it your way.

General Statement

General Watson. Today I appear before the committee to justify the U.S. Soldiers' Home budget for fiscal year 1970. The appropriation request is forwarded to Congress with the President's budget, but the amount is not charged to the taxpeyer. The home is supported from a trust fund, not from the general revenues of the U.S. Treasury.

PURPOSE OF THE HOME

The Soldiers' Home was established by Congress in 1851 for the relief and support of old, invalid, or disabled soldiers of the Regular Army. While basic eligibility criteria for admission have remained unchanged, they have been extended to include airmen of the Air Force and enlisted women of both services. Members can spend their remaining days at the home independent of public assistance and secure in the knowledge that their personal contributions have helped to make the home possible. This permanent residence has been provided for over a century without cost to the taxpayer.

ADMINISTRATION

The general supervision and financial administration of the home was placed by Congress in a Board of Commissioners. Subject to approval by the Secretaries of the Army and Air Force, this Board has authority to establish regulations for the general and internal direction of the home. I am responsible to this Board for the management of the home. In June 1968, the Board was reorganized and reduced in number of members from 10 to seven. In addition to the Governor of the home, the Board is now composed of the following members:

The Surgeon General of the Army; Chief of Engineers of the Army; Comptroller of the Air Force; Assistant Deputy Chief of Staff, Personnel, of the Air Force; The Judge Advocate General of the Air Force; Assistant Deputy Chief of Staff, Personnel, of the Army.

PHYSICAL PLANT

The home has four domiciliary buildings, four hospital buildings, a service area, a heating plant and laundry, and miscellaneous facilities. It is situated in Northwest Washington, D.C., on approximately 300 acres of ground. The permanent capacity of the domiciliary area is about 2,460 beds with the two wings recently added to the Sheridan Building. Hospital capacity is 492 beds. The fiscal year 1969 appropriation provided for a 55-bed extension to the Pipes hospital building whcih will bring hospital capacity to 547 beds in 1970.

ADMISSION CRITERIA

Membership is a terminal benefit for former warrant officers and enlisted personnel of the Regular Army and Air Force with the following qualifications:

(1) Honest and faithful service for 20 years or more as warrant officers or enlisted personnel;

(2) Service-connected disabilities rendering them unable to earn a livelihood; or

(3) Non-service-connected disabilities rendering them unable to earn a livelihood, provided they have had service during a war.

These criteria perpetuate the home's fundamental mission of caring for the professional or career soldiers and airmen, and recognize and reward service to country. On June 30, 1968, there were approximately 300,000 identifiable former Army and Air Force personnel entitled to membership in the home, an increase of 36,000 over June 30, 1967. This large pool has developed primarily from the mass enlistments in the early 1940's and from the large number of volunteers since that time. Less than 1 percent actually apply for admission.

MEMBERSHIP

The average membership during fiscal year 1968 was 2,594. Fiscal year 1969 membership is expected to average 2,650. The fiscal year 1970 budget request is based on an estimated average of 2,760. The in-increase predicted for fiscal year 1970 is based primarily on opening two additional domiciliary wings in March 1969 and opening the hospital extension in 1970. That March date has slipped for one of those two wings.

FINANCES

The act of 1851 which established the home provided that it would be financed from a trust fund rather than from the general revenues of the U.S. Treasury. Thus, it was the intent of the Congress that we not be a burden to the taxpayers. The balance in the fund at this time is $105 million. Income to this fund as prescribed by law is from the following principal sources:

(1) A contribution at the rate of 10 cents per month from each enlisted member and warrant officer of the Regular Army and Air Force;

(2) Fines and forfeitures imposed upon these personnel by sentence of courts-martial; and

(3) Interest of 3 percent per annum on the fund balance in the U.S. Treasury.

Income to the home's permanent fund reached a peak average in the 1950's of $11.3 million per annum with obligations for operation and maintenance averaging about $3.7 million per annum. Through fiscal year 1968, the average annual income in the 1960's has been $9.6 million with obligations for operation and maintenance averaging about $6.7 million. Initially, this reduction in income resulted from both services raising their standards for enlistment which reduced the number of undesirables and misfits, and thus of courts-martials. In 1963, the Uniform Code of Military Justice was amended to authorize commanding officers to impose forfeitures of pay as nonjudicial punishment. The Comptroller General of the United States decided that such forfeitures would not accrue to the home's trust fund. The loss to the home's fund has been considerable. As an indication of the margin existing between income and expense, income for fiscal year 1968 was $10 million and expense was $8.1 million. Income for both fiscal years 1969 and 1970 is estimated to be about $10.1 million and expenses about

$8.6 and $9.1 million, respectively. These expense figures are exclusive of capital outlay expenditures.

A joint study recently made by the Offices of the Comptroller of the Army and of the Air Force, indicates that the cost of operation of the home can be expected to exceed income by fiscal year 1971. The study forecasts a continuing rise in the cost of living and in the number of members in the home, and a decline in income. The study concludes that funds will be required for new construction by fiscal year 1971. In such case the decline in the home's permanent fund would be accelerated. The board of commissioners has agreed that new construction most certainly would soon be required. The home is now operating at near capacity. The hospital in particular, will have difficulty in providing support for even a modest increase in membership. In the judgment of the board, the average annual increase of 70 members forecast in the study will require added capital investment in new domiciliary and hospital accommodations averaging $1 million yearly. This expenditure is in addition to those presented in the study. After careful assessment of measures which might be taken to improve the fiscal condition of the home, the board of commissioners has made the following recommendations to the Secretaries of the Army and of the Air Force:

(1) That legislation be sought to credit nonjudicial forfeitures to the permanent fund. Such action would reduce the loss of income to the home resulting from the 1963 amendment to the Uniform Code of Military Justice; and

(2) That legislation be sought to increase the rate of interest paid on the permanent fund balance in the U.S. Treasury to a rate commensurate with that of other trust funds similarly deposited. the present rate of 3 percent per annum has been in effect since the fund was established in 1883.

In the event that the above recommendations should fail to meet the need for greater income, the board further recommended that the amount contributed monthly by regular enlisted and warrant officer personnel of the Army and Air Force be reestablished at a rate of 25 cents per month, under authority provided by the act of February 13, 1936. In 1943 the monthly contribution was reduced from 25 to 10 cents, since then remaining unchanged.

REAL ESTATE

As mentioned at hearings before this committee last year, the National Capital Planning Commission's "Proposed Comprehensive Plan for the National Capital" proposed the use of about 60 acres of the home's land for educational and recreational activities for the District of Columbia. The Planning Commission was informed that the board of commissioners of the home opposed the taking of any land for non-Soldiers' Home purposes. The Senate Committee on Appropriations, in reporting out our bill for fiscal year 1969, reasserted that no land should be taken from the Soldiers' Home pending the completion of the revision of the master plan for the home. The Commission is still on record as having stated that they would defer consideration of subsequent building plans until a revised master plan has been prepared. At a recent meeting the Commission Chairman directed his staff to

remove the school and playground symbol from the home grounds area of their planning map.

MASTER PLAN

The fiscal year 1968 appropriation provided funds for the revision of the home's master plan which was initially published in 1953. A preliminary draft of the study has been submitted to the home for review. Comments are being prepared for the agency revising the plan.

ANNUAL INSPECTION REPORT

The law provides for an annual report of inspection of the home by the Army Inspector General to be submitted to the Congress. I am pleased to state that for many years, no significant changes have been suggested and no serious deficiencies have been found by the Inspector General in either the management or the operation of the home.

THE OPERATION AND MAINTENANCE APPROPRIATION REQUEST, FISCAL YEAR 1970

The appropriation request for fiscal year 1970 of $9,149,000 is $547,000 greater than the appropriation for fiscal year 1969. The additions and increases over the current year are as follows:

$129,00 to provide for an additional 18 civilian and five member man-years of employment in previously authorized positions. During fiscal year 1969, the limitation on employment under Public Law 90-364 caused a reduction in employment even though the Director of the Bureau of the Budget did reassign some vacancies to the home. The fiscal year 1970 request, if approved, will recoup some of these losses.

$185,000 to provide for an additional 26 civilan and seven member man-years in 31 new civilian and seven new member positions. It will be noted that this is a total of 38. These additional man-years will provide only the minimum service when the projected membership increase occure with the opening of the two outer domiciliary wings and the extension of the hospital ward wing.

$52,000 to increase member employee pay by approximately 15 percent. For many years, the home has reserved certain jobs for members of the home. There are now about 270 such jobs. It is believed that this minimum increase will somewhat reduce the excessive turnover experienced in these jobs and help stabilize member employment.

$47,000 to increase the supply and ration allotments for the projected increase in patients from 450 to 475 per day and the increase in domiciliary members from 1,855 to 1,928 per day. The ration costs of $1.18 per patient and $1.08 per domiciliary member used in the fiscal year 1970 estimates are the same as actual costs during fiscal year 1968. Current experience indicates that $1.08 is too small.

$32,000 to increase the home's contributions to personnel benefit funds such as retirement, insurance, and social security. Contributions are based on approximately 7.3 percent of total salaries paid. The increase accompanies the increases in salaries outlined above.

$24,000 additional is required in fiscal year 1970 to annualize pay increases granted wage board and Classification Act employees in fiscal year 1969. In this connection, I would like to state that although

the home was exempted from that provision of Public Law 90-364 which required reductions in expenditures, the home will save enough due to the limitations on employment under that law to absorb the cost of these pay increases for which we originally planned to submit a supplemental of $181,000.

$21,000 to purchase more expensive fuel oil. During fiscal year 1968, a plan was developed by the Health, Education, and Welfare air pollution abatement program which provided for the gradual reduction of the sulphur content of fuel oil used by Federal agencies. In fiscal year 1968, a 5-percent content costing $0.058 per gallon was available. In fiscal year 1969, sulphur content has been reduced to 1.5 percent at a cost of $0.064 per gallon. In fiscal year 1970, the plan provides for a reduction to 1 percent at an estimated cost of $0.075 per gallon. The number of gallons, 1,900,000, remains the same as estimated for fiscal year 1969.

$57,000 for miscellaneous increases which include electric current for the new domiciliary and hospital additions, increased telephone capacity, equipment for central tray feeding at the hospital, and an increase in the maintenance program, offset by less maintenance equipment.

THE CAPITAL OUTLAY APPROPRIATION REQUEST, FISCAL YEAR 1970

This appropriation request for fiscal year 1970 of $170,000 is $556,000 less than the fiscal year 1969 appropriation. In the fiscal year 1969 appropriation, $726,000 was included to extend the hospital ward wing, purchase furniture and equipment for the expansion, install furniture and equipment in the new domiciliary wings, and for several physical improvements to hospital facilities. The fiscal year 1970 request of $170,000 includes $95,000 for installation of an elevator in an existing shaft in the expanded domiciliary building and for additional parking area for that building; $50,000 for plans and construction for remodeling the basement of the hospital mess hall building for conversion to a canteen and restaurant for patients and employees; and $25,000 for planning funds to determine the type and cost of various recreation facilities to be installed in the Grant Building.

This domiciliary building has a large vacant area left by the move of the kitchen and messhall to the Scott Building in 1954. A gymnasium is now located in a portion of this area. Additional funds will be requested in subsequent years to continue planning for its use.

CONCLUSION

I am pleased to represent the members of the home here today. They join me in expressing their gratitude for the interest taken in their welfare by the committee.

EFFECT OF THE REVENUE AND EXPENDITURE CONTROL ACT

Mr. FLOOD. What has been the overall effect of the Revenue and Expenditure Control Act on your home?

General WATSON. The overall effect to us has been that there has been no fund limitation but a decrease in the number of man-years that we have received as compared with that which we requested.

Mr. FLOOD. That still hurts, does it not?

General WATSON. Yes, sir; it does hurt. If I may add a comment to that, we are not in favor of the application of the law to the home, although I realize it is the will of the Congress, and that is sufficient for us at this time.

BUDGET ESTIMATE, 1970

Mr. FLOOD. It is pretty hard to find anything to complain about in your budget for 1970, though actually it appears to be a little bit on the low side in view of your ever-increasing costs and the fact that you are going to have to have more members.

Are you going to have to cut down on the quality of your service out there because of this budget?

General WATSON. Yes; if the expected increase in members materializes, Mr. Chairman, we will have to reduce the level of service.

Mr. FLOOD. Is this the amount you asked the Bureau of the Budget for?

General WATSON. No, sir; it is not, but their forecasts of increased personnel and membership did not agree with ours. They reduced us accordingly.

Mr. FLOOD. What did you ask them for?

General WATSON. We asked for approximately $500,000 more than we got. I can list those reductions.

Mr. FLOOD. No. I just want the figure.

CONSTRUCTION OF HOSPITAL WING

What is the status of the construction of the new hospital ward wing? We gave you the funds for that in the 1969 bill.

General WATSON. Yes, sir. I can state it has not yet been commenced. I would like to have Colonel Elliott, who is here with me, give us an up-to-the-minute statement as to status of that contract for construction.

Mr. FLOOD. All right. Colonel, suppose you tell us about that.

Colonel ELLIOTT. It is under the control of the Baltimore Engineer District. They will open the bids sometime in early May. On the bid form they asked the bidders to be prepared for completion in August of next year.

Mr. FLOOD. What is the matter with Baltimore? I have always looked upon them as one of the best outfits in the corps in this country.

Colonel ELLIOTT. There is not any great delay on their part. They always wait until we get our money and then they start on the plans. This takes time.

General WATSON. If I might add to that, I have been responsible for part of this delay because the original draft which they submitted to us for comment was deserving of considerable study on our part.

NATIONAL CAPITAL PLANNING COMMISSION

Mr. FLOOD. Now, suppose you bring us up to date on your problems with the National Capital Planning Commission. Tell us if you need any help from this committee. How can we help you, and when?

General WATSON. If I might, I would like to request the committee to keep us in mind in possible anticipation of trouble. At the moment,

as I mentioned in my statement, they have taken the symbol from our section of the map but that is not enough, of course, in the end.

Mr. FLOOD. The minute you get into any trouble with that crowd you just holler and we will try and help you.

General WATSON. Thank you very much. I will do that.

COMPTROLLER GENERAL'S DECISION ON NONJUDICIAL FORFEITURES

Mr. FLOOD. It seems to me your biggest problem is something we cannot do much about for you, but we are certainly interested in anything to do with the home or the welfare of its members.

Take a look at pages 4 and 5 of your statement, beginning in the middle of page 4, where you say: "In 1963 the Uniform Code of Military Justice was amended." Did you take any appeal or attempt to take any appeal from the Comptroller General's decision when he decided that these forfeitures would not accrue to the Home Trust Fund?

General WATSON. No, sir; there was no protest at that time. The basis of the ruling was simply that the Congress could not have contemplated nonjudicial punishment in 1851 because none such existed and therefore the law was not applicable to this new form of punishment.

RECOMMENDATIONS OF BOARD OF COMMISSIONERS

Mr. FLOOD. You say a study has been made and recommendations made by the Board of Commissioners. When did the Board of Commissioners make these recommendations to the Secretary of the Army and of the Air Force?

General WATSON. This recommendation was made earlier this year.

Mr. FLOOD. This year?

General WATSON. Yes, sir; early this calendar year. The Secretary of the Air Force has completed his action on it and has sent it to the Secretary of the Army. The latter's office is now considering these recommendations. As a matter of fact, I had a phone call just about 3 weeks ago from a member in his office.

Mr. FLOOD. You have no direct indication yet from the Army or the Air Force people as to how they intend to act upon these recommendations of the Board of Commissioners, do you?

General WATSON. Air Force has said yes, but Army has not yet, sir, except that one phone call that I mentioned which was about 2 or 3 weeks ago.

Mr. FLOOD. You have no reason to expect that the Army would be any different than the Air Force on the nature of these two requests?

General WATSON. I have none, sir.

Mr. FLOOD. Mr. Michel.

INCREASE IN NUMBER MEMBERS

Mr. MICHEL. Thank you. Governor, I suppose your request of a little better than $500,000 more than what you got in the actual figure here was predicated upon your figures of the increased number who might be applying for admission?

General WATSON. Yes, sir.

Mr. MICHEL. I know there is a difference, an increase of 56 between 1968 and 1969, and then you have practically doubled that to 110 in 1970.

General WATSON. Yes, sir.

Mr. MICHEL. What was the increase between 1967 and 1968?

General WATSON. Seven.

Mr. MICHEL. How many?

General WATSON. Seven.

Mr. MICHEL. Seven?

General WATSON. Yes, sir.

Mr. MICHEL. If I read your testimony correctly, you were anticipating this larger increase because of the great number of enlistments and the activities of the early 1940's; is that correct?

General WATSON. Yes, sir; that is correct.

Mr. MICHEL. Do you think, however, that what we have done as a Congress within the last few years with respect to all this increased medical attention, medicare, medicaid, and all of that business, wouldn't that tend to soften or to minimize or bring about a lower number of people actually applying to the Soldiers' Home?

General WATSON. Yes, sir, it would; but I would like to add to my answer.

Mr. MICHEL. All right.

General WATSON. In the first place, the Soldiers' Home really is designed as a home rather than as a health activity, although we have a very fine hospital, a very fine one, indeed, and we have many terminal cases in that hospital, but the main purpose of it is to be a home.

Many of the people that we receive in the Soldiers' Home come there because they do not have a home where they can be happy, due to domestic problems within the family or a lack of help on the part of other members of the family. Any number of reasons could be given for this fact.

Second, I would like to point out that we are now, as was mentioned earlier, getting less than 1 percent of the eligibles, and the number of eligibles is going to continue to increase. It increased 36,000 from 1967 to 1968. This means that there are many of them who are staying out and this may be because of the increased medical attention you mentioned. On the other hand, these people that are staying out can include many who have said "When the Vietnam war ends we will be looking for a place to live." This applies in two ways: There are people now who are eligible to come in who do not come in because they have employment which is comparatively short term in contrast to those who have been in the firm for all of their productive lives. These are ex-servicemen who have gone in after a second career and they have taken jobs in industries, defense-related in some cases, and in others not.

I am sure those industries are going to have to change over in many cases their present activities and release some employees, and the situation will be last in, first out, which will affect our eligible group. Also there is an impact aspect of the Vietnam war. There are men staying on active duty for the duration because of patriotism primarily, or dislike of a change, perhaps. I predict—and I am sure this was back of the forecast of an increase in membership strength—that when there

is a decision, or a belief a decision is imminent, to phase down our troops stationed in Vietnam the psychological impact will cause a surge in the numbers of qualified applicants. When you consider there are 300,000 at the moment who could apply and be admitted, we are at the very small end of the scale in terms of actual strength. I think that the recent actual reduction in our strength is a result of the prolonged war.

NUMBER OF APPLICANTS

Mrs. REID. Would the gentleman yield?

Mr. MICHEL. Yes.

Mrs. REID. Concerning the 1 percent of the eligible military personnel, you say that less than 1 percent ever apply. Now, when you say "ever apply," does this mean that this has been a fairly constant percentage over the years?

General WATSON. It has been less than 1 percent, although within that range it has fluctuated.

QUALIFICATIONS FOR MEMBERSHIP

Mr. SHRIVER. What are the qualifications?

General WATSON. In the first place, one must have had regular enlisted or warrant officer service in the Army or Air Force. Having that, he must have either 20 years' total enlisted and/or warrant officer service or be physically unable to earn a living. Of our total membership, about three-quarters come in on length of service and the remaining 25 percent come in because of physical disability.

LOSS OF REVENUE RELATING TO NONJUDICIAL FORFEITURES

Mr. MICHAEL. What is your estimate of the loss in revenue by virtue of this nonjudicial forfeitures being foreclosed from going in to the fund?

General WATSON. This is a difficult one to answer because we have some other influences that have affected it. One of the first is that the services have tightened requirements for admission into the active service to the point where they are getting better people, as I mentioned earlier; fewer courts-martial, and the records show this. We do feel there is about $1.5 million per year that we would gain.

Mr. MICHEL. That would make a considerable difference in your income and outgo, as you have cited it here.

General WATSON. It certainly would.

Mr. MICHEL. It is now getting pretty close to being even-steven unless something happens.

General WATSON. Yes, sir. We foresee the time coming soon when we start deficit financing, if income is not increased.

INCREASE IN INTEREST RATE

Mr. MICHEL. What estimates have you got if that interest rate were increased, say, from 3 to 4 percent?

General WATSON. That would run it up to about $1 million annually.

Mr. MICHEL. And if it went from 3 to 5 percent, it would be double that or $2 million?

General WATSON. Yes. We have $105 million roughly, so 1 percent of that would be $1,050,000.

Mr. MICHEL. That is all the questions I have. I just want to reaffirm my own position, I would certainly be in support of what the chairman has expressed and express our own appreciation for the service the home provides. While there might be some forces at work that do not share those views, I think, as the chairman has well said, when that time comes and you need some help, do not hesitate to call on us, either.

Mr. FLOOD. We do not know what we can do, but we are here.

General WATSON. I will come here, sir, if we are in trouble.

Mr. MICHEL. That is all.

Mr. FLOOD. Mr. Shriver.

Mr. SHRIVER. I have no questions except that I would like to say that we are starting hearings on the Ryukyu Islands tomorrow on the other committee, and you are invited.

Mr. Chairman, he used to come before the Foreign Operations Committee.

General WATSON. Off the record.

(Discussion off the record.)

Mr. SHRIVER. That is all.

Mr. FLOOD. Mrs. Reid.

WOMEN MEMBERS

Mrs. REID. I noticed that last year during the hearings plans were in progress to devote an entire wing to women members.

General WATSON. Yes, ma'am.

Mrs. REID. How many women residents do you have at this time?

General WATSON. Forty. A month ago it was 25.

Mrs. REID. Are you able to place all who apply?

General WATSON. Yes, ma'am; we are. One thing I did not mention earlier—this is part of the reason why we have an increase, although it is not a very powerful reason. The word gets out when new facilities open. For example, we even had a waiting list for women before this north wing opened. Our number before the wing opened was 25 and it has now jumped to 40. It has only been open 1 month. So this is just an example of the sort of thing that happens. How long this increased interest will last I do not know. We can take care of 185 in that wing.

Mr. MICHEL. You have not had any marriages out there as yet?

General WATSON. Yes; they are rare but there was one in the 30 months I have been Governor.

LENGTH OF STAY

Mrs. REID. How long does the average person stay in the home? When a person goes there, is it usually to live out the rest of his life?

General WATSON. That is a variable factor. Let me give you an example of Mr. Penrod. He is a very handsome man, quite an outstanding looking individual. I walked into his room the first time I saw him. Now, he had a very low Soldiers' Home number. So I asked him, when did you first come here? He said "60 years ago." I said, "Mr. Penrod, have you been staying here all this time?" He said, "Oh, no, sir. I got

out and raised a family and came back in again." I said, "How old are you?", and he said "90 years old."

Now, he is just as sharp a man as you can imagine, stands tall and erect, a wonderful man and it is a privilege to have him there.

Mrs. REID. Thank you. That is all.

Mr. FLOOD. Thank you.

JUSTIFICATION MATERIAL

JUSTIFICATION OF ESTIMATES FOR THE UNITED STATES SOLDIERS' HOME, FISCAL YEAR 1970

LANGUAGE

Operation and maintenance: For operation and maintenance of the United States Soldiers' Home, to be paid from the Soldiers' Home permanent fund, /$8,602,000/ $9,149,000: Provided, That this appropriation shall not be available for the payment of hospitalization of members of the Home in United States Army hospitals at rates in excess of those prescribed by the Secretary of the Army upon the recommendation of the Board of Commissioners of the Home and the Surgeon General of the Army.

Capital outlay: For construction of buildings and facilities, including plans and specifications, /and furnishings,/ to be paid from the Soldiers' Home permanent fund, /$726,000/ $170,000, to remain available until expended.

24 U.S.C. 41-60; 31 U.S.C. 711 (12) 725s (a): Departments of Labor, and Health, Education, and Welfare Appropriation Act, 1969

DISTRIBUTION OF MEMBERSHIP (All figures are averages)

		Actual 1968	Est 1969	Est 1970	Increase
Domiciliary:	Present	1,831	1,855	1,928	73+
	Absent	291	292	301	9+
	Total domiciliary	2,122	2,147	2,229	82+
Hospital:	Present	421	450	475	25+
	Absent	16	18	20	2+
	In contract hospitals	35	35	36	1+
	Total hospital	472	503	531	28+
Total membership:		2,594	2,650	2,760	110+

SUMMARY OF OBLIGATIONS BY PROJECT (In thousands of dollars)

	Actual 1968	Est 1969	Est 1970	Increase
Operation and maintenance:				
1. Medical care	$3,748	$3,965	$4,292	$ 327+
2. Domiciliary care	1,703	1,764	1,883	119+
3. Administration and central services	2,681	2,873	2,974	101+
Total obligations (operation and maintenance)	8,132	8,602	9,149	547+
Unobligated balance lapsing	82	.....	.....	...
Budget authority (appropriation)	8,214	8,602	9,149	547+
Capital outlay:				
4. Permanent improvements (Total obligations)(Capital outlay)	71	1,253	248	1,005-
Recovery of prior year obligations	-32	.....	...	.....
Obligations from prior year appropriations	-339	-605	-78	527+
Unobligated balance forward from current year appropriation	605	78	...	78-
Budget authority (appropriation)	305	726	170	556-

Project 1 - Medical care (In thousands of dollars)	Actual 1968	Est 1969	Est 1970	Increase
11 Personnel compensation	$2,785	$2,985	$3,185	$ 200+
12 Personnel benefits	209	222	237	15+
25 Other services	192	207	214	7+
26 Supplies and materials	479	488	513	25+
31 Equipment	108	86	166	80+
Deduct quarters, subsistence, and laundry	-25	-23	-23	.....
Total obligations	3,748	3,965	4,292	327+

EXPLANATION OF CHANGES

11 Personnel compensation ($200+):

$98+ For 15 man-years in previously authorized positions which are carried vacant in FY 1969 due to the limit on employment under PL 90-364. These man-years are in civilian positions.

97+ For 14 man-years in 19 new civilian positions required in FY 1970 due to new construction and to the anticipated increase in patient load. NEW POSITIONS: 1 medical officer, 1 occupational therapist, 1 medical social worker, 1 pharmacist, 1 dental hygienist, 1 medical technician, 7 nurses, 2 nursing assistants, 1 medical aid, and 3 janitors. Also included is provision for 3 additional consultants to be used to enable the staff to meet the constantly increasing problems and to keep abreast of current and new developments.

6+ Required in FY 1970 to increase member employee wage scales to approximately one-quarter of that which would be paid to civilians in comparable jobs. This action is taken to reduce excessive turnover and help stabilize member employment.

4+ Required in FY 1970 to annualize wage board and class act salary increases granted in FY 1969.

5- Lessrequired in FY 1970 since an extra holiday for Inauguration Day will not need to be provided for.

12 Personnel benefits ($15+):

$15+ Agency contributions to personnel benefit funds (retirement, insurance, health, and social security) amount to approximately 7.5% of total salaries for this project. The increase in FY 1970 is due to the increase in salaries above.

25 Other services ($7+):

$ 7+ Annual cost of 1 additional patient in contract mental hospital. Increase is based on experience factors which show the percentage of members in this category to total membership.

26 Supplies and materials ($25+):

$25+ For additional rations and hospital supplies for the anticipated increase in patients from 450 to 475 per day. A unit cost of $1.18 per ration is used for fiscal years 1969 and 1970. This was the unit cost during FY 1968.

31 Equipment ($80+):

$77+ To install central tray feeding service throughout the hospital. Cost includes $25 for a dishwasher and $52 for dispensers, tables, carts, refrigerators, heaters, and the rack and tray assembly. This service will result in a food saving, better control over food, and help reduce the need for additional mess personnel.

3+ For replacement of more equipment than is scheduled for FY 1969, including one large replacment item of 100 Hi-Low hospital beds. This furniture was purchased when the Pipes hospital building was opened in 1954.

Project 2 - Domiciliary care (In thousands of dollars)	Actual 1968	Est 1969	Est 1970	Increase
11 Personnel compensation	$1,082	$1,137	$1,223	$ 86+
12 Personnel benefits	71	75	80	5+
26 Supplies and materials	542	555	577	22+
31 Equipment	33	21	27	6+
41 Grants, subsidies, and contributions	1	.....	.....	.....
Deduct quarters, subsistence, and laundry	-26	-24	-24	.....
Total obligations	1,703	1,764	1,883	119+

EXPLANATION OF CHANGES

11 Personnel compensation ($86+):

$37+ Required in FY 1970 to increase member employee wage scales to approximately one-quarter of that which would be paid to civilians in comparable jobs. This action is taken to reduce excessive turnover and help stabilize member employment.

16+ For 7 man-years in 7 new member positions required in FY 1970 due to new construction and to the anticipated increase in member load. NEW POSITIONS: 1 duty sergeant, 1 janitor leader, 4 janitors, and 1 elevator operator.

12+ Required in FY 1970 to annualize wage board and class act salary increases granted in FY 1969.

9+ For 4 man-years in previously authorized member positions which are carried vacant in FY 1969 due to the limit on employment under PL 90-364.

8+ For 1 man-year in 1 new civilian position required in FY 1970. The recreation program, essential to the well-being of the members, has been expanded, both for increased participation and for new projects. An assistant is required to aid the director plan, coordinate, and supervise the varied and widespread activities. NEW POSITION: 1 assistant director of recreation.

6+ For 1 man-year in previously authorized civilian position which is carried vacant in FY 1969 due to the limit on employment under PL 90-364.

2- Less required in FY 1970 since an extra holdiay for Inauguration Day will not need to be provided for.

12 Personnel benefits ($5+):

$ 5+ Agency contributions to personnel benefit funds (retirement, insurance, health, and social security) amount to approximately 6.5% of total salaries for this project. The increase in FY 1970 is due to the increase in salaries above.

26 Supplies and materials ($22+):

$22+ For additional rations and domiciliary supplies for the anticipated increase in members from 1,855 to 1,928 per day. A unit cost of $1.08 is used for fiscal years 1969 and 1970. This was the unit cost during FY 1968.

31 Equipment ($6+):

$ 6+ More equipment is scheduled for replacement in FY 1970 than is scheduled for FY 1969.

Project 3 - Administration and central services (In thousands of dollars)	Actual 1968	Est 1969	Est 1970	Increase
11 Personnel compensation	$1,788	$1,913	$2,010	$ 97+
12 Personnel benefits	133	145	154	9+
21 Travel and transportation of persons	1	1	4	3+
22 Transportation of things	2	1	1	.....
23 Rent, communications, and utilities	142	157	176	19+
24 Printing and reproduction	6	6	6	.....
25 Other services	207	145	251	106+
26 Supplies and materials	219	241	262	21+
31 Equipment	114	110	50	60-
32 Lands and structures	86	172	78	94-
Deduct quarters, subsistence, and laundry	-17	-18	-18	.....
Total obligations	2,681	2,873	2,974	101+

EXPLANATION OF CHANGES

11 Personnel compensation ($97+):

$64+ For 11 man-years in 11 new civilian positions required in FY 1970. This increase is due to additional maintenance resulting from new construction, and additional external reporting and accounting. NEW POSITIONS: 3 clerks, 6 shop maintenance personnel, and 2 laundry workers.

14+ For 2 man-years in previously authorized civilian positions which are carried vacant in FY 1969 due to the limit on employment under PL 90-364.

9+ Required in FY 1970 to increase member employee wage scales to approximately one-quarter of that which would be paid to civilians in comparable jobs. This action is taken to reduce excessive turnover and help stabilize member employment.

8+ Required in FY 1970 to annualize wage board and class act salary increases granted in FY 1969.

2+ For 1 man-year in previously authorized position which is carried vacant in FY 1969 due to the limit on employment under PL 90-364. This position is for a member.

12 Personnel benefits ($9+):

$12+ Agency contributions to personnel benefit funds (retirement, insurance, health, and social security) amount to approximately 7.3% of total salaries for this project. The increase in FY 1970 is due to the increase in salaries above.

3- Each year, the appropriation request carries the amount actually paid during the past year for employees' compensation benefits. The FY 1970 request is less than FY 1969 based on these actual payments during FY 1968.

21 Travel and transportation of persons ($3+):

$ 3+ The expansion of the training program for employees at the Home will require additional funds for travel to schools.

23 Rent, communications, and utilities ($19+):

$19+ The increase covers, for a full year, additional electric current for the soon to be completed domiciliary construction, plus additional electric current for part of the year for the proposed extension to the Pipes hospital building. It also covers installation of additional capacity to the telephone system which is currently operating at 95% of its capacity. Additional lines will be added to the system.

25 Other services ($106+):

$21+ Following established schedules for painting, roof repairs, and similar recurring maintenance, the schedule for FY 1970 is greater than FY 1969 primarily because of adding initially an X-Ray unit and bookkeeping machine to existing service contracts and to an increase in the number of screens to be replaced on porches throughout the Home.

85+ The cost of the following nonrecurring and phased maintenance jobs which are included in the FY 1970 program and which are not included in the FY 1969 program: (a) replacement of caulking in the stonework of several large buildings, (b) resurfacing the floor of the laundry with epoxy cement, (c) replacing the roof of the Pipes hospital building, (d) replacement of windows and frames in the hospital mess hall building and the Sherman domiciliary building which have deteriorated beyond repair, and (e) replacement of hardware and locks on dormitory doors in an older domiciliary building installed when that building was originally placed into operation.

26 Supplies and materials ($21+):

$21+ During FY 1968, an orderly plan evolved from the HEW Air Pollution Abatement Program which provides for the gradual reduction of the sulphur content of fuel oil. In FY 1968, a maximum sulphur content of 2% at a cost of $ .058 per gallon was available. In FY 1969, the maximum sulphur content will be reduced to 1.5% at a cost of $ .064 per gallon. In FY 1970, the plan calls for a reduction to 1% at an estimated cost of $ .075 per gallon. The number of gallons requested in FY 1970 is the same as that for FY 1969.

31 Equipment ($60-):

$60- Less equipment is scheduled for replacement in FY 1970. There were several expensive pieces replaced during FY 1969 including 2 washer-extractors, an ambulance, and a tractor.

32 Lands and structures ($94-):

$171- The cost of FY 1969 nonrecurring repair and improvement jobs which are not included in FY 1970.

77+ The cost of FY 1970 nonrecurring repair and improvement jobs as follows: (a) replacement of the heating system in the LaGarde hospital building which is approximately 50 years old, (b) replacement of portion of the paving throughout the service area, (c) replacement of hot water generators which are pitted and subject to rupture, and (d) replacement of filters and heating coils in the ventilating systems throughout the Home which are beyond economical repair.

Project 4 - Permanent improvements (In thousands of dollars)	Actual 1968	Est 1969	Est 1970	Decrease
25 Other services	$ 7	$ 8	$.....	$ 8-
31 Equipment	.....	291	.....	291-
32 Lands and structures (net or recovery of prior year obligations)	64	954	248	706-
Total obligations	71	1,253	248	1,005-

EXPLANATION OF CHANGES

25 Other services ($8-):

$ 8- Amount included in FY 1969 appropriation for installation of furniture and equipment in the outer wings of the Sheridan domiciliary building. This item will be obligated in FY 1969.

31 Equipment ($291-):

$195- Funds included in FY 1968 appropriation for purchase of furniture and equipment for the outer wings of the Sheridan domiciliary building. This item will be obligated in FY 1969.

96- Funds included in FY 1969 appropriation for purchase of furniture and equipment for the extension to the hospital ward wing. This item will be obligated in FY 1969.

32 Lands and structures ($706-):

FISCAL YEAR 1969 OBLIGATIONS ($954-):

$316- Completion of Sheridan domiciliary building expansion.

77- Completion of revision of master plan.

17- Completion of south extension hospital planning.

513- Start of construction of south extension to hospital ward wing.

31- Completion of panic button installation and shower stalls at the hospital.

FISCAL YEAR 1970 OBLIGATIONS ($248+):

$ 95+ Installation of elevator in existing shaft in Sheridan domiciliary building and parking for additional members.

78+ Completion of extension of Pipes hospital building.

50+ Plans and construction funds for remodeling basement of hospital mess hall building for conversion to a canteen and restaurant for patients and employees.

25+ Planning funds to determine type and cost of various recreation facilities to be installed in the Grant building. When the kitchen and mess hall facilities in this building were vacated by the move to the Scott Building in 1954, a large open area remained. A gymnasium is now located in this area. Additional planning money will be requested in future.

STANDARD CLASSIFICATION SCHEDULE FOR OBLIGATIONS, FISCAL YEAR 1970 (In thousands of dollars)

Operation and maintenance:	Actual 1968	Est 1969	Est 1970	Inc or Dec
11 Personnel compensation	$5,655	$6,035	$6,418	$ 383+
12 Personnel benefits	413	442	471	29+
21 Travel and transportation of persons	1	1	4	3+
22 Transportation of things	2	1	1	.....
23 Rent, communications, and utilities	142	157	176	19+
24 Printing and reproduction	6	6	6	.....
25 Other services	399	352	465	113+
26 Supplies and materials	1,240	1,284	1,352	68+
31 Equipment	255	217	243	26+
32 Lands and structures	86	172	78	94-
41 Grants, subsidies, and contributions	1	.....	.....	.....
Deduct quarters, subsistence, and laundry	-68	-65	-65	.....
Total obligations (operation and maintenance)	8,132	8,602	9,149	547+
Capital outlay:				
25 Other services	7	8	.....	8-
31 Equipment	.....	291	.....	291-
32 Lands and structures	64	954	248	706-
Total obligations (capital outlay)	71	1,253	248	1,005-

WEDNESDAY, MAY 7, 1969.

LABOR DEPARTMENT

AMENDMENTS TO FISCAL YEAR 1970 BUDGET

WITNESSES

HON. GEORGE P. SHULTZ, SECRETARY OF LABOR
JAMES D. HODGSON, UNDER SECRETARY
ARNOLD WEBER, ASSISTANT SECRETARY FOR MANPOWER
W. J. USERY, ASSISTANT SECRETARY FOR LABOR-MANAGEMENT RELATIONS
ARTHUR FLETCHER, ASSISTANT SECRETARY FOR WAGE AND LABOR STANDARDS
GEOFFREY H. MOORE, COMMISSIONER OF LABOR STATISTICS
LAWRENCE H. SILBERMAN, SOLICITOR
LEO R. WERTS, ASSISTANT SECRETARY FOR ADMINISTRATION
CONRAD M. JONES, DIRECTOR, OFFICE OF BUDGET POLICY AND REVIEW

Mr. FLOOD. Now we have the Secretary of Labor, Mr. Shultz, who is playing a return engagement. He is going to do his best to defend the so-called Nixon amendments to the so-called Johnson budget.

Mr. Secretary, we are pleased to have you with us.

I see that you have a statement. How do you want to proceed?

Secretary SHULTZ. I would like, if I may, Mr. Chairman, to file the statement for the record and then I would like to go through it briefly.

Mr. FLOOD. Very well. We will do it your way.

Secretary SHULTZ. And point out the high points in the statement orally.

Mr. FLOOD. Without objection, that will be done.

(The statement follows:)

STATEMENT OF THE SECRETARY OF LABOR

President Nixon has made several significant changes in the budget submitted by President Johnson. I appreciate this opportunity to inform the committee of these changes.

The committee has been provided detailed analyses of the changes in Department of Labor appropriation accounts. I would like to summarize and highlight these changes, and relate them to total program levels in the Department. I will then, with the assistance of my colleagues, be happy to answer any questions the committee may have.

In summary, the changes requested by President Nixon in Department of Labor budgets reflect a reduction of $206.3 million from President Johnson's budget. However, this includes a $218-million reduction resulting from a change in proposed legislation for the unemployment trust fund which does not affect the amounts appropriated by the Congress. So for directly appropriated funds we have an increase of $11.7 million. Going one step further, increases in mandatory benefit payments account for $23.9 million. By elimination of these increases, controllable program costs are reduced by $12.2 million in direct appropriations. Another $900,000 reduction is reflected in trust fund authorizations requiring congressional approval, for a total reduction of $13.1 million in controllable program costs requested in President Johnson's budget.

Highlights of the changes are as follows:

Federal Unemployment Tax Act collections, —$218 million

The original draft legislation transmitted to the Congress by Secretary Wirtz on January 16, 1969, contemplated a change from annual collection of taxes from

employers to quarterly collection commencing with the first calendar quarter of 1970. This would have resulted in estimated excess collections in fiscal year 1970 of $278 million, as follows:

	Million
Annual collection for 1969, collected in January 1970	$665
January-March 1970 collection, collected in April 1970	278
Total	943

Upon further consideration and discussion, it was decided to spread the quarterly collection over a 3-year period from 1970 to 1972 and to require no quarterly payment when the amount of tax collected by any employer for a quarter or other time period is less than $100. In such cases proposed regulations will provide for aggregating amounts of less than $100 with the tax for ensuing quarters until the aggregate amount exceeds $100, with payment to be made at the end of the taxable year of any collections due regardless of amount.

Under the revised proposal, which I forwarded to the Congress on March 28, 1969, the employer in calendar year 1970 would deposit one-third of his quarterly tax at the end of the first three quarters and the remainder with his annual tax return at the end of the year. In 1971 the quarterly deposit would be increased to two-thirds of the quarter's tax, and to the full amount in 1972.

Based upon (a) the one-third payment for the first quarter of calendar year 1970 rather than total collections for the quarter as contemplated in the original proposal, and (b) exemption from quarterly payment of amounts less than $100, the estimated collections in fiscal year 1970 are as follows:

	Million
Annual collection for 1969, collected in January 1970	$665
January-March 1970 collection (⅓) collected in April 1970	60
Total	725

Mandatory increases, +$23.9 million

The revised estimates of mandatory benefit payments under UCFEX and FECA ($135 million and $60.1 million, respectively) represent increases of $19.2 million in UCFEX and $5.2 million in FECA over the amounts requested in President Johnson's budget. However, since that budget was presented to the committee, we have found it necessary to present to the Congress additional 1969 supplemental requests for $20 million for UCFEX and $4.8 million for FECA payments. So the revised estimates are at approximately the same level requested for 1969, including the additional supplementals.

This committee has been critical of the Department for requesting a level of funds that turned out to be considerably below the amounts needed for both these programs. I believe the revised requests represent more realistic estimates of our needs.

Partially offsetting the increase of $24.4 million in the two major benefit programs is a reduction of $0.5 million in benefit payments under the Automotive Products Trade Act. Legislation authorizing these payments expired June 30, 1968, and has not been renewed. The original estimate of $1.1 million was based upon anticipated payout of benefits to claimants certified before the legislation expired. Experience to date in 1969 indicates that $0.5 million of the original request will not be needed.

Reductions in personnel.—In line with President Nixon's directive to insure that civilian employment in the executive branch is kept at the minimum compatible with efficient conduct of operations, the amendments provide dollar savings in all accounts to reflect a departmentwide reduction in end-of-year employment of 229 jobs. In most cases this reduction will be achieved by a reduction in man-years allocated to the various programs rather than by reductions in authorized positions. In other words, to achieve the reduction in actual employment, we will be able to fill less of the authorized positions or fill them on a part-year basis only. This reduction was applied to all programs administered by the Department. Except as noted in the following explanations, they constituted the only amendments to President Johnson's budget.

CONTROLLABLE PROGRAM COSTS

Manpower programs, —$15.3 million

Trust fund authorizations, —$0.9 million

Funds for administration of the Unemployment Insurance Service and the Employment Security Service are authorized by the Congress in specific amounts to be financed from Federal Unemployment Tax Act collections. The amended request for these programs reflects a reduction of $0.9 million from President Johnson's request, due entirely to personnel reductions in Federal staff administering the programs.

Direct appropriations, —$14.4 million

The main thrust of these revisions is a redirection of resources to permit the consolidation and better evaluation of manpower programs while providing incentives for the States to coordinate their activities with those of the Federal Government. I believe that the amended budget as proposed by President Nixon goes far toward achieving a proper balance among the programs and at the same time effecting economies where they can be achieved without detrimental effect on the American people who so badly need these services.

The principal changes are—

A reduction of $29 million in concentrated employment programs. No expansion or reduction of the 82 projects in operation at the end of 1969 and included in the original budget is anticipated. However, funding requirements for the projects have been reexamined in the light of current expenditures and the MDTA share of the program has been reduced from $105 million to $76 million to reflect this trend. The total cost of the 1970 program will be $209 million, including $133 million of Economic Opportunity Act funds. The amended request represents a $94.2 million increase over the 1969 program, $44.2 million of which is in MDTA and $50 million in EOA funds.

A reduction of $3.8 million in the $13.9 million originally requested for part-time and other training due to difficulties in recruiting individuals for this type of program. A reduction of 8,150 training opportuinties is reflected in the amended estimate. It is intended that much of the amended request of $10.1 million will be used to initiate programs designed to upgrade the skills and earning capability of low-income workers.

An increase of $0.1 million and 80 positions in the job matching and technical assistance and training of personnel programs established in sections 106 and 309 of the 1968 amendments to the Manpower Development and Training Act. The amendments specify that 2 percent of funds available under titles I, II, and III be available for each of these programs. The increases result from amendments in the amounts requested for titles I, II and III. The 80 new positions are required to provide Federal services for the technical assistance and training of personnel program. Up to this point, the implementation of manpower programs has suffered because of deficiencies in staff resources available to provide technical support in the field.

An increase of $20 million for grants to States under title V of the 1968 Manpower Development and Training Act Amendments. This new item which was not included in the original estimate will permit a grant to any State of an amount not to exceed 75 percent of the cost of supplemental efforts and activities to improve the effectiveness of or correct imbalances among the services available from Federal manpower and related programs seeking to improve the ability of disadvantaged persons to move into productive employment. The State will finance the other 25 percent of the costs.

An increase of $0.8 million for a study of seasonality in construction under title IV of the Manpower Development and Training Act, not included in the original budget.

A decrease of $1.3 million in the labor mobility and bonding program in the Office of the Manpower Administrator. It is estimated that this program can be effectively accomplished at a level of $0.9 million instead of the original estimate of $2.2 million in President Johnson's budget. The labor mobility program has been conducted on an experimental basis for several years and this is now the appropriate time to review the lessons of our experience.

A reduction of $1 million and 71 positions in program support for the Office of the Manpower Administrator, to be accomplished by a redistribution of positions resulting from the recent reorganization of the Manpower Administration.

There is proposed an amendment to the appropriation language for "manpower development and training activities" which would assure the availability of funds for special national programs (job opportunities in the business sector and concentrated employment program) that are jointly funded under the provisions of subsections 123(a) (5) and (8) of the Economic Opportunity Act of 1964, as amended. The proposed amendment in the appropriation language would exempt these special programs from the apportionment of benefits provisions of section 301 of the Manpower Development and Training Act of 1962, as amended. I believe this is essential to effective administration of these programs.

I also want to suggest for your consideration, at this point, a way to more effectively use the funds appropriated for all activities under the Manpower Development and Training Act. This approach will not require further amendment to the appropriation language, but deals with the structuring of the budget request and flexibility in use of the funds appropriated.

This budget request is constructed in the customary manner along the lines of training program components (e.g., job opportunities in the business sector, basic institutional training, etc.). The structure reflects the prevailing practice of funding and operating manpower programs along specific categories and types of training. Because of this situation flexibility and balance has been absent from the ultimate application and use of funds in certain areas of the overall manpower training effort. This condition in turn has affected the degree of responsiveness that could be made to the varying needs existing on a nationwide basis.

To alleviate this problem, preliminary efforts are underway to develop a comprehensive manpower services system through which manpower assistance programs can be made more responsive to particular local and area needs. Under this concept, one of the primary objectives will be the provision of flexible funding levels based on the manpower training needs and priorities of particular target areas. This practice will represent a shift from the present procedure of directing funds into categorical programs. Primary responsibility for actual identification of needs and the planning to meet these needs will be transferred in stages from the national to State and local levels, while at the same time delivery of services will be made through State and local agencies when they have conformed to certain guidelines concerning planning and administration. This arrangement will permit the States to develop and provide a total system of job training and placement operations for the hard-core unemployed that will be comprised of a continuous sequence of services from intake through placement on the job and follow-up evaluation.

Under these precepts, it will be essential that maximum freedom be given to the State planning authorities to direct resources to where the greatest needs exist. The circumstance would mean that a nationwide categorical distribution of funds would be subject to some modifications once actual needs are determined in terms of geographic target areas. Estimates displayed in this budget on the basis of program components are primarily indicative of planning done in terms of the established categories. As progress is made towards installing a decentralized, decategorized, unified manpower program, it is anticipated that identified needs will not always correlate with fund levels being requested in terms of program components. Consequently, it may not be possible to adhere strictly to the funding constraints reflected on a program component basis. For this reason the fund levels reflected in this document should be considered in the broader context of availability for allocation to a comprehensive manpower services system.

Labor-management services programs, +$2.3 million

Most of this increase is represented by a $2-million request for the Department's participation in President Nixon's anticrime program. These funds will permit expansion of the investigative, reports processing, and information-gathering functions of the Office of Labor-Management and Welfare Pension Reports to provide staff support and service to the 16 multiagency task force units proposed by the President to conduct an all-out Federal drive against organized crime. The Attorney General has been assigned the responsibility for developing and supervising the program, and has requested all agencies engaged in law enforcement, including the Department of Labor, to participate in a coordinated program by furnishing staff, intelligence information, and other support. This effort will require 130 additional positions in the Labor-Management Services Administration. In order for the program to get underway, relief from the provisions of section 201 of the Revenue and Expenditure Control Act of 1968 for the filling of the positions will be required.

I have a letter from Attorney General Mitchell which supports the Department of Labor request. With your permission I will place it in the record.

A $0.2 million increase is also requested to provide an improved program of research, technical assistance, and information for State and municipal governments involving public employee labor relations. In addition to present ongoing activities, liaison with associations of State, county, and municipal government officials will be encouraged on a continuing basis to foster easier exchange of information and closer working relationships. Also, efforts will be increased to make readily available current developments in public employee dispute settlements and their applicability and effectiveness in other communities.

A $0.1 million increase is included for an improved program of coordinated analysis, research, and consultation designed to lessen labor-management conflict and to open the way for labor-management cooperation on pressing industry and national problems. Strikes and strike idleness during the past 2 years have persisted at relatively high levels. The Government can provide the initiative in development of effective procedures for dispute settlement and serve as a catalyst through services and research directed at the causes and ways of avoiding and resolving conflict. It is this objective that is being sought by this modest program.

Labor statistics, +$0.4 million

A decrease of $0.1 million from President Johnson's budget is being proposed in the program for developing new measures of persons experiencing employment problems. The original request was for $0.2 million, but subsequent reevaluation discloses that the objectives of the program can now be met with a reduced amount of funds.

An increase of $0.2 million is requested to develop statistical measures of the prices competitiveness of U.S. products in world markets. U.S. Government policy decisions on balance of payments and trade problems are seriously hampered by the lack of reliable and comprehensive statistical measures on the price competitiveness of U.S. products in world trade. Such measures would provide information for assessing the effectiveness of alternative export promotion programs in support of the Cabinet Committee on Export Expansion which has embarked on a new program to improve the U.S. merchandise trade balance with a $50 billion annual export goal to be achieved over the next 5 years. Vital information would be provided for U.S. Government policy decisions in addition to evaluation of the export promotion program.

Another increase of $0.3 million is proposed to develop a continuing series of statistical and analytical studies on occupational wages and salaries in State and local governments. Detailed wage and salary information for the more than 9 million workers in this sector of the economy is greatly needed for salary administration by State and local government officials and for representatives of employee organizations in these jurisdictions. There is a special need, as expressed by Members of Congress, for information on salaries paid to persons engaged in law enforcement and firefighting work. Under the proposed program, information would be developed on salaries of workers in a representative list of occupations on a sample basis. The data would relate to all States and to municipalities with a population of 75,000 or more. Information would be published for the United States and for selected regions and some municipalities.

Executive direction, +$0.5 million

An increase of 31 positions and $0.5 million is requested for increased audit capability in the Office of the Secretary. We have a centralized audit function in the Office of the Secretary covering all programs in the Department. If the audit staff is to keep abreast of increases in the manpower training program, the requested increase represents a minimum need. The projected audit program, including the increase, anticipates that the value of contracts audited by Department of Labor staff will be about 30 percent of the contracts executed, or approximately $450 million. The requested increase in staff resources will permit the Division of Audit to respond to special requests for immediate audit received from the Manpower Administration in instances where questions of fraud or mismanagement arise and will substantially improve the currency of audit effort. It will also permit the further development of guides and standards to be used by public accounting firms in the audit of manpower contracts not covered by our own audit staff and more extensive review and evaluation of such audits to insure that they meet Department of Labor standards.

An amendment is requested in the authorizing language for the Department's working capital fund to include personnel functions in regional administrative

offices. The regional administrative offices were established in eight principal cities to perform administrative services for the field staff of the U.S. Department of Labor located in each of the respective cities. The staff salaries for these administrative offices are funded through the working capital fund except for 19 employees performing personnel functions. While these employees, as well as other employees of the regional administrative offices, perform services for the field staff of all bureaus and administrations of the Department of Labor, they are funded by the Office of the Secretary, "Salaries and expenses" appropriation. This type of funding has been necessay as a result of no provision for personnel positions in the language of the working capital fund. We are requesting that such a provision be incorporated only for the regional administrative offices. All employees of these offices would then be funded from the same source and would eliminate much administrative confusion in management, reporting of workload, and accounting for costs.

This concludes my remarks concerning amendments to Department of Labor appropriation requests. However, I think I should inform the committee that requests for EOA funds appropriated to OEO for manpower programs administered by the Department have decreased from President Johnson's budget by $32 million; work incentive funds appropriated to HEW have been requested at a level of $28 million below the original request; and, of course, the request for Job Corps funds has been reduced by $100 million, for a total reduction of $160 million in Department of Labor program funds appropriated to other agencies.

Mr. FLOOD. Do you have with you any people that we don't know?

ASSISTANT SECRETARY FOR WAGE AND LABOR STANDARDS

Secretary SHULTZ. I believe the one that you didn't meet from last time was Mr. Fletcher but you met him when we came in today.

Mr. FLOOD. What position does he hold?

Secretary SHULTZ. He is the Assistant Secretary for Wage and Labor Standards.

Mr. FLOOD. Do we have a biographical sketch of Mr. Fletcher? If we do not, please supply it.

Secretary SHULTZ. Here it is.

Mr. FLOOD. We will insert at this point in the record the very modest biographical sketch of Mr. Fletcher.

(The biographical sketch follows:)

BIOGRAPHY OF THE ASSISTANT SECRETARY FOR WAGE AND LABOR STANDARDS

President Nixon today announced his intention to nominate Art Fletcher of Washington State as Assistant Secretary of Labor for Wage and Labor Standards.

Mr. Fletcher, 44, is currently serving on the staff of Washington Governor Daniel J. Evans as his special assistant for coordinating relations between local communities and the State government.

A candidate for Lieutenant Governor in Washington last fall, Mr. Fletcher has been active in education, urban affairs, and efforts to expand job opportunities for the disadvantaged.

Mr. Fletcher, a former professional football player was an employee relations specialist with the Hanford Contractors at the Hanford Atomic Energy Facility, Richland, Wash., in 1967–68.

In 1965–66, he directed the manpower development project in Washington's Tri-Cities area after working the previous 5 years as a teacher and special project director in the Berkeley, Calif., school system.

Mr. Fletcher was a management control coordinator for Aerojet General, Sacramento, Calif., in 1958–60, and was assistant director of public relations for the Kansas Highway Commission in Topeka from 1954 to 1957.

In 1967–68 he served as an elected city councilman in Pasco, Wash.

A former legislative assistant to ex-Kansas Governor Fred Hall, Mr. Fletcher has also been active in civic affairs.

He organized the East Pasco Self-Help Cooperative Association, a neighborhood development corporation, and has been a member on the Washington Governor's urban affairs advisory council and chairman of the Kansas Governor's job training and opportunities committee.

Mr. Fletcher in 1950 received a B.A. degree in political science and sociology from Washburn University, Topeka, Kans., and did graduate work in education and economics at Kansas State University and San Francisco State College. At Washburn, he earned small college All-America honors in football in 1948–49 and played professionally with the Los Angeles Rams and the Baltimore Colts. He was an assistant football coach at Washburn in 1957–58.

During World War II Mr. Fletcher served with the U.S. Army in the European theater.

He is married to the former Bernice Hasson of Philadelphia. They have six children: Art, Jr., Joan, Paul, Phillip, Phyllis, and Sylvia.

Mr. FLOOD. We note parenthetically he does not include the fact that he is a well-known and famous professional football player from Los Angeles. I don't know whether that helps or hurts, but in the clinches, Mr. Secretary, he is a good man to have on your right hand. Defensive and offensive.

BIOGRAPHICAL SKETCH OF SOLICITOR

Anybody else, Mr. Secretary?

Secretary SHULTZ. The Solocitor, Mr. Silberman, is on your list, although he is not here. I would like to give you his biographical sketch. He is attending a National Security Council meeting in my place this morning. Whenever they get through he will be here.

Mr. FLOOD. Before me, marked for immediate release, March 12, 1969, Office of the White House Press Secretary, the caption, "The White House," it is an announcement of the President's intention to nominate Laurence H. Silberman of Hawaii to be Solicitor of the U.S. Department of Labor.

We will insert that in the record at this point.

(The biographical sketch follows:)

BIOGRAPHY OF THE SOLICITOR

The President today announced his intention to nominate Laurence H. Silberman, of Hawaii, to be Solicitor of the U.S. Department of Labor.

Mr. Silberman, 33, has been a lawyer with the Appellate Division, General Counsel's Office, National Labor Relations Board, since October 1967.

The Solicitor is the Labor Department's chief legal officer and supervises all legal activities, including proceedings under various laws for which the agency has authority.

Before joining the NLRB staff, Mr. Silberman was a partner in the law firm of Moore, Silberman & Schulze, 1964–67, in Honolulu. In 1967, the firm became Moore, Torkildson, Silberman & Schulze.

From 1961 to 1964, he was an associate with the law firms of Moore, Torkildson & Rice and Quinn & Moore in Honolulu.

Mr. Silberman was a lecturer in labor law and legislation in 1961–62 at the University of Hawaii. He was admitted to the bar (Supreme Court of Hawaii) in 1962.

In private practice, Mr. Silberman specialized in labor-management law. He handled some corporate problems, administrative law, and litigation.

A native of York, Pa., he received a B.A. degree (with distinction) from Dartmouth College in 1957 and an LL.B. from the Harvard Law School in 1961.

He and his wife, the former Rosalie Gaull, have three children: Robert 10; Katherine, 8; and Anne, 2. They live in Potomac, Md.

Mr. FLOOD. Mr. Secretary, please proceed.

GENERAL SUMMARY OF BUDGET REVISIONS

Secretary SHULTZ. Mr. Chairman, to summarize in overall terms the revisions made, you see that the budget requested by President Nixon has a reduction of $206.3 million from President Johnson's

budget. However, I should point out that this includes a $218-million reduction resulting from proposed legislation in the way the unemployment trust fund will be handled, so that for directly appropriated funds we have an increase of $11.7 million.

If you go one step further and consider the mandatory programs, then we see that those have been increased by $23.9 million. I think this follows the spirit of the conversations we had here on this subject in the earlier hearing. If you subtract those increases and come to something that we call controllable program costs, these are reduced by $12.2 million in direct appropriations. There is another $0.9 million reduction in the trust fund authorization requiring congressional approval, for a total reduction of $13.1 million in controllable costs as compared with President Johnson's request.

This is sort of an overall statement. Now, if I may, I would like to take up the individual component items involved.

REDUCTION IN BUDGET AUTHORITY FOR UNEMPLOYMENT TRUST FUND

The first one is the reduction in the amount of $218 million in the unemployment trust fund. This is a result of a change in the timing of movement from yearly payments to quarterly payments. In President Johnson's budget there was a reflection of a decision to go on to quarterly payments and to do it all in the next fiscal year; that is, in one bite. As we considered this decision and discussed it, it seemed to us that on the one hand the needed funds for support of the administration of the unemployment compensation system and the associated employment services could be provided by doing this over a 3-year period rather than all at once and at the same time making a change in this manner would ease it a little.

Mr. FLOOD. Was this your proposal?

Secretary SHULTZ. I agree with this change; yes, sir.

Mr. FLOOD. That is not what I said. Did you propose it?

Secretary SHULTZ. No, I don't believe that I originated this proposal. I don't know where it came from.

Mr. FLOOD. You know whether you did or not. Did you?

Secretary SHULTZ. I did not.

Mr. FLOOD. You like it?

Secretary SHULTZ. Yes, sir. I believe the legislation to bring this about——

Mr. FLOOD. We like to know this because you came widely heralded before you approached these banks of the Potomac and we understand that we should have a high respect and regard for you, and we do. We like to know where your hand shows in these things.

Secretary SHULTZ. I would like to think that my hand shows mainly in the people surrounding me in the Department of Labor. I place a great deal of confidence in what they do and say.

Mr. FLOOD. It is your show. The blood be upon your head.

Secretary SHULTZ. That is the reason for that major change. That is the largest dollar change in the budget and that is the thinking behind it. I believe that the legislation to implement this has now been reported out of the Ways and Means Committee and I don't know just exactly what the status is. It has moved forward.

Mr. FLOOD. It has been reported out?

Secretary SHULTZ. I believe so.
Mr. FLOOD. Yes, it has.

MANDATORY INCREASES

Secretary SHULTZ. Moving on to the increases in mandatory items, we have the UCFEX and Federal Employees' Compensation——

Mr. FLOOD. You must spell that out for the record. It is strange to believe, people read this thing and this alphabet soup is so foreign to some of them. When you say things like that you must spell them out.

Secretary SHULTZ. This is the unemployment compensation for Federal employees and ex-servicemen. Also, the Federal Employees' Compensation Act. Under both of these categories people have payments coming to them as a matter of right so that the payment of funds to them becomes automatic and what we have here is an estimate of how much money will flow out as a result of the operation of these laws. It is our observation from looking at the experience this year and in past years that the amount estimated was too low in President Johnson's budget. I believe that you shared that view in view of our discussion last time.

Mr. FLOOD. Yes, that is right.

Secretary SHULTZ. We have tried to make an estimate that hits about where we think it will come out.

DISCUSSIONS WITH THE PRESIDENT

Mr. FLOOD. We have been through your statement and we heard you before and listen to you now. We would like to know, did you ever talk this over personally, eyeball to eyeball, with President Nixon?

Secretary SHULTZ. This particular change?

Mr. FLOOD. No; this whole show. All of the so-called Nixon amendments. Have you talked to the President himself, you, the Secretary, about this?

Secretary SHULTZ. I talked to him about the Department budget.

Mr. FLOOD. That is what I mean.

Secretary SHULTZ. Discussed the budget in general terms.

Mr. FLOOD. You have talked this over with the President?

Secretary SHULTZ. In Cabinet meetings.

Mr. FLOOD. Not person to person, privately or separately?

Secretary SHULTZ. I have not sat down individually with the President and gone through the budget, Department of Labor, item by item.

Mr. FLOOD. No, I don't mean that. Have you talked to him about the amendments to the so-called Johnson budget, you and he?

Secretary SHULTZ. In a general way, yes.

Mr. FLOOD. Just together, the two of you?

Secretary SHULTZ. Not just the two of us alone; no.

That accounts mainly for the mandatory increases. There is a partial offset, as we note here, in these two programs as a result of the Automotive Products Trades Act. This act has expired and our estimate of the payments that will become due is slightly less than in the Johnson budget.

MANPOWER PROGRAMS

If I may turn now to controllable program costs. In the manpower programs overall we have a reduction of $15.3 million. This consists of plusses and minuses along the way. In the trust fund authorizations a reduction of $0.9 million. This reduction reflects a reduction in personnel at the Federal staff level for administering the program. In terms of direct appropriations we have a reduction of $14.4 million as compared with President Johnson's budget. We think that the reductions in President Johnson's budget should be seen in the light of the fact that we are still recommending a very substantial increase in the total funds for manpower programs. So when I speak of reductions from the Johnson budget, this still includes increases as compared with 1969.

First of all, there is a reduction in the amount we are requesting for concentrated employment programs. This reflects our judgment that as these programs have developed and expanded, they didn't go quite as far as had been anticipated by the time of the change in administration. For example, 82 concentrated employment programs had been authorized and planned for and I believe 78 had actually been put into place. At the same time, there is the whole problem of managing and assimilating and getting these things so that they are working properly. We feel that that process needs to go on carefully and that the amount we are asking for, which is slightly less than President Johnson's budget, will do the task.

It should be noted that this still represents an increase of $94.2 million over the 1969 program and we think this is a more manageable item for us.

There is a reduction of 3.8 million in the amount requested for part time and other training, and I think this reflects our judgment of the difficulties involved in managing that particular item.

There is an increase of $0.1 million in the job matching and technical assistance and training of personnel. This is a program reflecting the amendments specifying that 2 percent of the funds available under titles I, II and III shall be available for this program. It reflects the congressional idea and our idea of improved staff work and improved technical work in these programs, and partly involves the job bank and use of computers——

JOB BANK

Mr. FLOOD. Job bank? What is that?

Secretary SHULTZ. Making this effective. This is illustrated most firmly by what is going on in Baltimore. In effect, what you have is a feeding into a computer——

Mr. FLOOD. Social Security?

Secretary SHULTZ. No.

Mr. FLOOD. What is peculiar about Baltimore?

Secretary SHULTZ. That is where the job bank idea has been tried most fully.

Mr. FLOOD. What is the Baltimore operation? What is that project?

Secretary SHULTZ. The project consists of collecting throughout the city, the metropolitan area, information on job vacancies as of a particular day and in effect putting that into a computer and making——

Mr. FLOOD. This is done by your people?

Secretary SHULTZ. This is done through our work but it is done in Baltimore by the employment security offices there. Each day throughout the city——

Mr. FLOOD. This is a pretty dramatic thing; isn't it?

Secretary SHULTZ. It is a relatively simple thing but it has apparently had a rather dramatic result. It represents one phase, I think, in the possibilities for the use of computers and other technical assistance.

Mr. FLOOD. It has quadrupled the information available to employers in a very short time; has it not?

Secretary SHULTZ. It improves information for employers. I think to an even greater extent it improves information for jobseekers because they know in a much more comprehensive way where the jobs are.

UTAH JOB MATCHING SYSTEM

Mr. FLOOD. This helps the so-called hard-core unemployed?

Secretary SHULTZ. Quite a lot; yes, indeed. That is a relatively simple application of the use of the computer, just feeding the information in and having it print out. In Utah we have on a State level a——

Mr. FLOOD. That is your prize exhibit isn't it?

Secretary SHULTZ. Right now it is the prize exhibit, but we hope that we can learn from that and other States can learn from that, and that as we go along this can be improved upon. We would expect that eventually we would have these job-matching systems, with the use of the technology that is now available, located throughout the country.

I think their main impact, just because most people look for jobs and find jobs in a particular local area——

Mr. FLOOD. The publicity has not been good on that Utah thing, nationwide. The man in the street does not know this. The news media have not been part of this Utah show. I wonder why? Is it too early?

Secretary SHULTZ. It may be that. The Baltimore one has been in existence longer.

Mr. FLOOD. That has good publicity. But Utah, almost none.

Secretary SHULTZ. Well, it was dedicated January 28, or something like that. Although it had been actually working long before that. I think it is perhaps too early to point to results in any real dramatic way.

BALTIMORE AND UTAH PROJECTS

Mr. FLOOD. At this point in the record, would you put a memorandum of reasonable length, first, on the Baltimore operation; secondly, on the Utah operation?

Secretary SHULTZ. Yes, sir.

(The memorandum follows:)

STATEMENT OF THE UTAH MAN-JOB-MATCHING SYSTEM AND THE BALTIMORE JOB BANK

The Utah State and Baltimore city systems of computerized job placement are encouraging experiments which demonstrate economical strategies for matching people to employment opportunities.

UTAH: MAN-JOB-MATCHING SYSTEM

Objective

At the present time, the Utah system has been designed to utilize a computer to match applicants to job openings and openings to applicants. Subsequent ob-

jectives include labor market information, employer relations, and management information systems.

General description

Video data terminals and terminal printers are located in three local offices of the Utah State Employment Service: Salt Lake City, about 300,000 population served—Ogden, about 90,000 population—and Logan, about 30,000 population. These are linked with the computer at the central office of the Utah Department of Employment Security at Salt Lake City. The following nine types of messages are programed to be sent from or to appear in either video or paper print, or both, at terminals in those local offices: (1) List application, (2) List job order, (3) Is applicant on file? (4) Match order to available applicants, (5) Match applicant to available job openings, (6) Remove order-pending status, (7) Remove applicant-pending status, (8) Mail out call-in card, (9) Request complex search.

Other local offices of the Utah agency, not having video terminals or printers on their premises, batch and mail orders and applicant information to the central office, where they are matched overnight. In addition, these offices may telephone urgent requests to the computer center or to one of three pilot offices, for immediate access to the data bank. In effect, this means that all applicants and openings available to the state employment service, unless they are referred or filled directly during the day of intake, are exposed to all opportunities and applicants within the statewide system.

Management and substantive supervision over the system are maintained by daily reminder notices which are automatically prepared by the computer. In addition, all local offices and cooperating public and nonprofit manpower agencies are provided with a weekly printout of all openings remaining unfilled by the end of the week to widen the area of recruitment and information about available job opportunities. Automatic notices of job referrals and related actions are sent to the unemployment insurance division to back up the manual procedures. A wide variety of additional transaction and management data are being planned.

Results to date

Formal evaluation of the system is still in process, and will not be completed for some months. The system itself is still being debugged and revised, although local offices have been fully reliant on the computer-assisted process since early February. In the Ogden local office, however, where the system has been in test operation longest, local office personnel are enthusiastic.

BALTIMORE: JOB BANK

The Baltimore system stresses the efficient collection and distribution of job opportunities, leaving the actual matching of people and employment to placement experts. Job orders are collected through regular employment service channels and from other cooperating sources. Computer printouts are made daily and sent to employment service offices and to other Federal manpower/social agencies throughout the city. The effect is to bring complete job market information to the street corner, thereby greatly extending outreach and eliminating the problems created when several geographically separate agencies serve the disadvantaged individual.

In Baltimore, 50 percent more disadvantaged were placed in jobs this year, and much of the credit belongs to the job bank, which has contributed order and efficiency to the city's manpower effort. Instead of 15 agencies soliciting employers for job information, only one contact is now necessary. This achievement alone has led to a significant increase in busines support for the Federal manpower programs.

NEW PROGRAM UNDER TITLE V OF THE MANPOWER DEVELOPMENT AND TRAINING ACT

Secretary SHULTZ. We propose an increase of $20 million for grants to States under title V of MDTA. This also we discussed in our last meeting. This is, as you know, funds on a matching basis, 75 percent Federal and 25 percent State, in effect to help States fill the gaps in their programs to make the program that comes to them fit more the needs of the particular area.

I think, given the task involved here, $20 million is a small sum, but we felt it was important to put something into this category to show that we do want to make this system work. As you know, there was nothing in this category in President Johnson's budget so we regard this, you might say, as earnest money for the concept. It does fit in with the thinking that we are developing as we try to work our way toward a conception of a comprehensive manpower act.

It fits in generally with the notion of involving the States and localities to a greater extent in planning the program content of manpower programs as they come into the field.

STUDY OF SEASONAL EMPLOYMENT IN THE CONSTRUCTION INDUSTRY

We have a $0.8 million increase for a study of seasonality in construction.

Mr. FLOOD. What?

Secretary SHULTZ. For a study of seasonality in construction. Seasonal patterns of employment in the construction industry. We have been working in a variety of ways on the problems of the construction industry, which are in many ways severe, and this is one.

Mr. FLOOD. What do carpenters get an hour now on the average?

Secretary SHULTZ. Bill, do you know the answer to that?

Mr. USERY. About $6.25.

Mr. FLOOD. Eight-hour shift?

Secretary SHULTZ. It is going up fast.

Mr. FLOOD. Eight-hour shift?

Secretary SHULTZ. Bill?

Mr. USERY. Most places 8 hours. Seven in some places.

Secretary SHULTZ. They reduce the hours and get overtime.

Mr. FLOOD. I understand that.

Mr. WEBER. Mr. Chairman and Mr. Secretary, with your permission I would note with respect to the study of seasonality in the construction industry that such a study was mandated by title IV, of the MDTA amendments last year, and under the previous budget this was not funded.

In accordance with the amendments, we are trying to develop programs to deal with the construction industry. We discussed it and decided it would be appropriate to fund that. In addition, we are being responsive to the congressional mandate and direction. It is not something we just cooked up ourselves. We like the stew.

Mr. MICHEL. Mr. Chairman, may I ask the Secretary at this point, on those wage rates in the construction trade, isn't weather a factor whether you have work or not? That obviously is a factor, is it not, in pushing up of those wage rates?

Those in the construction trades get to work on good days, and on bad days they are just out of business.

Secretary SHULTZ. That is always the argument that is advanced. There is a good bit of it. On the other hand, it is our impression, and I think it is the fact, that the degree to which the weather affects the possibility of construction work has lessened. I think that this is an area, and there are others also in the field of construction, where we just are not as well informed as we are in many other areas. We are trying both to get ourselves better informed and to develop patterns

of work with construction employers and unions that we hope will move toward a somewhat more manageable situation in that industry. This is one element.

Mr. MICHEL. In this case of seasonality, it would be winter versus spring trying to iron out the peaks and valleys, or what?

Secretary SHULTZ. It is a question of studying the question and seeing just how seasonal it is. Some parts of the work are quite seasonal. Others not so. Then I think doing something about it is usually preceded by understanding the problem better. We think something should be done about it, if possible, and it may be that if the strength of the seasonal movements can be reduced somewhat, then the high wage rates won't be quite as justifiable. This will help in the general unfolding of construction programs.

Mr. MICHEL. Mr. Chairman, your observation about a 40-hour week reminds me that I find out in the hustings in some areas there is much demand before agreeing to a contract, that they be given an opportunity to work 48 hours and get the time and a half for all of that above 40 hours. That gets to be pretty much of a norm.

Secretary SHULTZ. That is not limited to construction workers. Many of the most difficult issues in labor-management relations are reflections of fights over who gets the overtime. I am sure that Bill Usery, who has been a union leader, will attest to that.

Mr. FLOOD. Including the Post Office Department.

Mrs. REID. This would certainly vary in different parts of the country?

Secretary SHULTZ. Yes, ma'am.

Mrs. REID. In the warmer areas I presume this would be a year-round situation?

Secretary SHULTZ. Yes, ma'am. It varies by parts of the country and it varies by type of work. On the one hand, they have learned how to use materials when it is cold to a much greater extent, and at the same time you notice that nowadays it is quite common once a structure is up and enclosed that they can heat that while they are working and maintain the work during the winter season.

More and more they are defeating the elements in being able to go ahead with construction work.

Mr. FLOOD. I saw an example of that a few months ago when they were building in cold weather at a college in my hometown. I saw this great, big canopy blown up, a translucent thing, so I walked in there. It is amazing what was going on there—twice as big as this room. It was blown up just like a big tent and they were working in there on a very cold day.

Mrs. REID. Plastic?

Mr. FLOOD. Yes.

Secretary SHULTZ. I notice when I look at those things, I always worry a little bit are they going to collapse if you are in there and will you have it just collapse on you. It does not seem to happen.

DECREASE IN LABOR MOBILITY AND BONDING PROGRAM

Going on, we propose a decrease of $1.3 million in the labor mobility and bonding program. These are two quite different things. The labor mobility program is a program of experiments to learn about mobili-

ty problems. It has been going on now for 4 or 5 years. We intend to continue the experimentation but to emphasize this year the lessons of the past, trying to assimilate results of what has been done, and see what we can learn from it.

The bonding program has, I think, represented a successful effort to give some encouragement to employers to hire higher risk people. As it has turned out, the thrust in the encouragment has led to the desired result and the money has not been used. The bonding support money has not been used to the extent it was thought. So we see a small reduction here as being quite possible without in any way endangering the program.

REDISTRIBUTION OF POSITIONS

We have a reduction of $1 million and about 71 positions in program support for the Office of the Manpower Administrator. This is a result of the reorganization of the Manpower Administration that we have been through. It reflects a redistribution of positions as we are working ourselves through that process.

LANGUAGE CHANGE

We have a proposed amendment to the appropriation language for the Manpower Development and Training Act. This would assure the availability of funds for special national programs. We are thinking here particularly of the JOBS and the concentrated employment program.

JOBS PROGRAM

Mr. FLOOD. What is JOBS?

Secretary SCHULTZ. This is the program sponsored by the National Alliance of Businessmen and it stands for job opportunities in the business sector.

Mr. FLOOD. Is this the thing that the Ford people were instrumental in executing?

Secretary SCHULTZ. Henry Ford was the first chairman last year. He has been succeeded by Dean Kendally, chairman of Pepsico. The chairman, we think, got off on a very strong start. The new people operating it are quite enthusiastic. A large part of the increase in the manpower budget is accounted for by this program.

Mr. FLOOD. We are very much impressed by the fellow that handled it in the very beginning.

Secretary SCHULTZ. Leo Beebe. He was very effective.

Mr. FLOOD. Is he still there?

Secretary SCHULTZ. No. He was part of the Ford organization.

Mr. FLOOD. He impressed us very much. It is too bad.

Secretary SCHULTZ. He was very good.

The theory that Leo Beebe advances for the top job that he was in, and for other jobs in the various regions and cities, is that if Henry Ford is to be chairman he should have one of his own executives as full-time worker. As Leo puts it, tell him that his career in Ford depends on his performance on this program. That is the way you get results out of people. It is much preferable, according to him, to have somebody in the company involved.

Mr. FLOOD. Mr. Ford is the guy that carried the ball.

Secretary SCHULTZ. He made no question about his support for the program. Leo Beebe, Mr. Ford would be the first to say——

Mr. FLOOD. Ford is the one who got it off the ground.

Secretary SHULTZ. I think that is a fair enough statement. At any rate, in following this theory, we have one of the top executives from Pepsico as the person in the job that Leo Beebe had. We also think that we will have some additional strength as this program evolves from having people from more than one company in the top echelon. I think one of the difficulties, caused by the fact that the Ford Motor Co. threw so much of its energy into the program, was that when they withdrew we were left without as much staffing as we would like. If we can spread the burden a little bit we will be in a stronger longrun position.

APPROPRIATION LANGUAGE CHANGE

This program has been expanded from the 50 cities in which it started to 125 that is contemplated in President Nixon's budget, which is the same on this item as President Johnson's budget. At any rate, I was discussing these programs and an amendment to the MDTA Act which we would propose in the appropriation language to exempt these special programs from the apportionment of benefits provisions of section 301 of the act of 1962. We think that this flexibility as to the flow of funds geographically will be helpful in the implementation of the objectives of these programs. It is for that reason we suggest this amendment. At the same time, somewhat along the same lines, although in a different concept, in our budget we put money alongside categories of programs, like concentrated employment and the job opportunities in the business sector, and others, and this represents our best estimate of how this money will flow.

At the same time, we are working very hard, particularly with our manpower reorganization and concepts we are developing for our Comprehensive Manpower Act which we hope to have available before long, to encourage States and localities to take a stronger hand in identifying the particular structure of needs there.

It may very well be that our estimate from this level of exactly what is called for will vary as people's plans emerge and the precise flow of funds in particular categories may not be exactly what we had planned. So we want to have some flexibility as to categories in which the money is located.

ANTICRIME PROGRAM

Turning to the labor-management services program. Here we have an increase of $2.3 million. This is primarily a reflection of the role of this unit in the anticrime program that President Nixon has embarked upon. This is a result of the fact that the Attorney General observes that the information collected in the labor-management reports in the pension and welfare reporting and the investigative work done in those areas is very helpful information in the analysis of where crime may be. So he suggests that we put more effort into this. As you know, the present situation is that these reports are cataloged and inventoried. Only the most cursory analysis of them can be made. This additional money would allow a more detailed analysis of the information.

This is something that we think is desirable in its own right from our point of view in understanding what is going on, but the impetus for it comes from the anticrime drive.

LETTER FROM THE ATTORNEY GENERAL

I have a letter from the Attorney General to submit to you.

Mr. FLOOD. Did you ask for it?

Secretary SHULTZ. Yes, I asked for this letter.

Mr. FLOOD. What did you ask?

Secretary SHULTZ. I asked for a letter from him stating his hope that the Department of Labor would get money for this purpose and its relationship to the anticrime drive.

Mr. FLOOD. You will insert the answer which you now hold in your hand in the record at this point?

Secretary SHULTZ. Yes, sir.

(The letter follows:)

OFFICE OF THE ATTORNEY GENERAL,
Washington, D.C.

HON. GEORGE P. SHULTZ,
Secretary of Labor,
Washington, D.C.

DEAR MR. SECRETARY: The President has directed all Federal agencies to cooperate with the Department of Justice in the Federal effort against organized crime and to give priority to the oragnized crime drive. In his message to Congress on April 23rd, the President indicated that he would ask the Congress to increase the Fiscal 1970 budget for this purpose. The President and I are convinced that the threat of organized crime can be eliminated only by carefully conceived, well-funded and well-executed action plans.

The role of the Labor Department in this program is vitally important. I am impressed that your Office of Labor-Management and Welfare-Pension Reports (LMWP) with its small staff has been able to support the Federal government's task forces against organized crime, albeit in a limited way. Whenever possible, LMWP has through its investigative personnel assisted in identifying corruption in the labor-management area. I am also impressed by the fact that your investigators by reason of their expertise have been able to identify and pinpoint violations of other Federal and local laws, and have thereafter referred such matters to the proper agency for investigation.

However, having reviewed the staffing and information needs of the contemplated task forces, I concluded that the staff of the Office of Labor-Management and Welfare-Pension Reports is too small to provide the support which I consider necessary if the overall effort is to succeed. It was for this reason that I suggested that you initiate a request to the Bureau of the Budget for additional funds for Fiscal 1970.

It is important that the Department of Labor participate in the organized crime program because its investigators have specialized knowledge of the laws pertaining to labor organizations and welfare-pension plans. My staff advises me that the reports required to be filed under the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act contain information essential in the fight against organized crime, but that the Department of Labor (because of its small staff) has been unable to get full compliance with those reporting requirements or to extract in useable ways much of the information contained in reports on file in the Department of Labor. I believe it important that the Congress be aware that welfare and pension funds are in excess of one hundred billion dollars, making these funds a prime target for any illegal activity including takeover, infiltration and manipulation by organized criminals.

As authorized by the President of the United States, I supported your request for additional funds before the Bureau of the Budget. By this letter I endorse that request in your forthcoming appearance before the Appropriations Com-

mittee. You have my permission to read this letter to the Committee or to enter it as an exhibit with your statement.

Thank you again for your cooperation in this most important program.

Sincerely yours,

JOHN MITCHELL,
Attorney General.

Mr. FLOOD. What is the gist of the letter?

Secretary SHULTZ. The gist of the letter is what I said, that the analysis and investigation that can go into these reports turns out to yield very useful information in the drive against organized crime. So some additional effort in developing that information would be helpful to him.

Mr. Usery can expand upon that if you would like.

Mr. FLOOD. Does he want to?

Secretary SHULTZ. He has been very much involved in it.

ANALYSIS OF UNION WELFARE AND PENSION REPORTS

Mr. USERY. We presently have over 150,000 disclosure reports, welfare and pensions. There are in excess of $100 billion now in pension funds. This seems to become a place where those desiring to get their hands on money have become involved, both in some unions and in companies and trusts for union funds. Although we have the reports out there, we do not have the manpower to get the intelligence out of these reports that the Department of Justice desires us to get for them. In fact, we can now cross-check——

Mr. FLOOD. Why don't they get it?

Mr. USERY. The report by law is under the Secretary of Labor and he is entrusted to receive and to keep and to file them and the Justice Department has asked for the intelligence from these reports from us. LMWP is a part of the task force system that has been set up by the Justice Department, which includes each enforcement agency having responsibility for civil or criminal litigation. We now have a number of task forces in various cities with all these agencies working together to compile the intelligence information they have and to work under a team concept.

The Justice Department plans now to go up to 17 task forces in various parts of the country working hand in hand in using all of the intelligence from the various files of these agencies.

As stated, the welfare and pension reports now have an abundance of intelligence. We, to enforce and carry out our part of the endeavor, do not need all this intelligence, but that intelligence is there to be used by this task force, if they need it.

An illustration. Without naming the names of the people or the unions, there is a national organization——

Mr. FLOOD. Why don't you name them?

Mr. USERY. I think they are now under investigation. If the record is going to be printed, I guess the names would come out and I am not sure it would be wise to state the names. It is a national organization of independent trade unions. I can say this. It is almost a family owned independent organization. They are now using the funds of these unions in various ways to set up various front organizations to carry out some of their endeavors.

Another illustration is a local union, where there is a brother that is president of the union and he has another brother who is supposedly a member of the Costa Nostra families, and in turn they seek to find their way in to get their hands on welfare or pension funds for use of this money for investment in things they want to do.

Mr. FLOOD. You mean this is a luscious plum and a target for the mob?

Mr. USERY. With $100 billion, growing about $10 billion a year in pensions, you can rapidly see how much money is getting involved in pension funds. This is a great source of money to be used in various ways.

Mr. FLOOD. Very inviting.

Mr. USERY. Yes, sir.

There are not only the unions, but trust officers, and they are buying up various companies and, in turn, would have control of the pension fund money to be used in other ways.

Mr. FLOOD. Would this endanger the integrity of the trust funds for pensions?

Mr. USERY. Yes; it could.

INCREASES FOR LABOR-MANAGEMENT RELATIONS PROGRAMS

Secretary SHULTZ. We also have requested increases for two areas. In each case we hope to gain some improvement in the climate of labor-management relations. As a result we are requesting $0.2 million for an improved program of research and assistance and information-sharing among State and municipal governments.

As you know, the public employee labor relation situation, particularly at the State and local level, has been a very turbulent one. We felt that one of the things that we should do is at least improve the flow of information and understanding and technical assistance here. This is designed for that purpose.

The other increase is for $0.1 million for a general program, coordinated analysis and research and consultation in the labor-management field. This reflects our desire to work in particular industry situations, where we think that the problems have been particularly difficult, and see if by some work outside the atmosphere of a particular bargaining crisis, we cannot do some things that will ease the general bargaining situation.

I think that I referred earlier to the fact that we have taken some modest beginning steps in the construction industry along these lines.

INCREASE FOR LABOR STATISTICS

Turning next to the labor statistics, we have an increase of $0.4 million. This is composed of one decrease and some increases. The decrease is in the program for developing a new measure of persons experiencing employment problems. The original request was $0.2 million. This is for $0.1 million now and our reevaluation of it suggests that we can attain the objectives of the program with a reduced amount of money. We request an increase of $0.2 million to develop statistical measures on the price competitiveness of U.S. products in world markets. This is something that is a problem for the country in assessing the position of U.S. products in world trade. We feel that

by having more information and a greater understanding of exactly where we do stand, we can contribute to the solution of that problem.

Mr. FLOOD. Do you get mixed up in jurisdiction with the Department of Commerce in connection with international and foreign trade? I thought that was their show?

Secretary SHULTZ. I do not think we have had that particular problem. Perhaps Commissioner Moore would like to comment.

Mr. FLOOD. How can you avoid it?

Mr. MOORE. The purpose of this program would be to collect price information. This is a very broad function of the Bureau of Labor Statistics and fits in very well in our general program.

Mr. FLOOD. I understand that.

Secretary SHULTZ. A secondary area of increase of $0.3 million fits in with the efforts that I referred to a moment ago in the labor-management services area having to do with State and local public employee relations. Here is what we want to develop is a continuing series of——

STRIKE BY PUBLIC EMPLOYEES

Mr. FLOOD. Ever think you would live long enough to see public employees strike, teachers strike? Ever think you would live that long?

Secretary SHULTZ. Never. No. Nor hospital workers.

I used to say that one could never expect hospital workers to strike, but I cannot say that any more.

Mr. FLOOD. I think that teachers are an example even more glaring. I never thought I would live that long.

I am for that right, by the way.

Secretary SHULTZ. I think it is a deplorable state of affairs and we should do something about it. The way to do something about it is to try to understand the problems.

Mr. FLOOD. My grandfather would turn over in his grave if he heard about such strikes.

Secretary SHULTZ. This is an effort to contribute to the solution of the problem. I must say, in my view, the turbulence in labor-management relations in the public sector has disclosed, as you might expect, the managerial practices are often quite deficient. This is an area that does need a great deal of work.

Mr. FLOOD. I have no quarrel with it.

Secretary SHULTZ. We have a category here called Executive direction, which I sometimes think——

Mr. FLOOD. For the record, those statements are my personal statements. I do not speak for this subcommittee, you understand.

Secretary SHULTZ. I didn't notice anyone contradicting you.

Mr. MICHEL. I would have some reservations about that flat statement.

Mrs. REID. And so would I.

Mr. MICHEL. The Chairman, shrewd as he is, is well aware of those views. I appreciate his voluntary contribution to the record.

INCREASE FOR AUDIT

Secretary SHULTZ. Our next category has to do with Executive direction, which I sometimes think is not existent in the Department as we get pushed around from day to day—one thing and another.

At any rate, this is $0.5 million and it is for the strengthening of the audit capacity of the Office of the Secretary as it is presently organized in the Department. We think it is an appropriate way to do it. The audit function is located in the Office of the Secretary so that it is not in any particular program area. With the increased flow of funds that go through the Department, particularly in the Manpower Administration, we want to improve our ability to audit what is going on and to be sure that funds are being used properly, and so on. This increase is for the purpose of improving our ability to that end.

AMENDMENT TO LANGUAGE FOR WORKING CAPITAL FUND

Then we propose an amendment in the authorizing language to the Department's Working Capital Fund to include personnel functions and regional administrative offices. I would prefer that Mr. Leo Werts would explain that, Mr. Chairman.

Mr. FLOOD. I don't blame you for getting out from under that one. Go ahead, Leo.

Mr. WERTS. There are very few personnel positions in the field—as indicated here, 19—and they do not increase very much from one year to another. It seems that instead of coming to this committee each time we need to increase one person in Boston or one in Kansas City, that we ought to be able to get the financing from the funds appropriated to other administrations. As the Working Capital——

Mr. FLOOD. Other administrations; what does that mean?

Mr. WERTS. It means the Manpower Administration or Labor-Management Services Administration, or others. So, it is a simplification of the financing arrangements and the accounting, primarily.

As the chairman knows, this is being done when we purchase supplies and provide messenger service, and other services. The Working Capital Fund is financed for these items from the administration budgets. This is just an extension to these few personnel positions.

CONSOLIDATION OF REGIONAL OFFICES

Mr. MICHEL. Mr. Chairman.

Mr. FLOOD. Yes.

Mr. MICHEL. I might ask here: Over in HEW they have been talking about consolidation of the Kansas City and Denver regional offices, and moving their regional office in Charlottesville, Va., to Philadelphia, and making nine regions in HEW. How many regional offices of significance do we have in the Department of Labor?

Mr. WERTS. Eight. We have eight regions, and we will have exactly the same regions as HEW.

Secretary SHULTZ. The purpose of this regionalization effort that the President announced not long ago is to group these department regional headquarters together in one place so that they have a better ability to coordinate their efforts.

Mr. MICHEL. There are many of these questions that do get asked at the local and State level that have to do with both HEW and Labor. If you can go to one shop, one city, get all your business done in one location, I am all for it.

If it is something to get you out fractionalized some more, then I have to say "No."

Secretary SHULTZ. It is an effort to pull not only the HEW and Labor Department's work into closer proximity, but also the Economic Opportunity, OEO people, HUD. I think those are the principal ones that we have a lot of contact with in the field.

REGIONAL OFFICE IN KANSAS CITY

Mr. SHRIVER. Do you have a regional office now in Kansas City?

Secretary SHULTZ. Yes.

Mr. SHRIVER. Do you have a regional office in Denver?

Mr. WERTS. We do not have one in Denver.

Mr. SHRIVER. I think the big issue in consolidation of Denver and Kansas City is where can the work best be handled. Where can most of the people be served in the area. I think it is Kansas City.

Secretary SHULTZ. Leo paid a visit to Kansas City.

Mr. FLOOD. I think the record should show Mr. Shriver is from Kansas.

Secretary SHULTZ. Leo made a visit to Kansas City and, among other things, called on the mayor there.

Maybe you want to describe that?

Mr. WERTS. Mr. Chairman, we went out, a group of us from HEW and OEO and Labor, to try to work with the mayor to establish the kinds of facilities in Kansas City needed to serve that area of four States, as the Congressman suggested. We had an interesting little incident. We called on the mayor and he said, "I do not accept the fact that you are going to move this regional office. Therefore, this is a wrong meeting at the wrong time." After a few more pleasantries we got up and left. To get into the substance, I think Congressman Shriver is quite right; we have looked at the data and the workload in Missouri, Kansas, Iowa, and Nebraska. On the basis of that information we will be recommending to the Secretary—this will be a joint recommendation from HEW, OEO, and HUD, as well as the Small Business Administration—we will be recommending that we do maintain a high-level and sizable office in Kansas City to serve those four States as a part of the Denver region.

SUBREGIONAL OFFICES

Mr. MICHEL. Will this be the only suboffice?

Mr. WERTS. We will have a similar situation in Seattle. For Oregon, Washington, and Alaska.

Mr. MICHEL. Is there a mini version of that now?

Mr. WERTS. In Seattle, we have three bureaus of the Department, the former BES, which is now U.S. Training and Employment Service, the Bureau of Apprenticeship and Training, and the BEC, the Bureau of Employees' Compensation. They will remain. No change is contemplated.

Mr. MICHEL. Then there really would be two subregional offices, Seattle and Kansas City.

Mr. WERTS. And the eight regions.

Mr. MICHEL. Where is the one spot where HEW has a regional office that Labor does not have?

Mr. WERTS. Denver.

Mr. FLOOD. Have you finished your statement, Mr. Secretary?

REDUCTIONS IN OTHER PROGRAMS ADMINISTERED BY THE DEPARTMENT OF LABOR

Secretary SHULTZ. That concludes my remarks about the Department of Labor appropriation request. However, I would note to the committee that in the request for EOA funds which are administered by the Department of Labor and the manpower program, there is a decrease of $32 million. In the work incentive funds which are appropriated to HEW. There is a decrease of $28 million below the original request.

As you may have heard, the request for Job Corps funds——

Mr. FLOOD. Yes, I did hear.

Secretary SHULTZ (continuing). Which will be coming to the Department of Labor has been reduced by $100 million.

REDUCTION IN UNEMPLOYMENT COMPENSATION BENEFIT PAYMENTS

Mr. FLOOD. The largest single change in your 1970 budget as a result of your review is a reduction of $220 million in the estimated benefit payments from the unemployment trust fund. We do not appropriate these funds, but of course we are very much interested, especially in the estimates, because of their impact, their clout, which is the new word. It is a good word.

Secretary SHULTZ. Mayor Daley uses that word a lot, if you want to associate yourself with him.

Mr. FLOOD. Anyhow, we are concerned about the impact or the clout on the Federal budget. What led you to revise these 1970 estimates? You did this, Mr. Secretary, didn't you?

Secretary SHULTZ. This is a revision in the content, not in the estimates of a given program as the program has changed. It is not a question of revising the estimates. Instead, this basically reflects going to quarterly reports and changing the timing of the impact of the quarterly contributions.

Mr. FLOOD. On page 2 of this table you sent us several days ago, and I quote: "Reduction of estimated benefit payments by States, minus $220 million."

Secretary SHULTZ. I am still not with you.

Mr. JONES. We are really not talking about benefit payments by the States, Mr. Chairman. It is income to the trust fund which decreases the budget authority.

Mr. FLOOD. Mister, this is English. I speak a number of languages, but I can read English. I quote on page 2 your language: "Reduction of estimated benefit payments by States."

Mr. JONES. I am sorry, sir. We are talking about two different things.

Mr. FLOOD. Let's talk about what I am talking about.

Mr. JONES. All right. The $220 million reduction of estimated benefit payments by the States, which of course does affect the President's budget surplus, is a revision from the original estimate of the amount that we expect the States actually to have to pay out in benefits during 1970.

Mr. FLOOD. All right. Have you revised your estimates for 1969?

Mr. JONES. Yes, sir. They are not reflected in these documents, but we have revised our estimates.

Mr. MICHEL. Does this show a reduction?

Mr. JONES. Yes.

Mr. FLOOD. What are your actual payment benefits for 1968?

Mr. JONES. For 1968, I would have to provide the figure.

Mr. FLOOD. All right. And also put in the record the original and revised estimates for 1969 and 1970.

Mr. JONES. Yes, sir.

(The information follows:)

UNEMPLOYMENT TRUST FUND

Benefit payments

	Thousands
1968 actual	$2,073,827
1969 estimate:	
Original	2,210,000
Revised	2,000,000
1970 estimate:	
Original	2,290,000
Revised	2,070,000

PROPOSED LANGUAGE CHANGE FOR MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

Mr. FLOOD. Mr. Secretary, you are proposing some new appropriation language for manpower development and training activities. This was not in any previous budget request. It may be subject to a point of order.

Why do you need this language? What would be the effect if we did not put the language in the bill? Have you checked the language with your counsel?

First, why do you need it?

Secretary SHULTZ. The bill calls for the distribution of funds to areas of the country according to basically population and unemployment.

Mr. FLOOD. It is very embarrassing for Mr. Michel and me, you know. After our months of hearings, we take this bill to the House, and some member in the Committee of the Whole says, "Mr. Chairman, a point of order," and out of the bill goes this language because it is legislation in an appropriation bill.

Mr. MICHEL. To supplement that, Mr. Secretary, in the first place, there are 51 members of our Appropriations Committee. We do wield some influence around here, I guess, but we are a small minority of the whole House. Those serving on legislative committees sometimes feel that we have a little bit too much power, the power of the purse, and can stop a program, if we want to, by shutting off the spigot altogether or by lowering the funding level.

Knowing that, to a certain extent, we do have this power, we want to exercise it judiciously. And we do not like to run afoul of legislative committees by getting into their business, too, when we already have this power of the purse under the rules of the House.

Secretary SHULTZ. We have two types of flexibility that we talk about. One does not need any amendment. We are just trying to express our candid view of how we think matters should work. We suggest some flexibility is desirable in the flow of money to program categories. The other matter has to do with the flow of money into areas of the country.

Here what we are concerned about is that as programs develop in various places, particularly the Job Opportunities in the Business Sector programs, it goes more strongly to one place than another, and you want to put the money where it really can do individual people some good.

If you are completely tied down as to the geographic flows, you have difficulty making the money most effective as far as the individual is concerned.

GEOGRAPHIC DISTRIBUTION OF MDTA FUNDS

Mr. WEBER. Under the Manpower Development and Training Act, we have a statutorily prescribed formula dictating the distribution of MDTA funds among the various States. This, of course, is for a conventional MDTA program. The Manpower Development and Training Act was passed in 1962, as you know. In 1964, along comes the Economic Opportunity Act with particular reference to title I(B), which also provided for various programs involving training, and attempts to ameliorate the status of the hard core.

Mr. FLOOD. Hard core what?

Mr. WEBER. Hard-core unemployed.

Over the years, then, programs have been funded on a joint basis, drawing on title II of the Manpower Development and Training Act and, in an equal and in some instances greater proportion, on title I(B) of EOA.

This is particularly true with reference to the CEP (concentrated employment program), and the job opportunities in the business sector programs. The distribution of funds with respect to the CEP's, to the extent they are aimed at the so-called hard core, is determined by the existence of poverty tracts and high incidence of poor, underemployed. The jobs program was then aimed essentially at the large cities where you had a concentration, again, of hard core.

So, if you use the apportionment formula as applied to those jointly funded programs which involve EOA to an equal extent as they do MDTA, you will have a counterproductive distribution of funds.

Mr. FLOOD. Please give us a good statement for the record on this, and check it out with your counsel.

Secretary SHULTZ. We will do that.

EXPLANATION OF MDTA APPROPRIATION LANGUAGE CHANGE

Additional language for the Manpower Development and Training Act appropriation is being requested to assure the availability of funds for the job opportunities in the business sector program (JOBS) and the concentrated employment program (CEP). These two programs are the most recent approaches to the overall manpower effort to reach the hard-core disadvantaged. As such, they require much more flexibility in funding than is currently permitted under the act. In order to provide the maximum funding flexibility for these programs, it is essential that the allocation of resources be determined nationally to insure responsiveness to local needs.

The application of section 301 of the Manpower Development and Training Act, as it now applies to programs authorized under parts A and B of title II of the act, would not only have a serious adverse effect on the Jobs and CEP programs by restricting flow of funds for these programs into areas of most need, but would also create inequities in the apportionment of funds to the States.

Under the current method of apportionment, those States not having a JOBS and/or CEP program would nevertheless be apportioned some JOBS and CEP

funds thereby inflating the amount available or even required for regular MDTA programs in those States. There would be a similar adverse affect on those States having a JOB and/or CEP program by distorting or even reducing the amounts needed for regular MDTA programs in those States.

These practical necessities are the basis for requesting additional language in the MDTA Appropriation Act at this time.

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SOLICITOR,
Washington, May 12, 1969.

Memorandum to: The Secretary.
From: L. H. Silberman, Solicitor.
Subject: Appropriation Act language.

This is in response to Congressman Flood's request (transcript, p. 7128) that the additional language for the Manpower Development and Training Act appropriation be checked with counsel.

The practical necessities requiring this language are explained in a memorandum from the Manpower Administration indicating that if the literal requirements regarding apportionment under the Manpower Development and Training Act are complied with, there will be a serious adverse effect on the CEP and JOBS programs.

These practical necessities require the somewhat unusual course of requesting additional language in the Appropriation Act because there is not opportunity to procure substantive language in time. Though Congressman Flood is undoubtedly right in suggesting that the language is subject to a point of order under the rules of the House of Representatives, we believe that program needs justify this action. There is, of course, considerable precedent for this kind of action under similar circumstances.

I have attached a redraft of the language to make it plain that the exemption from apportionment applies to those funds under the Manpower Development and Training Act which are used for programs authorized under section 123(a) (5) and (8) of the Economic Opportunity Act. This will make it clear that the exemption is not applicable only to those programs which meet the technical requirement of joint funding under section 612 of the Economic Opportunity Act.

NEW LANGUAGE PROPOSED FOR THE APPROPRIATION ESTIMATE, MANPOWER DEVELOPMENT, AND TRAINING ACTIVITIES

Provided, That the amounts appropriated herein for title II, parts A and B of said act which are available for expenses of programs authorized under the provisions of subsections 123(a) (5) or (8) of the Economic Opportunity Act of 1964, as amended, shall not be subject to the apportionment of benefits provisions of section 301 of such act.

MANPOWER TRAINING VERSUS VOCATIONAL EDUCATION PROGRAM

Mr. FLOOD. This administration reduced the budget estimate for Manpower Development and Training Act activities by $12.8 million, but there is still a big increase, $275 million, over 1969. We are getting an avalanche of mail, from the vocational education people all over the country. Mister, I mean we are getting it. These are good people. These are honest, sincere, dedicated people. These are not lobbyists or fakers. These are good people back in our hometowns. They want more money put into the program for vocational education.

Mr. Secretary, you are the President's coordinator for manpower training for the whole Government. Can you give us some reason why we should not take some of this increase from MDTA and put it into vocational education? Both programs, basically are trying to do the same thing.

Secretary SHULTZ. Of course, to some degree the Manpower Development and Training Act funds are, in effect, used to provide voca-

tional education facilities, places where people go, in some circumstances, to get their training.

On the other hand, for many of the disadvantaged, the fact of the matter is that the school system, including the vocational education system, apparently has not worked in a helpful manner as far as they are concerned.

Mr. FLOOD. As far as who is concerned?

Secretary SHULTZ. As far as the individual so-called disadvantaged of hard-core unemployed that we are trying to deal with in these programs.

It has been found—and I think the experience of the Job Opportunities in the business sector program is rather strong on this—that perhaps the better approach is to bring people directly into contact with the work setting and to associate training with that setting, and to develop training in terms that the employer who is to employ this person thinks is most relevant for him, and out of that to get a better degree of success in getting people actually on the job and staying there.

I think there are many ways in which training can be accomplished. Vocational education, off-the-job type of training, is one, and an important one, and one that needs to be strengthened and improved. At least in my view, the recent amendments to the Vocational Education Act will be helpful, but that is not the only way. To some extent I think sometimes more directly job-related methods are an improvement and better.

Mr. FLOOD. This operation is your bright and shining star, you know. You are going to stand or fall on this one.

Secretary SHULTZ. On which one? You mean on the job opportunities in the business sector?

Mr. FLOOD. No. The entire manpower program, across the board.

Mr. WEBER. Mr. Chairman, I would say, to reinforce what the Secretary has said, if all our institutions worked perfectly—the school, the family, and what have you—there probably would be no need for a manpower development and training program in the sense it has developed. If kids moved out of school properly equipped and the Employment Service worked perfectly and employers did not have discriminatory standards in some instances, there would not be any need for this. But institutions are imperfect, and the manpower development and training program arose in effect to deal with some of those imperfections, and to deal with the changes which are taking place in the economy all the time.

I think the one way I would distinguish the focus of the vocational education program from the programs that are in the scope of the Manpower Development and Training Act is that we just do not deal with young people who are at the school age. For example, in the JOBS program, 60 percent are over 21. It is difficult to redeem them in a useful economic——

Mr. FLOOD. Sixty percent?

Mr. WEBER. Are over 21. In many instances we take some who are under 21.

Secretary SHULTZ. Talking in the Job Corps setting, we point out how important this is for young workers.

Mr. WEBER. We are saying this deals in part with a different clientele and constituency, and also attempts to remedy in a constructive way the deficiencies of other institutions.

Mr. FLOOD. In 2 or 3 years you will stand or fall on this.

Secretary SHULTZ. There is certainly a question about the dividing line between so-called work-related manpower-type programs and more education-oriented educational programs.

Mr. FLOOD. What do you like?

Secretary SHULTZ. I would say the world of the Department of Labor is really the world of work, and their world is the world of education. These two things come together most prominently in the vocational education work. You want to have some sort of dividing line for managerial purposes, but the important thing, in my view, is to do everything we can to see that these two things do mesh in a reasonably good way so we get the benefit of improved programs.

Mr. FLOOD. It is a gut issue for you, Mr. Secretary, you understand.

Secretary SHULTZ. I am aware of that.

Mr. MICHEL. If I might make an observation, we hear all this talk about a guaranteed annual wage for people. I would much rather see us talking about a guaranteed program of jobs for people. I think it would sell better throughout the country. Of course, I subscribe to the chairman's remark here that you stand or fall on tying together this whole training and work program really to fit people for jobs and get them to work. That is what we are interested in.

REDUCTION IN BUDGET FOR CONCENTRATED EMPLOYMENT PROGRAM

Mr. FLOOD. One of the most significant changes in the manpower budget is the reduction of $29 million in the CEP's, the concentrated employment program. I have interest in this because I talked to your people on this before the program was actually started. We set one up in my district. It caught on up there like a brush fire. Everybody is in it. The chamber of commerce, the Industrial Fund, the League of Women Voters, PTA—everybody is in it. This is a big community operation. This particular project in the city of Wilkes-Barre is a community operation.

NEW PROGRAM FOR GRANTS TO STATES UNDER TITLE V OF THE MANPOWER DEVELOPMENT AND TRAINING ACT

You ask the addition of $20 million for a new program, never previously funded, for grants to States under title V of the Manpower Development and Training Act. Can you give some examples of how this money is to be used?

Secretary SHULTZ. This is putting money into a program that was specified in the 1968 amendments in a provision of title V of the Manpower Development and Training Act.

Mr. FLOOD. We know that, but how are you going to use it?

Secretary SHULTZ. This is carrying forward the congressional intent, putting money in this program category. Precisely how it would be used by definition will vary from State to State, because the whole idea of this category of funds is to provide funds whereby the States can have more flexibility to meet their particular needs.

Mr. FLOOD. Mr. Secretary, this is a new program. Somebody will ask us on the floor about it. I want some good arguments right now. Why do you want to start this now, at the present time? Things are tough. Somebody will say, "Mr. Chairman, will the gentleman from

Pennsylvania yield. Why do you want to start these programs now, at the present time?" This is the problem.

Mr. WEBER. One of the reasons we want to start these programs now I think derives——

Mr. FLOOD. Capital N-O-W.

Mr. WEBER. The initiative with respect to the development of manpower programs largely comes from the Federal Government. You can say that manpower programs as modern phenomena instead of policy are really around 7 years old.

I think we have learned that in order to attack the problems which are encompassed by what we call manpower problems—the problems of the hard-core unemployed, the problems of getting maximum utilization of our manpower, the problems of the working pool—we have to involve people at the State and local level.

As a result of the Federal initiative in this area, there is now a significant number of States that are willing to put their money on the line if they receive the proper set of incentives.

So, one of the goals that we have and, presumably, that Congress had when it passed title V, is to provide incentives for State and local initiative in building up their capability at this level.

For example——

Mr. FLOOD. This is not a fair question, but let we ask you this. That is not unusual here. Why didn't the Johnson people put that in their budget?

Mr. WEBER. I do not know.

Mr. FLOOD. What do you guess?

Mr. WEBER. I really could not venture an intelligent guess. I have enough trouble keeping up with——

Mr. FLOOD. How many new State jobs will this generate?

Mr. WEBER. It depends on how you translate it. There are $20 million that we will put up. We expect now that States are in a position to put up as much as $65 million. New York State itself has appropriated $15 million for additional training and gap-filling.

STATE MATCHING REQUIREMENT

Mr. FLOOD. What State matching is required?

Mr. WEBER. Three Federal for one State. So, if you price it out, this sort of incentive will create efforts at the State level. If you assume something like $80 million and you look at a $2,000 or $3,000 figure per training slot for the jobs associated with that, if you divide it through, it would be a large figure.

Mr. FLOOD. It would be a lot of jobs.

Mr. WEBER. That is right. There are certain gaps.

Mr. FLOOD. They would be State jobs?

Mr. WEBER. There will be jobs in that State for people in the private sector; that is right.

Mr. FLOOD. They will be State employees, I mean.

Mr. WEBER. No, sir.

Mr. FLOOD. How many State employees will it generate on the State payroll? That is what I meant to ask.

Mr. WEBER. I am sure there will be some personnel costs involved.

Mr. FLOOD. No big deal?

Mr. WEBER. The bulk of it is to go to support training.

Mr. CASEY. Did I understand you to say 3 Federal dollars for each State dollar?

Mr. WEBER. That is right.

Mr. CASEY. You are asking for $20 million.

Mr. WEBER. Yes, sir.

Mr. CASEY. That will not generate any $80 million program.

Mr. WEBER. I am just saying it is like the JOBS program. The $20 million itself will not generate the $65 million, but since the passage of title V and the incentive that it has given to the States, our current estimates indicate that States have appropriated extra funds in the amount of $65 million. That will gobble up that $20 million quickly.

Mr. CASEY. You estimate they will put in more than their 1 to 3?

Mr. WEBER. That is right, sir.

Incidentally, that has to be dollars, not in kind or equivalent. We try to be careful about that.

GEOGRAPHIC BOUNDARIES OF MODEL CITIES AND CONCENTRATED EMPLOYMENT PROGRAMS

Mr. FLOOD. We understand—as far as I am concerned, only from newspapers and the news media generally—that the administration intends to increase the geographic jurisdiction of the so-called model cities program. Do you intend to do the same thing with CEP, the concentrated employment program? You know the model cities program was initially intended as a neighborhood operation. Then we gather from newspaper statements that the geographic jurisdiction will be increased. What about CEP?

Secretary SHULTZ. CEP fits into the total area. We do have programs that will suit the area as a whole. The idea of the CEP is to concentrate our efforts in a particular place where people have special needs and to try to serve those needs in an integrated way.

Mr. FLOOD. Do you intend to increase CEP in geographic jurisdiction the same way that Romney suggests or the administration suggests that they intend to increase the geographic jurisdiction of the model cities program?

Secretary SHULTZ. No; but let me explain what I understand.

Mr. FLOOD. You do not so intend?

Secretary SHULTZ. That is right. The concentrated employment program envisages certain specific, relatively small geographic areas where a lot of resources are devoted. That seems to us to be a reasonable concept to follow.

Mr. FLOOD. The answer is "No"?

Secretary SHULTZ. I think the answer is mixed in this sense——

Mr. FLOOD. You can't give a "yes" or "no" answer?

Secretary SHULTZ. What we intend to do is to place the concentrated employment program into the setting of the whole labor market of which it is a part. Obviously, you want to think of the range of things involved in jobs as part of the total labor market.

Mr. FLOOD. Mr. Secretary, the CEP program is limited geographically by jurisdiction, and so was the original model cities program. Mr. Romney suggests that he will extend the geographic jurisdiction within a city of the model cities program as originally conceived.

I ask you very flatly, do you have the same intention for CEP, to

extend its geographical jurisdiction within the same city from a neighborhood show?

Secretary SHULTZ. There are problems whenever you draw a line around——

Mr. FLOOD. I know that, but what is the answer to my question?

Secretary SHULTZ. We think by developing associated programs we can handle these problems satisfactorily.

Mr. FLOOD. That is is not a proper answer. It is evasive. There is no reason why you shouldn't answer the question. You do not feel yourself handcuffed to a neighborhood in the CEP, do you?

Secretary SHULTZ. No. We like the idea of concentrating resources in a particular neighborhood where needs are great.

Mr. FLOOD. Is your answer "yes" or "no"? Are you going to follow what we understand is to be an expansion of the model cities boundaries with similar action with regard to CEP?

Secretary SHULTZ. We intend to keep the concept of CEP the way it is. We want to surround it with parallel programs to deal with this problem.

Mr. FLOOD. The answer is that you do not so intend.

Mr. WEBER. First of all, Mr. Chairman, it is my understanding in most instances the CEP geographical area is greater than the model cities areas.

Mr. FLOOD. I think I would accept that. You mean my analogy is not good.

Mr. WEBER. That is right, sir. They are not coextensive.

Mr. FLOOD. I think that is fair.

Mr. WEBER. Second, you are undoubtedly aware that under the recent amendments to EOA, there is provision for the establishment of a prime sponsor for a larger CMTP. You see how far down the road I am going. We are in the process of identifying prime sponsors.

Secretary SHULTZ. It is the parallel programs that I was talking about.

REDUCTION IN BUDGET FOR CONCENTRATED EMPLOYMENT PROGRAMS

Mr. FLOOD. Why under the sun did you cut that $29 million? Another Secretary sat in that chair a year ago and, boy, what he told us about CEP. I bought it. We bought it. Now you cut it $29 million.

Secretary SHULTZ. Another way of putting it would be——

Mr. FLOOD. It is not a way of putting it. You cut it $29 million. Why?

Secretary SHULTZ. Another way of putting it would be that we propose increasing it——

Mr. FLOOD. He is persistent.

Secretary SHULTZ (continuing). By $94 million, which is a very large increase, although it is not as large an increase as was earlier proposed. We think this increase is more manageable as far as we are concerned.

Mr. FLOOD. You still have a plus of $44.2 million for CEP when you compare 1970 with 1969. This is a new program just getting off the ground but it looks good. Why are you cutting it $29 million?

SHORTFALL IN ACTUAL EXPENDITURES FOR CONCENTRATED EMPLOYMENT PROGRAMS

Mr. JONES. The reason for cutting it $29 million, briefly and frankly was that we looked at our current expenditures for this program and they are not running as high as we thought they would run on the original projects.

Mr. WEBER. That reflects certain problems. If you will turn over two pages hence, Mr. Chairman, you will see there really have been three components to the CEP program. CEP I, CEP II, and CEP III.

DIFFERENCES AMONG CEPS I, II, AND III

Mr. FLOOD. I was going to ask you about that. Take a look on page 3. There you show the breakdown of the $29 million into programs I, II, III. What is the difference between these three?

Mr. WEBER. It is just like having a 1968 model and a 1969 model and a 1970 model. I do not know why. They are the same thing. They changed the trim on them a little. The concept was the same. Why they called it CEP I, CEP II, and CEP III, I do not know.

Mr. FLOOD. I don't know, either.

Mr. WEBER. It is just nomenclature. A CEP is a CEP by any other name.

Mr. FLOOD. A rose by any other name?

Mr. WEBER. But it reflects the time at which they were funded. So, CEP I were the first ones that were funded, I guess in 1966, is that correct?

Mr. JONES. Yes.

DIFFICULTIES IN ESTABLISHING CONCENTRATED EMPLOYMENT PROGRAMS

Mr. FLOOD. You wanted to say something more about that. What were you going to say?

Mr. JONES. No; sir. I had nothing more to say. I was saying the reason it was cut was because the expenditure experience up to now has been that we are not spending the money for these projects. We are still talking about the 82 projects in fiscal 1969.

Mr. WEBER. We are still talking about the same 82 projects.

Let me give you a feel for the difficulties. We fund these, and then it goes to the CEP, which in most instances is associated with the CAA at this point as the prime sponsor. Some of them get off the ground and get broad community involvement, and apparently that was the experience in Wilkes-Barre. Others have trouble.

For example, of the four that are not funded, two are in New York City. The problem with the funding in New York City involves difficulties between the human resources administration, which is the prime sponsor, and the vocational education people.

Mr. FLOOD. Why did the Wilkes-Barre operation hit the ground running?

Mr. WEBER. Obviously, because it had good planning and good managerial ability, and it probably had wide community support.

In CEP II, we tried to build up a planning capability, thereby giving them planning grants.

Mr. FLOOD. Wilkes-Barre is a small town.

Mr. WEBER. It is a small town.

Mr. MICHEL. A big town in this respect.

Mr. FLOOD. Thank you.

Mr. WEBER. One of the real problems we have had in New York in getting these two additional CEPs off the ground is the problem of who is to be a prime sponsor. One is in what is colloquially called Spanish Harlem, and the other is in what is colloquially called black Harlem. They have to get a sponsor that has some managerial capability.

Mr. FLOOD. What do you mean by "sponsor"?

Mr. WEBER. Somebody who will take administrative responsibility.

Mr. FLOOD. Some person?

Mr. WEBER. Some organization or corporate entity. In most instances it is a community action agency. The Regional Manpower Administrator indicates to me he has had a great deal of trouble getting an adequate sponsor in black Harlem, and the only one who has come close to it is something called the Puerto Rican Forum. The people in the black community will not accept the Puerto Rican Forum as the prime sponsor.

To the extent that one of the objectives of the CEP program was to provide for local management by the people involved, this has been a problem which we have tried to resolve, but we really do not have an administrative fiat, nor should we exercise it if we had it, because it must have community support.

Mr. MICHEL. You cannot put a muzzle on them and make them do it.

Mr. WEBER. That is right.

There was another CEP that we had to close down in St. Louis. We closed it down I guess 6 weeks ago. The reason we closed it down is that they were not doing their job. This was made very manifest to us. In addition, it was associated with certain illegal acts or allegedly illegal acts and acts of violence.

We sent our people in, and we had to close that down.

So, the three elements, sir, are, one——

DIFFERENCES AMONG CEPS I, II, AND III

Mr. FLOOD. My question is, what is the difference between the three?

Mr. WEBER. I do not know. Let me say the direct answer to that is that I do not think there is any difference, other than the dating system.

Mr. FLOOD. What do you think?

Mr. JONES. The history of it is the time at which these programs were started. I would agree with this.

ADDITIONAL POSITIONS FOR COMPREHENSIVE MANPOWER PROGRAM PLANNING

Mr. FLOOD. One of the changes you made in your budget which concerns the Appropriations Committee—we talk here about dollars, and

dollars mean people in many cases—you want to add 80 positions to the comprehensive manpower planning program. Why do you need these additional positions?

Secretary SHULTZ. There are two matters involved. One is the raising of the quality of the work done by training activities which improve the ability of people to carry out the programs and thereby improve the effectiveness of the programs. Secondly, the provision of technical assistance in carrying forward the programs.

I think especially here, since the computer-assisted information programs in the labor market seem to be offering a lot of promise, we want to be sure we can provide the technical competence and leadership to have this go forward. This is an area where technical competence is quite important.

If you wind up; for example, with systems in different States that are designed quite differently and are not compatible, in the long run you are going to run into extreme difficulty.

Mr. WEBER. The point should be made that the overall personnel request for the Manpower Administration is a decrease of 71. There will be a redistribution.

Mr. FLOOD. How do you do this? Here are 80 jobs. This I would like to hear. I would like to show this to the Department of Defense. You are only increasing the total request for "Technical assistance and training of personnel" by $57,000 for these 80 additional jobs. How are you going to do that? With a wand?

Mr. JONES. The 80 bodies, sir, are on the base. This was a reevaluation of resource requirements of the program. We are increasing the program by only $57,000. These 80 positions will not only administer that $57,000 increase, but they will administer the total base.

Mr. FLOOD. Your increase is only $57,000 to go with 80 jobs.

Mr. JONES. This is a reevaluation of the requirements of the training program which applies not only to the increase but to the base on which that increase was built. These 80 will administer the entire program, including the $57,000 increase.

Mr. WEBER. That is right.

The question which came up reflects some of the comments I made to you when I appeared before.

There is a 2-percent override which provides for technical assistants. These technical assistants will provide technical assistance to the field, in part to develop the training capability at the regional level.

Mr. JONES. The total program requiring these 80 positions is $13 million, sir.

Mr. WEBER. That is the real figure. You will recall, when it comes to these overrides and things like technical assistance——

Mr. FLOOD. This is MDTA III.

Mr. WEBER. Yes, sir. We could have made the decision we are going to go out to subcontract with universities, and what have you. I think I indicated to you in my appearance on the WIN program one of the things we want to do is build up an in-house capability.

Secretary SHULTZ. One of the problems is that we know too much about the universities.

INCREASED POSITIONS FOR OFFICE OF THE MANPOWER ADMINISTRATOR

Mr. FLOOD. That raises this question. You are the proponents of austerity. Yet you want 56 jobs for what you call, in your langauge, executive direction. In the face of all your austerity, you want to give birth to 56 new jobs for executive direction. That will be more than double the number this year. How do you like that?

Mr. JONES. The increase of 56 positions in the Office of the Manpower Administrator is for the Regional Manpower Administrator setup. In the Manpower Administration this is offset by decreases of 127 in other areas. So, we have a total decrease in the Office of Manpower Administrator of 71 jobs.

This is a reshuffling, a reemphasis of the work which we think is necessary.

Mr. WEBER. There are two factors. One is for the data reporting system.

Mr. FLOOD. You said that before when you were here.

Mr. WEBER. Yes.

The second is, there is some slight buildup in contract specialists and people in that category to handle the expected increase.

Mr. FLOOD. This is a classic example of restructuring; is that it?

Mr. WEBER. We are moving around the programs.

REDUCTIONS IN BUDGETED END-OF-YEAR EMPLOYMENT

Mr. FLOOD. You have a lot of reductions in dollars that you describe as reductions in end-of-year employment. How does it happen there is not a corresponding reduction in positions in these cases?

Mr. JONES. Mr. Chairman, we took a reduction in man-years to achieve a reduction in end-of-year employment, since we feel the positions are needed for the programs we justified in the original budget request. We figured that having the positions available but not filling them on a full-year basis would give us some flexibility in administering the programs. We reduced the man-years in the programs to the extent that would provide some flexibility in achieving the overall program.

ANTICRIME PROGRAM

Mr. FLOOD. One of the more significant changes resulting from the Nixon review of the so-called Johnson budget is the addition of 130 jobs and $2 million for the organized crime program. That is quite a review. Suppose you tell us what you propose to do. How does this differ from your ordinary, regular responsibilities? Here are 130 jobs and $2 million.

Mr. USERY. We are doing that which is required to carry out the Labor-Management Reporting Disclosure Act. Now that we are required to get intelligence from all of these 150,000 forms we have, we have difficulty even keeping up with the amount of audits of the forms. We do not now go into detail to take names and cross-check companies because that is not needed to carry out the present law. To get the intelligence for the Justice Department, we need to cross-check these files to see where the various people are lining up in various companies or in unions, and cross-check them and then code them and turn them over to the Justice Department. They feed them into computers and they can

cross-check them to see if this family or this firm has gone into California or Arizona or somewhere else.

Mr. FLOOD. What evidence do you have that there is any increase in crime activity in this area? You do not have any evidence that there is an increase in crime activity in this area, do you?

Mr. USERY. Yes, we do. Recently——

Mr. FLOOD. How recent? Last night?

Mr. USERY. No. Within the last few months, since I have been aboard checking, there has been an increase in activity in the areas that relate to the pension funds because of the flow of money there to be used by loan sharks and various other people, how they can get their hands on it for development.

Mr. FLOOD. You are not just on a scouting expedition?

Mr. USERY. No, sir. We are only providing the intelligence that we have from reports, to the Justice Department, as requested by the Justice Department. We are only carrying out the function that we are required to. We are doing it further because Justice wants to get this information from us.

The additional money and people are only to supply this intelligence to Justice.

Mr. FLOOD. Mr. Secretary, this was certainly not your brainchild. Who thought this up? Who put this in the budget?

Secretary SHULTZ. This resulted from the effort, governmentwide, but under the leadership of the Attorney General, to develop a more effective, stronger Federal program to combat organized crime. As it turns out, these reports are an important source of information about the relationship of people, organizations, and flows of funds that is helpful in analyzing what is going on and in carrying out an effective fight against organized crime.

ADDITIONAL POSITIONS FOR BUREAU OF LABOR STATISTICS

Mr. FLOOD. Another change you have made in the budget is to add 24 positions for the Bureau of Labor Statistics. Why do you put such a high priority on these additional jobs?

Secretary SHULTZ. We are off the subject of the Labor-Management Service?

Mr. FLOOD. Yes. We are on labor statistics now.

Secretary SHULTZ. We do propose some additional programs of research that are specified in this statement. If you want a breakdown of that, I can ask Mr. Moore to comment.

Mr. MOORE. The figures on page CR–1 and CR–2 account for that. The increase is in the area of the cost of living. That is mainly for the program of international prices.

Mr. FLOOD. I know what they are and the number of jobs. I know that. But why such a high priority? This is almost the top of your list.

Mr. MOORE. I feel the statistics program of the Federal Government is at the top of the list. It is at the top of my list. I believe the particular proposals we have made in the international price area and for occupational wage data of State and local government employees is a very important matter for the Federal Government to provide statistics on.

Mr. FLOOD. You are also asking for 31 more jobs for audit activity. How do you get 31? Why not 11 or 45? What is sacred about 31 for audit activity?

Secretary SHULTZ. Let me come back to the 24 and say while I think statistics as statistics are important for analytical purposes, the principal thing to notice is that they are associated with important problem or program areas. These are areas that are very troublesome, and we need to do a better job in this country in the collection of information and intelligence about them.

INCREASED POSITIONS FOR AUDIT

Mr. FLOOD. What about the 31 in audit? By the way, what is your current audit backlog, and how will these 31 jobs affect it?

Mr. WERTS. I do not have those figures with me, Mr. Chairman, but we will supply them for the record.

(The information follows:)

CURRENT AUDIT BACKLOG

The current audit backlog as of June 30, 1969, is estimated to be 16,000 contracts totaling $2,190 million. This backlog consists of all contracts executed by the Department which have not been audited. It would not be practicable to audit all of this backlog as the cost would exceed the probable benefits.

We propose to do the following with respect to closing outstanding Manpower Administration contracts:

Contracts prior to fiscal year 1968—All NYC contracts below $100,000 and MDTA contracts below $50,000 will, in the absence of adverse information, be settled without an audit. In lieu of audit, a "desk review" will be made by MA program personnel.

Of the remaining contracts, a sample based upon a stratification by program, year, region, and dollar size will be selected to be audited by public accounting firms. Upon completion of this examination, a determination will be made as to whether an audit of additional contracts would be warranted. If the determination is negative, the remaining pre-fiscal year 1968 contracts will be settled by a "desk review." Under these circumstances, it is not possible to estimate precisely the extent to which the plan outlined will reduce the backlog.

Twenty-five of the additional positions will be assigned to 19 major metropolitan areas in which the largest contracts are executed. With this additional staff it is anticipated that we will be able to audit approximately $450 million of contracts, including backlogs in those 19 metropolitan areas.

Most of the remaining contracts located outside the major metropolitan areas will be audited by licensed public accountants under contract to the Department of Labor. Part of the additional resources will be assigned to the development of guides and standards to be used by such public accounting firms in the audit of manpower contracts and more extensive review and evaluation of such audits to insure that they meet Department of Labor standards.

Mr. FLOOD. I still want to know what is sacred about 31? Did you pick this out of a hat? Is this a numbers game, or what?

Mr. WERTS. We came in with something like 53 or 54 in order to have what we thought would audit not only the $450 million that we will audit with the additional 31, but we would audit maybe as much as $650 million in contracts.

The Under Secretary, I think very wisely, said we can do better by hiring some nationally known public accounting firms who have national facilities, and get them to audit the smaller contracts, rather than our having Federal employees traveling around the country. So, we took a third of our request, and this money will be used to finance private enterprise to do the audits, rather than the Federal

Government. So it is just a question of deciding the amount of auditing that would be done by the Federal Government as against hiring private enterprise to do the auditing for us.

Mr. FLOOD. A contract job.

Mr. WERTS. Right.

REDUCTIONS IN BUREAU OF EMPLOYMENT SECURITY AND BUREAU OF APPRENTICESHIP AND TRAINING

Mr. FLOOD. You are cutting back the Bureau of Employment Security $874,000, and the Bureau of Apprenticeship and training another $97,000. The Johnson people were pretty tough on those budget items themselves. I thought they really did a hatchet job on them. Are you going to eliminate them?

Secretary SHULTZ. In our reorganization plan, the BES disappears and is replaced or restructured into what we think will be a more workable organization.

Perhaps you can comment on both those items.

Mr. WEBER. That really represents redistribution, isn't that correct?

Mr. WERTS. Yes.

Mr. WEBER. What we now have are particularly the administrative personnel of BES being distributed up to the staff line which serves the Manpower Administrator and the Assistant Secretary. Some are being given over to the Unemployment Insurance Service.

Mr. FLOOD. They are dead ducks.

Mr. WEBER. Yes, sir, because there has been this restructuring.

ESTIMATES FOR MANDATORY PROGRAMS

Mr. FLOOD. You have increases for both of the uncontrollable items, and I quote: "Unemployment Compensation for Federal Employees and Ex-servicemen," which you touched on in your original statement, and "Employees' Compensation Claims and Expenses."

We haven't had a good, reasonable estimate on these in 2 or 3 years. What assurances can you give us that these are good?

Secretary SHULTZ. They are questions particularly of current experience. Maybe you want to comment on the derivation of the numbers.

Mr. JONES. Mr. Chairman, may I say the figures we are using represent at the present time the best estimates that we can make. This is at about the same level that we had in 1969 when you consider the supplementals which are now pending before the Congress, which are not reflected in this table. We have approved for the Unemployment Compensation for Federal Employees and ex-servicemen $115,800,000 for 1969. We have pending a supplemental for an additional $20 million, which brings the 1969 level to $135,800,000. We are requesting $135 million in the amended budget for 1970, which is approximately the same level.

The same thing is true of FECA.

Mr. FLOOD. What do you mean by FECA?

Mr. JONES. Federal Employees Compensation Act, which is listed on the table as Bureau of Employees Compensation, Compensation Fund. On that one we have $54 million.

Mr. FLOOD. What we want are assurances. I am not arguing with you. We just want assurances that these are good.

Mr. JONES. Of course, there are a lot of variables in this, as you can understand, Mr. Chairman. I am assured by the program people, we have made the best estimate of what we will spend that it is possible to make at this time.

Mr. FLOOD. I believe that.

Mr. JONES. This could change. There are a number of factors that affect it. All I can say to you is that this is our best estimate at this time of what we will need through fiscal 1970 without supplementals and without drawing down on 1971 funds.

Mr. FLOOD. That is fair enough.

ESTIMATED EMPLOYMENT, APPROPRIATIONS, OBLIGATIONS AND OUTLAYS FOR 1969 AND 1970

I will ask you, Mr. Secretary, to place in the record a table showing for each appropriation item (1) the 1969 authorized positions and the average employment, (2) the most recent actual employment figure that you have, (3) the estimated employment June 30 this year, (4) the number of positions and man-years in the Johnson budget and, of course, the number of man-years and positions in the Nixon budget.

Then I want a second table, also by appropriation item: (1) the appropriation, the estimated obligations, and the estimated expenditures for 1969, and (2) the requested appropriation, the estimated obligations, and the estimated expenditures under the Johnson budget and the same thing under the Nixon budget.

(The information follows:)

U. S. DEPARTMENT OF LABOR
EMPLOYMENT ANALYSIS

Appropriation:	FY - 1969 Budgeted Positions	FY - 1969 Average Employment	FY - 1969 4/30/69 Actual Employment	FY - 1969 Estimated 6/30/69 1/ Employment	FY - 1970 Johnson Budget Budgeted Positions	FY - 1970 Johnson Budget Man-Years	FY - 1970 Nixon Budget Budgeted Positions	FY - 1970 Nixon Budget Man-Years
Manpower Development and Training Activities - Labor	55	39	26	30	65	61	135	124
Office of Manpower Administrator	971	864	644	659	1,024	945	953	879
Bureau of Apprenticeship and Training	520	495	474	474	490	466	490	457
Bureau of Employment Security: Salaries and Expenses	1,356	1,254	1,282	1,282	1,328	1,235	1,328	1,156
Grants to States for Unemployment Insurance and Employment Service Administration	290	279	276	276	290	279	290	274
Labor-Management Services Administration	666	579	579	580	685	613	821	717
Wage and Labor Standards Administration	1,026	934	843	845	1,076	960	1,057	949
Wage and Hour Division	2,035	1,751	1,680	1,680	2,035	1,751	2,035	1,716
Bureau of Labor Statistics	1,321	1,190	1,132	1,135	1,345	1,266	1,369	1,277
Bureau of International Labor Affairs	91	82	76	76	91	83	91	81
Office of the Solicitor	496	430	397	397	474	428	474	420
Office of the Secretary	355	316	330	330	350	316	379	339
Office of Federal Contract Compliance	87	83	82	82	90	85	90	83
Sub-Total, Department of Labor Funds	9,269	8,296	7,821	7,846	9,343	8,488	9,512	8,472
OTHER								
Office of Economic Opportunity	809	680	725	725	869	769	869	688
Health, Education, and Welfare	227	190	188	188	227	210	227	206
Working Capital Fund	545	495	521	521	614	568	614	558
All Other	322	302	239	239	326	307	326	298
Sub-Total, Other	1,903	1,667	1,673	1,673	2,036	1,854	2,036	1,750
Total, All Services	11,172	9,963	9,494	9,519	11,379	10,342	11,548	10,222

1/ Estimated 6/30/69 employment is slightly higher than the estimate provided on March 10, 1969 due to an extensive effort to fill field positions under the Manpower Administration reorganization.

U.S. DEPARTMENT OF LABOR
COMPARISON OF 1969/1970 ESTIMATED APPROPRIATIONS, OBLIGATIONS AND OUTLAYS

(Dollars in Thousands)

Appropriation	1969 Estimate 1/			1970 Original Estimate			1970 Amended Estimate		
	Appropriation	Obligations	Outlays	Appropriation	Obligations	Outlays	Appropriation	Obligations	Outlays
Manpower Development and Training Activities	$399,992	$418,032	$406,949	$688,396	$688,396	$510,268	$675,605	$675,605	$506,039
Office of Manpower Administrator	26,716	26,849	35,639	38,410	38,410	37,900	36,907	36,907	36,734
Bureau of Apprenticeship and Training	9,415	9,415	9,039	6,629	6,629	7,144	6,532	6,532	7,052
Unemployment Compensation for Federal Employees and Ex-Servicemen	148,200	131,253	131,216	115,800	115,800	115,800	135,000	135,000	135,000
Trade Adjustment Activities	1,300	800	800	1,100	1,100	1,100	600	600	600
Bureau of Employment Security	2,717	2,717	2,812	---	---	5	---	---	5
Advances to Employment Security Account	25,000	-4,000	-4,000	---	---	-4,150	---	---	-4,150
Labor-Management Services Administration	9,011	9,011	8,855	9,405	9,405	9,274	11,676	11,676	11,422
Wage and Labor Standards Administration	11,925	11,926	12,094	12,677	12,677	12,435	12,473	12,473	12,241
Bureau of Employees' Compensation, Compensation Fund	68,591	62,848	62,850	54,916	54,916	54,916	60,116	60,116	60,116
Wage and Hour Division	25,776	25,776	25,451	26,336	26,336	26,275	25,960	25,960	25,919
Bureau of Labor Statistics	21,846	21,846	21,992	23,477	23,477	23,475	23,704	23,704	23,590
Bureau of International Labor Affairs	1,400	1,400	1,385	1,353	1,353	1,329	1,332	1,332	1,309
Special Foreign Currency	---	---	18	---	---	50	---	---	50
Office of the Solicitor	6,139	6,139	5,980	6,064	6,064	6,073	5,978	5,978	5,991
Office of the Secretary	4,999	4,999	4,939	5,052	5,052	5,030	5,476	5,476	5,420
Office of Federal Contract Compliance	943	943	949	948	948	946	926	926	925
Total	763,970	729,954	726,968	990,563	990,563	807,870	1,002,285	1,002,285	828,263

1/ Includes pending supplementals, carryover from prior years, and reserves for savings other than Sec. 201, P.L. 90-364.

May 13, 1969

PLANS FOR THE JOB CORPS

Mr. FLOOD. Mr. Secretary, the Job Corps is not in the budget, for the Labor Department, but we handle the budget for OEO, as well. You are now responsible for the Job Corps program. I think this committee should be advised about what you are doing. There have been a lot of press releases and press conferences about this.

What are you doing with the Job Corps, and why? You have a bear by the tail.

Secretary SHULTZ. We are trying to analyze and to look at the Job Corps, not as one single idea, but as a set of ideas, and to look at the experience and see which ideas hold up and which ideas do not.

We have done that. We have felt that the idea of residential service under certain circumstances is a good idea, that some such service is needed. There are people whose residence is such that they cannot effectively improve their educational level or their job skills or anything unless we can get a different kind of residential setting. So, we subscribe to that idea in general.

Mr. FLOOD. You say residence?

Secretary SHULTZ. The residential concept. We looked at the Job Corps, and as we studied it we felt it was a mistake to think of it as one thing but, rather, it should be broken down into a set of ideas and to see which of the ideas holds up and which does not.

One of them is the notion of a residential possibility for people whose home environment is so disrupted that they cannot really learn effectively unless that can be changed.

The second idea of the Job Corps is the idea of the availability of comprehensive services to people under these circumstances, that is, more than just job training, but basic education, health services, and so on. That also seems to us to be an important idea, given the needs that certain people have.

On the other hand, the idea that in all cases you should move people a considerable geographic distance from their home environment did not seem to us to hold up, particularly in the light of our analysis of what happens to people under those circumstances. Nor did it seem to us sensible when you consider the buildup of manpower programs and facilities.

You noted earlier the buildup of vocational education facilities. I should say, also, health facilities.

Nor does it seem to us wise to hold that each Job Corps center should be organized around the self-sufficiency concept.

JOB CORPS CENTERS TO BE CLOSED

Mr. FLOOD. By the way, how many centers did you close?

Secretary SHULTZ. Fifty-nine.

Mr. FLOOD. Suppose you place in the record at this point—I know it has appeared in the press here and there—the number of centers that you closed and where they are located.

Secretary SHULTZ. Yes.

(The information follows:)

Job Corps
Status of Centers
May 7, 1969

Centers to be Deactivated by 6/30/69	Centers to be Continued in FY 1970	Cities being Considered for New Centers 1/
I. Urban Men's Centers		
Kilmer, New Jersey	Atterbury, Indiana	Phoenix, Arizona
Parks, California	Breckenridge, Kentucky	Oakland, California
	Gary, Texas	San Francisco, California
	Clearfield, Utah	Hartford, Connecticut
		Washington, D.C.
		Tampa, Florida
II. Urban Women's Centers		Honolulu, Hawaii
		Chicago, Illinois
St. Louis, Missouri	Los Angeles, California	Davenport, Iowa-Moline, Illinois-Rock Island, Illinois
Clinton, Iowa	Excelsior Springs, Missouri	
Huntington, West Virginia	Jersey City, New Jersey	
Omaha, Nebraska	Albuquerque, New Mexico	Huntington, West Virginia-Ashland, Kentucky
Poland Springs, Maine	Cleveland, Ohio	
Moses Lake, Washington	Guthrie, Oklahoma	Boston, Massachusetts
Marquette, Michigan	Tongue Point, Oregon	Detroit, Michigan
	Keystone, Pennsylvania	Minneapolis, Minnesota
	McKinney, Texas	St. Louis, Missouri
	Charleston, West Virginia	Newark, New Jersey
	YWCA Ext. Res.	New York, New York
		Rochester, New York
		Charlotte, North Carolina
III. Conservation Centers		Cleveland, Ohio
A. Department of Agriculture		Cincinnati, Ohio
Alder Springs, California		Tulsa, Oklahoma
Alpine, Arizona		Portland, Oregon
Anthony, West Virginia		Philadelphia, Pennsylvania
Blue Jay, Pennsylvania		Nashville, Tennessee
Cedar Flats, Idaho		San Antonio, Texas
Cispus, Washington		Norfolk, Virginia
Clam Lake, Wisconson		Milwaukee, Wisconsin
Clear Creek, Nevada		
Dickinson, North Dakota		
Fenner Canyon, California		
Five Mile, California		
Frenchburg, Kentucky		
Grants, New Mexico		
Hodgens, Oklahoma		
Hoxey, Michigan		
Los Pinos, California		
Luna, New Mexico		
Lydick Lake, Minnesota		
Mountainair, New Mexico		
New Waverly, Texas		
Ojibway, Michigan		
Pagosa Springs, Colorado		
Poplar Bluff, Missouri		
Sly Park, California		
Vesuvius, Ohio		

Centers to be Deactivated by 6/30/69	Centers to be Continued in FY 1970	Cities being Considered for New Centers 1/
B. Department of Interior		
Arbuckle, Oklahoma	Heber, Arizona	
Casper, Wyoming	Cass, Arkansas	
Toyon, California	Quachita, Arkansas	
Acadia, Maine	Collbran, Colorado	
Catoctin, Maryland	Cottonwood, Idaho	
Cumberland Gap, Kentucky	Marsing, Idaho	
Tremont, Tennessee	Golconda, Illinois	
Wellflett, Massachusetts	Branchville, Indiana	
Castle Valley, Utah	Great Onyx, Kentucky	
Kingman, Arizona	Pine Knot, Kentucky	
Mountain Home, Idaho	Mingo, Missouri	
Tillamook, Oregon	Anaconda, Montana	
Crab Orchard, Illinois	Trapper Creek, Montana	
Malheur, Oregon	Pine Ridge, Nebraska	
Ottawa, Ohio	Arrowood, North Carolina	
Tamarac, Minnesota	Oconoluftee, North Carolina	
Eight Canyon, New Mexico	Schenck, North Carolina	
Kicking Horse, Montana	Treasure Lake, Oklahoma	
San Carlos, Arizona	Angell, Oregon	
Winslow, Arizona	Timber Lake, Oregon	
	Wolf Creek, Oregon	
	Boxelder, South Dakota	
	Jacobs Creek, Tennessee	
	Weber Basin, Utah	
	Flatwoods, Virginia	
	Columbia Basin, Washington	
	Curlew, Washington	
	Fort Simcoe, Washington	
	Harpers Ferry, West Virginia	
	Blackwell, Wisconsin	
IV. State-Related Centers		
Vieques, Puerto Rico	Rio Grande, Puerto Rico	
Guayama, Puerto Rico	Areibo, Puerto Rico	
Juana Diaz, Puerto Rico		
Koko Head, Hawaii		
Oak Glen, California		
Totals 59 Centers	47 Centers 2/	30 Centers 3/

1/ All of these centers will be urban and residential; none are yet designated as "mens" or "women's" centers.

2/ Excludes seven special centers, such as the YWCA operation throughout the country, and several Experimental and Demonstration projects, which were not subjected to the closure selection procedure because of their uniqueness, which makes comparison with the regular centers inappropriate.

3/ Including 3 centers which are planned, but not yet geographically designated.

Mr. FLOOD. Are any additional centers scheduled to be closed?

Secretary SHULTZ. No. We hope to open during the course of fiscal 1970, 30 centers of various kinds in and near cities.

Mr. FLOOD. What is the status of the rest of them? Will they be kept open for the foreseeable future, shall we say? Or are you still studying it?

Secretary SHULTZ. Many will be kept open. In our review of the overall composition of residential centers, including new ones that we would propose to open, the mix which would emerge would seem to be more suitable to the needs than the one that now exists. We think there is a place in the total mix for the centers that remain.

LOSS OF INVESTMENT IN JOB CORPS CENTERS

Mr. FLOOD. What do you have to say about this? It has been stated or alleged, or charged, that you have thrown away a great many millions of dollars of investment when you close these centers. What about that? Do you just scratch that?

Secretary SHULTZ. No. I think "throwing away" is not a good word. We are making every effort to see how the facilities and equipment can be used in a constructive manner. I would say, however, that I would not hold that just because you have made an investment in something, if it turns out not to be a good investment you should continue to pour money into it. There is no point in putting good money after bad. So, we are trying to deal constructively with all of the properties that remain at closed centers.

In some cases it may be possible to use those facilities for the centers that we plan to open. We are studying that. In a few cases it may be that the State involved will want to use the facility itself for some purpose. We are working along on that.

Mr. FLOOD. Did you drive into Washington or come by plane or train?

Secretary SHULTZ. I have come to Washington in a variety of ways.

Mr. FLOOD. On this last job. Did you have any idea when you stepped off the train or the plane or from the car that you were going to be stuck with the Job Corps?

Secretary SHULTZ. I knew it was part of the general scheme of things dealing with manpower problems, although I was also aware it wasn't formally in the Department of Labor.

Mr. WEBER. For the purposes of the record, our estimate of the sunk cost——

Mr. FLOOD. What does that mean?

Mr. WEBER. This is a comment on your statement that our proposal for the Job Corps will do away with hundreds of millions of dollars of funds that have already been invested. In the jargon of the university, they are sunk already. In other words, they already have been made, and there is nothing you can do about it. They are gone.

Our estimate of these total costs is $65 million, just to get that figure in the record.

REPEAL OF PERSONNEL RESTRICTIONS OF REVENUE AND EXPENDITURE CONTROL ACT

Mr. FLOOD. Mr. Secretary, here is really a problem as far as the subcommittee is concerned. We have been holding hearings on this so-called Johnson budget and the so-called Nixon amendments to the Johnson budget for over 2 months. However, to all intents and purposes, after 2 months of hearings, we are spinning our wheels, if the personnel provisions of the Revenue and Expenditure Control Act are not repealed. Isn't that so? Come over here and sit here with us. If that is not repealed, what do we do on this subcommittee, Mr. Michel and I? How can we act intelligently on your budget request if these personnel restrictions are not modified or repealed?

I think that would be more down your alley, Mr. Jones.

Mr. JONES. We are requesting positions to carry on a program. Our budget was constructed on the premise that the Revenue and Expenditure Control Act would not be in effect in 1970. We do not predict——

Mr. FLOOD. Do you think it will be repealed?

Mr. JONES. This I think is up to you gentlemen in the Congress and to the administration.

Mr. FLOOD. I know that. The Constitution provides for that. You have big ears. Do you think, instead of being repealed, it most probably—this is important to you—will be modified, amended, softened up but still with teeth in it? Do you know anything about that?

Mr. JONES. I have not heard anything of this kind. I think the administration's standpoint on this is that they would like to administer—and they have demonstrated this by issuing ceilings to the various departments—that they would like to administer the programs and achieve reductions.

Mr. FLOOD. All right, let me ask you this. The hearings will be over in another 6 weeks or so. We will be finished with the Government witnesses and with a couple of hundred public witnesses, as we call them.

Then we sit around this table. Here we are, the subcommittee. How can we possibly approach a sensible markup of this bill until we know what is to happen to that law?

Mr. JONES. I think this is a real dilemma that you gentlemen and the administration are faced with.

Mr. FLOOD. I just posed it.

Mr. JONES. Unless the law is repealed, we cannot fill any of the new jobs that we are asking of you, other than going to the Bureau of the Budget and asking the Director of the Bureau of the Budget to reallocate vacancies from some other agency for these priority programs.

Mr. FLOOD. Has the administration made any recommendations of any kind to Congress about this?

Secretary SHULTZ. The administration's approach to this is to demonstrate its intent to get control of the total budget and thereby to relieve the necessity of that act.

I believe the President has asked that it not be extended.

Mr. FLOOD. It is already in effect. It does not require extension. I am talking about repeal. What do you think about repeal?

Secretary SHULTZ. I think it is quite obvious if we are to carry forward the programs we have been discussing and describing here, we have to have relief from that act.

Mr. FLOOD. Mr. Michel.

Mr. MICHEL. Following this up, what we really need is a positive act of repeal, otherwise it stays in effect beyond 1969 and through 1970. What we really need is an affirmative action on the part of the Congress to do away with it.

Having heard the Secretary of the Treasury this morning say something about an overall expenditure lid which would pretty much conform with what the new overall Nixon budget amendments would provide, that suggests to me that there definitely will be some kind of overall lid put on spending.

Mr. FLOOD. Will you yield?

I take for granted you have a number of questions you want to ask the Secretary. Suppose we adjourn until 2 o'clock, and you take over then.

AFTERNOON SESSION

Mr. CASEY. Mr. Michel?

Mr. MICHEL. Thank you Mr. Chairman.

PRESIDENT'S REQUEST FOR REPEAL OF SECTION 201 OF THE REVENUE AND EXPENDITURE CONTROL ACT

Secretary SHULTZ. I would like to read for the record, if you like, the statement of the President. This is part of it:

> As part of the budget review I have directed that a substantial reduction be made in the level of Federal employment recommended by the preceding administration. As a result, full-time employment in the executive branch by the close of the coming fiscal year will be more than 45,000 below that recommended in the January budget. These reductions will not be made across the board but selectively, since manpower for such vital needs as crime control have to be increased. Consistent with these objectives I will ask Congress for a repeal of section 201 of the Revenue and Expenditure Control Act which imposes restrictions on hiring in the executive branch. I am in full accord with the objectives of that legislation. However, that objective is best achieved not through some arbitrary limitation, but through leadership determined to reduce personnel and willing to make the difficult decisions as to where the cuts should come.

Mr. MICHEL. That is a very appropriate statement to have in the record at this particular point. I should emphasize again that while the President said he would ask Congress to do that, I do not know that we have really formally gotten a request of that kind in bill form yet.

This is what we are going to need because, as I said just before we broke this morning, it does require repeal, some positive action, because if we don't take that positive action the personnel restrictions of the Revenue and Expenditure Control Act will go through the fiscal year 1970.

If we do keep some kind of a limitation, and I am certainly for holding down Federal employment as a general proposition, we should have some changes from the present law. I think, frankly, what the testimony before every subcommittee has shown to date is that due to the attrition provision of hiring back only seven for every 10 that leave, we haven't really saved any money at all in some activities. In some of the more sensitive areas we just forced them into overtime.

When you get to paying overtime you quickly have eaten up more than your savings.

Secretary SHULTZ. I do have the information that on May 2 there was transmitted to the Congress a formal request to repeal section 201 of Public Law 90-364. Apparently there is a formal request, according to Leo. I had not known this before.

Mr. MICHEL. That was last Friday. I don't think Congress met that day.

Once a message is submitted, then we need some push and some pressure to move it. As the chairman indicated, we are going to really be strapped here as we sit around this table to determine what we ought to do if there is still a question or doubt as to whether or not that thing is going to be repealed or not.

BUDGET REQUEST FOR CONCENTRATED EMPLOYMENT PROGRAM

We talked about the reduction in the CEP program of $3.8 million from the original estimate and a total reduction of $20.3 million for part time and other training due to difficulties in recruiting. That was cited.

Mr. WEBER. It is $3.8 million on part time and $29 million on the CEP.

Secretary SHULTZ. I think it was an increase for CEP, but not as much of an increase as had been recommended by President Johnson.

Mr. MICHEL. That increase over last year's spending is what?

Secretary SHULTZ. $94.2 million, including the Economic Opportunity Act funds that flow into this, as well as manpower development.

Mr. MICHEL. Will there be any carryover from 1969 to 1970 into the CEP program?

Mr. WEBER. No, we don't think there will be a carryover in the sense that all this money will be obligated. However, all the money that is obligated to individual CEP's will not have been spent. There will be a lag in the refunding.

DELAY IN RECRUITMENT OF TRAINEES

Mr. MICHEL. You mentioned this difficulty of recruiting. Are there any figures available? The projections were so large and obviously we fell short of the mark. How much short of the mark?

Mr. WEBER. We can get that for the record.

Mr. MICHEL. Supply that for the record.

Mr. WEBER. Yes, sir.

(The information follows:)

STATEMENT ON CONCENTRATED EMPLOYMENT PROGRAM RECRUITING ACTIVITIES

Complete figures for all projects operating in fiscal year 1969 are not available. However, using the 40 CEP II projects as an indicator, it is possible to gain some idea of the magnitude of CEP recruiting problems.

(a) Fiscal year 1969 planned enrollments, 56,000.
(b) Fiscal year 1969 third quarter actual, 40,267.
(c) Fiscal year 1969 projection based on third quarter actual, 53,700.
(d) Projected enrollment gap, 2,300.
(e) Percentage: Enrollment gap/plans, 4.1 percent.

These figures in themselves do not give a complete picture of the CEP recruiting problem. The CEP II's were funded late in fiscal 1968 and did not become operational as a group until the fall of 1968. The operations of the CEP II's, including recruiting activities, vary greatly with individual CEP's, depending upon their individual capabilities. Initial project buildup coupled with the delay in recruitment and referral of the individual trainees to active training situations has resulted in the general lag in enrollee processing.

RECRUITMENT OF PART-TIME TRAINEES

Mr. MICHEL. What is the guts of the problem there in recruiting for the part-time program?

Mr. WEBER. The problem really lies in the circumstances of the persons you are trying to recruit. You are looking for somebody who works 4 hours a day and spends 3 or 4 hours during the normal workday in a training facility. That encompasses a relatively small number in its own right. Of those persons who are in a part-time status, many of them are in there for voluntary reasons and don't want to get involved in training to move themselves from the full-time labor market for participation. What we are hoping to do with some of that $10 million that is remaining in that category is allocate a greater proportion of it to upgrading in which we now attempt to get the people in low-income, low-skilled occupational levels in plants but employed on a full-time basis and move them up.

Mr. MICHEL. Do you have any cost figures per trainee in this program?

Mr. WEBER. It would be the same as the normal institutional and OJT costs. The institutional is approximately $1,800 per trainee and the on-the-job training is around $900.

Mr. JONES. On the number of trainees, the $10 million will cover 21,590 trainees. Our reduction of $3.8 million is the equivalent of 8,150 trainees. We originally estimated 29,740 and we are now down to 21,590 in the part time and other training.

Mr. MICHEL. The reason for that is you just can not get any more?

Mr. WEBER. It is hard.

Mr. MICHEL. If the argument were made that you are not spending enough money and that we want to push this program and threw $10 million or $20 million more at you, would you spend it wisely?

Mr. WEBER. I think the answer to that would be our best judgment is not as wisely as we could in other program categories.

Secretary SHULTZ. It is always easy to get rid of money. But to do it and achieve something in a constructive way is different.

Mr. MICHEL. For the long-term benefit, too, of job retention.

Mr. WEBER. Yes.

Secretary SHULTZ. One of our tasks that all the way through this part of our request reflects this, is to have a capacity to evaluate all of the different programs that are going on and to rearrange their mixture, restructure them so that they fit the needs and the needs will move along. That ought to be, if we are doing our job right, a kind of perpetual process that we are engaged in all the time.

JOB MATCHING SYSTEM

Mr. MICHEL. Is this job-matching program for which you are requesting $13,934,000 the same as the job bank program?

Mr. WEBER. Yes, sir. When we say we are requesting, you are no doubt aware there is a provision in the Manpower Development and Training Act which provides that 2 percent of the basic appropriation shall go to the job-matching system and supporting services.

Mr. MICHEL. This thing is projected to operate in 1970? What are 36 cities? Is that the projection?

Mr. WEBER. That is correct.

Mr. MICHEL. They are in being now?

Mr. WEBER. One State and one city.

Mr. MICHEL. How about that $6.5 million of grants to the States; isn't this for the same item?

Does anybody know?

Mr. JONES. That is the job banks program included in the "Grants to States" appropriation.

Mr. WEBER. It is included in the "Grants" appropriation.

We draw some of it from the 2 percent and some of it from the "Grants to States" appropriation; that is correct. That is the way I understand that.

Mr. MICHEL. Why is that necessary? There is not enough in this 2 percent, or what?

Mr. WEBER. The 2 percent grants to the States, of course, provide a continuing basis for financial support in that area. I guess the idea is that we are going to be wanting to do something else with that 2 percent somewhere along the line. Commissioner Moore is interested in job vacancies, for example, which is an important support of the services. If we earmark it all from there, and that in turn is dependent on the size of the base appropriation, why, the program will tend to be locked in by that 2 percent notion. It is something to draw on and coordinate with other parts of the appropriation going to the States and the grants to the State's components which are used for improvement of services and management components and what have you.

TITLE V PROGRAM

Mr. MICHEL. What was the basis for this $20 million figure for State supplements?

Secretary SHULTZ. Title V money?

Mr. MICHEL. Yes.

Mr. WEBER. Right.

Secretary SHULTZ. This is an effort to put some money into that category and encourage the States to consider their needs and take advantage of this matching program as part of the whole process of developing a capacity to analyze and project programs on the local and State levels so that we have a better feeling at the national level of what something adds up to if you start from the bottom and then look at it, rather than always considering it from the Washington level and projecting down.

Mr. MICHEL. This is that three-fourths Federal and one-fourth State?

Secretary SHULTZ. Right.

Mr. MICHEL. I believe that you also said in answer to a question from the chairman that you actually expected that there would be far more than that spent in the individual States, in the several States?

Secretary SHULTZ. The States have already indicated in effect enough interest in this program to more than take up the $20 million. But that is why we say in a sense this is earnest money. It shows we think this is a program that should be worked on and encourages them to keep working at it. Presumably in subsequent years it will be developing this concept further.

Mr. MICHEL. It goes to the different States on what basis?

Secretary SHULTZ. It is on the basis of the 3-to-1 matching and on their willingness to put out the money.

Mr. MICHEL. For example, the difference between New York and——

Mr. WEBER. We have to work it out in the event there are more claims on the money, and we have money. We would have to work out an allocation procedure which undoubtedly will follow the general formula which is included in the statute. Beyond that, there are procedures determining the basis.

Mr. MICHEL. Would you at this point in the record cite the general guidelines as cited in the statute for that formula? And then, maybe, describe how you plan to implement it.

Mr. WEBER. Yes, sir.

(The information follows:)

STATEMENT ON THE TITLE V STATE SUPPLEMENTS PROGRAM

The statute provides that State applications for grant moneys must (1) describe how such additional efforts and activities will be undertaken in support of existing Federal programs for the disadvantaged; (2) indicate how the efforts and activities are to be conducted, consistent with the State's cooperative area manpower planning system (CAMPS) plan; (3) demonstrate that such efforts and activities will contribute to carrying out the purposes of title V, MDTA, as amended; and (4) provide assurance that the State will pay the non-Federal share of the cost of such efforts and activities. It is the Department's intention that funds made available under title V shall be used by the States within the cooperative area manpower planning system. The final composition of this program in 1970 will, therefore, be based on policies, procedures, and standards for grants to the States currently under development in accordance with the statute.

The following indicates the possible scope of services that might be supplemented under this program:

Manpower services.—Includes outreach, intake, interviewing, testing counseling, coaching, job development, job referral placement, and followup.

Basic and remedial services.—Includes basic and remedial education, communications skills, and work orientation.

Occupational and skill training.—Includes institutional and on-the-job training.

Work experience.—Includes work sampling.

Supportive services.—Includes medical services, child care, and legal services.

Allowances.—Includes training, dependent transportation, and subsistence allowances.

Mr. WEBER. For your information on this point, it has to go to the disadvantaged, as defined. It has to go to fill gaps. That is, given the structure of appropriations out of the other programs, what needs are unmet. For example, the special needs of Indians in North Dakota. And third, it has to be approved by the cooperative area manpower planning system, so-called CAMPS system, which is set up under the aegis of the Federal Government and State and local units to determine such needs.

Mr. CASEY. This formula of 3 to 1 is statutory?

Mr. WEBER. Yes, sir.

Mr. MICHEL. In effect, with the $20 million, all of the States have to come up with something like $7 million.

Mr. CASEY. You will get a lot of heat, and so will we, if you don't have a large enough appropriation to match the State money next year; you are starting now. This is your first attempt?

Secretary SHULTZ. In the Johnson budget the amount in title V was zero. We felt that it was important to put something in it. Otherwise, the title would take on the appearance of a dead letter.

Mr. WEBER. It might be significant to note, Congressman, that in addition to this money to the States there is now section 306(b) which provides for delegation to the States of 20 percent of the MDTA appropriation without requiring Federal approval. So this won't be the only money that is going to the States on a so-called limited strings or no-strings basis.

Mr. CASEY. If New York has $15 million, they are going to want to know where is the other 45.

Mr. WEBER. Of course, New York is always asking for more money.

Mr. CASEY. I use that as an example.

Mr. WEBER. We just went through that with them.

Mr. CASEY. We hear this all the time. "Look at the authorization and what piddling amounts you give us. Here you have a formula and won't even live up to it. We are ready to live up to our part."

Mr. WEBER. That is right.

Mr. CASEY. I am telling you about my mail in advance.

Secretary SHULTZ. I think this points up the importance of trying to conceive of all of this flow of funds in the manpower area in a comprehensive way and we are working very hard on a way to develop an approach along that line. It is not an easy thing to do, but we think that we will be able to bring something like that forward for your consideration very soon.

Mr. WEBER. I think that you can look at this the other way. Not only are we providing the money, but creating incentives for them to provide additional State money. It has to be clearly incremental and not just a bookkeeping transaction to serve their local needs. I guess that is what the provision is supposed to do.

SELECTION OF CITIES FOR JOB BANK PROGRAM

Mr. MICHEL. Getting back to these job bank cities, did we ever have those 36 cities listed in the record?

Mr. WEBER. It was requested.

Mr. MICHEL. What was the rationale in using those specific 36 cities?

Mr. WEBER. It went to the largest cities, in order to get the greatest coverage.

Mr. MICHEL. That was a wise way to do it?

Mr. WEBER. Well, we did it that way, so I guess we thought it was the wisest way. It takes into account around 35 percent of the labor force.

Mr. MICHEL. In those 36 cities?

Mr. MOORE. In those 36 cities covered; yes, sir.

BALTIMORE JOB BANK ASSISTANCE TO HARD-CORE UNEMPLOYED

Mr. MICHEL. This job bank program is being sold on the basis that they mainly assist in helping the hard-core unemployed find jobs, but I see somewhat of a discordant note to this theme was sounded recently when one James Chavez, director of the Baltimore Neighborhood Youth Corps, stated, and I will quote:

> The Job Bank helps people with education or who have a skill. It helps them tremendously. For those locked out, it is not providing jobs, low-skilled, low-education people, especially young black people in the Baltimore ghettos.

How do you counter that argument?

Mr. WEBER. Mr. Chavez is entitled to his opinion. The job bank is a mechanism. Obviously it is not going to solve the problem of hard-core unemployed. It does do several things:

One, it provides a basis for getting employment security people in offices out into the neighborhood. When they are out in the neighborhoods they have the same stock of job orders that the fellow has in the central office downtown and which the hard-core person can't reach because he does not want to spend the dollar for carfare.

Second, the job bank, as it has been initiated, provides for the distribution of job vacancy information not only to employment service offices but to cooperating social service agencies, including CEP's, including various CAA's, and what have you.

Obviously, if a person is deficient in training or basic education, knowing about more jobs for which he cannot qualify is not going to help him. To the extent that the deficiencies and information are a critical factor in influencing whether he works or not and what sort of jobs he has, this will help. In addition to that, the really important consequence is that it has reduced the burden on particular employers. All these so-called job development agencies coming out of private and public agencies all going to employer X and saying, "Tell me about your job orders; what is available? How can we fill it?" We get pretty tired of that, and pretty soon that process becomes counterproductive. All it means is that he puts in the order at one place and it goes to all of the agencies. To that extent it certainly becomes a far more efficient process.

Secretary SHULTZ. Isn't the record also that the placement effort of the hard core and the disadvantaged has been sharply improved in Baltimore since that?

Mr. WEBER. There is evidence on that, that is right, that the more persons you designate by certain criteria as hard core have been placed. However, Mr. Chairman—and I am going to be modest about claiming sweeping results from this because that could be the result of a lot of variables over a 1-year or 2-year period—the general response and the measurable results certainly seem to go contrary to the statement that you just read.

Secretary SHULTZ. At the same time, it seems to me that we can say the job bank and all of the computer-based work on information about jobs and jobseekers can help people throughout the range of occupational structure. In some ways there are already efforts to use this broadly conceived system for occupations in higher categories. For example, in the business school I was a dean of, we joined a group that had the objective of doing just this for alumni business groups.

CRITERIA FOR CLOSING OF JOB CORPS CENTERS

Mr. MICHEL. The chairman asked this morning for a list of the Job Corps camps that were to be closed. I think that probably at that same point in the record you also ought to have a list of those that are still in being.

The information referred to appears on pp. 1192–1193.)

What criteria were used in closing those camps that were closed? Were they in a general way those with the smaller number of trainees? Was that a part of the measure?

Secretary SHULTZ. We used a set of criteria based on records that we got from the Job Corps, from OEO. One measure was cost. These were all equally weighted except for one that I will come to. Cost was one.

The dropout——

Mr. MICHEL. Cost at the individual camp compared with others?

Secretary SHULTZ. Cost for training opportunity in a particular camp compared with other camps, centers. Also, the nature of the cost, not the full cost for the Job Corps overall, but the operating costs in the particular place. So you exclude certain costs that are the same across centers because those don't tell you anything about the relevant effectiveness. Then we used the 30-day dropout rate as a measure of the ability of the center to hold people when they first come in. You might say it is a measure of the quality of their induction process. We used the 90-day average length of stay as a measure of the overall ability of the center to hold people through the length of their programs. This would be another measure of their effectiveness.

We used the impact of the educational programs on reading ability and the impact of the educational program on arithmetical ability. All of these five factors were weighted equally. Then we gave double the weight to the placement record of the enrollees in a particular camp on the theory that this is, after all, a Job Corps. The objective is to get people into jobs, and so that an end objective should be considered as an especially important one. These were all criteria applied within various subgroups of the large men's centers, women's centers, and conservation centers. The exception to what I have said is in the women's center. There we found in digging into the data that was available that these data were based on such little information that it didn't seem to us they were reliable enough to base something like this on them.

We wound up dropping the reading and arithmetical scores out of the judgments about the women's centers.

TARGET DATE FOR CLOSING OF JOB CORPS CENTERS

Mr. MICHEL. What is the target date for the actual closing of those that have been slated for closing?

Secretary SHULTZ. We would like to have all of them phased out by the end of June.

Mr. MICHEL. By the end of June 1969?

Secretary SHULTZ. Yes, sir; 1969. In considering that——

NEW JOB CORPS CENTERS

Mr. MICHEL. You mentioned something about new centers or camps. I forget the number you mentioned this morning.

Secretary SHULTZ. We hope to have going before the end of fiscal year 1970, 30 residence centers in and near cities. Each of these would vary somewhat in size and in the extent of work done in the center itself. They would all operate on the theory that while the individual involved needs to have a different residential setting, it does not necessarily have to be a long way from the home community, partly so that you don't separate people from their friends and partly because you can involve employers and involve other community resources. We think thus you have a better experience, particularly on the placement side.

Mr. MICHEL. What facilities would you envision being utilized for this purpose?

Secretary SHULTZ. In answer to that, by way of example of the way in which people have been recruited for an experimental center along these lines in New Haven, where it has worked really very well, the Labor Department has run a test there. In this center they observed young people in training programs, like MDTA training programs or NYC training programs, and what they saw was an individual who does not seem to be able to stay awake. So they dug into this and discovered the reason he can not stay awake is that he does not have any place to sleep at night so he dosen't sleep all night and comes to the training center during the daytime and he just can't handle it.

Verifying it in various ways, it seems as though here is an example of somebody who needs to have some place literally to sleep. It may be that for some people all you need is a kind of a bunkhouse concept, a place where they can sleep and they can effectively take the regular training programs that are available in the community. You don't have to create an entirely new structure there. So there would be a variety of ways in which this might come about. This is an example of the sort of interrelationships we see between existing programs and a residential concept built a little bit closer to where people actually will wind up working and living.

ADDITIONAL POSITIONS FOR ANTI-CRIME PROGRAM

Mr. MICHEL. What is the number of additional people the Department of Justice asked you folks to hire in your shop to monitor these pension and welfare funds disclosures?

Secretary SHULTZ. 130 positions and $2 million.

Mr. MICHEL. We know that of all of the departments of Government, even with this expression by the President and the direction by the administration, that the Department of Justice budget this year is up 60 percent over last year. That is to wage an all-out war on crime.

Obviously they have requested a number of additional people over there in that shop to do a variety of things. I guess that I raised this question with you earlier, Mr. Secretary, that since you did not ask for these people to do this particular job, that it was really a request of the administration through Justice to do it, it might be easier to

fund that number of additional people if they were formally assigned to the Department of Justice.

Can you say why itwas done this way as against putting on that additional number of people over in Justice who then could be detailed to doing the same things? Would it be a bad thing administratively to have outside people coming in taking a look at those pension fund records?

Secretary SCHULTZ. I think the records are in the Department of Labor so it seems like the most efficient way to go about it, is to have the Department do the work on them. No doubt this could have been done in terms of the appropriation to Justice which then in effect purchased the service from the Labor Department and would have done exactly the same thing, but the funds would have flowed to one agency and then another. It could have been done either way.

Mr. MICHEL. Didn't you say earlier today that there were 150,000 of those disclosures on record?

Mr. USERY. Approximately that many.

Mr. MICHEL. Aren't they a matter of public record?

Mr. USERY. They are a matter of public record. If you would like to see a particular one, you may; anyone can see one they ask for. One of the reasons is, as now required, we do a desk check and look for certain things in the audits. They come in as required under the present laws that we are enforcing. We do not need the additional information for our work, but the person doing the desk check can punch out or set aside the information that is needed as that person goes along to gather this material. They can do additional work. It can be carried in conjunction with the work that we are presently doing. There are at present 16 task forces and we will have so many professionals in the field. It takes about five people just to back up these professionals to keep the information flowing to them. Whether Justice desires to go back and get any of the information out of the past files or not will be determined by what we find in the current files. It can be done in conjunction with the present work we are doing, although we do not need the information they are requesting us to get.

Mr. MICHEL. Have they yet laid down a framework or guidelines for the things they want you to do, the people you are going to be hiring to do this job, what they are supposed to be looking for?

Mr. USERY. We have for a couple of years been cooperating with Justice in the same endeavor, which now is only being broadened. We have mounted seven task forces we have actually been supporting Justice with. They have asked for additional people because we can not furnish them with all the information they say that they need or that they deserve to carry this on.

There are a number of ways, as indicated, it can be cross-checked. The employer groups, owners of the companies, or the trustees of trust funds, or the officers of the unions, can be tied together from the Landrum-Griffin aspect and from the two disclosure acts we have.

Mr. MICHEL. I believe that you mentioned this morning we were talking about over $100 billion with an increase projected of about $10 billion a year in these pension funds, whose assets really are being disclosed through this Landrum-Griffin disclosure act?

Mr. USERY. Yes, sir.

Mr. MICHEL. I think there has been sufficient publicity given not only recently but for quite some time of what can be done with these funds under certain circumstances, what an influence they can have, and even in today's stock market for that matter. I think, frankly, it is a very fruitful ground for inquiry and for more monitoring. Whether or not this is exactly the right approach, I leave that to the experts who have the responsibility for doing it. I think we have to have good justifications when it is thrust upon the Department of Labor.

Heretofore it has run a pretty tight ship. That increase of 130 will loom up in some people's eyes and they will say, "What gives?" We will want the record to be very clear on this point to sell it. I think that is all.

CONCENTRATED EMPLOYMENT PROGRAM FUNDS IN OEO BUDGET

Mr. CASEY. A while ago you were talking about your CEP funds, that although your budget only reflects an increase of $44 million there would be another $50 million increase in the OEO budget?

Secretary SHULTZ. That is right.

Mr. CASEY. Are these funds that you use under this dependent on the amount of funds appropriated for OEO?

Secretary SHULTZ. Yes, sir; they are.

Mr. CASEY. In other words, if we reduce your request, should OEO be reduced in some proportion, or should we reduce OEO's request for appropriations, you would not need as much as you are asking for?

Secretary SHULTZ. No. The program is projected on the basis of a total amount of money. Some of the money comes from the OEO budget.

Mr. CASEY. Is there any formula for participation by OEO and by your Department in CEP?

Mr. WEBER. No; there is not any.

Mr. CASEY. Your first answer, then, is not correct in that regard, that the amount that you required is dependent on what is appropriated for OEO?

Secretary SHULTZ. If you were to change the OEO appropriation, accepting the validity to the overall number that we seek, then you would have to change the Department of Labor appropriation in order to hit that overall number.

Mr. WEBER. In other words, it is based on the notion you are going to refund 82 CEP's, that is, the appropriation that is presently requested through both OEO and MDTA is essentially a recycling operation with respect to CEP's, one, two, and three, that we designated this morning. It is a standstill budget.

CONTINUATION COSTS OF CEP PROGRAM

Mr. CASEY. You are going to need $94 million more than you had last year in order to keep these 82 going?

Mr. WEBER. Yes, sir.

Secretary SHULTZ. That is because you have a process of building up going on. So once you get all of these in place, and they are spending at a steady level, you are going to spend more through a year than

in a year when some of them were in place only for part of the year. In fact, some of the 82 are not in place yet, which is the reason why we think that our request can be lower than the request in the Johnson budget.

Mr. CASEY. In other words, you do not have 82 actually in operation at the present time?

Secretary SHULTZ. I believe that 82 were authorized and funds provided for them, and that as of when we came into office there were 78 actually in place.

Mr. WEBER. No, 76 and there are now 78. Four have already been designated but have not been funded because they have not established what we consider at this point adequate arrangements for sponsorship or administration.

Mr. CASEY. How many of the 82 were in full operation in the past year?

Mr. WEBER. I will have to provide that for the record.

(The information follows:)

STATEMENT ON CONCENTRATED EMPLOYMENT PROGRAM

In fiscal year 1968, 22 projects were in full operation; this figure represents the total number of projects which were planned to be in full operation at that time. As of May 12, 1969, 77 projects were in full operation out of the 82 which were planned for fiscal year 1969. One additional project, east St. Louis, was in full operation during fiscal year 1969; however, this program was closed down on March 5, 1969 due to substandard performance. Two projects (Toledo and Wilkes-Barre) have not yet begun operation, though they have been funded. The remaining two (central and east Harlem) have not been funded.

Mr. CASEY. We are talking about a continuation of 82 programs?

Mr. WEBER. Right.

REDUCTION IN HEW AND OEO FUNDS

Mr. CASEY. There are other programs that you participate in and get the funds for through HEW?

Mr. WEBER. Yes, sir. Through OEO or HEW.

Secretary SHULTZ. On the last page of our statement we can see the net effect of what happened to those funds. In the OEO funds there is a decrease of $32 million. In the work incentive funds appropriated to HEW, there is a decrease of $28 million. As we discussed this morning in the Job Corps category of the OEO funds there is a decrease of $100 million. Those represent program rearrangements over which we don't have as much control as we do of the ones in the Department of Labor.

JOB CORPS CENTER CLOSINGS

Mr. CASEY. What is going to happen to these trainees that are in the Job Corps centers to be closed?

Secretary SHULTZ. Every trainee in the Job Corps center will be offered an opportunity to go to another Job Corps center where comparable training is available. For those who don't choose to do that, we will follow along with them and offer them opportunities to get in some suitable manpower training program in their home communities. So we have a process set up for being in touch with them, for

following up with them, even if they just sort of disappear from the center or camp, and for making various options available to them with the thought in mind that in making this change we should pay very special attention to the equities of the individuals involved in each of these centers and do everything we possibly can. I think we can do quite a lot to see that their opportunities are not diminished as a result of the change.

Mr. CASEY. Will there be any increase in the enrollment of the ones retained?

Secretary SHULTZ. It may be that there will, although that remains to be seen. It does turn out that it is not too difficult on the average to increase the number of beds in a center. On the average, by about 5 percent. We figure that even if everyone who was entitled to an offer of transfer to another center or camp were to take it, we could make good on that offer by some such expansion process as this. However, I think it is unlikely that 100 percent would take that offer. We are prepared to come through on it if necessary.

Mr. CASEY. Would that be a temporary expansion?

Secretary SHULTZ. It would probably be a temporary expansion.

NUMBER OF JOB CORPS TRAINEES

Mr. CASEY. When it is all leveled out are we going to then have less trainees in Job Corps centers than we have at the present time?

Secretary SHULTZ. We are closing 59 centers. We will open during fiscal year 1970 as rapidly as we can, but in an orderly fashion, so we just don't go helter-skelter in these things, 30 new centers of the kind I described at various times here. By the time we get to the end of that process we will still have fewer training opportunities in the residential centers as such by about 12,000 to 13,000. Even in the consideration of this reduction, the overall number of training opportunities for out-of-school youth will increase comparing 1969 with the fiscal year 1970 Nixon budget. That is because of the increase in these other programs, including the Job Opportunities in the Business Sector program, among others. So we feel that given this overall upward movement, what we have is a rearrangement within an expanding system, and on this basis we are not cutting back on youth training opportunities. We are rearranging their location and structure.

Mr. MICHEL. Would you yield?

Mr. CASEY. Surely.

OFFSETTING INCREASES IN OTHER TRAINING PROGRAMS

Mr. MICHEL. We cut back the Job Corps camps and that reflects itself in how many people, as against the rearranging of training programs which hopefully we could say are involving so many more people than those that are going by the board as a result of closing job camps. Can that be shown?

Secretary SHULTZ. Surely. We expect the overall opportunities to rise for out-of-school youth. It is just the youth, the total that is most relevant for comparing with the Job Corps.

Mr. MICHEL. In youth, you are comparing what ages?

Secretary SHULTZ. People 21 or less. We expect them, on the average, to rise by about 6,000, I think it is.

Mr. WEBER. A total of 368,000.

Secretary SHULTZ. We are talking about several rearrangements. The Job Corps rearrangements involve 12,000 training opportunities. We referred in our testimony to another area, the part-time type program that was discussed. Here we are talking about a reduction of 8,000, roughly, of training opportunities, but we are building training opportunities up in other areas so that you can see what is involved here is an attempt to assess what is working well, what is not working so well, and to rearrange the placement of our funds to emphasize the things that seem to be working well. This is within an overall system that is reasonably large now.

Remember that when the Job Corps started there were only 26,000 training opportunities for youths. Now there are 385,000. They have a much different overall situation than they did then.

NEW JOB CORPS CENTERS

Would you like in the record where you were asking us to insert the names of the centers and camps that would be retained, also to list the cities in which these new centers would be established?

Mr. MICHEL. Yes.

Secretary SHULTZ. I think we now decided on 27 of the 30 cities. Mr. Weber, do you have that worked out for the other three cities? We had 27 of the 30 cities settled the last time we discussed it.

Mr. WEBER. We have not designated them.

Secretary SHULTZ. We list the 27. Some of them are the same. In some cases we are closing a center in a city and opening one. We may use the same facility in a very few cases. What is changing is the idea involved. What is it that we are trying to do at that place with those facilities?

TRAINING OF THE DISADVANTAGED

Mr. MICHEL. In this rearranging and reshuffling, if someone raised the question and said, "Well, are you deemphasizing training of the disadvantaged and the hard-core unemployed? Is that area getting more focal attention and being beefed up as against a more shady questionable area?"

Secretary SHULTZ. That area, work with the disadvantaged, is the area of focus. I think it is worth noting that the National Alliance of Businessmen's Jobs program is focused exclusively on that group. That is the area of the largest expansion in this budget objective.

TOTAL NUMBER OF PERSONS INVOLVED IN ALL MANPOWER TRAINING PROGRAMS

Mr. MICHEL. I tell you what might be helpful at this point in the record. These various training programs, whether CEP, JOBS, intermediate, what have you, the number that are being trained in this year as against what you expect to have in the works under your reprograming. Then you get down to the bottom and you can see that, one, there is a reduction here but it is being picked up in more there and then end up with the totals.

Could you have a table put in the record on that?

Secretary SHULTZ. Yes.

(The information follows:)

MANPOWER TRAINING PROGRAMS, DEPARTMENT OF LABOR, MANPOWER ADMINISTRATION

CHANGES IN PERSONS SERVED

Program	Persons served, fiscal year 1969	Persons served, fiscal year 1970	Change (all categories of persons served)	Change (out-of-school youth only)
Job opportunities in the business sector (JOBS)	64,400	140,000	+75,600	+31,700
Concentrated employment program (CEP)	105,000	156,550	+51,550	+24,100
Job Corps	70,000	47,000	−23,000	−23,000
Manpower Development and Training Act (MDTA)	285,280	203,630	−81,650	−5,200
Regular institutional	(98,800)	(98,800)		(−9,300)
Regular on-the-job training	(83,240)	(83,240)		
Upgrading, part-time, and other	(54,240)	(21,590)	(−32,650)	
Special summer program	(49,000)		(−49,000)	
Title V State supplement		(1)	(1)	(+4,100)
Neighborhood Youth Corps (NYC)	585,200	593,800	+8,600	−33,400
In school	(140,000)	(182,000)	(+42,000)	
Summer school	(336,000)	(336,000)		
Out of school	(109,200)	(75,800)	(−33,400)	(−33,400)
Operation Mainstream	25,000	25,000		
New careers	10,000		−10,000	
Public and community employment (PACE) [2]		21,700	+21,700	+10,800
Work incentive program (WIN)	98,700	167,000	+68,300	+700
Total	1,243,580	1,354,680	+111,100	+5,700

[1] Not available
[2] Formerly called Job Opportunities in the Public Sector.

Mr. MICHEL. That is all.

Mr. CASEY. I don't believe I have any more questions.

I want to reiterate what I suggested to you earlier about relaxing on driving for these kids in jobs. A certain boy was driving too much, more than what you call occasionally, I don't know. Maybe that is a matter of judgment as to occasional driving on the job. When these kids like to drive, if they make money doing it rather than stealing somebody's car, that is more encouragement for them to work. I wish you would look into that.

Secretary SHULTZ. Yes, sir.

Mr. CASEY. Mrs. Reid?

REDUCTIONS IN HEADQUARTERS AND FIELD POSITIONS

Mrs. REID. Mr. Secretary, you state that the amendments provide dollar savings to reflect a departmentwide reduction of 229 jobs. How many of these positions will be in Washington and how many in the field?

Secretary SHULTZ. 146 in Washington and 83 in the field.

HIGH PRIORITY PROGRAMS

Mrs. REID. Mr. Secretary, you have proposed a comprehensive manpower services system under which funds could be deployed flexibly to meet different needs in different areas of the country. On the basis of your preliminary studies which programs do you feel are most effective and should receive priority at this time?

Secretary SHULTZ. All programs are, of course, extremely high priority, however, the manpower concepts that will receive initial attention are presently included in the Job Opportunities in the Business Sector (JOBS), Concentrated Employment (CEP) and Public

and Community Employment (PACE) programs, formerly called Job Opportunities in the Public Sector. All these programs provide intensive service to the most critical segment of the labor force—the disadvantaged individual.

In one year of operation, the JOBS program has demonstrated the willingness of industry to train and employ hard-core disadvantaged persons. Placement in career jobs has been emphasized by this program. The guarantee given to each enrollee that he will be employed upon completion of training has been an effective incentive for staying in the program.

The new Public and Community Employment (PACE) program will transfer the experience of JOBS into the public employment sector. Public employment is the most rapidly expanding sector of the job market. A program which can tap this expansion for the benefit of the hard-core disadvantaged is imperative. In preparation for the ultimate decategorization of manpower programs, New Careers, a smaller more specialized public employment program, has been incorporated into PACE.

The Concentrated Employment Program services a particularly urgent portion of the disadvantaged. The Nation's urban and rural concentrations of unemployment are a persistent, volatile problem. In fiscal year 1970, an additional $94.2 million is needed to continue this vital program at its current level. In fiscal year 1970 all CEP projects will need refunding, thereby accounting for the entire CEP increase in the 1970 budget request. The approach offered by CEP—a complete range of services suited to the needs of each disadvantaged client—contributes additional effectiveness to a comprehensive manpower services system which must deal with many types of human and employment variables.

Coordinating and integrating these high priority program elements into a system which combines effective and responsive action with flexibility is a problem which deserves separate attention. A comprehensive manpower services system can function only with complete information of the labor market, computerized job delivery mechanisms, highly trained manpower program and labor market analysts, and a full range of technical assistance for planners and operating personnel at the State and local levels. These program support items will require an additional $25,368,000 in fiscal 1970 and will make possible a strong performance by the comprehensive manpower services system in 1970.

STATE MATCHING FUNDS AVAILABLE FOR TITLE V PROGRAM

Mrs. REID. Mr. Secretary, you state there is an increase of $20 million for grants to States under title V of the 1968 Manpower Development and Training Act Amendments to permit the Federal government to pay 75 percent of the cost of supplemental activities with the State financing the other 25 percent of the costs. I commend this effort to encourage increased efforts on the part of the States. However, since most States have fiscal problems, do you anticipate problems among the States in raising the matching funds?

Secretary SHULTZ. The States have been queried on their intended fiscal year 1970 requests for funds under the Manpower Development

and Training Act, title V State supplements program. Twenty-two States indicate that they definitely have funds available which they propose to use under the 25 to 75 percent matching arrangements. The funds identified by these States total well in excess of $15 million. This amount would generate an estimated $45 million in Federal funds or $25 million more than the sum requested for fiscal year 1970. Another six States indicate that they have funds available which they intend to use, however, these States did not provide estimates of the level of funds for which they will seek Federal matching.

Mr. CASEY. Thank you for coming back, Mr. Secretary, to explain these changes in your budget. We will place the revised justifications in an appendix that will follow immediately after this testimony.

Secretary SHULTZ. Thank you, Mr. Chairman.

(The justifications follow.)

JUSTIFICATION MATERIAL (REVISED)

APPROPRIATION ESTIMATE

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

For expenses, not otherwise provided for, necessary to carry into effect the Manpower Development and Training Act of 1962, as amended, (42 U.S.C. 2571-2620), [$400,000,000,] $675,605,000 to remain available until June 30, [1970: Provided, That no part of the appropriation for expenses under such Act shall be available to pay any trainee in a service industry to which the provisions of section 6(b) of the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 201-219), are applicable at a rate in excess of the minimum wage prescribed by such section: Provided further, That no part of the appropriation in this Act shall be available to pay any trainee in a service industry to which the provisions of section 6(b) of the Fair Labor Standards Act of 1938, as amended, are applicable at a rate in excess of the following, whichever is highest:]

[(1) the minimum wage prescribed by such section;]

[(2) the minimum wage requirement applicable to the trainee pursuant to the provisions of any other section of the Act or any other Federal, State, or local law; or]

[(3) the minimum entrance rate for inexperienced workers in the same occupation in the establishment] 1971.

Provided, That the amounts appropriated herein for Title II, Parts A and B of such Act for expenses of programs jointly funded under the provisions of subsections 123(a)(5) and (8) of the Economic Opportunity Act of 1964, as amended, shall not be subject to the apportionment of benefits provisions of section 301 of such Act.

EXPLANATION OF LANGUAGE CHANGES

The appropriation language concerning the hourly rate of payment for Manpower Development and Training Act enrollees has been proposed for deletion to remove certain technical impediments to efficient administration of the Act. The Department of Labor has sufficient opportunities to fund training for jobs which pay $1.60, $1.80 an hour or more and which offer better prospects for long-term, stable employment above the poverty level. The provisions of the present language will result in difficulty in recruiting disadvantaged individuals.

In addition, appropriation language has been proposed to assure the availability of funds for special national programs, Job Opportunities in the Business Sector, Concentrated Employment Program, that are jointly funded under the provisions of subsections of subsections 123(a) (5) and (8) of the Economic Opportunity Act of 1964, as amended.

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MANPOWER ADMINISTRATION

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970 Original Estimate	1970 Amended Estimate	Change 1970 Original-1970 Amended	Change 1969-1970 Amended
Appropriation or estimate	$400,000,000	$688,396,000	$675,605,000	-$12,791,000	+$275,605,000
Amount reserved under P.L. 90-364	-100,000	---	---	---	+100,000
Proposed release of reserve for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)	92,000	---	---	---	-92,000
Available from prior year	18,039,845	---	---	---	-18,039,845
Appropriation or estimate, revised	418,031,845	688,396,000	675,605,000	-12,791,000	+257,573,155

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1969 Pos.	Amount	1970 Original Estimate Pos.	Amount	1970 Amended Estimate Pos.	Amount	Change 1970 Original-1970 Amended Pos.	Amount	Change 1969-1970 Amended Pos.	Amount
1. Training and Allowance Payments										
(a) Job Opportunities in the Business Sector	---	$47,950,000	---	$240,000,000	---	$240,000,000	---	---	---	+$192,050,000
(b) Concentrated Employment Program	---	31,800,000	---	105,000,000	---	76,000,000	---	-$29,000,000	---	+44,200,000
(c) Other	---	270,975,845	---	254,492,000	---	250,692,000	---	-3,800,000	---	-20,283,845

Description	Appropriation Revised, 1969 Pos.	Amount	1970 Original Estimate Pos.	Amount	1970 Amended Estimate Pos.	Amount	Change 1970 Original-1970 Amended Pos.	Amount	Change 1969-1970 Amended Pos.	Amount
2. Program Services										
(a) State Employment Security Service	25	$33,521,400	35	$42,976,400	25	$42,892,400	-10	-$84,000	---	+$9,371,000
(b) State Institutional Training Services	---	8,000,000	---	8,000,000	---	8,000,000	---	---	---	---
(c) On-the-Job Training Services	---	1,500,000	---	1,500,000	---	1,500,000	---	---	---	---
(d) Comprehensive Manpower Program Planning	30	8,725,000	30	33,979,000	110	34,093,000	+80	+114,000	+80	+25,368,000
3. Federal Institutional Training Services	168	2,559,600	159	2,448,600	159	2,427,600	---	-21,000	-9	-132,000
4. Disadvantaged Youth Program..	---	13,000,000	---	---	---	---	---	---	---	-13,000,000
5. Title V State Supplements ...	---	---	---	---	---	20,000,000	---	+20,000,000	---	+20,000,000
Total Obligations	223	418,031,845	224	688,396,000	294	675,605,000	+70	-12,791,000	+71	+257,573,155

EXPLANATION OF CHANGES

Activity 1(b). CONCENTRATED EMPLOYMENT PROGRAM (1970 Original Estimate, $105,000,000; 1970 Amended Estimate, $76,000,000)

The 1970 Concentrated Employment Program calls for strengthening, improving, and the providing of upgrade training in skill shortages for the 82 projects which will be in operation by the end of fiscal year 1969. Thus the amended 1970 estimate calls for no expansion or reduction of projects beyond the original estimate. However, as a result of re-examination of the funding needs of the 82 projects in 1970, the Manpower Development and Training Programs' share of the program has been reduced by $29,000,000 below the original request of $105,000,000. The total cost of the 1970 program will be $209,000,000, shared between Manpower Development and Training fund of $76,000,000 and Economic Opportunity funds of $133,000,000.

The funding of the 1970 Concentrated Employment Programs will be as follows:

	1970 Original Estimate	1970 Amended Estimate	Change 1970 Original-1970 Amended
22 Concentrated Employment Program I	$ 98,500,000	$ 89,100,000	-$ 9,400,000
40 Concentrated Employment Program II	90,000,000	81,600,000	- 8,400,000
20 Concentrated Employment Program III	49,500,000	38,300,000	- 11,200,000
82	$238,000,000	$209,000,000	-$29,000,000

Activity 1(c). OTHER (1970 Original Estimate, $254,492,000; 1970 Amended Estimate, $250,692,000)

This activity includes the basic institutional, on-the-job training, and part-time and other training components of the Manpower Development and Training Program. The reduction of $3,800,000 from the original estimate is being all applied against the "Part-Time and Other" training segment of this activity. The reduction is due to difficulties in recruiting individuals for this type of training. The amended 1970 estimate for part-time and other training will provide training opportunities for 21,590 individuals at a total cost of $10,084,000 a reduction of 8,150 trainees and $3,800,000 below the original 1970 estimate of 29,740 trainees at a total cost of $13,884,000.

Activity 2(a). STATE EMPLOYMENT SECURITY SERVICE (1970 Original Estimate, $42,976,400, Pos. 35; 1970 Amended Estimate, $42,892,400, Pos. 25)

This revised request reflects a decrease of 10 new positions and $84,000 originally requested for the Manpower Administrator for the District of Columbia. Increased workload will be accomplished through increased productivity of existing staff.

Activity 2(d). COMPREHENSIVE MANPOWER PROGRAM PLANNING (1970 Original Estimate, $33,979,000, Pos. 30; 1970 Amended Estimate, $34,093,000, Pos. 110)

The components comprising the amended estimate as compared to the original estimate are as follows:

	1970 Original Estimate		1970 Amended Estimate		Change 1970 Original-1970 Amended	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1. Cooperative Area Manpower Planning System ...	30	$ 6,225,000	30	$ 6,225,000	--	---
2. Job Matching Program	--	13,877,000	--	13,934,000	--	$ 57,000
3. Technical Assistance and Training of Personnel	--	13,877,000	80	13,934,000	+80	57,000
Total	30	$33,979,000	110	$34,093,000	+80	+$114,000

The estimate for a Job Matching Program within the content of a comprehensive system of labor market information is being requested to meet the requirements of Section 106 of the 1968 amendments to the Manpower Development and Training Act. The funds for this program will be used to initiate or expand projects which will facilitate the formulation of data bases and systems required to evolve job matching and job opportunities information. The increase of $57,000 over the original estimate is an adjustment based on the requisites of the 1968 amendments which specifies that not less than 2 percent of funds available under Titles I, II, and III be available for this purpose.

The increase for technical assistance and training is being requested to meet the requirements of Section 309 of the 1968 amendments to the Manpower Development and Training Act. The funds for this program will be used to establish a system that will directly provide manpower programs and operating personnel with technical assistance and training services that are needed to overcome a growing gap between the operational demands imposed by these programs and the capabilities of the project staffs to meet these needs. The increase of $57,000 over the original estimate is an adjustment based on the requisites of the 1968 amendment which specifies that not less than 2 percent of funds available under Titles I, II, and III be available for this purpose. This item also includes a request for 80 new Federal positions at a total cost of $1,450,000 (labor cost, $945,500; non-labor cost, $504,500) which were not in the original request, and which will be funded from the $13,934,000 requested. A summary of the 80 new positions follows:

SUMMARY OF NEW POSITIONS

DEPARTMENTAL	Number	Grade	Amount
Financial Management Specialists	1	GS-14	$ 16,946
Manpower Analysts	2	GS-14	33,892
Manpower Development Specialist	1	GS-14	16,946
Manpower Development Specialists	2	GS-13	28,818
Manpower Analysts	4	GS-13	57,636
Financial Management Specialist	1	GS-13	14,409
Contract Price Analyst	1	GS-13	14,409
Secretaries	4	GS- 5	22,928
Total	16		$205,984

FIELD OFFICES	Number	Grade	Amount
Manpower Analysts	16	GS-13	$230,544
Manpower Development Specialists	8	GS-13	115,272
Financial Management Specialists	8	GS-13	115,272
Manpower Development Specialists	8	GS-12	97,392
Contracting Specialists	8	GS-12	97,392
Secretaries	16	GS- 5	91,712
Total	64		$747,584
Grand Total	80		$953,568

Technical assistance will be focused on four basic functional areas:

--Program Planning
--Program Operation
--Financial Management (Contracts and State Agencies)
--Data Verification

Federal staff for each of these areas will be located in both the National Office (16 positions) and the eight regional offices (64 positions).

National office staff will provide specialized materials and guidance in each of the four functional areas for their counterpart staff in each of the regional offices.

The program planning staff will be concerned with providing technical guidance to State planning staff and will primarily be involved in the planning, development and maintenance of a Comprehensive Manpower Services System.

The program operation staff will be involved in augmenting and putting into effect the findings of project monitoring.

Financial management staff will assist contractors in developing and maintaining adequate fiscal and accounting records on project operations.

Data verification staff will assist State agencies, contractors and regional offices in complying with overall data requirement of the Manpower Administration.

Activity 5. TITLE V STATE SUPPLEMENTS (1970 Original Estimate, - 0 -;
1970 Amended Estimate, $20,000,000)

This new item which was not in the original estimate authorizes the Secretary of Labor to grant to any State an amount not to exceed 75% of the cost of supplemental efforts and activities to improve the effectiveness of or correct imbalances among the services available from Federal manpower and related programs seeking to improve the ability of disadvantaged persons to move into productive employment.

Title V grants, as authorized by the 1968 amendments to the Manpower Development and Training Act, may be made only following a finding by the Secretary, after consultation with the State, that the effectiveness of Federal manpower programs for the disadvantaged will be facilitated and improved by the supplemental program. Such a finding must necessarily be based on a comprehensive appraisal of (1) the needs of the disadvantaged and (2) the proposed annual programming of existing Federal program resources, together with an operating plan of action showing how the Title V program proposes to supplement and coordinate all relevant activities into an integrated manpower program.

CHANGES FOR 1970

Mandatory changes amount to ..... None

Program changes amount to ..... +$20,000,000
Positions ..... None

Proposal: To provide grants to States for supplementary manpower programs which will improve the effectiveness of, or correct imbalances among programs for the disadvantaged.

The Need: Grants under Title V will offer an opportunity for States to exercise more creative imagination in planning comprehensive manpower programs for disadvantaged individuals and to take effective action to insure their proper operation.

The Program: The statute provide that State applications for grant monies must (1) describe how such additional efforts and activities will be undertaken in support of existing Federal programs for the disadvantaged; (2) indicate how the efforts and activities are to be conducted, consistent with the State's Cooperative Area Manpower Planning System (CAMPS) plan; (3) demonstrate that such efforts and activities will contribute to carrying out the purposes of Title V, MDTA, as amended; and (4) provide assurance that the State will pay the non-Federal share of the cost of such efforts and activities. It is the Department's intention that funds made available under Title V shall be used by the States within the Cooperative Area Manpower Planning System. The final composition of this program in 1970 will therefore be based on policies, procedures, and standards for grants to the States currently under development in accordance with the statute.

The following indicates the possible scope of services that might be supplemented under this program:

Manpower Services: Includes outreach, intake, interviewing, testing, counseling, coaching, job development, job referral, placement, and followup.

Basic and Remedial Services: Includes basic and remedial education, communications skills, and work orientation.

Occupational and Skill Training: Includes institutional and on-the-job training.

Work Experience: Includes work sampling.

Supportive Services: Includes medical services, child care, and legal services.

Allowances: Includes training, dependent transportation and subsistence allowances.

Approximately twenty States have legislative authority and have indicated a firm interest in participating in this program. These States have tentatively indicated that nearly $7.4 million of States funds will be available to match Federal grants during 1970. However, this information was received prior to the release of any program standards and guidelines and therefore some wash out is anticipated.

BASIS FOR THE ESTIMATE

For purposes of implementing this new program in 1970, it estimated that the Federal matching share of approved State applications totaling $6,600,000 will be $20,000,000.

MANPOWER ADMINISTRATION

OFFICE OF MANPOWER ADMINISTRATOR, SALARIES AND EXPENSES

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970 Original Estimate	1970 Amended Estimate	Change 1970 Original-1970 Amended	Change 1969-1970 Amended
Appropriation or estimate	$26,722,000	$38,410,000	$36,907,000	-$1,503,000	+$10,185,000
Amount reserved under P.L. 90-364	-400,000	---	---	---	+400,000
Proposed release of reserve for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)	313,000	---	---	---	-313,000
Appropriation available from prior year	133,632 1/	---	---	---	-133,632
Comparative transfers from other accounts as follows:					
Bureau of Apprenticeship and Training Salaries and Expenses	2,569,000	---	---	---	-2,569,000
Bureau of Employment Security Salaries and Expenses	3,709,700	---	---	---	-3,709,700
Economic Opportunity Act Office of Economic Opportunity	1,300,000	---	---	---	-1,300,000
Work Incentive Activities (Part C of Title IV of the Social Security Act)	481,000	---	---	---	-481,000
Non-recurring rental costs transferred to General Services Administration	-6,250	---	---	---	+6,250
Appropriation or estimate, revised	34,822,082	38,410,000	36,907,000	-1,503,000	+2,084,918

1/ Allocated to activities as follows:
Activity 1 ..... $117,929
Activity 2 15,703
$133,632

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1969 Pos.	Appropriation Revised, 1969 Amount	1970 Original Estimate Pos.	1970 Original Estimate Amount	1970 Amended Estimate Pos.	1970 Amended Estimate Amount	Change 1970 Original-1970 Amended Pos.	Change 1970 Original-1970 Amended Amount	Change 1969-1970 Amended Pos.	Change 1969-1970 Amended Amount
1. Experimental, Demonstration and Research Program	---	$18,917,929	---	$21,030,000	---	$20,500,000	---	-$530,000	---	+$1,582,071
2. Planning, Research and Evaluation	264	4,621,003	264	4,808,600	250	4,570,400	-14	-238,200	-14	-50,603
3. Federal On-the-Job Training Services	145	2,164,500	165	2,687,600	117	1,839,000	-48	-848,600	-28	-325,500
4. Federal Employment Security Service	185	2,406,700	185	2,521,300	152	2,073,900	-33	-447,400	-33	-332,800
5. Executive Direction										
(a) Office of the Administrator	48	889,050	48	919,800	104	1,947,800	+56	+1,028,000	+56	+1,058,750
(b) Financial and Management Systems	154	2,073,700	154	2,117,068	127	1,749,668	-27	-367,400	-27	-324,032
(c) Manpower Management Data Systems	123	2,975,800	156	3,546,432	156	3,514,032	---	-32,400	+33	+538,232
(d) Reports to the Public on Manpower Programs	52	773,400	52	779,200	47	712,200	-5	-67,000	-5	-61,200
Total Obligations	971	34,822,082	1,024	38,410,000	953	36,907,000	-71	-1,503,000	-18	+2,084,918

EXPLANATION OF CHANGES

Activity 1. EXPERIMENTAL, DEMONSTRATION AND RESEARCH PROGRAM (1970 Original Estimate, $21,030,000; 1970 Amended Estimate, $20,500,000)

Mobility Demonstration Program (1970 Original Estimate, $2,030,000; 1970 Amended Estimate, $800,000)

During 1969, the pilot mobility demonstration program operated at a limited capacity, but continued to develop experience to determine the feasibility of providing assistance to unemployed workers through relocation to labor-shortage areas. To date, this program has resulted in the realization of some broad, tentative conclusions regarding the feasibility and values of relocating unemployed workers. On the basis of these pilot efforts, and the consequent experience that has been gained, it is anticipated that a relatively scaled-down program, directed at the rural areas, can furnish the data to fill-in the informational gaps related to the labor mobility area. In accordance with this determination, it is estimated that the revised estimate of $800,000 will permit the Department to focus on refinements to past findings with emphasis being placed on rural areas. Additional experience will be developed on the methods and values of providing mobility aid in different types of geographic areas. Stress will be placed on linkage of training assistance with mobility aid; use of mobility aid as an element of rural Concentrated Employment Programs; and linkage of interstate and inter-regional high-unemployment areas with labor shortage areas. It is anticipated that approximately 1,000 families will receive mobility assistance in 1970 at an average cost of $900.

Placement Assistance (Bonding) Demonstration Program (1970 Original Estimate, $200,000; 1970 Amended Estimate, $100,000)

Initially, it was anticipated that the pilot bonding demonstration program would continue, in an enlarged number of areas, to develop operational and actuarial data on needs for and costs of bonding for various groups ordinarily screened out of jobs by employers and bonding companies. In the past, 29 cities and 5 entire States were focused on by the pilot effort with approximately 2,000 persons with police or prison records bonded or placed in jobs annually. More significant than the the number of specially bonded placements, the pilot program is finding that the mere availability of Federal bonding assistance is often cause for employers to no longer consider a police record as a bar to employment. In those cases there is no need to provide the bond. As a result of this circumstance, the original request was reduced to $100,000, which will furnish bonding coverage for approximately 1,000 persons.

Study of Seasonality of Employment in the Construction Industry (1970 Original Estimate, - 0 -; 1970 Amended Estimate, $800,000)

One of the 1968 Amendments to the Manpower Development and Training Act of 1962, provides that the Secretaries of Labor and Commerce shall conduct a study of seasonality in the construction industry, with special attention to its implications for National manpower policy. It is anticipated that the study will include practical demonstrations of the feasibility and costs of performing winter work on construction projects that are underway. This action-oriented approach will probably be supplemented by studies of alternative technical and policy approaches to the seasonality problem. The study is to be completed by December 31, 1969.

Activity 2. PLANNING, RESEARCH AND EVALUATION (1970 Original Estimate. $4,808.600. Pos. 264;
1970 Amended Estimate. $4,570,400. Pos. 250)

The decrease of $238,200 is comprised of a reduction of 14 positions and $174.000 resulting from increased productivity in contractual capabilities and operational methods, and a decrease of $64,200 related to reductions in end-of-year employment.

Activity 3. FEDERAL-ON-THE-JOB TRAINING SERVICES (1970 Original Estimate $2,687.600. Pos. 165;
1970 Amended Estimate $1,839,000. Pos. 117)

Decrease of $848,600 reflects a decrease of 48 positions and $827,000 resulting from increased productivity in developing and negotiating contracts, and $21,600 from reductions in end-of-year employment

Activity 4. FEDERAL EMPLOYMENT SECURITY SERVICES (1970 Original Estimate $2,521,300, Pos. 185;
1970 Amended Estimate $2,073,900, Pos. 152)

Decrease of $447,400 reflects a decrease of 33 positions and $415,000 resulting from increased productivity in employment service operations under the Manpower and Training Act and $32,400 from reductions in end-of-year employment.

Activity 5. EXECUTIVE DIRECTION (1970 Original Estimate $7,362,500, Pos. 410;
1970 Amended Estimate $7,932,700, Pos. 434)

(a) Office of the Administrator (1970 Original Estimate $919,800. Pos. 48;
1970 Amended Estimate $1,947,800. Pos. 104)

An increase of $1,028,000 and 56 positions is requested due to expanded manpower efforts such as the Concentrated Employment Program, and the Job Opportunities in the Business Sector. Additional staff resources are needed to permit the Regional Manpower Administrator to make more informed decisions in the administration and approval of programs and to maintain sound program and fiscal control over contracts under his jurisdiction.

(b) Financial and Management Systems (1970 Original Estimate $2,117,068. Pos. 154;
1970 Amended Estimate $1,749,668. Pos. 127)

Decrease of $367,400 reflects a decrease of 27 positions and $335,000 resulting from increased productivity in the financial support areas and $32,400 from reductions in end-of-year employment.

(c) Manpower Management Data Systems (1970 Original Estimate $3,546.432. Pos. 156;
1970 Amended Estimate $3,514.032. Pos. 156)

Decrease of $32,400 reflects reductions in end-of-year employment.

(d) Reports to the Public on Manpower Programs (1970 Original Estimate $779,200. Pos. 52;
1970 Amended Estimate $712,200. Pos. 47)

Decrease of $67,000 reflects a decrease of 5 positions resulting from increased productivity through more useful statistics.

MANPOWER ADMINISTRATION

BUREAU OF APPRENTICESHIP AND TRAINING

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970 Original Estimate	1970 Amended Estimate	Change 1970 Original-1970 Amended	Change 1969-1970 Amended
Appropriation or estimate.....	$9,055,000	$6,629,000	$6,532,000	-$97,000	-$2,523,000
Amount reserved under P.L. 90-364.....	-50,000	---	---	---	+50,000
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968).....	50,000	---	---	---	-50,000
Proposed transfer from other accounts for pay increase (P.L. 90-206, E.O. 11413 effective July 14, 1968 1/.....	363,000	---	---	---	-363,000
Comparative transfer to Office of Manpower Administrator.....	-2,569,000	---	---	---	+2,569,000
Non-recurring rental costs transferred to GSA.....	-3,161	---	---	---	-3,161
Appropriation or estimate, revised.....	6,845,839	6,629,000	6,532,000	-97,000	-313,839

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1969 Pos.	Appropriation Revised, 1969 Amount	1970 Original Estimate Pos.	1970 Original Estimate Amount	1970 Amended Estimate Pos.	1970 Amended Estimate Amount	Change 1970 Original-1970 Amended Pos.	Change 1970 Original-1970 Amended Amount	Change 1969-1970 Amended Pos.	Change 1969-1970 Amended Amount
1. Training promotion and service to industry.....	497	$6,463,739	468	$6,247,000	468	$6,150,000	---	-$97,000	-29	-$313,739
2. Administration and management services.	23	382,100	22	382,000	22	382,000	---	---	-1	-100
Total Obligations.....	520	6,845,839	490	6,629,000	490	6,532,000	---	-97,000	-30	-313,839

EXPLANATION OF CHANGES

Activity 1. TRAINING PROMOTION AND SERVICE TO INDUSTRY (1970 Original Estimate, $6,247,000, Pos. 468; 1970 Amended Estimate, $6,150,000, Pos. 468)

This change reflects the reduction of end-of-year employment.

1/ Manpower Development and Training Act...	$ 8,000
Bureau of Employment Security.....	142,000
Wage and Hour Division.....	213,000

MANPOWER ADMINISTRATION
BUREAU OF EMPLOYMENT SECURITY
GRANTS TO STATES FOR UNEMPLOYMENT COMPENSATION AND EMPLOYMENT SERVICE ADMINISTRATION

AMOUNTS AVAILABLE FOR OBLIGATION

	1969 Pos.	1969 Amount	1970 Original Estimate Pos.	1970 Original Estimate Amount	1970 Amended Estimate Pos.	1970 Amended Estimate Amount	Change 1970 Original-1970 Amended Pos.	Change 1970 Original-1970 Amended Amount	Change 1969-1970 Amended Pos.	Change 1969-1970 Amended Amount
Limitation or estimate..	--	$604,073,000	--	$630,822,000	--	$630,772,000	--	-$50,000	--	+$26,699,000

OBLIGATIONS BY ACTIVITY

Description	Limitation 1969 Pos.	Limitation 1969 Amount	1970 Original Esitmate Pos.	1970 Original Esitmate Amount	1970 Amended Estimate Pos.	1970 Amended Estimate Amount	Change 1970 Original-1970 Amended Pos.	Change 1970 Original-1970 Amended Amount	Change 1969-1970 Amended Pos.	Change 1969-1970 Amended Amount
1. Unemployment Insurance Service:										
a. State Unemployment Insurance Service.....	--	$227,212,000	--	$227,886,000	--	$234,849,000	--	+$6,963,000	--	+$7,637,000
b. Federal Unemployment Insurance Service.....	--	7,256,000	--	7,810,000	--	8,023,000	--	+ 213,000	--	+ 767,000
c. Administration and Management..	--	24,293,000	--	24,467,000	--	25,153,000	--	+ 686,000	--	+ 860,000

	Limitation 1969 Pos.	Limitation 1969 Amount	1970 Original Estimate Pos.	1970 Original Estimate Amount	1970 Amended Estimate Pos.	1970 Amended Estimate Amount	Change 1970 Original - 1970 Amended Pos.	Change 1970 Original - 1970 Amended Amount	Change 1969-1970 Amended Pos.	Change 1969-1970 Amended Amount
2. Employment Service:										
a. Youth Services..	--	73,523,000	--	73,523,000	--	75,393,000	--	+1,870,000	---	+1,870,000
b. Farm.....	--	20,000,000	--	20,000,000	--	20,571,000	--	+ 571,000	--	+ 571,000
c. Other.....	--	180,603,000	--	187,058,000	--	188,972,000	--	+1,914,000	--	+8,369,000
d. Administration and Management..	--	31,855,000	--	32,717,000	--	32,936,000	--	+ 219,000	--	+1,081,000
3. Administration and Management.....	--	27,331,000	--	39,361,000	--	32,875,000	--	-6,486,000	--	+5,544,000
4. Contingency.....	--	12,000,000	--	18,000,000	--	12,000,000	--	-6,000,000	--	--
Total Obligations.....	--	604,073,000	--	630,822,000	--	630,772,000	--	-50,000	--	+26,699,000

EXPLANATION OF CHANGES

Activity 1. UNEMPLOYMENT INSURANCE SERVICE (1970 Original Estimate, $260,163,000; 1970 Amended Estimate, $268,025,000)

The increase in the Unemployment Insurance Service is due to a shifting of mandatory items from proposed legislation to existing legislation. An increase of $7,862,000 in mandatory items in this activity under existing legislation consists of $6,191,000 for personal services costs, $1,130,000 for personnel benefits and $541,000 for changes in State law governing rates of per diem and other traveling expenses.

Activity 2. EMPLOYMENT SERVICE (1970 Original Estimate, $313,298,000;
1970 Amended Estimate, $317,872,000)

The increase in the Employment Service is due to a shifting of items from proposed legislation to existing legislation. A net increase of $4,574,000 consists of mandatory increases of $7,262,000 for personal services costs, $1,288,000 for personnel benefits, $635,000 for changes in State law, and $1,939,000 to provide for increased postage costs. These increases are offset by deleting the $6,500,000 program item for improved coordination and cooperation among public and private manpower service agencies from existing legislation and a decrease of $50,000 due to reductions in end-of-year employment.

Activity 3. ADMINISTRATION AND MANAGEMENT (1970 Original Estimate, $39,361,000;
1970 Amended Estimate, $32,875,000)

The net decrease of $6,486,000 in Administration and Management is due to a shifting of $7,350,000 for ADP improvements to proposed legislation. The $3,000,000 remaining from the original $10,350,000 program increase will be used to provide computer support required to implement the cost accounting system in the States. This decrease is partially offset by a shifting of funds from proposed legislation to existing legislation. An increase of $864,000 in mandatory items consists of $682,000 for personal services costs, $123,000 for personnel benefits, and $59,000 for changes in State law.

Activity 4. CONTINGENCY FUND (1970 Original Estimate, $18,000,000;
1970 Amended Estimate, $12,000,000)

The decrease in the Contingency Fund is due to the shifting of a $6,000,000 program increase in existing legislation to proposed legislation.

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MANPOWER ADMINISTRATION

UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970 Original Estimate	1970 Amended Estimate	Change 1970 Original-1970 Amended	Change 1969-1970 Amended
Appropriation or estimate.....	$92,200,000	$115,800,000	$135,000,000	$19,200,000	$42,800,000
Advance to prior year.....	-16,946,521	---	---	---	+16,946,521
Program supplemental.....	36,000,000	---	---	---	-36,000,000
Estimated program supplemental.....	20,000,000	---	---	---	-20,000,000
Appropriation or estimate, revised.....	131,253,479	115,800,000	135,000,000	19,200,000	+ 3,746,521

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1969	1970 Original Estimate	1970 Amended Estimate	Change 1970 Original-1970 Amended	Change 1969-1970 Amended
1. Unemployment Compensation for Federal Employees.....	$52,100,000	$51,400,000	$53,600,000	$2,200,000	+$1,500,000
2. Unemployment Compensation for Ex-servicemen.....	79,153,479	64,400,000	81,400,000	17,000,000	+ 2,246,521
Total obligations.....	131,253,479	115,800,000	135,000,000	19,200,000	+ 3,746,521

EXPLANATION OF CHANGES

Activity 1. UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES (1970 Original Estimate, $51,400,000; 1970 Amended Estimate, $53,600,000)

Based on experience for the first nine months of fiscal year 1969, it is estimated that it will cost approximately $1,400,000 more than originally estimated for fiscal year 1970 to provide for an additional 29,000 weeks compensated.

Also based on this same experience, it is estimated that the average weekly benefit amount during fiscal year 1970 will be $46.70 instead of the $46.00 originally estimated and will cost an additional $800,000.

Activity 2. UNEMPLOYMENT COMPENSATION FOR EX-SERVICEMEN (1970 Original Estimate, $64,400,000; 1970 Amended Estimate, $81,400,000)

Based on experience for the first nine months of fiscal year 1969, it is estimated that it will cost approximately $15,100,000 more than originally estimated for fiscal year 1970 to provide for an additional 321,000 weeks compensated.

Also based on this same experience, it is estimated that the average weekly benefit amount during fiscal year 1970 will be $47.60 instead of the $46.50 originally estimated and will cost an additional $1,900,000.

MANPOWER ADMINISTRATION

TRADE ADJUSTMENT ACTIVITIES

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970 Original Estimate	1970 Amended Estimate	Change 1970 Original-1970 Amended	Change 1969-1970 Amended
Appropriation or estimate.....	$1,300,000	$1,100,000	$600,000	-$500,000	-$700,000
Appropriation or estimate, revised.....	1,300,000	1,100,000	600,000	- 500,000	- 700,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation 1969	1970 Original Estimate	1970 Amended Estimate	Change 1970 Original-1970 Amended	Change 1969-1970 Amended
1. Trade adjustment allowances.....	$1,200,000	$1,027,000	$555,000	-$472,000	-$645,000
2. Trade adjustment activities, State administration.....	100,000	73,000	45,000	- 28,000	- 55,000
Total obligations.....	1,300,000	1,100,000	600,000	- 500,000	- 700,000

EXPLANATION OF CHANGES

Activity 1. TRADE ADJUSTMENT ALLOWANCES (1970 Original Estimate, $1,027,000; 1970 Amended Estimate, $555,000)

A program decrease of $472,000 results from a decrease of 501 workers compensated from the original 1970 estimate of 1,095 workers. The reduction in workers is due to a fewer number of petitions accepted and approved than originally anticipated.

Activity 2. TRADE ADJUSTMENT ACTIVITIES, STATE ADMINISTRATION (1970 Original Estimate, $73,000; 1970 Amended Estimate, $45,000)

A program decrease of approximately $28,000 is the result of a lower estimate of the total required hours for payment processing and Employment Service activities due to a fewer number of petitions as well as reduced hourly costs in connection with the administrative expenses of State Employment Security agencies. These activities include determining work eligibility and payment of allowances, counseling, testing, referral and placement services and general staff training, procedural development and overall program administration.

MANPOWER ADMINISTRATION
BUREAU OF EMPLOYMENT SECURITY
SALARIES AND EXPENSES

AMOUNTS AVAILABLE FOR OBLIGATION

	1969		1970 Original Estimate		1970 Amended Estimate		Change 1970 Original-1970 Amended		Change 1969-1970 Amended	
	Trust Fund	General Revenue	Trust Fund	General Revenue	Trust Fund	General Revenue	Trust Fund	General Revenue	Trust Fund	General Revenue
Appropriation or... estimate.....	$20,073,000	$2,900,000	$19,640,000	---	$18,766,000	---	-$874,000	---	-$1,307,000	-$2,900,000
Amount reserved under P.L. 90-364..	---	-267,000	---	---	---	---	---	---	---	+267,000
Proposed release of reserves for pay increase costs (P.L. 90-206,E.O. 11413, effective July 14, 1968)...	---	125,000	---	---	---	---	---	---	---	-125,000
Proposed supplemental for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968).....	865,000	---	---	---	---	---	---	---	-865,000	---
Comparative transfer to Office of Manpower Administrator, Salaries and Expenses.	-993,000	-2,716,703	---	---	---	---	---	---	993,000	2,716,703
Non-recurring rental costs transf. to GSA..	---	-41,297	---	---	---	---	---	---	---	41,297
Appropriation or estimate revised...	19,945,000	---	19,640,000	---	18,766,000	---	-874,000	---	-1,179,000	---

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1969 Pos.	Appropriation Revised, 1969 Amount	1970 Original Estimate Pos.	1970 Original Estimate Amount	1970 Amended Estimate Pos.	1970 Amended Estimate Amount	Change 1970 Original-1970 Amended Pos.	Change 1970 Original-1970 Amended Amount	Change 1969-1970 Amended Pos.	Change 1969-1970 Amended Amount
1. Unemployment Insurance Service...	280	$4,316,000	269	$4,187,000	269	$4,008,000	--	-$179,000	-11	-$308,000
a. Unemployment Insurance....	163	2,472,400	160	2,441,000	160	2,332,000	--	- 109,000	- 3	- 140,400
b. Administration & Management..	52	914,400	50	890,600	50	860,600	--	- 30,000	- 2	- 53,800
c. Regional Offices	65	929,200	59	855,400	59	815,400	--	- 40,000	- 6	- 113,800
2. U.S. Employment Service.....	817	11,869,000	806	11,769,000	806	11,233,000	--	- 536,000	-11	- 636,000
a. U.S. Employment Service	291	4,399,400	284	4,320,200	284	4,131,200	--	- 189,000	- 7	- 268,200
Regional Off.	176	2,525,100	176	2,538,300	176	2,419,300	--	- 119,000	--	- 105,800
b. Farm Labor Ser.	90	1,147,800	88	1,125,800	88	1,066,800	--	- 59,000	- 2	- 81,000
Regional Off.	56	746,200	56	751,200	56	711,200	--	- 40,000	--	- 35,000
c. Veterans Employment Service..	144	2,087,000	144	2,093,000	144	2,004,000	--	- 89,000	--	- 83,000
d. Administration & Management.	60	963,500	58	940,500	58	900,500	--	- 40,000	- 2	- 63,000
3. Administration & Management Service.	123	1,713,000	118	1,650,000	118	1,580,000	--	- 70,000	- 5	- 133,000
a. Office of the Administrator	55	786,900	53	760,100	53	730,100	--	- 30,000	- 2	- 56,800
b. Administration & Management..	68	926,100	65	889,900	65	849,900	--	- 40,000	- 3	- 76,200
4. Farm Labor Contractor Registration Activities.....	14	250,000	14	250,000	14	240,000	--	- 10,000	--	- 10,000

Description	Appropriation Revised, 1969 Pos.	Amount	1970 Original Estimate Pos.	Amount	1970 Amended Estimate Pos.	Amout	Change 1970 Original-1970 Amended Pos.	Amount	Change 1969-1970 Amended Pos.	Amount
a. State Administration.....	--	$ 100,000	--	100,000	--	100,000	--	--	--	--
b. Federal Administration.....	14	150,000	14	150,000	14	140,000	--	-10,000	--	-10,000
5. Admission & Employment in Agriculture of Non-Immigrant Aliens..	63	1,015,000	63	1,015,000	63	975,000	--	- 40,000	--	-40,000
6. Admission & Employment of Immigrant Aliens.....	59	782,000	58	769,000	58	730,000	--	- 39,000	-1	-52,000
Total obligations....	1,356	19,945,000	1,328	19,640,000	1,328	18,766,000	--	874,000	-28	-1,179,000

EXPLANATION OF CHANGES

Activity 1. UNEMPLOYMENT INSURANCE SERVICE (1970 Original Estimate, $4,187,000; 1970 Amended Estimate, $4,008,000)

These changes reflect reductions in end-of-year employment.

Activity 2 UNITED STATES EMPLOYMENT SERVICE (1970 Original Estimate, $11,769,000; 1970 Amended Estimate, $11,233,000)

These changes reflect reductions in end-of-year employment.

Activity 3 ADMINISTRATION AND MANAGEMENT SERVICE (1970 Original Estimate, $1,650,000; 1970 Amended Estimate, $1,580,000)

These changes reflect reductions in end-of-year employment.

Activity 4. FARM LABOR CONTRACTOR REGISTRATION ACTIVITIES (1970 Original Estimate, $250,000; 1970 Amended Estimate, $240,000)

These changes reflect reductions in end-of-year employment.

Activity 5. ADMISSION AND EMPLOYMENT IN AGRICULTURE OF NON-IMMIGRANT ALIENS (1970 Original Estimate, $1,015,000; 1970 Amended Estimate, $975,000)

These changes reflect reductions in end-of-year employment.

Activity 6. ADMISSION AND EMPLOYMENT OF IMMIGRANT ALIENS (1970 Original Estimate, $769,000; 1970 Amended Estimate $730,000)

These changes reflect reductions in end-of-year employment.

LABOR-MANAGEMENT SERVICES ADMINISTRATION

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970 Original Estimate	1970 Amended Estimate	Change 1970 Original-1970 Amended	Change 1969-1970 Amended
Appropriation or Estimate.....	$9,063,000	$9,405,000	$11,676,000	+$2,271,000	+$2,613,000
Amount reserved under P.L. 90-364.....	-500,000	---	---	---	+500,000
Proposed release of reserve for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968).....	448,000	---	---	---	-448,000
Available from prior year.....	---	---	---	---	---
Appropriation or estimate, revised.....	9,011,000	9,405,000	11,676,000	+2,271,000	+2,665,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1969 Pos.	Appropriation Revised, 1969 Amount	1970 Original Estimate Pos.	1970 Original Estimate Amount	1970 Amended Estimate Pos.	1970 Amended Estimate Amount	Change 1970 Original-1970 Amended Pos.	Change 1970 Original-1970 Amended Amount	Change 1969-1970 Amended Pos.	Change 1969-1970 Amended Amount
1. Labor-Management Relations Services...	18	$374,200	18	$372,300	18	$372,300	---	---	---	-$1,900
2. Labor-Management Policy Development...	18	276,300	18	274,700	23	624,700	+5	+$350,000	+5	+348,400
3. Administration of Reporting and Disclosure Laws.....	504	6,786,500	504	6,962,900	500	6,783,900	-4	-179,000	-4	-2,600

Description	Appropriation Revised, 1969 Pos.	Appropriation Revised, 1969 Amount	1970 Original Estimate Pos.	1970 Original Estimate Amount	1970 Amended Estimate Pos.	1970 Amended Estimate Amount	Change 1970 Original-1970 Amended Pos.	Change 1970 Original-1970 Amended Amount	Change 1969-1970 Amended Pos.	Change 1969-1970 Amended Amount
4. Promotion of Compliance and Assistance to Veterans.....	65	$984,600	84	$1,215,000	84	$1,215,000	---	---	+19	+$230,400
5. Organized Crime Program.....	---	---	---	---	130	2,000,000	+130	+2,000,000	+130	+2,000,000
6. Executive Direction and Administrative Services.....	61	589,400	61	580,100	66	680,100	+5	+100,000	+5	+90,700
Total Obligations.....	666	9,011,000	685	9,405,000	821	11,676,000	+136	+2,271,000	+155	+2,665,000

EXPLANATION OF CHANGES

Activity 2. LABOR-MANAGEMENT POLICY DEVELOPMENT (1970 Original Estimate, $274,700, Pos. 18; 1970 Amended Estimate, $624,700, Pos. 23)

It is planned (1) to initiate a coordinated program of analysis, research, and consultation designed to lessen labor-management conflict, to open the way for labor-management cooperation on pressing industry and national problems ($150,000, 2 positions) and (2) to provide an expanded research base in State and local labor-management relations to support a proposed technical assistance and information program for State and municipal governments on matters involving public employee labor relations ($200,000, 3 positions).

(1) Strikes and strike idleness, during the past two years, have persisted at relatively high levels. One of the serious consequences of this volume of labor-management conflict, aside from the lost production, is that it stands in the way of efforts to solve other labor and labor-management problems through cooperative efforts. In certain industries, construction for example, the central need is for the development of effective procedures for disputes settlement. The Government can provide the initiative and can serve as a catalyst through services and research directed at the causes and ways of avoiding and resolving conflict. In collaboration with other agencies and through contract research where appropriate the Department will work with particular industries to improve the climate of relationships and to develop joint problem solving mechanisms. This program also involves reappraisal of the forms of Federal Government involvement in disputes, with particular emphasis on national emergency and other critical situations.

(2) With respect to the rapid development of labor-management relations at State and local government levels the principal

need is for information and data. Experience in the private sector has demonstrated that labor-management problems and conflict respond favorably to readily available knowledge. Continuing priority function demands upon available resources make this request for added staff and funds, including financing of contract research, essential to effective performance in this area.

The resources requested will make it possible to expand the Department's research in the area of labor-management relations in the public service, particularly at the State and local levels, looking toward the development of a research program commensurate with the size and importance of the problem, as measured against the scope of research services and data now being made available to the private sector.

Activity 3. ADMINISTRATION OF REPORTING AND DISCLOSURE LAWS (1970 Original Estimate, $6,962,900; 1970 Amended Estimate, $6,783,900)

To eliminate low priority program functions and increase utilization of the available manpower on high priority work in order to conserve funds in this activity so that high priority needs in other activities may be met, it is proposed to curtail the field Technical Assistance and Information programs to the extent of 4 positions and $50,000. End of year employment reductions will be achieved by not filling vacancies at an annual rate of 12 man-years, with a saving of $129,000.

Activity 5. ORGANIZED CRIME PROGRAM (1970 Original Estimate, $0; 1970 Amended Estimate, $2,000,000)

To expand the investigative, reports processing and information-gathering functions of the Office of Labor-Management and Welfare-Pension Reports. These functions will provide staff, support and service to the 16 multi-agency Task Force units which will be in operation during Fiscal Year 1970 and thereafter. The Office of Labor-Management and Welfare-Pension Reports will require seventy-seven (77) professional employees in its Division of Compliance Operations (DCO), (72 in the field offices and 5 in the National Office) eighteen clerical employees in DCO (16 in the field offices, 2 in the National Office), and seventeen (17) professional employees, five (5) reports examiners, and nine (9) clerical employees in its Division of Reports and Analysis. Management support will require two (2) professional and two (2) clerical employees.

The President has determined that an all-out Federal effort against organized crime is essential to the economic, physical, and social well-being of the American people and has assigned the responsibility for developing and supervising a program to the Attorney General. As one of the methods of fulfilling that responsibility, the Attorney General and the Department of Justice have requested all other agencies engaged in law enforcement, including the Department of Labor, to participate in a coordinated program by furnishing staff, intelligence information, and other support.

Sixteen Task Force Units, each composed of supervisory investigators from the participating agencies will be operative. Each Task Force Unit will have one Office of Labor-Management and Welfare-Pension Reports supervisory compliance officer (investigator). Each of these will be supplemented by an average of four compliance officers (except in cities where more than one Task Force is in operation, where fewer will be required) plus one clerical support position. The Task Force will investigate the activities

in which organized criminals are engaged to determine whether and what kind of violations of law are occurring, and also the nature and extent of infiltration by racketeers and hoodlums into legitimate businesses and operations, including labor unions and welfare and pension funds.

The Attorney General's task force concept is dependent on an extensive intelligence-gathering operation from many agencies of the Government, including the Office of Labor-Management and Welfare-Pension Reports. A large number (about 150,000 annually) of the reports submitted to the Office of Labor-Management and Welfare-Pension Reports contain a wealth of information essential in the fight against organized crime. Typical of this information are the names of persons who administer and control over one hundred billion dollars of welfare and pension funds, as well as the fees paid to such persons and to brokers, agents, accountants, attorneys, and others. The reports also contain information as to party-in-interest transactions. In the fight against organized crime this information is not only invaluable, it is indispensable. In the course of investigations it will be important to determine which and how many labor organizations or welfare and pension funds are controlled by the racketeers or hoodlum-dominated persons being investigated. Sources of income for specific racketeering groups need to be identified.

Effective utilization of the intelligence-gathering process is contingent upon the input, correlation, analysis and retrieval of complete and accurate information pertinent to the massive problem being readily or reasonably available.

Activity 6. EXECUTIVE DIRECTION AND ADMINISTRATIVE SERVICES (1970 Original Estimate, $580,100;
1970 Amended Estimate, $680,100)

In order to more properly reflect the labor-management function and responsibilities of the Office of the Assistant Secretary for Labor-Management Realtions it is proposed to transfer this office consisting of five positions and $100,000 from the Office of the Secretary to the Labor-Management Services Administration.

WAGE AND LABOR STANDARDS ADMINISTRATION

SALARIES AND EXPENSES

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970 Original Estimate	1970 Amended Estimate	Change 1970 Original-1970 Amended	Change 1969-1970 Amended
Appropriation or estimate.....	$11,777,000	$12,677,000	$12,473,000	-$204,000	+$696,000
Amount reserved under P.L.90-364.....	- 120,000	--	--	--	+ 120,000
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968).....	120,000	--	--	--	- 120,000
Proposed transfer from other accounts for pay increases (P.L. 90-206, E.O. 11413 effective July 14, 1968)....	152,000 1/	--	--	--	- 152,000
Non-recurring rental costs transferred to GSA.....	- 4,333	--	--	--	+ 4,333
Appropriation or estimate, revised.....	$11,924,667	$12,677,000	$12,473,000	-$204,000	+$548,333

1/ "Labor Management Services Administration, salaries and expenses, "..$52,000
"Wage and Hour Division, salaries and expenses,".....$100,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1969 Pos.	Amount	1970 Original Estimate Pos.	Amount	1970 Amended Estimate Pos.	Amount	Change 1970 Original-1970 Amended Pos.	Amount	Change 1969-1970 Amended Pos.	Amount
1. Executive direction, planning and evaluation.....	16	$ 251,100	16	$ 246,400	16	$ 246,400	--	--	--	-$ 4,700
2. Appeals from determinations of Federal employee claims.....	9	158,000	9	160,300	9	160,300	--	--	--	+ 2,300
3. Improving safety and other working conditions of wage earners..	312	4,206,767	362	4,752,000	347	4,582,000	-15	-$170,000	+35	+ 375,233
4. Promoting employment of the handicapped.....	34	533,000	34	540,000	34	540,000	--	--	--	+ 7,000
5. Advancing opportunities and status of women.....	76	990,100	76	997,800	76	997,800	--	--	--	+ 7,700
6. Providing compensation for employees of the Federal Government and other persons covered by Federal workmen's compensation laws.....	579	5,785,700	579	5,980,500	575	5,946,500	- 4	- 34,000	- 4	+ 160,800
Total Obligations.....	1,026	11,924,667	1,076	12,677,000	1,057	12,473,000	-19	- 204,000	+31	+ 548,333

EXPLANATION OF CHANGES

Activity 3 Improving Safety and Other Working Conditions of Wage Earners (1970 Original Estimate, $4,752,000 Pos. 362; 1970 Amended Estimate, $4,582,000 Pos. 347)

The proposed reduction of 15 positions and $170,000 from the original estimate is comprised of 1) a reduction of 10 safety engineers and $100,000 from the request for 30 safety engineers, 12 support positions and $350,000 for a comprehensive safety program under the Federal procurement acts; 2) A reduction of 5 positions and $70,000 from the request of 10 positions and $120,000 for the improvement of the administration of State workmen's compensation systems.

These reductions from the original request are proposed to comply with the objective of reducing Federal employment.

Activity 6 Providing compensation for employees of the Federal Government and other persons covered by Federal workmen's compensation laws (1970 Original Estimate $5,980,500 Pos. 579; 1970 Amended Estimate $5,946,500 Pos. 575)

The original 1970 request has been amended to reflect a reduction of 4 positions and $34,000. Four vacant positions are proposed to be abolished from the budget to comply with the Administration's goal of reducing Federal employment.

WAGE AND LABOR STANDARDS ADMINISTRATION

BUREAU OF EMPLOYEES' COMPENSATION

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970 Original Estimate	1970 Amended Estimate	Change 1970 Original-1970 Amended	Change 1969-1970 Amended
Appropriation or estimate.....	$ 52,691,000	$ 54,916,000	$ 60,116,000	+$5,200,000	+$ 7,425,000
Advance to prior year.....	-5,743,460	---	---	---	+5,743,460
Estimated program supplemental.....	15,900,000	---	---	---	-15,900,000
Reimbursement from other agencies (P.L. 86-767)..	43,928,000	50,057,000	50,057,000	---	+6,129,000
Appropriation or estimate, revised.....	106,775,540	104,973,000	110,173,000	+5,200,000	+3,397,460

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1969 Pos.	Appropriation Revised, 1969 Amount	1970 Original Estimate Pos.	1970 Original Estimate Amount	1970 Amended Estimate Pos.	1970 Amended Estimate Amount	Change 1970 Original-1970 Amended Pos.	Change 1970 Original-1970 Amended Amount	Change 1969-1970 Amended Pos.	Change 1969-1970 Amended Amount
1. Federal civilian employees benefits.....	---	$ 48,525,540	---	$ 41,133,500	---	$ 45,733,500	---	+$4,600,000	---	-$2,792,040
2. Armed forces reservists benefits.....	---	11,575,000	---	11,175,000	---	11,175,000	---	---	---	-400,000
3. War claims act benefits.....	---	400,000	---	400,000	---	400,000	---	---	---	---
4. Other benefits.....	---	2,347,000	---	2,207,500	---	2,807,500	---	+600,000	---	+460,500
Total Direct Obligations..	---	62,847,540	---	54,916,000	---	60,116,000	---	+5,200,000	---	-2,731,540

Description	Appropriation Revised, 1969 Pos.	Appropriation Revised, 1969 Amount	1970 Original Estimate Pos.	1970 Original Estimate Amount	1970 Amended Estimate Pos.	1970 Amended Estimate Amount	Change 1970 Original-1970 Amended Pos.	Change 1970 Original-1970 Amended Amount	Change 1969-1970 Amended Pos.	Change 1969-1970 Amended Amount
1. Federal civilian employee benefits financed by reimbursements from other agencies.....	---	$ 43,928,000	---	$ 50,057,000	---	$ 50,057,000	---	---	---	+$6,129,000
Total Obligations.....	---	106,775,540	---	104,973,000	---	110,173,000	---	+5,200,000	---	+3,397,460

EXPLANATION OF CHANGES

Activity 1. FEDERAL CIVILIAN EMPLOYEES' BENEFITS (1970 Original Estimate, $41,133,500; 1970 Amended Estimate, $45,733,500)

The increase of $4.6 million is based upon the latest estimate of payments for disability and death compensation in fiscal year 1969. These increases are due to the 1966 amendments to the Federal Employees' Compensation Act.

Activity 4. OTHER BENEFITS (1970 Original Estimate, $2,207,500; 1970 Amended Estimate, $2,807,500)

The increase of $600,000 is for payment of disability and death compensation to employees of government contractors. Those employees working in war zones for private contractors are covered by private insurance unless the disability or death was due to a war-risk hazard, in which case benefits are paid from the Compensation Fund. The number of new cases being received reflect the increased exposure of contract employees while engaged in the Viet Nam conflict.

WAGE AND HOUR DIVISION

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970 Original Estimate	1970 Amended Estimate	Change 1970 Original-1970 Amended	Change 1969-1970 Amended
Appropriation or estimate.....	$26,311,000	$26,336,000	$25,960,000	-$376,000	-$351,000
Amount reserved under P.L. 90-364.....	-1,500,000	---	---	---	+1,500,000
Proposed release of reserve for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968).....	+992,000	---	---	---	-992,000
Non-recurring rental costs transferred to GSA.....	-26,599	---	---	---	+26,599
Appropriation or estimate, revised.....	25,776,401	26,336,000	25,960,000	-376,000	+183,599

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1969 Pos.	Amount	1970 Original Estimate Pos.	Amount	1970 Amended Estimate Pos.	Amount	Change 1970 Original-1970 Amended Pos.	Amount	Change 1969-1970 Amended Pos.	Amount
1. Enforcement.....	1,762	$20,786,301	1,762	$21,323,100	1,762	$21,110,100	---	-$213,000	---	+$323,799
2. Wage Determinations and Regulations.....	120	2,140,100	120	2,148,600	120	2,083,600	---	-65,000	---	-56,500
3. Research and Legislative Analysis.....	75	1,957,100	75	1,963,800	75	1,907,800	---	-56,000	---	-49,300

Description	Appropriation Revised, 1969 Pos.	Amount	1970 Original Estimate Pos.	Amount	1970 Amended Estimate Pos.	Amount	Change 1970 Original-1970 Amended Pos.	Amount	Change 1969-1970 Amended. Pos.	Amount
4. Administration and Management Services.....	78	$892,900	78	$900,500	78	$858,500	---	-$42,000	---	-$34,400
Total Obligations	2,035	25,776,401	2,035	26,336,000	2,035	25,960,000	---	-376,000	---	+183,599

EXPLANATION OF CHANGES

Activity 1. ENFORCEMENT (1970 Original Estimate, $21,323,100, Pos. 1,762;
1970 Amended Estimate, $21,110,100, Pos. 1,762)

These changes reflect reductions in end-of-year employment.

Activity 2. WAGE DETERMINATIONS AND REGULATIONS (1970 Original Estimate, $2,148,600, Pos. 120;
1970 Amended Estimate, $2,083,600, Pos. 120)

These changes reflect reductions in end-of-year employment.

Activity 3. RESEARCH AND LEGISLATIVE ANALYSIS (1970 Original Estimate, $1,963,800, Pos. 75;
1970 Amended Estimate, $1,907,800, Pos. 75)

These changes reflect reductions in end-of-year employment.

Activity 4. ADMINISTRATION AND MANAGEMENT SERVICES (1970 Original Estimate, $900,500, Pos. 78;
1970 Amended Estimate, $858,500, Pos. 78)

These changes reflect reductions in end-of-year employment.

BUREAU OF LABOR STATISTICS
AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970 Original Estimate	1970 Amended Estimate	Change 1970 Original-1970 Amended	Change 1969-1970 Amended
Appropriation or estimate.....	$21,763,000	$23,477,000	$23,704,000	+$227,000	+$1,941,000
Amount reserved under P.L. 90-364.....	-700,000	--	--	--	+ 700,000
Proposed release of reserve for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968).....	700,000	--	--	--	- 700,000
Proposed transfer from "Office of Manpower Administrator, Salaries and Expenses" for pay increase costs (P.L. 90-206, E.O. 11413 effective July 14, 1968).....	87,000	--	--	--	- 87,000
Proposed supplemental appropriation for pay increases (P.L. 90-206, E.O. 11413 effective July 14, 1968).....	93,000	--	--	--	- 93,000
Non-recurring rental costs transferred to General Services Administration.....	-10,245	--	--	--	+ 10,245
Appropriation or estimate, revised.....	21,932,755	23,477,000	23,704,000	+ 227,000	+ 1,771,245

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1969 Pos.	Appropriation Revised, 1969 Amount	1970 Original Estimate Pos.	1970 Original Estimate Amount	1970 Amended Estimate Pos.	1970 Amended Estimate Amount	Change 1970 Original-1970 Amended Pos.	Change 1970 Original-1970 Amended Amount	Change 1969-1970 Amended Pos.	Change 1969-1970 Amended Amount
1. Manpower and employment...	330	$ 8,786,000	334	$ 9,276,000	332	$ 9,150,700	- 2	-$125,300	+ 2	+$ 364,700
2. Prices and cost of living.	289	3,548,600	279	3,670,200	291	3,800,200	+12	+ 130,000	+ 2	+ 251,600

Description	Appropriation Revised, 1969 Pos.	Appropriation Revised, 1969 Amount	1970 Original Estimate Pos.	1970 Original Estimate Amount	1970 Amended Estimate Pos.	1970 Amended Estimate Amount	Change 1970 Original-1970 Amended Pos.	Change 1970 Original-1970 Amended Amount	Change 1969-1970 Amended Pos.	Change 1969-1970 Amended Amount
3. Wages and industrial relations.....	309	$ 3,593,300	298	$ 3,665,700	320	$ 3,945,700	+22	+$280,000	+11	+$ 352,400
4. Productivity, technology, and growth.....	82	1,369,500	80	1,414,000	80	1,414,000	-	-	- 2	+ 44,500
5. Foreign labor and trade...	40	475,600	39	497,800	39	497,800	-	-	- 1	+ 22,200
6. Program staff services....	156	1,821,800	154	1,905,800	146	1,860,000	- 8	- 45,800	-10	+ 38,200
7. Administration and management services.....	115	2,337,955	112	2,447,500	112	2,435,600	-	- 11,900	- 3	+ 97,645
8. Revision of the consumer price index.....	-	-	49	600,000	49	600,000	-	-	+49	+ 600,000
Total Obligations.....	1,321	21,932,755	1,345	23,477,000	1,369	23,704,000	+24	+ 227,000	+48	+ 1,771,245

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EXPLANATION OF CHANGES

Activity 1. MANPOWER AND EMPLOYMENT (1970 Original Estimate, $9,276,000, Pos. 334; 1970 Amended Estimate, $9,150,700, Pos. 332)

This change reflects a decrease of $25,300 due to a reduction in end of year employment; as well as, a decrease of $100,000 in the proposal for developing new measures of persons experiencing employment problems.

Activity 2. PRICES AND COST OF LIVING (1970 Original Estimate, $3,670,200, Pos. 279; 1970 Amended Estimate, $3,800,200, Pos. 291)

This change reflects an increase of $150,000 to develop statistical measures of the price competitiveness of U.S. products in

world markets.

U.S. Government policy decisions on balance-of-payments and trade problems are seriously hampered by the lack of reliable and comprehensive statistical measures on the price competitiveness of U.S. products in world trade. While many factors affect the U.S. competitive position in world markets, the inadequacy of existing data prohibits accurate economic analysis of the price competitiveness of U.S. products. Forecasts of trade flows required to evaluate alternative trade and financial policies continue to be based on seriously deficient data for the commodity groups most urgently needed-especially machinery and other manufactured products.

In February 1969, the Cabinet Committee on Export Expansion embarked on a new program to improve the U.S. merchandise trade balance. The Committee established an annual export goal of $50 billion to be achieved over the next 5 years and began work on programs to achieve this goal. Statistical measures of the price competitiveness of U.S. goods in world markets would provide information for assessing the effectiveness of alternative export promotion programs. These data would permit comparisons of price levels and trends between the United States and its trading partners. Vital information would be provided for U.S. Government policy decisions on balance-of-payments and trade problems in addition to evaluation of the export promotion program.

Exploratory conceptual work and some experimental survey steps are presently underway. The Bureau proposes to undertake the following program in FY 1970:

1) Expansion of the survey of export prices of U.S. firms, begun on an experimental basis in F.Y. 1969, to increase the number of reporting firms and to cover additional commodity groups.

2) Execution of plans with the Customs Bureau to collect prices from commercial invoices accompanying imports entered at major U.S. ports.

3) Implementation of arrangements developed through the Organization for Economic Cooperation and Development (OECD) to secure foreign price data required for the program.

This is offset by a decrease of $20,000 due to a reduction in end of year employment.

Activity 3. WAGES AND INDUSTRIAL RELATIONS (1970 Original Estimate, $3,665,700, Pos. 298; 1970 Amended Estimate, $3,945,700, Pos. 320)

This change reflects an increase of $300,000 to develop a continuing series of statistical and analytical studies on occupational wages and salaries in State and local governments.

Employment in this sector of the economy currently accounts for more than 9 million workers and is expanding rapidly in both absolute and relative terms. Detailed wage and salary information for these workers is greatly needed for salary administration by State and local government officials and for representatives of employee organizations in these jurisdictions. There is a

special need, as expressed by members of Congress, for information on salaries paid to persons in law enforcement and fire-fighting work.

Information would be developed on the straight-time salaries of workers in a representative list of occupations such as accountants, civil engineers, directors of personnel, stenographers, accounting clerks, policemen, and firemen. Although conducted on a sample basis, the data would relate to all States and to municipalities, with a population of 75,000 or more. Hospitals and schools would not be covered. (Hospitals are included in the Bureau's regular occupational wage surveys; inclusion of schools would materially increase costs. Furthermore, good information on teachers' salaries is available from other sources.) Information would be published for the United States and for selected regions and some municipalities.

This is offset by a decrease of $20,000 due to a reduction in end of year employment.

Activity 6. PROGRAM STAFF SERVICES (1970 Original Estimate, $1,905,800, Pos. 154; 1970 Amended Estimate, $1,860,000, Pos. 146)

This change reflects a reduction in end of year employment.

Activity 7. ADMINISTRATION AND MANAGEMENT SERVICES (1970 Original Estimate, $2,447,500, Pos. 112; 1970 Amended Estimate, $2,435,600, Pos. 112)

This change reflects a reduction in end of year employment.

BUREAU OF INTERNATIONAL LABOR AFFAIRS

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970 Original Estimate	1970 Amended Estimate	Change 1970 Original-1970 Amended	Change 1969 - 1970 Amended
Appropriation or estimate	$1,386,000	$1,353,000	$1,332,000	-$ 21,000	-$ 54,000
Amount reserved under P.L. 90-364	-60,000	---	---	---	+ 60,000
Proposed release of reserve for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)	60,000	---	---	---	- 60,000
Proposed transfer from Wage and Hour Public Contracts for pay increases (P.L. 90-206, E.O. 11413, effective July 14, 1968)	14,000	---	---	---	- 14,000
Appropriation or estimate, revised	1,400,000	1,353,000	1,332,000	- 21,000	- 68,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1969 Pos.	Amount	1970 Original Estimate Pos.	Amount	1970 Amended Estimate Pos.	Amount	Change 1970 Original-1970 Amended Pos.	Amount	Change 1969 - 1970 Amended Pos.	Amount
1. International organizations affairs	11	$ 141,800	11	$ 137,900	11	$ 136,800	--	-$ 1,100	--	-$ 5,000
2. Foreign labor policy development	20	309,900	20	304,000	20	301,800	--	- 2,200	--	- 8,100
3. Labor and manpower technical services	8	146,400	8	141,100	8	139,900	--	- 1,200	--	- 6,500
4. Trade negotiations and economic policy development	25	399,000	25	371,600	25	358,200	--	- 13,400	--	- 40,800

	Appropriation Revised, 1969		1970 Original Estimate		1970 Amended Estimate		Change 1970 Original-1970 Amended		Change 1969 - 1970 Amended	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
5. Administration and management services...	27	$ 402,900	27	$ 398,400	27	$ 395,300	--	-$ 3,100	--	-$ 7,600
Total Obligations.....	91	1,400,000	91	1,353,000	91	1,332,000	--	- 21,000	--	- 68,000

EXPLANATION OF CHANGES

Activity 1. INTERNATIONAL ORGANIZATIONS AFFAIRS (1970 Original Estimate, $137,900; 1970 Amended Estimate, $136,800)

These changes reflect reductions in end-of-year employment.

Activity 2. FOREIGN LABOR POLICY DEVELOPMENT (1970 Original Estimate, $304.000; 1970 Amended Estimate, $301,800)

These changes reflect reductions in end-of-year employment.

Activity 3. LABOR AND MANPOWER TECHNICAL SERVICES (1970 Original Estimate, $141,100; 1970 Amended Estimate, $139,900)

These changes reflect reductions in end-of-year employment.

Activity 4. TRADE NEGOTIATIONS AND ECONOMIC POLICY DEVELOPMENT (1970 Original Estimate, $371,600; 1970 Amended Estimate, $358,200)

These changes reflect reductions in end-of-year employment.

Activity 5. ADMINISTRATION AND MANAGEMENT SERVICES (1970 Original Estimate, $398.400; 1970 Amended Estimate, $395,300)

These changes reflect reductions in end-of-year employment.

OFFICE OF THE SOLICITOR

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970 Original Estimate	1970 Amended Estimate	Change 1970 Original-1970 Amended	Change 1969-1970 Amended
Appropriation or estimate.....	$6,270,000[1/]	$6,208,000[1/]	$6,122,000[1/]	-$86,000	-$148,000[1/]
Amount reserved under P.L. 90-364.....	-200,000	---	---	---	+200,000
Proposed release of reserve for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968).....	200,000	---	---	---	-200,000
Proposed transfer from "Wage and Hour Division, Salaries and Expenses," for pay increases (P.L. 90-206, E.O. 11413, effective July 14, 1968).....	21,000	---	---	---	-21,000
Non-recurring rental costs transferred to GSA.....	-8,368	---	---	---	+8,368
Appropriation or estimate, revised.....	6,282,632	6,208,000	6,122,000	-86,000	-160,632

1/ Includes $144,000 to be derived from "Employment Security Administration Account, Unemployment Trust Fund."

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1969 Pos.	Appropriation Revised, 1969 Amount	1970 Original Estimate Pos.	1970 Original Estimate Amount	1970 Amended Estimate Pos.	1970 Amended Estimate Amount	Change 1970 Original-1970 Amended Pos.	Change 1970 Original-1970 Amended Amount	Change 1969-1970 Amended Pos.	Change 1969-1970 Amended Amount
1.(a) Litigation.....	45	$625,800	44	$651,400	44	$629,400	---	-$22,000	-1	+$3,600
(b) Interpretations and Opinions....	60	793,500	52	730,400	52	730,400	---	---	-8	-63,100

Description	Appropriation Revised, 1969 Pos.	Amount	1970 Original Estimate Pos.	Amount	1970 Amended Estimate Pos.	Amount	Change 1970 Original-1970 Amended Pos.	Amount	Change 1969-1970 Amended Pos.	Amount
(c) Wage Determinations.....	91	$948,400	91	$937,700	91	$895,700	---	-$42,000	---	-$52,700
(d) Legislation.....	39	581,500	37	583,500	37	583,500	---	---	-2	+ 2,000
(e) Labor-Management Laws.....	32	389,400	28	350,900	28	350,900	---	---	-4	-38,500
2. Field Legal Services	192	2,490,932	188	2,504,600	188	2,482,600	---	-22,000	-4	-8,332
3. Administration and Management Services	37	453,100	34	449,500	34	449,500	---	---	-3	-3,600
Total Obligations.....	496	6,282,632	474	6,208,000	474	6,122,000	---	-86,000	-22	-160,632

EXPLANATION OF CHANGES

Activity 1(a). LITIGATION (1970 Original Estimate, $651,400, Pos. 44; 1970 Amended Estimate, $629,400, Pos. 44)

These changes reflect reductions in end-of-year employment.

Activity 1(c). WAGE DETERMINATIONS (1970 Original Estimate, $937,700, Pos. 91; 1970 Amended Estimate, $895,700, Pos. 91)

These changes reflect reductions in end-of-year employment.

Activity 2. FIELD LEGAL SERVICES (1970 Original Estimate, $2,504,600, Pos. 188; 1970 Amended Estimate, $2,482,600, Pos. 188)

These changes reflect reductions in end-of-year employment.

OFFICE OF THE SECRETARY

SALARIES AND EXPENSES

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970 Original Estimate	1970 Amended Estimate	Change 1970 Original-1970 Amended	Change 1969-1970 Amended
Appropriation or estimate.....	$5,416,000 1/	$5,609,000 2/	$6,033,000 2/	+$ 424,000	+$ 617,000
Amount reserved under P.L. 90-364.....	-110,000	---	---	---	+ 110,000
Proposed release of reserves for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968).....	110,000	---	---	---	- 110,000
Proposed transfer from "Wage and Hour Division, salaries and expenses," for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968)....	121,000	---	---	---	- 121,000
Proposed increase in trust fund limitation for pay increase costs (P.L. 90-206 E.O. 11413, effective July 14, 1968.....	18,000	---	---	---	- 18,000
Appropriation or estimate, revised.....	5,555,000	5,609,000	6,033,000	+ 424,000	+ 478,000

1/ Includes $538,000 to be derived from the Employment Security Administration account, Unemployment Trust Fund.

2/ Includes $557,000 to be derived from the Employment Security Administration account, Unemployment Trust Fund.

OBLIGATIONS BY ACTIVITY

	Appropriation Revised, 1969		1970 Original Estimate		1970 Amended Estimate		Change 1970 Original-1970 Amended		Change 1969-1970 Amended	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
1. Executive Direction.....	49	$1,044,000	49	$1,068,400	47	$1,018,400	- 2	-$ 50,000	- 2	-$25,600
2. Office of Information.....	22	345,100	22	352,200	22	352,200	--	---	--	+ 7,100
3. Office of Assistant Secretary for Administration										
a. Immediate Office.....	5	131,400	5	132,600	5	132,600	--	---	--	+ 1,200
b. Office of Management Assistance.....	8	107,700	7	103,700	7	103,700	--	---	- 1	- 4,000
c. Personnel Operations....	76	1,164,500	75	1,184,800	75	1,184,800	--	---	- 1	+ 20,300
d. Library.....	36	395,400	34	384,600	34	384,600	--	---	- 2	- 10,800
e. Office of Budget Policy and Review.....	13	187,800	13	192,800	13	192,800	--	---	--	+ 5,000
f. Office of Program Review and Audit.....	96	1,482,000	96	1,496,200	127	1,970,200	+31	+ 474,000	+31	+488,200
g. Office of Management Systems.....	31	493,100	30	485,600	30	485,600	--	---	- 1	- 7,500
h. Field Administration....	19	204,000	19	208,100	19	208,100	--	---	--	+ 4,100
Total obligations.....	355	5,555,000	350	5,609,000	379	6,033,000	+29	+ 424,000	+24	+478,000

EXPLANATION OF CHANGES

Activity 1. EXECUTIVE DIRECTION (1970 Original Estimate, $1,068,400, Pos. 49; 1970 Amended Estimate, $1,018,400, Pos. 47)

In order to more properly reflect the labor-management functions and responsibilities of the Office of the Assistant Secretary for Labor-Management Relations, it is planned to transfer this office consisting of 5 positions and $100,000 to the Labor-Management Services Administration. Offsetting this decrease is an increase of 3 positions and $50,000 to provide for a position of Economic Advisor and supporting clerical staff in the immediate Office of the Secretary.

Activity 3f. OFFICE OF PROGRAM REVIEW AND AUDIT (1970 Original Estimate, $1,496,200, Pos. 96;
1970 Amended Estimate, $1,970,200, Pos. 127)

An increase of 31 positions and $474,000 is requested for the Division of Audit. This is a minimum number if the audit staff is to keep abreast of the increases in the manpower training program. The projected audit program anticipates that the value of contracts audited by Department of Labor staff will be about 30 percent of the contracts executed, or approximately $450,000,000. Primary emphasis will be on Neighborhood Youth Corps, Job Opportunities in the Business Sector, and Concentrated Employment Program activities in 19 major metropolitan areas in which the largest contracts are executed. Most of the remaining contracts will be audited by licensed public accountants who will perform the audit under contract with the Department of Labor. Some part of the requested increase will permit the further development of guides and standards to be used by public accounting firms in the audit of manpower contracts and more extensive review and evaluation of such audits to insure that they meet Department of Labor standards.

An increase in staff resources in FY 1970 will also permit the Division of Audit to respond to special requests for immediate audit received from the Manpower Administration in instances where questions of fraud or mismanagement arise.

While audit is not a guaranty that fraud will not occur, a timely audit program is a significant deterrent to fraud. Beyond this negative value, a timely review of the internal controls and financial management practices of sponsors provides substantial assistance to Manpower Administration officials in their monitorship of contract operations. This permits correction of deficiencies.

An audit finding of mismanagement of funds after they have been expended and are beyond recovery has a lesser value than a current examination which permits correction of mismanagement in an ongoing contract and recovery of funds. The additional resources requested will substantially improve the currency of audit effort.

OFFICE OF THE SECRETARY

FEDERAL CONTRACT COMPLIANCE AND
CIVIL RIGHTS PROGRAM

AMOUNTS AVAILABLE FOR OBLIGATION

	1969	1970 Original Estimate	1970 Amended Estimate	Change 1970 Original-1970 Amended	Change 1969-1970 Amended
Appropriation or estimate.....	$1,416,000 1/	$1,512,000 2/	$1,490,000 2/	-$22,000	+$74,000
Amount reserved under P.L. 90-364.....	-3,000	---	---	---	+ 3,000
Proposed release of reserves for pay increase costs (P.L. 90-364, E.O. 11413, effective July 14, 1968).....	3,000	---	---	---	- 3,000
Proposed transfer from Wage and Hour Division, Salaries and Expenses for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968).....	39,000	---	---	---	- 39,000
Proposed transfer from the Employment Security Administration account, Unemployment Trust Fund for pay increase costs (P.L. 90-206, E.O. 11413, effective July 14, 1968).....	23,000	---	---	---	- 23,000
Appropriation or estimate, revised.....	1,478,000	1,512,000	1,490,000	- 22,000	+ 12,000

1/ Includes $512,000 to be derived from the Employment Security Administration account, Unemployment Trust Fund.

2/ Includes $564,000 to be derived from the Employment Security Administration account, Unemployment Trust Fund.

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1969 Pos.	Appropriation Revised, 1969 Amount	1970 Original Estimate Pos.	1970 Original Estimate Amount	1970 Amended Estimate Pos.	1970 Amended Estimate Amount	Change 1970 Original-1970 Amended Pos.	Change 1970 Original-1970 Amended Amount	Change 1969-1970 Amended Pos.	Change 1969-1970 Amended Amount
1. Office of the Director of Federal Contract Compliance.....	34	$ 576,000	34	$ 579,000	34	$ 567,000	---	-$ 12,000	---	-$ 9,000
2. Plans for Progress.....	12	216,000	12	216,000	12	216,000	---	---	---	---
3. Civil Rights Compliance (Title VI).....	41	686,000	44	717,000	44	707,000	---	- 10,000	+ 3	+ 21,000
Total Obligations.....	87	1,478,000	90	1,512,000	90	1,490,000	---	- 22,000	+ 3	+ 12,000

EXPLANATION OF CHANGES

Activity 1. OFFICE OF THE DIRECTOR OF FEDERAL CONTRACT COMPLIANCE (1970 Original Estimate, $579,000; 1970 Amended Estimate, $567,000)

These changes reflect reductions in end of year employment.

Activity 3. CIVIL RIGHTS COMPLIANCE (TITLE VI) (1970 Original Estimate, $717,000; 1970 Amended Estimate, $707,000)

These changes reflect reductions in end of year employment.

U. S. DEPARTMENT OF LABOR

Office of the Secretary

"Working capital fund: There is hereby established a working capital fund, to be available without fiscal year limitation, for expenses necessary for the maintenance and operation of (1) a central reproduction service; (2) a central visual exhibit service; (3) a central supply service for supplies and equipment for which adequate stocks may be maintained to meet in whole or in part the requirements of the Department; (4) a central tabulating service; (5) telephone, mail and messenger services; (6) a central accounting and payroll service; and (7) a central laborers' service: *Provided*, That any stocks of supplies and equipment on hand or on order shall be used to capitalize such fund: *Provided further*, That such fund shall be reimbursed in advance from funds available to bureaus, offices, and agencies for which such centralized services are performed at rates which will return in full all expenses of operation, including reserves for accrued annual leave and depreciation of equipment."

(5 U.S.C. 662a)

; and (8) personnel functions in Regional Administrative Offices

EXPLANATION OF LANGUAGE CHANGES

It is requested that the language for the Working Capital Fund be amended to include "personnel functions in Regional Administrative Offices".

The Regional Administrative Offices were established in eight principal cities to perform administrative services for the field staff of the U. S. Department of Labor located in each of the respective cities. The staff salaries for these administrative offices are funded through the Working Capital Fund except for 19 employees performing personnel functions. While these employees, as well as other employees of the Regional Administrative Offices, perform services for the field staff of all Bureaus and Administrations of the Department of Labor, they are funded by the Office of the Secretary, Salaries and Expenses appropriation. This type of funding has been necessary as a result of no provision for personnel positions in the language of the Working Capital Fund. We are requesting that such a provision be incorporated only for the Regional Administrative Offices. All employees of these offices would then be funded from the same source and would eliminate much administrative confusion in management, reporting of workload, and accounting for costs.

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