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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

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NEAL SMITH, Iowa
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BOB CASEY, Texas

ROBERT H. MICHEL, Illinois
GARNER E. SHRIVER, Kansas
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ROBERT M. MOYER, *Staff Assistant to the Subcommittee*

PART 6

DEPARTMENTAL MANAGEMENT
GENERAL PROVISIONS
SOCIAL AND REHABILITATION SERVICE
SOCIAL SECURITY ADMINISTRATION
SPECIAL INSTITUTIONS

Printed for the use of the Committee on Appropriations

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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR 1970

TUESDAY, APRIL 22, 1969.

SOCIAL AND REHABILITATION SERVICE

WITNESSES

MISS MARY E. SWITZER, ADMINISTRATOR, SOCIAL AND REHABILITATION SERVICE
JOHN D. TWINAME, DEPUTY ADMINISTRATOR, SOCIAL AND REHABILITATION SERVICE
JOSEPH H. MEYERS, DEPUTY ADMINISTRATOR FOR PROGRAM POLICY, SOCIAL AND REHABILITATION SERVICE
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DR. JAMES F. GARRETT, ASSISTANT ADMINISTRATOR, OFFICE OF RESEARCH, DEMONSTRATIONS, AND TRAINING
JOSEPH HUNT, COMMISSIONER, REHABILITATION SERVICES ADMINISTRATION
DONALD F. REILLY, ASSOCIATE COMMISSIONER, ADMINISTRATION ON AGING
RANDOLPH W. LEE, DIRECTOR, BUDGET DIVISION, SOCIAL AND REHABILITATION SERVICE
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

Mr. FLOOD. We now have the Social and Rehabilitation Service. Of course, the witness is Miss Mary Switzer, Administrator, of the Social and Rehabilitation Service. Miss Switzer, I see you have a statement. What do you want to do?

Miss SWITZER. I should say, Mr. Chairman, what do you want me to do? This is a fairly long statement. I would prefer not to read it if it is all right with you, but to try to highlight some of the points in it as we go along, if I might have the whole statement put in the record.

Mr. FLOOD. We will do that. We will also put your biographical sketch in the record.

(The biographical sketch and statement follow:)

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Name: Miss Mary E. Switzer.
Position: Administrator, Social and Rehabilitation Service.
Birthplace and date: Newton Upper Falls, Mass., February 16, 1900.

Education: Radcliffe College, Cambridge, Mass., A.B., 1921.
Experience:
Administrator, Social and Rehabilitation Service since August 1967.
Commissioner of Vocational Rehabilitaiton, 1950 to August 1967.
Assistant to the Administrator of the Federal Security Agency, 1939–1950.
Served in the Treasury Department from 1922 to 1939 in various administrative posts. Named assistant to the Assistant Secretary of the Treasury in 1935 in charge of the Public Health Service.
Association memberships—Board member of the following organizations:
Florence Heller Graduate School for Advanced Studies in Social Welfare, Brandeis University, Waltham, Mass.
Menninger Foundation (since 1944).
Association for the Aid of Crippled Children.
Alexandria, Va., Board of Health.
International Society for Rehabilitation of the Disabled.
World Rehabilitation Fund.
World Federation of Occupational Therapists (advisory fellow).
Women's College of Duke University, Durham, N.C., board of visitors.
President, National Rehabilitation Association, 1960–1961.
President, American Hearing Society, 1961–1963.
World Council, International Society for Rehabilitation of the Disabled.
Special awards, citations, or publications:
President's Certificiate of Merit in 1946, the highest award given to a regular civil service employee.
Department of Health, Education, and Welfare Distinguished Service Award, 1956.
Albert Lasker Award, 1960.
President's Award of the National Rehabilitation Association, 1955.
National Civil Service League Career Service Award, 1966.
American Pharmaceutical Manufacturer's Association Award, 1954.
Gold Key Award of the American Congress of Physical Medicine, and Rehabilitation, 1964.
Scroll of Honor from the National Medical Association, 1964.
People to People Program Citation of International Goodwill, 1963.
AFL–CIO Community Service Award of Honor, 1966.
Award of Merit, International Congress of the Deaf, 1963.
Ambrose M. Shotwell Memorial Award, American Association of Workers for the Blind, 1962.
Distinguished Woman of America Award from the Christian College of Columbia, Mo., 1964.
Who's Who of American Women Citation, 1965.
Honorary degrees have been received from the universities of Duke, Tufts, Temple, and Boston, from Gallaudet College, Western College for Women, Adelphi College, Women's Medical College of Pennsylvania, California College of Medicine, Springfield (Mass.) College, Manhattanville College of the Sacred Heart, New York University, and Smith College.
Honorary memberships have been conferred by the American Psychiatric Association, Phi Beta Kappa, American Congress of Rehabilitation Medicine, American Physical Therapy Association, Conference of Rehabilitation Centers and Facilities, and the Mended Hearts, Inc.
Articles which have been published include:
"An NHAJ Interview * * *," National Hearing Aid Journal, February 1966.
"Changing Background of Jobs for the Disabled," Employment Service Review, September 1964.
"Assessment: Capacity for Useful Living," Exceptional Children, May 1962.
"How Hospitals Can Help the Disabled," The Modern Hospital, October 1961.
"Statement for the Educational Number of the Journal of the American Medical Association, 1958."
"Vocational Rehabilitation in the United States," International Labour Review, Geneva, 1958.

"Vocational Rehabilitation—Its Meaning for the Handicapped Person and Society," Southern Medical Bulletin, March 1967.
"Vocational Rehabilitation of the Public Offender," Labor Rehabilitation Report, May 1967.

Prepared Statement

Statement by the Administrator on Programs of the Social and Rehabilitation Service

Mr. Chairman, members of the committee: I appreciate very much the opportunity to discuss in general the programs of the Social and Rehabilitation Service as reflected in President Nixon's revised 1970 budget request.

ORGANIZATION OF THE SRS

The Social and Rehabilitation Service was organized in August 1967. It brought together under on administration the HEW welfare programs, the Administration on Aging, the Children's Bureau, and the vocational rehabilitation programs. Today, the Social and Rehabilitation Service is the focal point in our Government for attacking many of the financial and social problems that beset the poorest of the poor people, and the most vulnerable groups in our population—the aged, the children and the disabled and the special target groups described by the Secretary. Since the reorganization, the objectives of the SRS have been to focus our resources on these groups so that we can enable as many as possible of the adults to reach their fullest potential to work and become self-supporting, to enable those who cannot or should not work to become more self-sufficient, and to strengthen the family life as a foundation for the normal growth and development of the children. The SRS programs, in total, are serving in the neighborhood of 14 million persons this year. It is a staggering total and one which will increase next year.

For over a year we have been engaged in the difficult task of putting into effect with the States the many changes in the welfare program required by the 1967 amendments to the Social Security Act. The repeated visits to us of welfare recipient groups during this time have highlighted the difficult problems which most of those who are receiving welfare face in eking out a living. These and many other contacts have continually reemphasized to me the overriding importance of the SRS objective of trying to break the cycle of dependency for as many people as is humanly possible.

SUMMARY OF REQUEST

The program we are presenting to you for fiscal year 1970 is estimated to cost $8.7 billion, an increase of $1,285 million over the fiscal year 1969 appropriations including proposed supplementals.

49.3 percent of the request is for maintenance payments to needy, the aged, blind, disabled, and families with dependent children.
29.6 percent is for medical assistance.
8.4 percent is for social services and administration of public assistance
6.5 percent is for rehabilitation.
3.3 percent is for maternal and child health and child welfare.
1.5 percent is for work incentives.
0.4 percent is for mental retardation.
0.3 percent is for programs for the aging.
0.2 percent is for juvenile delinquency prevention and control, and
0.3 percent is for the salaries and expenses of the social and rehabilitation service.

PUBLIC ASSISTANCE AND MEDICAID

Eighty-seven percent of our program, or $7.5 billion, is required for our programs of maintenance payments, medical assistance and social services for needy persons and for sharing State and local cost of administering these programs. The estimates are based on estimates received from the States in March 1969, modified for certain actions we propose to take.

It should be borne in mind that these estimates are not based on final action by all States on their legislative programs. In addition they are only predictions of the effect of the needs and actions of millions of individuals who may or may not apply for assistance during the course of the year.

MAINTENANCE PAYMENTS

Our request for grants to States for maintenance payments is $3,948 million. In addition we are proposing deferral of the AFDC freeze, estimated to cost $322 million. Proposed changes in social security benefits would reduce this estimate $30 million. The net result of these changes would result in an estimate of $4,240 million.

Unless action is taken by the Congress to remove the limitation on Federal financial participation in AFDC in fiscal year 1970, about 1.1 million children will not be considered in the Federal participation in this program. While the States have indicated in their estimates that they would finance most of the cost which the Federal Government would not finance, there would be a net reduction in the assistance provided each child and the number of children receiving assistance would be reduced.

The latest estimate of fiscal year 1970 requirements for maintenance payments represents an increase of about $844 million over our anticipated fiscal year 1969 requirements if the freeze is deferred. Of this increase $262 million is for old age assistance. Without the proposed changes in social security benefits the increase in old age assistance would be $292 million. Two factors account for almost all of this increase. The first is the implementation of the intermediate care program and the second is the increase in the size of payments to individuals. The program of aid to the blind is expected to increase by about $9 million and aid to the permanently and totally disabled by about $122 million for similar reasons.

The Federal program of aid to families with dependent children is now estimated to increase by $437 million over the fiscal year 1969 program. Meanwhile the States estimate that they will spend about $600 million more of their funds than in fiscal year 1969. If the freeze is allowed to go into effect on July 1, 1969, about $322 million of the increase in Federal cost would be transferred to the States or absorbed by families with dependent children.

We estimate that the AFDC program will increase by 200,000 families next year, about the same increase as this year. The 1,750,000 families who will be receiving support on the AFDC in 1970 total about 7.1 million persons, and include 5.3 million children. Four out of five of the families are headed by a woman. In less than 60,000 of these families there is an unemployed father who is head of the family and the number in this category has been moving downward over the past year similar to the trend in the unemployment rate.

Many hurdles must be overcome to enable a substantial number of the women heads of families to be trained and employed. Many of the women are prevented from seeking employment by their family responsibilities involved in taking care of their children. On the average, each AFDC family has about three children; about 20 precent of the families have five or more children. For many also, there are barriers caused by inadequate education, inadequate training and skills and the lack of employment opportunities. Lack of transportation is often a major problem. Chronic illness, too, is often a factor. But, we have accepted as a mandate the 1967 Amendments to the Social Security Act and have placed the highest priority in all of SRS on the use of our resources to help as many as possible of the women to get the training and jobs they want. The information that we have is that most of the women want to work if the problems of child care, transportation, and so forth, can be overcome. In fact about 15 percent of the women receiving AFDC are already working full or part-time. The State Welfare Agencies are moving ahead to draw up a comprehensive plan for each family based on an evaluation of the potentials for employment of the family members who are over 16 and not in school, identifying the health, educational and training needs they may have and the needs of their children.

The dissatisfactions with the current welfare program have not abated. If anything, I think they have increased. We are continuing to examine all possible alternatives to reform the current system or to develop feasible alternatives.

This year, the SRS is beginning several experiments with income maintenance alternatives such as the negative income tax or family allowances. In addition, the 1970 budget contains a request for an additional $8.3 million under the cooperative research and demonstration program which would be used primarily to study alternatives in different settings as well as ways to study work incentive proposals.

We are also concerned about the tremendous differences that exist between the States in their welfare payments. We are experimenting with ways to sim-

plify the eligibility process, to eliminate unnecessarily demeaning procedures, and to assure that persons receiving assistance get the social services they need to meet their many problems.

President Nixon has called on the Nation to "look hard and honestly at the nature, the purpose, and the scope of our welfare program. . . ." "First," he said, "it should meet the immediate needs of those who cannot help themselves—the poor, the disabled, the aged, and the sick, and it should do this in a way that preserves the dignity of the individual and the integrity of the family. Second, it should offer opportunity and incentive for those who can, to move off welfare rolls into private payrolls. . . . Our emphasis should be in creating the conditions that will enable people to break away from welfare." I think we are moving forward on both these objectives.

MEDICAL ASSISTANCE

The budget estimate before you for 1970 for grants to States for medical assistance is $2.678 million. This is an increase of $282 million over 1969. The estimate is based on the March estimates from the States, but the State estimates have been reduced by $141 million because of actions which we are proposing to take.

An estimated 10.2 million people will receive medical assistance under this program next year, 700,000 more than in 1969.

Not only is the number of persons receiving medical assistance increasing, but the costs have been moving upward very sharply. We are all very much aware of these increases but the rise since 1966 has been particularly steep. Between 1960 and 1965, the average annual increase in medical care costs was 2.6 percent. In 1966, this index increased 3.0 percent. But, in fiscal year 1967 the rate of increase more than doubled to 6.4 percent, and in fiscal year 1968, the increase was again 6.4 percent. This undoubtedly occurred because of the impact of medicaid and medicare.

In Medicaid we are particularly concerned with hospital care costs because they account for 40 percent of the Federal medicaid costs, with nursing home costs which account for 31 percent of the total, and with physicians fees which account for 11 percent. (Together these three account for more than four-fifths of the total Federal expenditures for medicaid.) The rise for some of these components in the last 3 years was even sharper than for the total medical cost index. The hospital daily service charge for which the average annual increase between 1960 and 1965 was 6.4 percent, jumped to 16.6 percent in fiscal year 1967. This was an increase of $7.55 in the cost per patient day. In fiscal year 1968 the average was 15.4 percent or $8.25 per patient day. Physicians fees which increased 2.6 percent annually in the years 1960 to 1965, rose 7.5 percent in fiscal year 1967 and another 6.1 percent in fiscal year 1968. It is the continued increase in these items that is strongly affecting the costs of the medicaid program.

We are proposing five specific measures to reduce the cost of this program. One of these measures will require action by the Congress. The other four measures can be taken by the Department.

The congressional action we are proposing is to limit Federal payments for aged patients in institutions for mental diseases to 120 days of care during a fiscal year. This action is estimated to reduce the Federal share of State expenditures by about $126 million in fiscal year 1970. Pending action by the Congress on this proposed amendment, we have included the $126 million in our budget estimates.

We are planning to issue regulations to effect a savings of $141 million by establishing maximum Federal financial participation for payments to physicians and other practitioners, by eliminating the 2 percent plus factor as an allowable cost for inpatient hospital care by requiring the States to improve utilization review activities in nursing homes, and by discontinuing Federal matching for elective orthodontia.

To deal with the sharply rising costs we are working very closely with the State agencies, particularly the States with the largest programs, to develop systems whereby they can identify quickly any extraordinarily large payments that may be made to individuals, institutions, or organizations providing medical care services. A quick identification of any such large payments can do much to help in the orderly administration of this very complex program, dealing as it does with hundreds of thousands of suppliers of services.

In this connection also, we are wholeheartedly supporting the request which is being made by the HEW Audit Agency for an increase in the number of auditors for next year, many of whom would be providing additional audits of the medicaid programs. In this rapidly expanding program, the audits must be kept current. Even more important, these audits when they do uncover any irregularities or ways of strengthening administration, are most helpful when they are current rather than several years late.

SOCIAL SERVICES AND ADMINISTRATION

Responding to the 1967 amendments to the Social Security Act and to the expanded public assistance caseloads, the States have increased their programs of social services and have expanded their staff for administration of assistance programs. Federal costs in fiscal year 1969 are now expected to run about $30 million above our fiscal year 1969 appropriation of $594,800,000. The 1970 budget request is for $725 million, and is based on the March estimates from the States. Most of the increase in social services costs is to enable the States to carry out the provisions of the 1967 amendments requiring a review of all AFDC cases to identify the employment potential of each adult and older child not attending school, to provide help to welfare recipients to reduce the incidence of illegitimacy and to strengthen family life.

INCREASING CAPABILITIES FOR SELF-SUPPORT

Within the 13 percent of our budget available for programs other than public assistance and medicaid, we are proposing to devote 8 percent to two programs specifically designed to increase capabilities for self-support. These two programs are the work incentive program and the vocational rehabilitation program. They are both oriented toward providing individuals with training and other services they need to become employable.

WORK INCENTIVE PROGRAM

The 1967 amendments to the Social Security Act established the work incentive program to provide employment, work experience and training for public assistance recipients receiving AFDC. The program began with a supplemental appropriation of $10 million in June 1968, and an appropriation of $117,500,000 for 1969. The appropriation includes the costs of the employment, work experience, and training activities administered by the Department of Labor, and the costs of related child care which is administered by the Children's Bureau. The 1970 estimate of $129,640,000 includes $73,500,000 to be transferred to the Labor Department to increase the number of persons in training to about 150,000 by the end of fiscal year 1970.

The program is beginning to accelerate. At the end of February 1969, the State welfare agencies had referred 84,437 persons, and 46,581 were enrolled by the Labor Department Agencies in the WIN program. The Department of Labor representatives will give you the specifics of the training aspects of the program.

The 1970 estimate for the work incentive program includes $56,140,000 for day care of the WIN participants. This will provide day care services to an average of 43,400 preschool children and 111,700 school age children.

Developing the day care programs next year, and in the years to come, to meet the mounting demands for care of the children of the AFDC mothers on the WIN program and other programs providing training and employment will be a monumental task that will make extraordinary demands on the public and private agencies serving children. We are developing coordinated local programs to marshal the resources of the child care agencies to get maximum effectiveness from the skilled manpower and the funds that are available. Our experience to date is encouraging but it will take a tremendous effort on the part of all the public and private agencies and the professions to meet this challenge.

VOCATIONAL REHABILITATION

The vocational rehabilitation program continues to be one of the most effective of the SRS programs, restoring the disabled and the disadvantaged to productive lives. Last summer, we celebrated the attainment of a long-sought goal of 200,000 successful rehabilitations within a year; we are now moving faster and faster each year; we can see that it would be feasible to restore 400,000

to 500,000 a year to useful living. The Congress made it possible to take the long step in this direction when it enacted the 1968 amendments to the Vocational Rehabilitation Act. The revised budget proposes a $500 million allotment base and a $471 million appropriation for the Federal-State basic support program under section 2 of the Vocational Rehabilitation Act for fiscal year 1970. The $471 million appropriation will provide a $125.1 million increase or 36 percent more than that appropriated in fiscal year 1969. This budget, if approved, by the Congress will finance a national rehabilitation caseload of about 900,000 persons and enable the State vocational rehabilitation agencies to rehabilitate approximately 241,000 disabled individuals.

The 1970 request for the VR program also includes $11 million, an increase of about $2.1 million over the amount available for obligations for this year for the grants to the State agencies and to nonprofit organizations for expansion of services. These types of grants have been a key factor in enabling the VR program to move into certain neglected disability areas or into specific communities with seed money to promote programs which lead the way to subsequent expansion of services for the disabled. The 1968 Amendments to the Vocational Rehabilitation Act provided several new avenues for increasing the ability of the rehabilitation program to prepare the disabled for employment, such as the use of contracts with private industry to train the disabled, training the disabled to work in the rehabilitation agencies themselves, and to develop new career opportunities; $1.5 million of the $2.1 million increase requested for next year is for these new approaches which are most urgently needed if we are going to meet our goal of doubling the number of persons rehabilitated into employment per year.

The 1970 budget request for the VR program does not include any funds to carry out the 1968 Amendments to the Vocational Rehabilitation Act which provides grants to States for 90 percent Federal matching of the costs of programs designed to evaluate which jobs the disabled and disadvantaged are best suited for, and to test these conclusions in actual work situations. It does not include any funds for planning and construction of rehabilitation facilities under section 12 of the Vocational Rehabilitation Act.

We have again requested funds to implement the 1967 Amendments to the Vocational Rehabilitation Act which authorized a special program of grants for rehabilitation services to disabled migratory agricultural workers. These people have been among the most neglected and underprivileged groups in American society. I urge you to take this modest first step by making available the $3,500,000 requested for this purpose.

To support the rehabilitation program, we are requesting $60 million for rehabilitation research and training. This request is $4 million below 1969 appropriations and involves a reduction in the training program.

MATERNAL AND CHILD HEALTH AND CHILD WELFARE

Among the most significant of the SRS activities are those provided by the maternal and child health and child welfare programs administered by the Children's Bureau.

The total request for maternal and child health in 1970 is $228.5 million, an increase of about $19 million over 1969. It continues the maternal and child health services program at $50 million, and includes an increase of $1 million for crippled children's services. The maternal and child health programs include $103 million for special project grants for comprehensive centers providing maternity and infant care, for health care for children and youth in low income areas, and for family planning projects.

More than half of the $19 million increase requested for the maternal and child health program in 1970 is for family planning services. The 1967 amendments to the Social Security Act require that not less than 6 percent of the amount available for the maternal and child health programs under title V of the Social Security Act must be for family planning. The 1970 program is $31.5 million, an increase of $13 million over the level of 1969. The 1970 program provides for special family planning services to about 1,285,000 women of low income. This is 50 percent more than will be reached this year.

I cannot overemphasize the importance of the family planning activities because it touches so closely on the problems that are associated with the rapidly increasing welfare load being supported through the aid to families with dependent children. Current estimates indicate that there are about 5 million women living in poverty or near poverty who do not have access to family planning

services, yet they are the group which runs the greatest risk of high infant death rates and having mentally or physically handicapped babies and of coming on the welfare rolls.

The child welfare program administered by the Children's Bureau contains a request for $56.8 million in 1970 as compared with $56.2 million this year. It includes $400,000 for the expenses related to the White House Conference on Children and Youth. Although it is likely that this conference will not be held until late in calendar year 1970, extensive planning must be carried out during the next year if we are to have a successful conference. These conferences which have been held every decade since 1909 have been most significant in leading the way to improved children's services.

MENTAL RETARDATION

The programs for the mentally retarded which were administered by the Public Health Service were moved to the Social and Rehabilitation Service in August 1967, as part of the reorganization. This included both the programs for constructing certain types of facilities as well as service programs. The total requested for these activities in fiscal year 1970 is $33.6 million, about $1 million more than in fiscal year 1969.

Although there is little change in the total requested for these programs from the current year, the implementation of newly authorized activities has required a different balance in the various components. More services for the mentally retarded will be provided through $4.5 million requested for a program newly authorized under the 1968 amendments to the VR act. Community programs assisted through the new initial staffing grant program in 1969 will be continued and a modest increase of $3.6 million will help more community facilities begin new services for the mentally retarded. The request of $13.5 million for construction of facilities for the mentally retarded, while minimal, will continue to provide the basis for a network of programs to serve these handicapped persons in their home communities. The program for construction of university-affiliated facilities, which in the current year was budgeted for $9.1 million, is being reviewed and no funds are being requested in this fiscal year. These changes are in line with our priorities for the next year of utilizing our resources to give most immediate help to the dependent groups we are serving.

JUVENILE DELINQUENCY PREVENTION AND CONTROL

Another aspect of the problems of children and youth are those related to juvenile delinquency. The 1970 request includes $15 million to carry out the Juvenile Delinquency Prevention and Control Act enacted last year. This legislation set up: (a) programs of grants to local, public and private agencies to develop community based prevention services for young people in danger of becoming delinquent, and as well as youths who are on parole or probation, and (b) services for the diagnosis, treatment, and rehabilitation of delinquent young people. This act also provides grants for training professional and nonprofessional personnel who work with the young people and for developing new techniques to prevent delinquency. The 1970 request is an increase of $10 million over the $5 million appropriated for 1969. This appropriation, it may be recalled, was made late in the session last year, and we are moving rapidly to develop this program. Even though the request represents a substantial increase over 1969, the 1970 program can make only a small beginning in the activities authorized by the Juvenile Delinquency Prevention and Control Act. The amount requested is urgently needed if we are to make progress in this very important area.

PROGRAMS FOR AGED

Despite the variety of financial and other services that are provided the aged through public and private sources they are still among the most deprived of all of the groups in the population. In 1967, about 30 percent of the 18 million persons aged 65 and over were in the poverty category, almost double the incidence for the population as a whole. The poverty is most marked among the poor who live alone, and their problems mount as, almost destitute, they become ill and homebound.

In 1965, the Congress enacted the Older Americans Act which authorized a broad range of activities to help the older citizens of our country achieve more adequate access to services to promote independent living and continued activity

within the community. The authorization for the program was extended through fiscal year 1969 by the last session of the Congress. A request for extension of the program in 1970 has been submitted to the Congress.

The budget request includes $28.4 million for the service programs for the aging administered by the Administration on Aging. Of this, $19.1 million is for the three programs authorized in the Older Americans Act, including grants to the States for aging programs, and grants for research, demonstration and training projects. $9,250,000 is for direct funding the foster grandparents program which in the fiscal year 1969 budget was funded through OEO. The $19.1 million in the three programs authorized by the Older Americans Act actually is a reduction of $3.9 million below this year.

The Administration on Aging has been administering the foster grandparents program during the past several years under contract with OEO. Inclusion of the $9,250,000 in the aging budget rather than in the OEO program recognizes the formal transfer of this program to the Administration on Aging. It is a most successful program. It provides to more than 4,000 low-income older people an opportunity to give purpose to and enrich their own lives through making a significant contribution to a better life for emotionally deprived children. It also provides some badly needed income to these older citizens. During fiscal year 1970, 16,000 emotionally deprived children will be served by foster grandparents.

FOREIGN CURRENCY PROGRAM

The 1970 budget provides for continuation of our research and training program using excess currencies in 10 foreign countries at a reduced level of $2 million as compared with an appropriation of $5 million in fiscal year 1969. Research and demonstrations conducted under this program enable use to benefit from progress that other countries are making in dealing with social and rehabilitation problems.

SALARIES AND EXPENSES

Finally, the operating expenses for our own organization—the Social and Rehabilitation Service represent about three-tenths of 1 percent of the budget. The budget request is for $31.9 million including about $360,000 transferred from the social security trust funds. This is an increase of about $4.3 million over the amount expected to be available for operating expenses this year. The increase would be to support 160 new positions and bring our position level to 1,868. The increases have been very carefully rationed to the places in the organization where new or expanding programs urgently demand the additions.

Forty-nine of the 160 new positions will be filled by personnel now in our central office and the regions who in fiscal year 1969 are being funded under the work experience program in the OEO budget.

Within the employment constraints of the Revenue and Expenditure Control Act of 1968, we are trying to make staff reassignments to meet the most urgent needs of our program. We are evaluating the need for each and every position in the organization. There is a limit, however, to our ability to meet the needs of new programs at the expense of continuing programs. In 1966 there was one employee for each $2.3 million of programs in the organizations which now constitute the Social and Rehabilitation Service. In 1969 there is one employee for each $4.3 million of program. The budget before you will provide only one employee for each $4.6 million of program.

The increased staff and funds requested in fiscal year 1970 will be used to improve the management of our programs and to carry out new responsibilities.

We will increase management support of the assistance payments program, giving particular attention to accounting methods, computer and personnel utilization and overall management practices in the States.

We will provide needed staff for management of the work incentive program.

Our efforts to control the cost and improve the management of the medicaid program will require additional staff and contractual study effort.

The functions of program planning, financial management and program coordination of social services will be strengthened.

Fiscal year 1970 will be the first full year of operation of the juvenile delinquency prevention and contral program, which will require new staff.

Primary emphasis will be given to strenghtening the ability of the regional offices to coordinate the SRS programs for each State and make certain that SRS programs are coordinated with related activities of other agencies. If our programs are to be translated into effective instruments for solution of the prob-

lems of poverty, disability and dependency, there must be a strong link with the States and institutions through our regional offices.

We are attempting to improve our ability to estimate public assistance costs and to identify the factors which contribute to the changing national trends in this area. Through task force arrangements, we have been able to accomplish planning activity directed toward an improved system, but we have been unable to apply either the manpower or the contractual arrangements necessary for the development and implementation of a comprehensive forecasting system. We plan to devote substantial resources to this effort in fiscal year 1970.

Again, I appreciate the opportunity of presenting this budget request to you. The schedule for the next 3 days provides for a detailed review of each of the SRS appropriations. I have tried to give you the highlights of the SRS programs and have by no means discussed them all. I would be glad to answer any questions you may have on this overall presentation.

Miss SWITZER. I would like to remind you that the Social and Rehabilitation Service is not a very old organization.

Mr. FLOOD. Do you have any people we don't know?

Miss SWITZER. We have one, a very important person, Mr. John Twiname, Deputy Administrator, who has been with us for 10 days and I feel he has been with us forever.

Mr. FLOOD. What is your background?

Mr. TWINAME. I was born in New York State, Mount Kisco, and recently from Chicago.

Miss SWITZER. He comes from the world of business. He has spent a great deal of time in many of the things in Chicago that we are interested in.

Mr. FLOOD. How old are you?

Mr. TWINAME. I am 37 years old.

Mr. FLOOD. Where did you go to school?

Mr. TWINAME. Cornell and Harvard.

Mr. FLOOD. You may proceed.

GENERAL STATEMENT

Miss SWITZER. As I was saying the Social and Rehabilitation Service was organized in August 1967, so it is really not 2 years old yet. You can recall last year when I appeared before you, there were many loose ends that we had not been able to grapple with in that short period. But now I feel that we have made substantial progress in organizing the SRS, and that it has become the focal point in our Government for attacking the financial and social problems of the poor. When you think about our programs, think about them as moving down into the community serving people, and the 14 million people who will be affected next year by this program.

All year we have been concerned with the difficult task of putting into effect the 1967 welfare amendments. We have had a tremendous year in this regard because while everyone felt that the 1967 amendments would improve the welfare program substantially, somehow or other they seemed to forget that improvement and expansion of programs costs money. So on the one hand you have the State welfare people, legislators and others, deeply concerned about the growing budget, as we all are, and the welfare recipient groups on the other hand who feel with this they are not getting what they ought to be getting.

All together we feel an overriding urge and commitment to try to break the cycle of dependency if we possibly can. As a summary of our request for percentages here, I would like to emphasize that 87 percent of our program—$7.5 billion—is required for public assistance. That is the maintenance payments, medical assistance, and social services for the needy persons. These estimates are based on figures that we received from the states in March. So they are fairly current. They are adjusted for certain actions that we propose to take.

Mr. FLOOD. You get your figures from the several states.

Miss SWITZER. Yes.

Mr. FLOOD. Are they dependable?

Miss SWITZER. Yes, they are very realistic. As you know, and this committee knows, the history of estimating in this field has been, to say the least, not sensationally successful——

Mr. FLOOD. Why are you so confident? Nobody else is.

Miss SWITZER. You have to have confidence in something. You have to have confidence in the integrity of people trying to do the best they can. It is very easy to be critical of people who have over the years based their requests for Federal funds on what they spent, and did not realize all the while that this mounting obligation was putting burdens on them as well as on the Federal Government. I think there has been a distinct change in the philosophy and I think it has been in some measure influenced by my own conviction that you ought to be able to run a program with some idea of where you are going.

Mr. FLOOD. What about the figures?

Miss SWITZER. The figures are as accurate as any figures of this type can be at a given time.

Mr. FLOOD. I am sure of that.

Miss SWITZER. They are not absolute. They can't be absolute because you have absolutely unpredictable forces that change them.

Mr. FLOOD. Plus the Supreme Court.

Miss SWITZER. Plus the Supreme Court.

I thought if anything was typical of our experience in trying to make firm figures to present to you, if anything was illustrative of the world we live in, it was to have yesterday, just before we come before you with what we think are the best estimates we have been able to get, the residency decision. Fortunately, we have some estimates that we think are pretty good for that, too. But this is the way the program goes. This is the situation. It is chaotic, it is socially explosive. It is just going to remain that way.

Mr. FLOOD. It is not reliable.

Miss SWITZER. Life is not reliable either, I guess. But we have, I think, better estimates than we ever had. At least I can say that. I think there will be less error than in years gone by, I hope.

Mr. FLOOD. Why?

Miss SWITZER. Because we worked harder to try to get them more current. We have instituted more recent and more frequent requests for information from the States.

I do not say they are dollar perfect by any means because I have no way of being able to say that. But I think they are as good as anyone

can get at this time. You have to remember that they are also the figures that the States themselves are using in trying to get their own legislative action on the estimates that are being presented to State legislatures. These figures are going to be the figures that the States themselves will be judged on.

So I think we have done the best we can. Our request for the maintenance payments is $3,948 million. In addition to that, as I am sure the Secretary must have told you, we are proposing the deferral of the freeze, the AFDC freeze, which, it is estimated, will add $322 million. The proposed changes in the social security benefits which would require legislation would reduce this estimate $30 million. So the net result would be an estimate of $4,240 million. Of this increase, $262 million is for old-age assistance. There are two factors that go into the increase. One of them is the implementation of intermediate care, and the second is the size of payments. Almost all States have upped their payments to individuals because of the increase in the cost of living. The program of aid to the blind and aid to the permanently and totally disabled are also going up, chiefly because of this increase in the size of payments. But the biggest part of the program, of course, is the aid to the families with dependent children.

This estimated increase will be about $437 million over the fiscal 1969 estimate. This AFDC program, I think we need to realize, seems to have a constant increase in the beneficiaries. The States have estimated, and we think there will be 200,000 more families next year than there are this year. There will be a total of 1,750,000 families receiving support in 1970. Four out of five of these families are headed by a woman. In less than 60,000 there is an unemployed father. The number in this category has been moving down because of the tightness of the labor market and the trend in the unemployment rates.

IMPROVING THE WELFARE SYSTEM

One of the most pressing and urgent efforts that we are making, and that was one of the programs instituted by the 1967 amendment, is an effort to train and place as many people as possible, particularly in the AFDC category, in jobs. There are many inhibiting factors to this. You will hear from the Department of Labor on how the program is going, but we are making every effort we can to give the highest possible priority to try to put all of our programs together, and this is one of the advantages of the Social and Rehabilitation Service, among some of its heartbreaks, to try to use the resources of other programs, like the rehabilitation program, to help to take people off welfare in one way or another. The dissatisfactions with current welfare programs is a national thing. Every day we read something in the paper about it. Obviously there is constant study being given to new experiments to try to think up some better way to deal with this problem.

In the current budget that you have before you, there is a request for an additional $8.3 million under the cooperative research program to try to mount some experiments in different ways of providing income maintenance. There is also another movement going on, which I think is gradually showing good results and that is the effort to simplify the eligibility process; the effort to make it simpler to declare

a person eligible and to separate the need for services, and in general to try to cut down the complexities of the whole welfare system.

I think most States agree this can be done. I think they are fearful, also, that we are doing away with some of the traditional ways of verifying a person's status which might have an adverse effect. On the whole and on balance—and I think this is a fairly universal commitment on the part of the administration—that we must try somehow to simplify the present system as long as we have to live with it.

PROPOSED CHANGES IN MEDICAID

So much for the maintenance payments. Now we come to medical assistance—medicaid—and this is one of our fast growing programs, one which is always bound to grow, I think. It is growing so fast and so much more than was forecast when the original act was passed that it probably is giving States more difficulty than any other program that we are talking about.

This estimate calls for $2.552 billion including proposed legislation. This is an increase of $156 million over 1969.

It would be almost $300 million more if we had not determined to take certain steps to reduce it. You may say, is this an economical thing to do, to cut down a basic medical care program, and I would say it would not be sound to cut out the actual service to people or to cut down the people who would be eligible for the medical care, but I think it is basically sound to try to put some control on the providers and the vendors, the institutional costs, which are going up so fast, and the fees that physicians and others are charging for service. So we have made certain recommendations and they are included in the budget here and we will come to them in a minute.

About 10.2 million people will receive medical assistance under the program next year. That is 700,000 more than in 1969. So you have more people, the costs are rising in every category, and those two forces are naturally going to affect very dramatically the costs. We are particularly concerned with hospital costs, because they account for 40 percent of the medicaid costs. Nursing home costs, 31 percent, and physicians fees only 11 percent. Drugs and other things, of course, come in. All of these things have gone up very dramatically and they affect everybody's hospital bill. They affect all the programs that are financed to provide hospital care and service. We feel that it will be in the public interest and in the interest of the program itself to try to put some controls on certain of these apparently mounting and uncontrollable costs.

One measure, at least, would require action by Congress. We think the others we can do by administrative regulation. We propose to limit the Federal participation for aged patients in institutions for mental diseases to 120 day care. You may remember when this program went into effect one of the reliefs that the States took advantage of was to transfer the cost of certain patients that they were paying for totally, and the mental hospital patients are a good example. So reducing the Federal share to limit the number of days to 120 would cut $126 million out of the program.

If we are not able to get acceptance of that this will add to it. We are proposing legislation to effect this limitation. Then we are going to issue regulations——

Mr. FLOOD. You will propose legislation?

Miss SWITZER. We are going to propose legislation. In addition, we will issue regulations that will save $141 million by establishing maximum payments to physicians and other practitioners. This will perhaps, not be popular but it is not going to be very catastrophic either, because traditionally American medicine has always provided its services, sometimes free, but almost always below the going rate, to the poor.

It seems to me that unless we do something which would have an effect of changing the practices of health delivery and making them more efficiently this program is bound to skyrocket. Then there is a 2-percent factor that has been allowed in developing the per diem cost for hospital care.

Originally this was put into effect by the Social Security Administration in order to take into account some of the special needs and special costs of dealing with older patients. But we think that it is not a justifiable cost for the type of care that our patients under medicaid are getting. So we will eliminate the 2-percent factor in determining the cost of inpatient hospital care.

There will be no problem in doing this by regulation. Then we will also make much more precise and explicit ways to improve utilization review. If we can achieve improvement in this we can definitely, I think, cut down quite a bit the use of hospital beds or the length of stay in hospitals, which would have a very marked effect.

Finally, we will recommend discontinuing Federal matching for elective orthodontia, that is dental work that is not essential to maintaining health. We are trying to work very closely with State agencies to identify quickly any extraordinary payment. This often gets into the paper and can discredit the program very markedly. We have been, right along, and will continue to step this up, so any extraordinary payment can be identified and related to the local situation and can be judged quickly as to whether it is justified or not. It can do very much to help in the orderly administration.

NEED FOR MORE AUDITORS

I would like to put a word in here for the request that is being made by the HEW Audit Agency. I think it is absolutely essential that an increase in the number of auditors be provided to keep us as nearly current as possible on the audit of medicaid. I think all audit should be current but this becomes a very great burden.

I am wholeheartedly in support of Mr. Kelly's idea that we should have more auditors and they should be out looking after programs of this kind, because it is almost impossible to make adjustments after payments have been made a long time; particularly where you are dealing with individual doctors and institutions, it puts a burden on the institutions and it puts a burden on the State agencies. The auditors can uncover irregularities and the poor ways of doing things rather quickly.

I think they have been most helpful to us when they have been current. An audit made of a program like this 2 or 3 years old is not worth very much, really. So I would like to put in a plug for the auditors.

SOCIAL SERVICES AND ADMINISTRATION

There is one other appropriation--two really—that are concerned with this group of welfare beneficiaries. One is the one that has social service and administration, and this will probably be about $30 million over the 1969 appropriation. The 1970 budget request is for $725 million. It, too, is based on the March estimates.

Most of the increases in social service costs is to enable States to carry out the 1967 amendments requiring a review of all AFDC cases to identify those with employment potential, and to provide services and help the welfare recipients to reduce the incidence of illegitimacy which is a very troublesome and growing problem. I think this is a very constructive expenditure, and hopefully may prevent a larger expenditure in other places.

WORK INCENTIVES AND DAY CARE

Then we have two programs that are directly related to job training and placement. Sometimes I think we do not recognize the full potential of what they can accomplish. To be sure the WIN program has not been going on long enough to really give us the experience that we need to judge how deeply it can cut into the whole assistance group. It begins with a supplemental appropriation in June 1968 of $10 million. Then it had an appropriation of $117½ million in 1969. This appropriation includes the cost of the employment, work experience and training activities administered by the Department of Labor. Also the costs of the related child care programs, the day care, particularly for the women who wish to work, but must have some secure place to leave their children. This program is administered by the SRS. It is begining to accelerate. By the end of February 1969, the State welfare agencies had referred 84,437 persons, and something over 46,000 had been enrolled by the Department of Labor.

The assistant Secretary of Labor and his staff are here, of course, and they can give you the specifics of the training aspects and more up-to-date actual working figures than we have. The 1970 estimate includes $56,140,000 for day care. This, we hope, would provide an average of 44,000 preschool children and 112,000 school age children. I think we are just beginning to get the momentum in this program, and I feel it will take another year at least to make any judgement on whether or not it is the right way to get at this problem of the very severely disadvantaged unemployed. Whether this is the method of choice, we just have to try out a great many different kinds of training relationships and especially development of work opportunities that have promise of making these families as nearly independent as possible.

VOCATIONAL REHABILITATION

Now we come to the vocational rehabilitation program which is very close to my heart. We had a very successful year last year. We celebrated the attainment of a long sought goal of 200,000 successful

rehabilitations. In fact, we had well over 200,000. We are moving faster and faster each year.

We have had substantial amendments to the Vocational Rehabilitation Act very, very frequently in the last 10 years. Last year Congress enacted amendments that made very forward-looking changes in the program. Among these was an increase in the Federal matching to 80 percent, and an increase in the authority of money which would give the State entitlements.

The stringencies of the budget this year have required a $500 million allotment base and a $471 million appropriation for the vocational rehabilitation program. This will provide $125 million increase, or 36 percent more than that appropriated in 1969.

It will finance the national rehabilitation caseload of almost a million people, and we hope will rehabilitate almost 250,000.

The program also, the VR program, includes $11 million, which is an increase of over $2 million for grants to States for expansion. This is that part of the program which has meant so much to help States and communities, and particularly local nonprofit agencies, to be able to extend and improve services that are part of the growing and expanding ability of States to serve more people. Usually these programs are for special groups, like the mentally ill or mental programs we built up through this, and now we are moving to the socially deprived, particularly those who have special kinds of disabilities that will enable them to be served by the use of rehabilitation techniques.

I think if we could apply the rehabilitation philosophy and technique to a large portion of our hard core unemployed, we could make very great progress. We have some interesting experiments going on now, one in Arkansas and one in Cleveland, and in other places, to just show how a concentrated effort, while it may not add up to thousands right away, nevertheless will show the way we can proceed along this line.

The 1968 amendments gave the vocational rehabilitation program an opportunity to reach out and to show other State agencies and local agencies and communities how you can really take very disabled people in the broader sense and turn them into productive citizens. Almost all of the new money will be used for this purpose. We are, of course, asking for $60 million to support the research and training program in rehabilitation which has made such a tremendous contribution in every way and which has charted new ground in almost every area.

This request is $4 million below the 1969 appropriation. It involves a reduction in the training program. This also does not make me happy but it was a Department-wide cut, and as you know, we accept the inevitable and do the best we can with it.

We do have here in this estimate funds to support the migratory agricultural workers rehabilitation program. These are really among the most neglected of all underprivileged groups in American society. This is a modest first step, long overdue, really, because this authorization was passed in 1967. I think it would be very wise to make available the three and a half million dollars that are requested for this purpose. So much for rehabilitation.

MATERNAL AND CHILD HEALTH AND CHILD WELFARE

One of our most significant programs, and one which has held up in reputation and prestige over the years is the maternal and child health and child welfare programs administered by the Children's Bureau. I remember last year, Mr. Chairman, when I was new to this whole family that is now part of SRS and I am a great one for judging people by the way they present their budgets because I know this is one of the tests of good understanding of the program and a good administrator, and I have always remembered with such joy Dr. Lesser's presentation to you last year of the program for the Children's Bureau. I have always thought he was a great witness and a committed director.

Mr. FLOOD. Very gung ho.

Miss SWITZER. Very gung ho, yes. I would hope he would repeat the performance. But I would just make my plea for everything that is in the budget for this maternal and child health program because I think it has done a terrific job, particularly that part that has been able to focus in on certain problem areas of high risk mothers and children in the development of family planning services.

I think we can be very proud of what is done in this program.

I am constantly urging a greater relationship between the crippled children's program in the States and the rehabilitation program, particularly that part that deals with the young teenager. Dr. Lesser shares my concern that this is a place in the crippled children's program that needs promotion and ever-increasing emphasis.

The total request for maternal and child health in 1970 is $228,500,000, which is $19 million more than 1969. It continues the maternal and child health services of $50 million.

It includes an increase of $1 million for the crippled children's services. I shall try to persuade them to use that for the purposes for which I have just spoken. $103 million for special project grants for comprehensive centers. This is the program that has the pointed thrust for children and youth in low income areas, and so on.

FAMILY PLANNING

The $19 million increase is almost all for family planning services. The 1967 amendments to the Social Security Act had a requirement that not less than 6 percent of the amount available on the maternal and child health must be used for family planning. So whatever money is available this part has to be allocated to family planning services.

The 1970 program is a $31.5 million program, an increase of $13 million over 1969, and it provides for special services to about a million and a quarter women of low income, which is about twice as many as last year. I think we do not need to dwell on the importance of this program, particularly among those living in poverty or near poverty, because it not only helps them in family planning, but it also provides for them perhaps what they would otherwise not have, a good health supporting program along with it.

WHITE HOUSE CONFERENCE ON CHILDREN AND YOUTH

The child welfare program administered by the Children's Bureau has a request for $56.8 million in 1970 compared with $56.2 million for the current year. The increase is related to the White House Conference on Children and Youth. Although it is likely that the conference will not be held until late in 1970, extensive planning must be carried out if the conference is to be held and an appropriation is necessary to defray its expenses. These conferences have been held every decade since 1909 and they have become a tradition in American life and have been the focal point for mobilizing public understanding and support for the needs of children.

MENTAL RETARDATION

You will remember that the program for the mentally retarded carried on by the Public Health Service was transferred to the Social and Rehabilitation Service in August 1967, and this included both the programs for construction of certain types of facilities, as well as service programs.

The total requested for these activities is $33,600,000, about a million more than in 1969.

There is little change in the total requested but the implementation of newly authorized activities has required a different balance. So the programing of the total amount will be somewhat different than it was in 1969.

For example, $4,500,000 is requested for a program authorized under the 1968 amendments. These would be community programs and initial staffing of community settings. This is an increase which will help to improve the whole service to the mentally retarded.

For the construction of facilities, $13,500,000. While it is minimal, does provide the bases for a network of programs to serve these people in their home communities. The whole trend today is to break away from the large institutional settings, except for absolutely essential custodial cases and try to bring the mentally retarded young people and older people into settings where they can get the care and service they need, and at the same time be close to their homes.

The program for the construction of university-affiliated facilities which in the current year was budgeted for $9,100,000 is being reviewed. No funds are being requested in this fiscal year.

These changes are in line with our priorities for next year in utilizing our resources to give immediate help to the dependent groups we are serving.

The whole question of university affiliated facilities needs study, and we are proposing to go into it quite fully before we come before you next year.

JUVENILE DELINQUENCY

We have a new responsibility in the passage of the Juvenile Delinquency Prevention and Control Act. This request includes $15 million to carry out that act. We had $5 million this year for the planning of State programs and for cooperative work with the Department of Justice program on safe streets.

This program provides an increase of $10 million, most of which will be spent in grants to local and private agencies in communities to develop community based prevention services for young people in danger of becoming delinquent. I think that this program has a modest request, and perhaps too modest, because some force, some Federal Government-State government-national force must be directed against the growth of conditions that are providing the cesspool, you might say, out of which juvenile delinquency comes. I think the most terrifying fact that rather haunts me is the growth of the use of drugs in junior and senior high schools, and the result that this has on juvenile behavior.

We all live in communities—I live in a relatively small community in Alexandria where we know everything that is going on, so we think—every day you find some example of the use of drugs. I think if you could pick out any one thing that might have a profound effect on changing juvenile behavior and preventing delinquency it would be somehow to stop the use of drugs among the young high school students. We thought college students were using them, and they are. But when you think of junior high school kids getting hooked and then going on to high school, and various figures have been put in the record in various places, even on the program of "Ironsides" on the NBC show with the famous Perry Mason (Raymond Burr) that between 30 and 40 percent of all of the students in high school are using drugs or have used them in one form or another.

I hope we can give high priority in this prevention of delinquency program of ours to specific research in methods of recognizing the effect of drugs. One of the major causes of kids getting hooked early is that no one seems to be able to tell that their children are taking drugs. So they have gone a long way down the road before anyone can catch up with it. Then the alliance between the school authorities and the police forces which must try to get at the people who provide the drugs and make a commercial enterprise out of it, is also a very complicated situation. This has an all pervasive effect, I think, in the high schools of our communities. It is narcotic addiction, and the role of narcotics in the central cities and the slums, the pushers, the scandals, that grow out of this are taken for granted. But I think unless we can do something in our regular neighborhoods, we are going to be in a pretty bad way.

This is one of the emphases that we will put in our juvenile delinquency prevention program. We will try to develop good services for diagnostic treatment and rehabilitation of delinquents before they are committed. There seems to be no question that if you can catch young people before they are committed once, catch them on parole or on probation, that perhaps we can prevent their ever being totally committed. So we have in this program a very grave responsibility. I hope that this committee as it always has in all of our programs, will share with us the responsibility and I hope the ideas that can give us a better pitch toward how we can proceed to make a constructive approach to this.

We are slow in getting started. It is difficult to get the right people to head up the program. It is tough and you have to be committed to

be willing to come on board with such small resources and such complicated kinds of problems.

But I hope when we come back to you this time next year we will have a really dramatic story to tell. We will certainly try.

PROGRAMS FOR THE AGING

Another one of our programs in the Social and Rehabilitation Service is for the aged. Sometimes we wonder why we need an Administration on Aging when we have so many programs of financial support and other services for our older people. But I think Congress decided wisely a couple of years ago that there was need for some Federal agency to concentrate on the needs of older people, which are certainly economic, but which also have other aspects.

Mr. FLOOD. Where is your law?

Miss SWITZER. The law is the Older Americans Act.

Mr. FLOOD. That is going to expire.

Miss SWITZER. The present act expires June 30, but we have every hope we will have a continuation of it, and hopefully an expansion of it. We feel there has been demonstrated now a need for each State and community to give some emphasis to programs for older people.

The Older Americans Act, which was passed in 1965 and I believe extended again in 1967, certainly evidenced the intent of Congress that there be some emphasis placed on the older citizens of our country. To me, as I have watched the operations of this administration over the last year and a half, it seems that there are many things that it is doing now and that could be extended that could have not only a beneficial effect on the older people themselves, but would add to the sum total of available talent in communities. For instance, the type of thing that is done by the foster grandparents program, which could be multiplied many times if it were extended to include all kinds of services in communities, day care centers, and so on. This budget does contain the $9,250,000, recognizing the formal transfer of this program from OEO to the Administration on Aging.

It has been most successful in providing a large number of lower income older people, 4,000 or more, to have an opportunity to feel themselves needed in the community and to make contributions to emotionally disturbed children. The program that gives grants to States to develop aging programs, and demonstration grants, all of these things are needed to build the program.

It is very new. As I could demonstrate out of history, it takes a few years for a program like this to gain the momentum that is necessary to carry it on. I believe in its mission. I think it has a real responsibility to the older people of our country.

I feel that the estimates in this budget are very modest for what we need to do.

RESEARCH AND TRAINING—SPECIAL FOREIGN CURRENCY PROGRAM

The 1970 budget also provides for the continuation of our research and training program in the foreign currency field. I am very happy to see that even at a reduced level we do have $2 million compared with our $5 million in 1969.

This has been a very interesting and constructively rewarding program. When you think that actually it costs almost no hard dollars at all; it is a program that is financed in the countries where it is operated out of counterpart funds. It has made a tremendous difference to the countries in which we have research and demonstration projects. I think to a far greater extent than we ever believed possible when it was instituted it has contributed new ideas and new knowledge to our own programs, ways of organizing specifically the kind of improvements in surgical procedures for the fitting of artificial limbs and prostheses.

This is something in which I have a personal interest at the moment. I think that the experiments that were carried on in Israel for the use of exercise in cardiac patients has validated certain ideas that some of our physicians have had and carried them a step further.

The most revolutionary and I think in many ways the most exciting thing that has happened in this program is the way the programs set up for the rehabilitation of victims of leprosy have revolutionized the field of plastic surgery in this country; particularly plastic surgery of the hands. So it is not altogether a program for the good only of the people that have the projects; it is a genuinely joint effort.

LEPROSY

Mr. FLOOD. How many people have leprosy in this country?

Miss SWITZER. We have just one leprosarium. I would not think there are more than 200 or 300 patients there. Most of them now, if they get them early enough, are able to be made noninfectious and stop the spread of the disease. It is quite a contrast to go to Carville today than when I first visited in 1930, when most of the people you saw in the Valley of the Lepers in Ben Hur in the days of Christ, you could almost visualize this as a colony apart. The same is true in Hawaii. I think it is only fair to say in order to place rehabilitated victims of leprosy back in the community it takes a great deal of skill and careful handling to do it.

For example, in Israel where they have practically no indigenous leprosy, but they had received a number of immigrants from North Africa with leprosy, and they have an experimental program going on there, the doctor changes their identity when he is ready to send them out into the community. He gives them a different name and a new life. I don't know whether we have done any of that at all. Our largest group of patients in this category are in the State of Hawaii. They have done extraordinarily interesting things there in out-patient treatment. They have been there so long and the tradition of aiding the victims of leprosy goes back to the days of Father Damian, and even the Kings of Hawaii, it is not quite the same stigma there as it would be here. It is the major health problem in a large part of the world, India particularly. Even in something like this you can get the satisfaction of helping people, but you can also learn something in the doing.

NEED FOR ADDITIONAL STAFF

Now I come to what I guess is one of the most difficult parts of the appropriation to be emotional about. But having now lived with the problems of the Social and Rehabilitation Service for a year and a

half, I am absolutely convinced that unless we can get better staff support for a number of our activities we are losing the benefit of our investment of millions of dollars.

When you think of the vast financial investment that the country puts into these various programs, it is absolutely essential that we have proper staffing. I think you have known me long enough to know that I do not believe that anyone should have the luxury of having 10 people do the work of one. I think if I had to choose between overstaffed and understaffed, I would rather be understaffed, because you can waste more time with too many people handling the same thing than almost any other operation in the Federal Service.

I am really convinced that the budget we are asking for now is absolutely essential to our operations. I think the fact that we were able to come to you with an increase in the salaries and expense budget, approved by the Budget Bureau and the President, tells something about our need. I know that we have had very great support for this from Mr. Kelly.

Mr. FLOOD. You surprise me on this.

Miss SWITZER. I do?

Mr. FLOOD. Yes.

Miss SWITZER. Why?

Mr. FLOOD. The number of people.

Miss SWITZER. I know, it seems like a lot of people. But the money is as important as the people. We have need for the new positions. When you think about the far-flung services of this organization, and when you think of dividing 160 new positions, if you had been listening to each one of the agencies that make up the Social and Rehabilitation Service individually, you probably would be requesting many more positions than this. 160 positions divided over our vast responsibility is very, very small. No one can get very many. The major part of the salaries and expense appropriation——

Mr. FLOOD. This is a very tough year.

Miss SWITZER. I know it is a tough year, and I recognize that. If I can be a good sport about what is happening in vocational rehabilitation I hope that some other people can do the same about what we need to sustain our program.

Mr. CARDWELL. Could I interject a comment here?

I think one of the points Miss Switzer would like to make is that under the revised budget there is only one proposal for additional staff. There are a number of proposals for reductions in staff below the budget as submitted in January. But there is one proposal for an increase and it is for the Social and Rehabilitation Service. This is the result of a conclusion that Secretary Finch has reached concerning the capacity of this organization to do its job. He is particularly concerned about planning for the future and testing and evaluating the existing programs in his effort to make them work better. This is one item that he will be talking to you about next Tuesday when he comes back.

Miss SWITZER. Thank you, Mr. Cardwell, because I know you and Mr. Kelly have helped us to identify places where we need to have better staffing and more professional oriented approaches to estimating,

for one thing, gathering data, strengthening our field organization, and trying to convert some of our horse and buggy methods of keeping accounts to computer and other modern ways of management.

It is absolutely essential if we are not going to fall flat. When I think of the improvement we have made just this year since I came here last year, in the capacity that has been developed to make it possible for me to make an intelligent presentation, to understand things, and I realize how we have had to build this at the same time as we were learning, I feel very strongly that this is one of the most important parts of our request.

That concludes my formal statement, Mr. Chairman, and I hope you will have a lot of questions.

ORGANIZATION OF THE SOCIAL AND REHABILITATION SERVICE

Mr. FLOOD. The Social and Rehabilitation Service is about a year and a half old?

Miss SWITZER. Yes.

Mr. FLOOD. Let us talk about the organization. What advantages have been gained by this new organization?

Miss. SWITZER. I have asked myself this question a good many times.

Mr. FLOOD. What about money? Do you save any money?

Miss SWITZER. I think that we have saved. When they used to ask Mr. McNamara this question, have you saved this money, if we had not done this, we would have asked for more.

Mr. FLOOD. I am on the Defense Subcommittee, you know.

Miss SWITZER. Yes, but he used to say that. I think whether we have saved any dollars or not, it would be very hard to say. I would say this: The end result of any Federal reorganization must be, if it is worth anything, to make it easier and more efficient for people, where the services are needed, to get them. I think that the existence of the Social and Rehabilitation Service has made it more practical and almost forced the coming together in the States and communities, not all over the country—don't misunderstand me, it is not sold to everybody.

Mr. FLOOD. Did you save any money?

Miss SWITZER. No, I don't think we can say we saved any money.

Mr. FLOOD. Is there any new reorganization coming up?

Do you want to reorganize what you reorganized?

Miss SWITZER. I don't want to reorganize anything within the SRS at the present time except to make improvements in our general ability to meld programs more closely together. I issued last month a strong urge to welfare commissioners and rehabilitation heads to work together to reduce dependency. I think that this kind of push coming from two sources in a State, and with our regional commissioners making special efforts to make this a high priority, that we will accomplish more. We never accomplished a spectacular amount.

Mr. FLOOD. Do you have any plans for further reorganization?

Miss SWITZER. There is one plan which, of course, has been suggested by the Secretary about the creation of an Early Childhood Development Office.

Mr. FLOOD. What about it?

Miss SWITZER. You might say this is a reorganization of a sort, because in moving the Headstart program from the Office of Economic

Opportunity, it would not make much sense to move it just for the sake of moving it. The whole theory has been that programs in the Department of Health, Education, and Welfare could enrich and support Headstart better if it was under the same Secretary.

TRANSFER OF PROGRAMS FROM OEO

Mr. FLOOD. Other than the foster grandparents program are you going to transfer anything from OEO?

Miss SWITZER. Not that I know of. I know they have discussed for a number of years the neighborhood health centers. I suppose this is a legitimate kind of question whether this should go to Health.

Mr. CARDWELL. The Headstart delegation has been agreed to.

Mr. FLOOD. What do you think about the legislation committee's reaction to this proposed transfer of the foster grandparents program? You know about the committee and their reaction.

Miss SWITZER. Yes. The committee has, I think, legitimate concerns about transferring. It is only human nature to feel a little bit——

Mr. FLOOD. Did you ever talk to Chairman Perkins yourself?

Miss SWITZER. On this particular issue?

Mr. FLOOD. Yes.

Miss SWITZER. Not on this particular issue. Last year the House committee passed a bill which would have enlarged the foster grandparent program.

Mr. CARDWELL. Mr. Chairman, the Social and Rehabilitation Service and the Administration on Aging have operated this program under a delegation from OEO since its inception anyway. So the change is not a very drastic one. It is really a bookkeeping transaction at this point.

DEFERRAL OF AFDC FREEZE

Mr. FLOOD. What about the freeze? What is the status of the proposal to defer the AFDC freeze?

Miss SWITZER. I am not sure whether the legislation has been sent up. Has it?

Mr. CARDWELL. No, sir.

Mr. FLOOD. Is it likely that there will be any trouble getting it enacted?

Miss SWITZER. We do not think so. We think it will be postponed as the best bet.

Mr. CARDWELL. There will be elective proposals sent forward. I cannot tell you exactly when. It would be an amendment to the Social Security Act.

Mr. FLOOD. Are you in trouble with it?

Mr. CARDWELL. I do not think so.

Miss SWITZER. I do not think so on a postponement. The Secretary has recommended repeal, of course.

Mr. CARDWELL. That is right. It is our guess had the Secretary not taken the initiative, and had the President not adopted his recommendation that the Congress probably would have taken the initiative before this session closed.

LEGISLATIVE PROPOSALS

Mr. FLOOD. Do you have any other proposals you are going to send to Congress?

Mr. CARDWELL. There will be three proposals in the social security package. One would be the change in benefits, the 7 percent increase in average benefits across the board. The second would be the AFDC freeze. The third would be legislative authority to adopt the 120 day limit on Medicaid. This will be a legislative change.

Mr. FLOOD. That is what we were talking about before.

Miss SWITZER. Yes; of course, we have legislation under consideration to extend the Administration on Aging which expires on June 30. We are working on that, and so are members of the House committee who are very interested in this.

INCOME MAINTENANCE EXPERIMENTS

Mr. FLOOD. On page 6 of your statement you talk about research on income maintenance alternatives.

Miss SWITZER. Yes.

Mr. FLOOD. The present administration has proposed a fairly sizable increase over the so-called Johnson budget.

Miss SWITZER. That is right. I think the reason for that is that here again——

Mr. FLOOD. What alternatives are you going to experiment with? Are you going to play games?

Miss SWITZER. Some would say so, I guess.

There are a number of different proposals that have been discussed and debated theoretically over the years.

Mr. FLOOD. Why shouldn't it be in OEO?

Miss SWITZER. There is no reason why it should not be, I suppose. They could do some things, too.

Mr. FLOOD. They have research programs in this field.

Mr. CARDWELL. They have a program in the State of New Jersey.

Miss SWITZER. I think you have to say that the Department of HEW, which includes the vast welfare program, which includes the Social Security Administration, which is the only department that provides direct——

Mr. FLOOD. I have been hearing for 2 years about this in OEO.

Miss SWITZER. I am talking from our point of view. I think if the Secretary of HEW is going to be responsible for being the chief adviser to the President on changed patterns of income maintenance——

Mr. FLOOD. They have a research program in this field now.

Miss SWITZER. It is not very widespread for one thing.

Mr. CARDWELL. No, sir. We have talked about this with this committee.

Miss SWITZER. We talked about this last year.

Mr. CARDWELL. The question last year was why shouldn't HEW be doing it.

Mr. FLOOD. That is right. What about it?

Mr. CARDWELL. We think that is the answer, HEW should be taking the initiative and we are proposing to do so. We are spending about a million dollars this year. The Johnson budget would have added $3 million to that, bringing it to a total of four, and the revised budget

proposed by President Nixon would take the funds to $9 million. We are talking about a $7 billion enterprise here.

We are talking about spending $9 million in 1970 to examine alternative approaches to the problem. It seems to us it is a relatively small amount of money considering the problem.

As Miss Switzer emphasizes, this is HEW's business. This is what we are all about. We are the ones that are being challenged to come up with a better mousetrap.

Miss SWITZER. Furthermore, you cannot do this on a shoestring. You can make progress in some fields in a series of small grants and demonstrations but in order to do this, you have to have money enough to go into a selected population group or geographical area to test out things that are going to cost more money than is in the situation right now.

In order to draw any conclusions from an experiment of this type you have to have money to make it worthwhile.

Mr. FLOOD. What about uniform standards in your welfare program?

Miss SWITZER. Uniform standards are certainly an objective to be sought for. I think any new proposal that comes up in the future will make more of this than anyone has in the past. I think it is the only way we will ever stabilize certain movements.

PROPOSED CHANGES IN MEDICAID

Mr. FLOOD. One of the most dramatic changes in this budget review is the effort to cut medicaid costs. There will be a storm about this.

Miss SWITZER. Maybe there will be a storm about it but we are getting a storm about it from State agencies. States are finding that this program is so much more expensive than they had contemplated that a couple of states are saying they are going to discontinue it altogether and go back to the old system.

Mr. FLOOD. How far along are the regulations? Are they going to be published tomorrow or when?

Miss SWITZER. I do not know about tomorrow, but we will get them out as fast as we can.

We really want to consult with State welfare administrators before we issue for the Register because we want to get their ideas as to how best to do this.

It is my own personal view, based upon what welfare commissioners have talked about, that they will welcome some pressure from us to put some controls on controllable parts of the program. I do not consider that the controls that we have suggested are inimical to a better deal in health care for the people. I think that the opposite might very well be the effect.

Mr. CARDWELL. As the Secretary mentioned yesterday at your request, Mr. Chairman, he will present to the committee between now and the time he returns next Tuesday a description of these regulations and some forecast as to when we will be able to issue them. Issuing them is not really an easy chore. First they have to be drafted. Secondly, they should be published in the Federal Register and interested parties should be given an opportunity to comment and criticize them before they are issued finally. Our basic objective is to have

them in place before fiscal 1970 starts. But as Miss Switzer says, we will get them into effect as soon as we can.

Mr. FLOOD. Of course, the storm has not hit, but it is going to.

Mr. CARDWELL. That is right, sir.

Miss SWITZER. It seems to me even if money were not involved, even if we did not do this for the purpose of saving money in the budget, with the possible exception of limiting the number of days in the mental hospitals—I am not prepared to say whether this is good or bad from the total point of view, because this has been a State responsibility over all of the life of America—the other things that we are recommending, it seems to me, we ought to do anyway, budget or no budget. The negotiations with the physicians, the effort to help communities to get the physicians to concentrate on giving maybe a better delivery system for care for the poor, and concentrate less on an individual practitioner's ability to earn as much as he can, these are controls that are necessary to the improvement of the program. Certainly there has to be something put in the law.

Mr. FLOOD. You know it is going to hit hard.

Miss SWITZER. I know it is going to hit hard. I know what has happened in hospitals and communities at the advent of these programs paying for care. After all, I am a member of the board of health of Alexandria, I have been on the board of our local hospital. I know exactly what goes on behind the scenes. I think that this kind of control is desirable if it did not save a nickel.

I mean if it was not forced for budget reasons, I think that this program has to have some force behind it to change the delivery system of medical services.

I really firmly believe this. I think that hospital costs are running away with themselves, and there is no premium put on efficient operation.

Mr. FLOOD. Are you trying to anticipate this? Are you just going to sit there and get slugged?

Miss SWITZER. No; I have been slugged before.

Mr. FLOOD. So have I.

Miss SWITZER. I know, I am going to try my best.

Mr. FLOOD. Happy deluge—it is going to come.

Miss SWITZER. Maybe so. I think that the State people are going to welcome some help in putting some brakes on this.

Mr. CARDWELL. I think the Secretary's concern was that there would have been a deluge in the other direction had he not taken some action. The criticism that is being directed to the Federal Government now of the rising cost of medical care is just more than we can cope with.

Miss SWITZER. I have said exactly what I have said to you every time I have discussed this problem with State administrators and other people concerned with the medicaid program, because I feel very strongly about this. I think that we need in this country above all else a decent program and floor under medical care and service. We do not have a national service, we do not have national health insurance the way they do in other countries. I think the fear of the people who have just moved out of poverty in self-sustaining——

Mr. FLOOD. What other countries—Scandinavia?

Miss SWITZER. Great Britain is a better example. That has a comprehensive total national health system. We don't have it, we are not likely

to get it. I think we could when we have a nationally financed program covering the welfare recipients and medical indigents by act of Congress, we could really design a good national program for the delivery of health and medical care to the poor. You might say how much more medical care has been provided under this program than was provided under the old system? It is very hard to demonstrate whether it is more or less or the same. Perhaps the greatest advance has been that the people concerned have been able to choose their physician and their method of getting care which is an advantage.

When you have had to sit in a public welfare clinic all day long to get service, for example—I think we are only at the beginning of the reform of this program. We are just at the beginning.

Mr. FLOOD. Mr. Michel.

Miss SWITZER. I am sorry to be so earnest.

Mr. MICHEL. May I go through your testimony first of all before getting to specifics which I would also like to query you on?

Mr. FLOOD. By the way, where is Mr. Barry?

Mr. CARDWELL. He is assigned to the Assistant Secretary for Community and Field Services in the Secretary's Office. Newspaper reports have suggested that he was going to be in the direct line of welfare but this is not the case.

Miss SWITZER. I have not seen him since he came to Washington.

EFFECT OF AFDC FREEZE

Mr. MICHEL. On removing the limitation on the Federal financial participtation on AFDC to which you address yourself on page 4 of your testimony, you say that while the States have indicated in their estimates that they would finance most of the cost which the Federal Government would not finance, there would be a net reduction in the assistance provided each child and the number of children receiving assistance would be reduced.

Miss SWITZER. We went through this very thoroughly when the freeze seemed imminent, before it was postponed a year ago, and tried to make some estimate and some idea of how States would comport themselves. In fact, if you recall Georgia, preparing to enter suit to have the freeze declared unconstitutional, had a hearing on it. Various ways in which the States would meet this were explored. The majority of States, especially those that have stringent financial problems in meeting the present load, made it clear that they would do one of two things, and maybe in some instances both. If they were to absorb the load of the children that would be frozen out, so to speak, they would have more children on the rolls than Federal participation would permit. So what they would do would be to cut the average grant, if they have to live within the money, or reduce their eligibility standard, which would remove from the rolls people that now are on.

Mr. MICHEL. Is this the $1.1 million children you talk about?

Miss SWITZER. Yes. If they take the position or if we take the position that they cannot reduce their rolls by having a waiting list, which we have said is not in accordance with our legal requirements, or anything like that, the only thing they can do, if they cannot put up their own money to pick up the children, is either to reduce their

test of eligbibility so that fewer children would be on, and probably at the same time cut the average cost.

Some of that has been done already as the load has increased under the present program. As the load has increased in places where it was unpredicted across the board percentage cuts have been made.

Mr. MICHEL. In these States which would finance most of the cost which the Federal Government would not, were they proposing to raise taxes in those States to do that if they were really put to the test?

Miss SWITZER. By and large the States that would be hardest pressed and where this would make the greatest difference would probably have to have a net reduction across the board, because they probably would not be able to get from their legislatures the increase in State funds that would be necessary if they were not matched by Federal funds.

Mr. MICHEL. Would that in the main be the big industrial States?

Miss SWITZER. No, I think that would in the main be the Southern States. It is hard to predict when you see what the Legislature of New York did. Texas reduced its grants a substantial amount just about a month ago or 2 months ago by virtue of the rising load that they were faced with right now without any freeze or anything else.

Mr. MICHEL. If we defer the freeze or eliminate that proposition altogether, then we are right back where we started. The Ways and Means Committee in their deliberations on the social security amendments would try to think of some other way.

Miss SWITZER. I think we are all hoping that the new administration Secretaries and the different people who are studying new proposals will come up with an answer, instead of tinkering.

Mr. MICHEL. We sure have to do something because there is a rising resentment among the people who are finding these growing sums. I know in our home State of Illinois we are obviously going to be hurt by this thing.

Miss SWITZER. You have a very articulate director of welfare in Illinois and he does not like anything we have done in the last year as far as I can tell. He seems to think it adds up to nothing but trouble for him with his budget. I am very sympathetic because it is very tough, and where you have a State that has the variety of problems that a big State like Illinois has, you can't please anybody when you are in his position. The welfare recipients and the rights people are on his neck for this and that and the legislature is on his neck, and he is just squeezed as we all are between the two extremes.

Mr. CARDWELL. We would react favorably to the proposal to defer the freeze.

Miss SWITZER. Yes, by all means. I do not know of anybody in the field that would not be in favor of that. There is no question about that.

Mr. MICHEL. Of course, as you say, in your testimony deferring of the freeze causes us to ante up another $844 million.

Mr. CARDWELL. $321 million of Federal funds.

Mr. MICHEL. That is right.

Miss SWITZER. The $844 million would be the total cost of Federal, State, and county.

Mr. MICHEL. Yes.

You mentioned in your testimony, too, Miss Switzer, that on the average each AFDC family has about three children and 20 percent of the families have five or more.

This obviously has some bearing upon all this emphasis I see later on in your testimony with respect to family planning.

Miss SWITZER. Yes.

Mr. Michel, this is a very difficult problem. Such a large proportion of these children are very young mothers. I have almost an obsession about this. Kids sometimes as young as 12, 13, 14—that is not unusual for children to be born to these young kids. I feel that we should have a few experiments or demonstrations going on as to how we can change the pattern of life for these young people to make it less——

Mr. FLOOD. Of course, they are all illegitimate.

Miss SWITZER. Yes. It seems to me we have to break the cycle of dependency here. If we cannot figure out some way to have these young mothers back into the mainstream of life, and somehow try to cut off this cycle of repeated births, we are in terrible trouble.

Mr. FLOOD. Do you find there is no longer a stigma about this?

Miss SWITZER. I think there is less of a stigma in some places than in others. For example, I was visiting in Harrisburg, Pa., not long ago where they have two large high schools, about equally divided—they are integrated schools.

Mr. FLOOD. Very heavy Negro population?

Miss SWITZER. Yes, about 50 percent in the high schools. I was visiting in a friend's house where there were a couple of high school kids and I was trying to find out all I could. I asked them were the girls having babies, and they said yes, they were. I said, do you find that there is a higher percentage of girls from the black community having babies than the white girls? Well, they didn't think so, but they thought the white girls left school earlier and the black community supported its children and took it more or less for granted.

Mr. FLOOD. They what?

Miss SWITZER. The white girls did not stay in school until the last minute. They went off and had their babies and came home. I think there is less feeling that it is not a natural development among the Negroes, perhaps because of their history and their family feeling and so on. For the modern life that people have to live the responsibility for multiple illegitimate children of young mothers is a frightfully upsetting prospect to me.

Mr. MICHEL. Miss Switzer, I was reminded during your recent exchange of something I had read in the local papers here with respect to the numbers of illegitimate children born in the District of Columbia, and it was just an appalling statistic.

Miss SWITZER. In Chicago it is even worse.

Mr. MICHEL. The city of Chicago is worse than the District of Columbia?

Miss SWITZER. Yes.

Mr. MICHEL. The District of Columbia was bad enough for me. In the other part of the article there was also a very distressing thing because it indicated that while there is a great desire on the part of

many people who cannot have children in the white community to adopt children, that the problem in the black community is really compounded by the fact that you find very very few people wanting to adopt black children. Then the question comes to mind, particularly with respect to the young mothers you are talking about—I am pretty much opposed to institutionalizing these children——

Miss SWITZER. I am, too. But how to do it is the question.

Mr. MICHEL. Are we doing anything study-wise or research-wise?

Miss SWITZER. Yes. We have projects going on. I think the Children's Bureau has some. We have some going on through the welfare studies, trying to find ways of getting these girls back into school. Some schools accept them without question, and some girls will go back to school. Others will not. So what you have to try to work out, and I think Dr. Lesser may know something about this.

Mr. MICHEL. Is it only the problem of going back to school?

Miss SWITZER. No.

Mr. MICHEL. If they are back in the same kind of environment at home that does not help anything either.

Miss SWITZER. That is right. You have to have a program and an objective.

Do you remember that program in New York?

Dr. LESSER. Yes. There are actually about 50 or 60 of these programs in operation now in which they provide medical care and help girls continue their education in high school and provide job orientation and family planning services. A number of studies, particularly the one starting in New Haven demonstrate that most of these girls do complete their education and get jobs and do not repeat this illegitimacy cycle in contrast to those who are not involved in such a program. These girls can be expected to have more than one illegitimate child.

Miss SWITZER. So the time to catch them is early, as always. In every rehabilitation program, early finding.

Dr. LESSER. That is right. We have more illegitimate children and more young people but the rate of illegitimacy has leveled off except among young girls. There it is still increasing.

Miss SWITZER. By young we mean really young.

Mr. MICHEL. What age group are we talking about there?

Dr. LESSER. Nineteen and under, and particularly under 16.

Mr. MICHEL. That is still on the increase.

Dr. LESSER. Yes.

Mr. MICHEL. The only place that indicates we have topped off or leveled off is what?

Dr. LESSER. Later 20's or 30's.

Mrs. REID. What happens to these babies? Do the black girls keep their children?

Miss SWITZER. They do on the whole. The families keep them.

Mrs. REID. The white children go out for adoption?

Miss SWITZER. Yes, mostly. I remember being on a TV program in Hershey, Pa., not long ago which was a sort of welfare townhall meeting type of thing, and a very talented and brilliant chairman, Lewis Lomax.

Mr. FLOOD. Was that the medical school crowd?

Miss SWITZER. No; it was primarily welfare. A welfare mother asked a question, she said she was living in a public housing project, with her son, and she had paid, let us say, $40 a month rent, and when her son got a job, the rent was raised. The chairman said, let us get the facts straight. You were paying so much rent, your son went to work. How much was he getting a week? He was getting $95 a week. Don't you think it would be fair for him to share in the rent? Yes, she says, I suppose so, but he has two children that he has to support. So the chairman pursued it a little more and found out that he had, this young boy, two children by a girl who is 16 years old now, so that means she must have been 14 or under when the first child was born. So he said, why doesn't your son marry her, and, oh, she said, well, I don't know, he doesn't seem to want to marry her and she doesn't seem to want to leave her mother. But he does have to contribute to the support of the children.

Mr. FLOOD. Is that by court order or just by agreement?

Miss SWITZER. I don't know in this particular case. Maybe both. I thought to myself, 16 is fairly mature. I did not want to get into a discussion. It was getting too hot. He was very shocked. He had not really recognized the importance and the extent of this problem. Families close in. They don't desert their children as a rule. I know the commissioner in Connecticut when we were talking about this, and he was getting a lot of adverse publicity because of his problem of supporting the illegitimate children on welfare in Connecticut, and he had a series of newspaper articles, which said, you have to remember these are the mothers that keep their children. So there are two sides to it.

Mr. MICHEL. We have it so well publicized that it is just about profitable to operate that way, with the kind of payments we are providing.

Miss SWITZER. One sometimes wonders.

INCOME MAINTENANCE EXPERIMENTS

Mr. MICHEL. On page 6 you make mention of this increase of $8.3 million in the 1970 budget for the cooperative research and demonstration program to be used primarily to study income maintenance alternatives. I guess we are talking about a negative income tax, et cetera.

Miss SWITZER. Yes.

Mr. MICHEL. How much are we spending on that this year?

Miss SWITZER. About a million dollars. I am not sure we are actually spending it, but we are working toward a project, toward spending it.

Mr. MICHEL. So in the 1970 budget there is a request for a total of $9 million and in 1971 that would go what, roughly?

Miss SWITZER. It would all depend. It would depend on the project. It would probably need that much to carry on the ones you had.

Mr. MICHEL. Is this part of that thing that is going on in New Jersey?

Miss SWITZER. No, that is supported by OEO.

Mr. MICHEL. How are you going to be any different than the project funded under OEO?

Miss SWITZER. I don't know. It is a highly experimental field. At least we will try to get the most competent direction we can for it.

Dr. GARRETT. The OEO project in New Jersey is on male-headed households. What we are talking about in this particular proposal——

Mr. MICHEL. Do you know offhand at what level that is being funded?

Dr. GARRETT. Roughly a million dollars a year.

It is being supported for 4 years at a total cost of $4 million. The OEO study in New Jersey is a negative income tax study with a variety of incentives at 50, 75, and 100 percent. It is in male-headed households. They have a proposal for support of a similar kind of study in a rural area. What we would propose to do is to develop the mosaic of income maintenance proposals, so that coming out of this variety of approaches and studies we would be able to come up with a recommendation, so far as national policy is concerned, in the area of income maintenance as a potential alternate to the present methods of support of welfare programs.

Mr. FLOOD. What is your name?

Dr. GARRETT. Dr. James Garrett.

Mr. FLOOD. What is your background, Doctor?

Dr. GARRETT. My background is in the field of psychology.

Miss SWITZER. He is the assistant Administrator in charge of Research, Demonstrations, and Training.

Mr. FLOOD. How long have you been onboard?

Dr. GARRETT. In HEW?

Mr. FLOOD. Yes.

Dr. GARRETT. Since 1951.

Mr. MICHEL. In building this mosaic, as you refer to it, would it envision several geographical areas of the country?

Dr. GARRETT. You have a variety. One is what Miss Switzer has been talking about. In the AFDC caseload where you are dealing primarily with the female in the houshold. This would be one experimental area. These studies are in the area of the negative income tax. We have other proposals before the Congress, for example, on children's allowances, or family allowances. This would be another variable. Primarily we are talking about studies thus far which are in urban environments. We would need more which would relate themselves to rural environments. For example, in these studies we do not deal too much with older people and the problems of older people. So that might be another cut that one might have. There are a variety of alternatives that need to be explored before we can get some focal point upon which to make a policy decision.

Mr. MICHEL. If this full increase of $8 million were not allowed, but something in a lesser amount, how would that affect what you have in mind?

Dr. GARRETT. I think the major difficulty is that, even with the $8 million, since this involves cash transfers, about two-thirds of the funds that go into any of these projects are for actual cash transfers, and the rest of it for administration and for research, it would markedly cut back the kind of answers that you would be able to get and extend over a much longer period of time, the kinds of answers you would need to have in order to come to any decision on national policy.

Mr. MICHEL. This OEO study is in what year?

Dr. GARRETT. It is in its second year.

Mr. MICHEL. It was designed for 4 years.

Dr. GARRETT. That is right. We presently have a contract with the University of Wisconsin, the same group who are doing this OEO study, to collaborate with us on putting all of these pieces together, so we are tied in very specifically with the OEO studies in this field.

INCREASES IN MEDICAID

Mr. MICHEL. Let me move from that to the area of medical assistance, Miss Switzer. You say on these March estimates, which were reduced by $141 million, because of actions which, in your words, "We are proposing to take." What are those actions again?

Miss SWITZER. The first one is to limit the Federal participation in the mental hospital stay largely of elderly patients to 120 days. Then the next one would be——

Mr. MICHEL. That is the series of four or five items.

Miss SWITZER. Yes, it is on page 9.

Mr. CARDWELL. They add up to $267 million worth of reductions, $141 million of which Miss Switzer characterized as being achieved through regulation.

Mr. MICHEL. I was more concerned really with the next item where you say an estimated 10.2 million people will receive medical assistance under the program next year, 700,000 more than in 1969. What does the crystal ball show for 1971?

Miss SWITZER. I don't know. I don't know that we have made any estimate on that.

Mr. MICHEL. Is this going to be a continuing increase of that size each year?

Dr. LAND. I do not believe so because the increase is this much because the States have until January 1 to get into the program and this estimate is based on the fact that all States will be in by January 1, 1970.

Mr. MICHEL. Only after they are all in will we have some real hard-and-fast figures.

Dr. LAND. Yes, sir.

Miss SWITZER. I think it is fair to say, though, if the number of people on public assistance rises, as it has been, without any change in the general composition or emphasis, that the number of people that would be eligible for medicaid would also rise. We have not really seriously addressed ourselves to 1971 estimates yet.

I would not think they would stabilize or that this appropriation would stabilize any more than the maintenance would stabilize in terms of people, because if more people are added to the rolls, more people are eligible for medicaid because the minimum program has to cover the categorical people on public assistance even if the States do not go beyond that at all.

So it seems to me one thing is very much influenced by the other.

PROPOSALS FOR CONTROLLING MEDICAID COSTS

Mr. MICHEL. Then you speak of this matter of dealing with the sharply rising costs. You are working very closely with the State agencies, particularly with the States with the largest programs. Would Illinois be in that category?

Miss SWITZER. Yes.

Mr. MICHEL. How are we doing out there? Do you have any idea?

Miss SWITZER. I do not think we are doing too badly. We have not had any scandals.

Dr. LAND. No; the program is well administered.

Mr. MICHEL. Of course, we have read some stories in the newspapers of some areas where there have been some shocking things disclosed, and prompted by those stories——

Miss SWITZER. When we had the first one of these stories—I have forgotten how long ago it is, it seems like ages, but it is probably not that long—we sent into the States where the biggest expenditure loads were a team to help the States to take a look at what seemed like the areas which were the most vulnerable. We sent them to eight or nine States, of which Illinois was one. Maybe in some instances because of that forehanded help, places that could have exploded were looked at before a crisis arose. It is awfully hard to prove this. But at least you have done everything you can based on what you learn in one place to try to help other people guard against a similar kind of development.

Mr. MICHEL. Are the medical associations giving you any assistance in this area?

Miss SWITZER. Yes; I would say they are giving us considerable assistance. I have no idea what their reaction to this will be but I do not think it will be too difficult to sell it to them; do you?

Dr. LAND. No; I do not think so.

Miss SWITZER. What they fear most is some kind of categorical approach to this. This will vary State by State. It will vary in the negotiations following some principles which will evolve. This is a far more palatable kind of thing to put into regulations than to say you won't pay more than x number of dollars to any one doctor. Everybody hates that kind of an arbitrary figure.

Mr. MICHEL. It is sort of like eliminating these huge agricultural payments to individual farmers.

Miss SWITZER. Yes; that is right. I think Dr. Land has excellent relationships with most of the organized medical groups that would have the greatest interest in this program. We have a very fine medical advisory committee. Really it is not a medical advisory committee; it is composed of a mixed number of people, consumers as well as practitioners. I would say we will have less trouble than people might envision.

WORK INCENTIVES PROGRAM

Mr. MICHEL. In your discussion of the work incentives program, you made mention of the $56,140,000 for day care for the WIN participants. Do you have any idea how much local money goes into this kind of thing?

Miss SWITZER. A certain amount has to go in; 25 percent could be State money, I guess.

Mr. MICHEL. And 75 percent Federal.

Miss SWITZER. Yes.

Mr. MICHEL. And there has to be a local contribution of 25 percent.

Miss SWITZER. It could be a State contribution if it is a State-operated program.

Mr. MICHEL. Didn't I read somewhere this has fallen far short of the original estimate in the number of participants?

Miss SWITZER. Yes, that is true. I think when you have the Department of Labor witnesses they can give you some of the reasons for it. I think the reasons in both the Welfare program and the Labor Department program, first of all it was a new concept to the Welfare people, you know, how to decide after the first categories that were made legal priorities, like the unemployed father and the youths over 16 were out of the way, which were fairly easy to identify, then the question of who the other people ought to be and in what order. This is quite a problem. In many States the WIN slots are not where the State welfare people feel the greatest need is, and they have to decide do they put their money and their emphasis in the WIN slots or do they try to work something else out? So there have been a great many questions that have made it difficult to get it rolling.

But I think now it is beginning to roll and we will know this time next year and probably not much before that, just how effective this method is to reach the people we want to reach.

When you think of the kind of people we are trying to reach here, mothers for the most part, who have children, many of whom really desperately want to work but they want to work in order to get more for their children than they have and a better deal for them. They want good day care. By good day care I do not mean anything fancy. I mean a secure environment to leave their children, in the sense they are not going to be exploited. They feel that the day care could contribute very greatly to the children's own development. They like this idea. Some of the women I talked to would like to see an all day long kind of care center in the communities.

They think this would keep the children out of mischief when they get out of school. They are on the whole very practical and intelligent about it. I think the trick is to find the right kind of training and the right kind of job, so it is not a dead end job, so it gives them some hope of being able to really sustain themselves and their family. I feel we have just begun to figure out what to do. I hope the Assistant Secretary of Labor will have some up-to-date information for you.

VOCATIONAL REHABILITATION CASELOAD

Mr. MICHEL. In the area of vocational rehabilitation, how do you arrive at the 900,000 person caseload and what accounts for the large difference between that figure and 241,000 disabled individuals who will be rehabilitated?

Miss SWITZER. Our experience over the years has been that on any given day there are probably a little over three times as many people in service as are rehabilitated that year. It has been a fairly constant relationship. I suppose it could change depending upon the kind of cases that were taken. But by and large it has remained fairly stable, that is, that relationship.

CHICAGO REHABILITATION CENTER

Mr. MICHEL. Noting that the 1970 budget does not include any funds to carry out the 1968 amendment to the VR Act providing grants to the States for 90-percent Federal matching of the costs of programs

designed to evaluate which jobs the disabled and disadvantaged are best suited for, and also that it does not include any funds for planning and construction of rehabilitation facilities under section 12, tell me how that affects that Chicago situation?

Miss SWITZER. That is not difficult to describe.

Mr. MICHEL. Last year our report asked your agency "to continue to give its attention to expediting subsequent stages and completion of this center," meaning the Rehabilitation Research and Training Center in Chicago, "at the earliest feasible date."

I guess the key question is, are there funds in this budget to do just that?

Miss SWITZER. There are no funds in the budget for the construction, but it was my understanding that they wouldn't need the funds for construction in 1970. Are there funds in the research and training center project?

Dr. GARRETT. Yes, $100,000, which is what they had last year.

Miss SWITZER. Everybody would like to have more than they had last year, but nobody is going to get any more. The $100,000 remains stable.

We are in very close touch with them. I have also discussed this with the State director in Illinois who could make section 2 funds available if he had them.

Section 2 funds can now be used for new construction.

Mr. FLOOD. You were very enthused about this.

Miss SWITZER. Yes; I am very enthused about this.

Mr. MICHEL. I was going to ask you what you think of the project.

Miss SWITZER. I think the project is great and I think it has a remarkable leader. I think Dr. Betts, who is the medical director is a comer.

Mr. MICHEL. I met him.

Miss SWITZER. Paul Magnuson said one day when he was giving a little talk, there goes the Howard Rusk of the future. It could be just that. He is an extraordinarily gifted and talented young physician, not so young anymore. There should be and must be a good comprehensive research and training center in the Chicago area. This is the logical place to have it. These are the people that can put it together and support it and they have the right philosophy, according to our principles, in the whole field of medical rehabilitation, in contrast to some other places that might have been suggested. So we are very happy with the development and we want to help them in any way we can.

If they are going to be ready for construction funds in 1970 this would be quite a tragic development, not to be able to help them.

Suppose I look into this in detail and make it available.

I think there are certain developments that one has invested in up to a point, and it is poor economy not to collect on your investment. I think there are some things you have to go forward with. It is like the National Technical Institute for the Deaf, you make a commitment and if they are ready for the money, you cannot afford to give up all you put into it. But if they are not going to be ready for it, you can use the place in the budget for something else. I will make the up-to-date facts available for the record.

(The data referred to follow:)

REHABILITATION RESEARCH AND TRAINING CENTER, CHICAGO AREA

In fiscal year 1969, the committee asked this agency "to continue to give its attention to expediting subsequent stages and completion of this center (meaning the Rehabilitation Research and Training Center in Chicago) at the earliest feasible date."

On June 28, 1968, this organization was awarded a project development grant amounting to $209,570 of which the Federal share was $182,170. In addition, $50,000 was made available by SRS for planning and development of operational programs for the new center.

We believe this is an excellent project and wish to continue providing this organization with the necessary resources. With respect to 1970, there are presently no funds in the budget for construction under section 12. There was some uncertainty about the timing of the Institute's need for additional financing beyond the funds that have already been made available for planning purposes. Although we had understood from earlier discussions that the Institute was not quite ready to begin actual construction, more recently, Mr. James Heyworth, executive vice president, indicated in a letter dated March 19, 1969, that "grant assistance in the amount of $2 million will be needed around January 1970 to cover completion of architectural drawings and the first stages of construction, including ground breaking and related costs." At this stage, of course, the 1970 SRS budget had already been submitted.

While we are enthusiastic about the new construction authority in section 2 of the Vocational Rehabilitation Act, the appropriation request would not be sufficient to assist this project at the level contemplated. Within the appropriation request for section 2 based on the $600 million allotment authorization the entire State of Illinois would have approximately $1 million available—at its discretion—for new construction. Within the appropriation request in the administration budget based on the $500 million allotment authorization Illinois would have at most $500,000 available for new construction.

The most appropriate Federal authority for this type of construction grant is contained in section 12. It should be pointed out, however, that, under our regulations, section 12 construction funds are distributed initially to each region on the basis of population. In order to fund this project it would be necessary to add funds to the section 12 appropriation request. The Department does not recommend such action at this time.

Mr. MICHEL. Are there any comparable requests of this kind from any other sections of the country?

SPINAL CORD INJURY PROJECTS

Miss SWITZER. Yes, I think there will be if there has not been already. We have had a very interesting proposal from a group of institutions in Phoenix, Ariz., a very exciting possible project.

Mr. MICHEL. Is that the spinal cord injury project?

Miss SWITZER. Yes, this is tremendously exciting. This is combining two hospitals and a rehabilitation center and a burgeoning medical school plus the State rehabilitation agency. It is a very thrilling development and very necessary. There are very limited funds if any for this.

Mr. MICHEL. Would these two be at a comparable stage?

Miss SWITZER. I think the Arizona project would be mainly—it would not be building money—would be service and program money. It would be money like what we put into Rancho Los Amigos in Los Angeles to sustain and help staff a regional center for cord injury cases.

Mr. MICHEL. Is that in keeping with the proposal of the Doctor at Northwestern Medical School?

Miss SWITZER. Yes, I know who you mean.

Mr. MICHEL. He wrote me several times with respect to his idea of spinal cord injury centers around the country.

Miss SWITZER. He agrees with the principle of centers around the country, but we would have some differences of opinion as to what constituted services in such a center. He has been promoting the idea of centers. This center in Phoenix is very exciting because it has Dr. Green, the very famous neurosurgeon who is head of the Barrows Institute which is one of the big experimental centers for neurosurgery, and combined with the Good Samaritan Hospital, whose staff is out of this world—its combines these two institutions. A very colorful and exciting development is this. The Department of Transportation gave a grant to one of these institutions to explore the possibilities of picking up accidents on the highways with helicopter service. On May 11, at 2:00 in the afternoon, the first serious accident will be picked up by the helicopter. They have it computerized. I said at 3 o'clock I will call you and find out what the accident is. It happens to be a Sunday. They have experimented with this method of being able to program what the helicopter can do and how it can pinpoint itself to where it is going to be. It is really an amazingly dramatic development.

Mr. MICHEL. In our local community of Peoria the newspaper owns a helicopter and it is in some overall comprehensive program with this very kind of thing. This is very dramatic.

Miss SWITZER. It is very necessary if you are going to catch these injuries early enough to do something dramatic about them.

REHABILITATION RESEARCH AND TRAINING

Mr. MICHEL. Let us go on to the request for $60 million for research and training in rehabilitation. While this is slightly less than what was in the 1969 appropriation, for how many years have we been carrying this item?

Miss SWITZER. You have been carrying it for many years and I hope you will be carrying it forever. You have been carrying it since the beginning of the program in 1954. This has been our main source of new ideas and new personnel. This is really one of the pillars of our whole effort.

Mr. MICHEL. That is right.

We all get enthused about these things.

Miss SWITZER. You just better keep your enthusiasm high on this one.

Mr. MICHEL. I want to make sure about it.

Miss SWITZER. It is hard enough to sit here and support a cut of $4 million without having you make these suggestions.

Mr. MICHEL. The chairman also serves on the Defense Subcommittee. There it is R. & D., here it is research and training.

Miss SWITZER. We could very well use some of the money they have over there in his Defense section.

Mr. MICHEL. Is that right?

Miss SWITZER. Yes, from what I have observed. I would like to go off the record and ask him a question.

(Discussion off the record.)

Mr. MICHEL. Back on the record, Miss Switzer, I have made the point here any number of times during the course of these hearings of everybody wanting on the bandwagon when some particular activity is popular. On page 15 of your testimony, in the first paragraph, "For family planning projects," second paragraph, for family planning services. Further on in that paragraph, family planning services. Fourth paragraph, first line, family planning. Nutrition, family planning and rubella get mentioned any number of times during these hearings.

Miss SWITZER. I am glad they are talking about rubella, I really am.

Mr. MICHEL. It is important. There is no question about that. I am saying there are some words and phrases that kind of get worked and re-worked.

Miss SWITZER. We can change family planning to birth control, if you like it.

Mr. MICHEL. Maybe that is not so bad, either.

Miss SWITZER. Because that is really what it is in this program.

Mr. MICHEL. There are so many agencies within HEW that are all doing this. They are all talking about and requesting funds for family planning or birth control. How many different ways do you have to get at this thing?

Miss SWITZER. It seems to me the main channel for family planning money is right here and whoever else talks about it, it is all in here. The Public Health Service would be the only possible service.

Dr. LESSER. Research.

Miss SWITZER. They could do the research. But the family planning, birth control services, come into the States and localities through the maternal-child health programs through the State departments of health. Call it anything you like, after all it has taken a long time to get birth control, family planning programs accepted as a public responsibility, as a major health phase of maternal and child health. I think we will be talking about it. We can call it by any other name that would be acceptable. But we will be talking about it until we feel we have adequate coverage, because unless we can get good birth control information to these youngsters, we are not going to make much progress in cutting down illegitimacy.

Mr. MICHEL. I do not quarrel with you on that score. On the next page of your testimony, you say there are 5 million women living in poverty or near poverty who do not have access to family planning services, yet they are the group which runs the highest risk of death rates and of mentally or physically handicapped babies.

Miss SWITZER. That is right. I think the only way we can really make any impact, because there are lots of social, moral, and religious forces still in the country that have strong views about various methods of family planning and birth control that have to also be recognized.

Mr. MICHEL. That is true. I am the only Member of this Congress, I guess, that gets the publicity about once every 2 years as a member of the Apostolic Christian Church, a fundamentalist church, far on the opposite side of a number of the other larger denominations in this country. Their views are the very same as the Catholic Church's position has been in the past.

Miss SWITZER. We have to tackle them where we know we can make an impact. I think we have made an impact. One of the things I have done in the last year since I have been before this committee is talk to a great many of the women on welfare. It is very illuminating to talk to the people that you are serving. I find that many are hungry for the kind of information that you take for granted is available to them, but somehow does not get to them. This is what we are struggling, to be sure that these programs get to them.

You cannot think of them as figures or words or concepts, because there is a person at the end of the line that ought to get the money, or else we have no business being here at all.

Mrs. REID. Do you feel that there is progress in getting this information to these women?

Miss SWITZER. Yes, I do, indeed. I think every year we make more and more progress. I think a weak spot in the delivery—I think we have made good progress in the ghettos, where we have high-risk populations getting into the maternal-child health targeted programs—I think we have not made this progress in the rural areas. Every once in a while you see a program on television of a Deep South farmer or an Appalachian family that have large numbers of children, nine or 10 children, and you just wonder what the health department is doing in this kind of a setting.

Granted it is more difficult to get your information across: (a) because of the people and the prejudices they have, and (b) just the matter of getting service to them of any kind is difficult.

Mr. FLOOD. Including the death yesterday of a woman certified to result from the pill.

Miss SWITZER. That is in England.

Mr. FLOOD. Well, she is dead.

Miss SWITZER. Yes, she is dead. Whether or not the pill caused it is a question. If people who have a certain predisposition toward certain conditions, after warnings, take medicine, and it is not only the pill that aggravates those conditions, I dont' think you can blame the whole of medicine for it, really. I deplore it, too, because I think it will scare people that ought to use the pill.

JUVENILE DELINQUENCY

Mr. MICHEL. I want to say I am very happy to see this testimony, particularly with respect to the item of juvenile delinquency prevention and control and what is being done to beef up that program. We have four teenagers and we get to talking about what has happened not only at the college level but as you have indicated, at the high school level concerning the use of narcotics. The statistics are just shocking.

Miss SWITZER. They are.

Mr. MICHEL. There is no question, this stuff is peddled on the campuses. We ought to get at this. Incidentally, did the Justice Department have anything to do, in its all-out war on crime, about influencing this decision in your shop?

Miss SWITZER. No, I think our position has been consistent on this from the very beginning. We feel that the Justice Department has very comprehensive legislation but it is all geared toward police con-

trol, safe streets, and very much needed improvements in law enforcement. The people they will be dealing with will be largely convicted people. Our hope is that we can get at enough prevention and at least rehabilitation of first offenders before they are committed. Our whole emphasis is going to be on that.

FOSTER GRANDPARENTS PROGRAM

Mr. MICHEL. With regard to this foster grandparents program, my first reaction when I see those two statistics there, of No. 1, $9,250,000, and then the comment that it is the most successful program, it provides to more than 4,000 low-income older people an opportunity, et cetera, et cetera. I take that 4,000 and I divide it into that $9,250,000 figure and I get something like $2,300 per person.

Is that fair?

Miss SWITZER. No, it is not exactly fair. Mr. Reilly, the Associate Commissioner of the Administration on Aging can testify on that. How much would you say of that $9 million was for administration?

Mr. REILLY. Approximately 20 percent goes for administration of the program, which includes the supervision of the projects. The projects themselves include more than income. They include social services to the low-income older people who participate in the program. I would also like to point out that the nature of this program is that each of these older people is in turn serving two children a day, providing a personal attention relationship to mentally retarded children, physically handicapped children, and other emotionally deprived children that otherwise they would not get in the institutions in which they are living. So, as we visualize it, we are talking about some 16,000 children a year who are receiving benefits out of this program, as well as the 4,000 older people.

Miss SWITZER. What would you say was the average cash received by the older person?

Mr. REILLY. It is approximately $1,600.

Miss SWITZER. So it is not high.

Mr. REILLY. No. These people are selected from people who are below OEO poverty levels, below $1,600 income for an individual and $2,100 per couple. They serve with the children for 20 hours per week, and they receive the minimum wage, $1.60, per hour.

DISPARITIES AMONG STATES IN AID TO THE BLIND

Mr. MICHEL. There are some other specifics that I probably better put to some of you subordinates, but there is one general one here, Miss Switzer, and that is regarding aid to the blind. I noted, for example, in 1970 Illinois is going to get about $1,166,000. Then I notice a State like Pennsylvania, which will get roughly the same amount in total assistance under the Federal share for public assistance, but they will have nearly $6 million for aid to the blind. There are some disparities between the big states. I notice California getting nearly $11 million in aid to the blind, although their overall public assistance is three times, or more, that of Illinois.

Miss SWITZER. It would be hard to say. It does not seem likely that there are fewer blind in proportion in Illinois. Maybe there are fewer in need. I wouldn't know the answer to that.

Dr. LAND. I think I could make this observation. The Federal regulation is so broad that the States vary State by State under definition of blindness. This is the reason that some States get more Federal funds than others. Some States have a broader definition of blindness.

Miss SWITZER. I had not thought of that. I guess that is the answer if you really ran it down. It is interesting that we have not had any complaints from Illinois. Usually where there is a sharp discriminatory fact like this we usually would hear from members of the Federation for the Blind, who are the radical Blind's Rights people, and highly gifted in their ability to put their case. It is strange that we have not had any complaints. We must ask more in detail on that when we get back into the office. I would like to put something in the record on that, if I could.

Mr. MICHEL. Would you, please?

(The information follows:)

States usually provide aid to the blind only to persons whose vision with correcting glasses is no better than 20/200 in the better eye. Illinois receives a smaller amount of Federal funds for aid to the blind than either California or Pennsylvania for two reasons: (1) The number of recipients in Illinois is only one-seventh of the number in California and one-fifth of the caseload in Pennsylvania; and (2) the Federal share of the average monthly payment per recipient in January 1969 was $50 in Illinois compared with $71.45 in California, and $59.13 in Pennsylvania. There are far fewer recipients of aid to the blind in Illinois than in either of the other two States, probably because Illinois has a less liberal definition of a needy person. The number of recipients of aid to the blind per 100,000 persons in the population aged 18 and over is 25 in Illinois, compared with 62 per 100,000 for the United States, 101 per 100,000 in California, and 116 per 100,000 in Pennsylvania. In addition, both California and Pennsylvania apply the medicaid percentage (currently 50 percent in California and 55.03 percent in Pennsylvania) to the full amount of the payments to blind recipients, which averaged $142.90 and $107.45 per recipient in California and Pennsylvania, respectively. Illinois uses the regular public assistance formula for computing the Federal share of maintenance payments and receives $50 per recipient from Federal funds, the maximum amount possible within the $75 maximum on the average monthly payment per recipient in which there is Federal participation when the regular categorical formula is used instead of the medicaid percentage.

VARIATIONS IN STATE WELFARE STANDARDS

Mr. MICHEL. This last year we have had over 3,300 cases added to the public assistance rolls in my home State of Illinois. In view of this Supreme Court decision of yesterday, we have an even more serious problem. There is over $100 difference between the Missouri border and across the Mississippi River to Illinois. Fortunately, Wisconsin and Illinois are even-steven. What are we really doing to induce the specific States with inadequate standards to provide properly for their needy?

Miss SWITZER. About all we can do is agitate.

Mr. MICHEL. Do you think this Supreme Court decision is going to push us into Federal standards?

Miss SWITZER. I think this will go a long way toward it. One of the elements that has always been a motivating factor. I think so many things are pushing us toward a Federal standard and a higher Federal share of the total welfare commitment. It seems to me that any new proposal will have to take into consideration these two elements. I think they will.

Mr. MICHEL. Another area of concern is that in Illinois of the 67 counties that have had the food stamp program for over a year, we find only 35.3 percent of those receiving AFDC payments participated in the food stamp program.

Miss SWITZER. That is interesting.

Mr. MICHEL. We are going to have a hearing this afternoon with the Secretary of Agriculture on the budget amendments in that subcommittee.

While at one time under direct distribution there was a tie between Agriculture and getting the surpluses to the needy, as we move more and more toward the food stamp plan which, in my opinion is a welfare program, I sense that there is some sentiment that the food stamp program ought to be in this shop.

Miss SWITZER. The Department is making a very exhaustive study of what ought to be done in this area. It seems to me that there are a number of reasons why certain groups of welfare recipients do not participate in the food stamp plan.

Mr. MICHEL. Why?

Miss SWITZER. Perhaps because the mechanics of getting the stamps to the people is difficult. Perhaps the people do not like to pay out of one check at one time in one full swoop for the food stamps.

Mr. MICHEL. Do you think with all our computers and all the administrators and offices we have set up around here for welfare that we would be just as well off in those cases to automatically send them the food stamps? We know so much about them already and they are monitored pretty closely, I would think.

Miss SWITZER. That is true.

Mr. MICHEL. Could we get it done that way?

Miss SWITZER. It is a question in my mind as to whether the distribution of the food stamps ought not to be really fairly universal in a certain sort of setting; that it may not be tied just to recipients of AFDC. Maybe food stamps ought to be made available to other poor people who could improve their diet and standard of living by the food stamps without any other involvement in welfare.

But the problems of getting these food stamps out to people, we had a county executive from one of the California counties in to see us the other day. He spoke of the difficulty of getting the banks to do it. It is a terrible load on the banks. Then how do the people get to the banks? I think we do not appreciate what a problem transportation is to a lot of people. Just the simple process of getting from where they are to where they have to be to get something else. They do not have good bus service, they do not have cars. There are any number of questions. We will have in our Department within the next couple of weeks, I think, a good solid feeling about what ought to be done about this whole business of relationships with agriculture and development of the distribution of food.

Mr. MICHEL. I really think it is needed. I opposed the food stamp program in its initial stage because of the fact that I could foresee pretty much of a problem administration-wise, and, then, too, we are having to fund, I forget how much more, an increasing number, in the

Inspector General's Office of the Department to keep tabs where the money is going and all the hankey-pankey that can go on even among the grocers and counterfeiters.

Miss SWITZER. That is right.

Mr. MICHEL. This is a thing to which you ought to address yourself. Here the very poorest people that ought to be sharing in the program, only one-third of them in my home State in the counties that are qualified for food stamps are participating. I think something is wrong.

Miss SWITZER. I just don't know. I think there are a lot of elements in the community that have to come together to make this work: The business element, the distribution mechanisms like the banks and others.

When you say why not deduct from welfare the value of the food stamp and give it to them with their welfare check, in a way this sounds like the simplest way of doing it. Then this violates the principle we have been operating on for so long that even people on public welfare ought to be able to run their own lives and decide whether they want food stamps. You have this principle that is tough to get around.

MEDICAID PAYMENTS

Mr. MICHEL. Do we have any figure on the amount that it costs in public aid expenditures because of that mandatory basis for hospital payments?

Miss SWITZER. You mean on the reasonable cost business? Is that what you are talking about?

Mr. MICHEL. Yes.

Miss SWITZER. We are paying for hospital costs well over 30 percent of the Federal share of the medicaid budget. But how much of it could be reduced if it were not tied legally to the reasonable cost I don't know.

Dr. LAND. We estimate $25 million savings if the 2 percent plus factor were removed.

Miss SWITZER. Is that all?

Mr. MICHEL. How do you arrive at those estimates?

Miss SWITZER. That is a good question.

Mr. MICHEL. Mr. Cardwell, do you have on estimate of what is involved in that 2-percent change?

Mr. CARDWELL. $25 million which Dr. Land referred to previously. The estimated savings that would result if we went to the concept of a payment plan equal to the Blue Shield payment plan for physicians, is estimated at a $60 million reduction that could be achieved there. The plan concept would include dentists but there is no Blue Shield approach to dentists. So I think that is the best answer to your first question, about $25 million savings in hospital payments, plus $60 million savings in payments to physicians and other practitioners.

PARTICIPATION OF WELFARE RECIPIENTS IN STATE ADVISORY COMMITTEES

Mr. MICHEL. Who was responsible for the directive that one-third of a State committee which will participate in the formation of new policy procedures relative to this AFDC program be made up of public assistance recipients?

Miss SWITZER. This was a decision that was arrived at by a group I would say, former Secretary Cohen and his staff, in an effort to respond to the idea that people should have something to say about large-scale programs that affect them. This requirement was largely in the day care for women.

Mr. MICHEL. Is that the only area?

Miss SWITZER. Yes. The other mandatory advisory committees do not have this type of requirement. It seemed to us in a committee of this kind which should represent everybody concerned that this was not an unreasonable requirement. It is very, very earnestly opposed by the majority of State welfare people. It is opposed almost universally, I would say. I tried to understand, and I do think I understand the reasons for it. It seems to me that the reasons given are a good deal like the reasons given by the university administration for not dealing with students. I think we are living in a day and time when we have to be cognizant of the feelings of people that we are associated with in terms of service relationship. I do not know that there is anything magical about the one-third. It could be a fourth or whatever.

Mr. MICHEL. Certainly not a majority.

Miss SWITZER. No; you certainly would not want that. It seems to me that to recognize the right of people who make up such a large group of our population in given geographical areas, that we might learn something. I have learned a great deal myself by just trying to listen and understand the day-by-day problems of these people. First of all, you are afraid you won't know what to say, you are afraid you won't know how to respond. Then you are afraid you will be pressured into something. It is just a kind of fearsome atmosphere that is created, I think quite unjustifiably. It seems to me many programs—the OEO has many faults but one of the great things it has shown, and this came out so clearly in our discussions of Headstart, is that if you can achieve a unity in the community between the mothers of young children and other people in the community, who are concerned with them, you can get a total reaction that you cannot get any other way. If public welfare officials had over the years made more use of nonprofessional advisers and had had citizen advisers, as they have had in so many other areas, I think there would be a greater understanding of the public welfare program today than there is.

As I say, we have asked the State welfare commissioners to designate a group from their number to work with us on what would be a suitable kind of committee. In Oregon they have a small board of public welfare, five people or something, the Commissioner has recommended that the Governor appoint one welfare recipient to this board of five. I think this makes it possible for them to understand the problems far better than if they are on the outside doing nothing. I think it is something that we need to explore more.

Maybe this is not the right approach but at least we need an approach.

BROADENING AFDC TO INCLUDE FAMILIES WHERE THE FATHER IS EMPLOYED

Mr. MICHEL. Mr. Chairman, with your permission, let me read a couple of lines from this letter into the record and have Miss Switzer respond to it, and then we have to run to that quorum call. I received a letter from the Board of Public Aid Commissioners in the State of Illinois. He says in part of his letter, "I was instructed to write to you recommending your consideration of broadening AFDC to include families where the father is employed full-time but earning insufficient income to support his family at the national minimum standard."

Then he goes on to say that in practice these—speaking of the 1967 amendments to the Social Security Act—in practice these restrictions have encouraged fathers to desert their families in order to insure coverage of wives and children by AFDC. There is clear evidence that these desertions have been a very significant factor in causing a large increase in our caseload in Illinois. Will you comment on that?

Miss SWITZER. This is an important subject being considered in the administration's comprehensive review of welfare systems.

Mr. FLOOD. 2 o'clock.

AFTERNOON SESSION

Mr. FLOOD. Mrs. Reid, your witness.

Mrs. REID. Thank you, Mr. Chairman.

Miss Switzer, the Chairman has said on several occasions that we gals stick together.

Miss. SWITZER. We try.

Mrs. REID. However, I think every person on this committee would commend you for your statement and for your very excellent responses.

Miss SWITZER. Thank you very much.

ORGANIZATION OF THE SOCIAL AND REHABILITATION SERVICE

Mrs. REID. What economies, if any, would you say have been effected as a result of the consolidation of formerly separate agencies into the one agency, the Social and Rehabilitation Service?

Miss SWITZER. If you try to translate what the results have been in terms of dollars saved, I would say nothing. But if you translate it in terms of what would be necessary to do the job that we are doing for each separate agency, I would say that we would have needed considerable more. I found when I assumed the position of Administrator that the kind of support for some of our most expensive programs was very lacking. Budget estimating, for instance, in the welfare field, and administrative support programs across the board, fiscal accounting and things that have been taken more or less for granted in any big agency of government. The use of modern computers and mechanical devices for helping in the administration and getting management information. All of these things we have been trying gradually to put into the machinery. I think it is awfully difficult to measure savings just by thinking about savings as being money in the bank. But if you think of what it would cost if you did not do certain things, then I think you would come a little closer to it.

I feel that doing the job well with our field organization and with our central controls, not having every single use of the SRS, of its own budget and fiscal personnel—if everybody did their job as they should do would cost more separately than as we are now attempting to do it.

EMPLOYMENT OF AFDC MOTHERS

Mrs. Reid. I was pleased to note, and we discussed this at some length here this morning, on page 6 of your statement, that the highest priority is being given to helping women who must act as heads of households in finding acceptable employment. I realize that this is a very difficult problem particularly because of the problems of child care and transportation. You say about 15 percent of these women receiving AFDC are already working full or part time. Do you have any percentages of the optimum number who might be expected to accept suitable employment if such employment were available to them as opposed to the number who for special reasons could not be away from home?

Miss Switzer. No one has ever really made a really thorough study of what the potential in this would be. I think it is a very important thing to study, but we have not done it. It has been sufficient in the past to say that the majority of people on public welfare cannot work anyway, so it is not too important to try.

Mr. Flood. What did you say?

Miss Switzer. The majority of people on public welfare, if you take the aged, the blind, the permanently and totally disabled, and a great many of the mothers of dependent children, probably would not be able to find work that would be of sufficient remuneration to take them off public welfare. I think this is beside the point. It seems to me that one of the reasons why communities are disenchanted with public welfare today, is that they cannot see that a strong enough effort is being made, to try to do everything that can be done, to train everyone who can be trained, and is suitable for training, and to get them a job. We have made certain predictions if we could have enough day care, if we could have fairly fast moving responsive training.

Mr. Flood. Where were you born?

Miss Switzer. Newton, Mass.

Mr. Flood. I thought so.

Miss Switzer. That is right, Newton Upper Falls, Mass.

The former mayor was once Secretary of Commerce. I think we could at the height, if we got rolling, have as many as 250,000 or 300,000 people from welfare each year trained and working. When you think of what we have done with the disabled and how difficult some of these are, the mentally ill, the mentally retarded, the spinal cord injury cases, I think we ought to set a goal, regardless of how many people we are not reaching or how many we could reach, if we set a goal of 250,000 or 300,000 a year and when we reached that goal take another look and see how far beyond it we can go, this is my philosophy. If we can show in any community a substantial affirmative effort with some results, even though they were small compared to the total, I think it would change people's attitude very markedly. So I

think this is a No. 1 priority. I think all the resources of the Social and Rehabilitation Service that we can bring to bear on it, we should. That is what I am trying to do.

INCOME MAINTENANCE EXPERIMENTS

Mrs. REID. I have an article here which says, "Guaranteed Annual Income to be Tested." This is an article reporting an interview with Secretary Finch. You used the term negative income tax.

What is the difference between your term, negative income tax, and a guaranteed annual income?

Miss SWITZER. It depends on the economies you are talking to as to which method you prefer. There is one phrase that sets me off, it is "guaranteed annual income."

Mrs. REID. It does me, also.

Miss SWITZER. Yes, it sets me off. I think actually we do not know the method that is better than what we have. Many people feel that if we could somehow or other have what is called the negative income tax, but it could be called many other names, a system by which people would list their income and test their listed income against what is agreed upon nationally as being a necessary income to live, and somehow as you pay income tax, they would be paid the difference. This would remove many of the inequities and many of the difficulties of the present system. It could perhaps be run nationally, financed federally, and would then have the effect of relieving States of the responsibility of some of the income maintenance they are now carrying on. That is one possibility. Family allowances have been very appealing as a method of supplementing income. But in order to avoid the means test, which is what many of these schemes are intended to do, the kind of means test now prevalent in public welfare administration, you have to have such a tremendous investment that I just don't think the country could take it. Then where do you cut off and you are up to your old problems again. It is not an easy thing to find a way out of.

Mrs. REID. In this article it says that HEW has asked for $9.7 million in fiscal 1970 to experiment with guaranteed annual income and children's allowances in several model cities neighborhoods. This program you mentioned—is this the same thing?

Miss SWITZER. Yes, this is what the Department intends to try to find out. Really, there has to be some testing of what alternate ways of doing business will improve the situation. Sometimes I do not know whether we are going to solve the problem on a big national basis, or whether we are going to figure out that maybe the best thing we can do in certain localities is to improve housing and supplement rent. We had a very interesting experiment going on in Baltimore which really showed that if you could improve the housing conditions of a certain group of families that went into this project to do certain things, you thereby solved a lot of collaterial problems that they were up against. So you really need studies to find out how you can get out of this maze that everybody is disenchanted with. We may find out that there is no better way to do it than we are doing. That is possible. One hates to admit that, but it can be true.

Mrs. REID. It really concerns me when I see an article of this kind because I wonder where we are going. Do you eliminate welfare and just let the people pick up their checks and that is it?

Mr. CARDWELL. I do not know how important it is but maybe we ought to try to straighten out some of the inconsistencies in the figures we have talked about.

Mrs. REID. I don't understand where the $9.7 million comes from. That is not the amount I understand is in the budget.

Mr. CARDWELL. I do not know where that figure came from.

Mr. LEE. That is the total of the directed research item as amended.

Mr. CARDWELL. We are spending a million dollars in 1969. The Johnson budget would have added $3 million to that which would give you $4 million. The Nixon budget says add another $5 million, which gives you a total of $9 million. The reference to model cities probably has as its origin the fact that this year's million dollars is at this point scheduled to be applied in cities where there are now model city approvals.

Mrs. REID. The article lists the cities. Cities being considered for the test (according to the article) include Charlotte, N.C., Gary, Philadelphia, Seattle.

Mr. FLOOD. These are the applications of the first round but they are not in operation any place, are they?

Miss SWITZER. No.

Mr. FLOOD. But they are about to be in the first round.

Miss SWITZER. The model cities, yes. I do not know that these research projects are anywhere near ready to roll, if ever.

Mr. CARDWELL. That is right.

Mrs. REID. The one thing I want to really get straight in my mind, after reading this article which used the term "guaranteed annual income"—and this was never mentioned in your statement——

Miss SWITZER. I never use that phrase.

Mrs. REID. This was supposed to be a statement made by Secretary Finch.

Mr. CARDWELL. No. I think it is a case of a reporter having used a license. The term guaranteed annual income probably in the reporter's mind would draw a picture in the minds of his readers.

Mr. FLOOD. That story said exactly that. You mean he was wrong? The story said guaranteed annual income.

Mr. CARDWELL. I think this is an invention of the author. I cannot tell you that people in HEW have not used the term because as Miss Switzer points out different terms have been used to describe the same thing. We have not yet designed the projects. As I said this morning we are talking about a $7 billion problem and everybody is pressing the Federal Government to do something about it.

Mr. FLOOD. Now.

Mr. CARDWELL. Now. I think Secretary Finch said I will approach it in two ways. First, I want to repair what we now have. I cannot overhaul the system overnight. I want to make the best possible use of what we now have. Thus the proposals to adjust medicaid. Then he said I want to evaluate what we now do in contrast to other alternatives. There are a number of ideas now being talked about. They are being talked about more every day. They are called by such things as guaranteed annual income, negative income tax, family allowances, children allowances, and there are a number of others. Each economist

has his own view of which of these work best. We are not sure any one of them or any combination of them would really be any better than we now have. We are saying this is a tremendous problem of national policy, and before we jump off another cliff let us do some work in advance. Meanwhile, we will try to repair what we have.

Miss SWITZER. I would like to say among the various income support projects that are being discussed, I do not think we have ever tried out in a given community where we would really master the whole picture a really first class work program, where you would have provision of resources to do undone tasks in the community, as one example, where you would have the total work of the community mobilized and the people who are in need and are on welfare could be trained to do the work and given the opportunity to do it. We have never really done that. This is another thing that I like of all the income schemes that have been mentioned. This intensive study of the best way to organize training and work would be my top priority.

Mr. FLOOD. The story said that you people were going to take so many towns and cities as guinea pigs.

Miss SWITZER. This is what you have to do. You have to pick a certain number of selected places.

Mr. CARDWELL. Yes.

Mr. FLOOD. When?

Mr. CARDWELL. Beginning this year we are going to pick some selective parts of the country and conduct different experiments.

Mr. FLOOD. That is what Mrs. Reid is talking about.

Mr. CARDWELL. Not necessarily these specific places. That is the only point I want to make.

ADEQUACY OF MEDICAID AUDIT

Mrs. REID. On page 10 in the justifications you request additional auditors for the medicaid program. Have you been able to keep current with your audits thus far?

Miss SWITZER. No, I don't think so. How far behind are we. I think we have done a lot of emergency work.

Mr. CARDWELL. Yes. There is not adequate staff at the Federal level to audit the medicaid program in a way which would permit the Secretary of HEW to tell the Congress or the public that we are preventing and will continue to prevent abuses of the system. Congressmen, private citizens, all kinds of people have come to HEW in the last 2 years and said, do you know about this particular scandal in my area? Do you know about people who have put their mothers-in-law in nursing homes and charged the bill to medicaid? Do you know about doctors who are making $200,000 by overcharging for medicaid?

We would just have a long list of these kinds of complaints.

Mr. FLOOD. As a matter of fact, I am going to go into that with the next witness.

Mr. CARDWELL. Secretary Cohen went to President Johnson and said, I want to put a preventive audit program into effect in the 1970 budget. I want to be able to, several years from now, tell the public that we are safeguarding this program. That is why the proposal for auditors. We do not now have enough auditors in the auditing agency to concentrate on just this program. We cover all the grant-in-aid programs of the Department, we cover the direct operations of the De-

partment, we cover universities, colleges. It is a tremendous audit. We are not up to date on any of it. This is one area where Secretary Cohen said I want to give it extraordinary attention. Secretary Finch looked at that idea and has endorsed it and we are still proposing it as a part of the 1970 budget.

FOREIGN CURRENCY PROGRAM

Mrs. REID. You mentioned your foreign currency program.

Miss SWITZER. Yes.

Mrs. REID. Would you list the countries involved for the record?

Miss SWITZER. Yes.

(The requested information follows:)

The following countries are expected to participate in the foreign currency program in fiscal year 1969 or fiscal year 1970: Ceylon, Guinea, India, Israel, Morocco, Pakistan, Poland, Tunisia, United Arab Republic, and Yugoslavia.

CHICAGO REHABILITATION INSTITUTE

Mrs. REID. I was interested in your statement that you are enthusiastic about the Chicago Rehabilitation Institute.

Miss SWITZER. Yes.

Mrs. REID. You are going to bring that up to date for the record?

Miss SWITZER. Yes, I am.

I checked while I was at home for luncheon, and we have letters from the university and center that they can use the money in 1970. Where we could find $2 million in this budget I just don't know. I will prepare a statement for the record.

(The statement referred to appears on page 38.)

ILLEGITIMATE BIRTHS

Mr. FLOOD. I was startled by your reference to Mr. Michel when you were talking about illegitimacy and you volunteered the information that Chicago was higher in percentage than the District of Columbia.

Miss SWITZER. It seemed so to me. I did not have the table in front of me.

Mr. FLOOD. Your opinion is important.

Miss SWITZER. Yes, it does seem to me that Chicago has more deep-rooted problems.

Mr. FLOOD. Is that due to the immigrants from the South?

Miss SWITZER. I do not know.

Mr. FLOOD. They got a tremendous influx from the South, I understand.

Miss SWITZER. Yes. I do not suppose their living conditions are any worse than Washington although they might be. I think I have seen figures that are so startling. In fact, it was the Chicago figures that gave me my first feeling of frightening concern about it. This is one of my obsessions.

Mr. FLOOD. You are very much concerned about this?

Miss SWITZER. I am, very much.

Mrs. REID. I think it should be of concern to all of us.

Miss SWITZER. It really should. When you try to picture your society and you think of these hundreds of thousands of youngsters—and that

is what they are, youngsters—there is nothing in life for them but this. They are not captured by any of the programs in school or training or the future for fulfillment. It bespeaks to me a sickness that is very deep in the social fabric of our time. I feel very deeply about it.

Mr. FLOOD. Have you heard that many of these young people no longer even bother going to the social agencies for help anymore? They used to but now they just don't bother. Many of them don't try to get help anymore.

Miss SWITZER. I think this is in part true. I am not sure that the social agencies have changed their attitude toward them so they understand them. I don't know that they ever did, really. When you think about the places where young girls went when "they got in trouble."

Mr. FLOOD. That is what I mean.

Miss SWITZER. They got tender loving care.

Mr. FLOOD. They don't do that anymore.

Miss SWITZER. Those institutions are still functioning, but they are functioning only for the group that is conscious of what they have done, that wants to either be protective about their child or have the child placed for adoption. You have very few of these agencies that deal with Negro children, although there is one here in Washington that does, for young illegitimate mothers. There doesn't seem to be too many places where people have sensed the problem with sufficient seriousness to plan differently for it than for other things that go on in the community. I think Dr. Lesser's testimony this morning——

Mr. FLOOD. I don't follow that.

What did you say?

Miss SWITZER. I just don't think people are organized. In a small place it is not numerically important and yet even in a small place like Alexandria, Va., you have enough going on so you could organize a group program—in fact, we are trying to do this at the Y—in a big city it gets diffused among school districts. It is nobody's responsibility to mobilize the young girls and try to plan for them. If you can catch them after the first child, as Dr. Lesser pointed out, you have a better chance.

Mr. FLOOD. Let me ask you this: Do you have any idea how many of these young girls in their teens who have a baby, and drop out, go back to school? I understand quite a number go back now.

Miss SWITZER. Quite a number go back, but the majority do not.

Mrs. REID. Isn't it true, though, that there is a little different attitude today? Girls are not completely ostracized as they used to be.

Miss SWITZER. That is right.

Mrs. REID. I think that is probably the reason they don't use the services you suggested, because the people do accept them.

Miss SWITZER. We have so little feeling and knowledge about what these young people think.

Mr. FLOOD. That is the word, ostracized. That is the whole thing.

Miss SWITZER. It is a terrifically complex age in which we are living.

Mrs. REID. Yes, it is. Thank you, Miss Switzer. That is all, Mr. Chairman.

Mr. FLOOD. Thank you, Miss Switzer.

TUESDAY, APRIL 22, 1969.

GRANTS TO STATES FOR MEDICAL ASSISTANCE

WITNESSES

DR. FRANCIS L. LAND, COMMISSIONER, MEDICAL SERVICES ADMINISTRATION
MISS MARY E. SWITZER, ADMINISTRATOR, SOCIAL AND REHABILITATION SERVICE
HARRY PARMELEE, SUPERVISORY PUBLIC HEALTH ANALYST, MEDICAL SERVICES ADMINISTRATION
RANDOLPH W. LEE, DIRECTOR, BUDGET DIVISION, SOCIAL AND REHABILITATION SERVICE
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

GRANTS TO STATES FOR MEDICAL ASSISTANCE

PROGRAM AND FINANCING (In thousands of dollars)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Payments for medically indigent receiving maintenance payments:			
(a) Old-age assistance	300,928	396,700	470,700
(b) Aid to the blind	12,318	16,700	17,600
(c) Aid to the permanently and totally disabled	190,055	277,600	319,900
(d) Aid to families with dependent children	346,676	485,300	593,800
Subtotal	849,977	1,176,300	1,402,000
2. Payments for medically indigent not receiving maintenance payments:			
(a) Aged	566,647	485,700	895,600
(b) Blind	3,520	3,900	5,625
(c) Permanently and totally disabled	98,547	115,100	219,700
(d) Families with dependent children	180,782	229,400	284,400
(e) Other—children under 21	60,300	22,800	132,700
Subtotal	909,796	856,900	1,538,025
3. State and local administration	76,918	98,100	130,000
Total, all activities	1,836,691	2,131,300	3,070,025
4. Collections and adjustments during year	—4,472	—13,000	—13,000
Total program costs, funded	1,832,219	2,118,300	3,057,025
Change in selected resources [1]	341,566	72,737	
Adjustment between State requirements and Federal grants to States for fiscal year	—28,881		
Total obligations (object class 41.0)	2,144,904	2,191,037	3,057,025
Financing:			
Comparative transfer from other accounts	—1,567,641		
Appropriation available from subsequent year	—577,263	—650,000	—650,000
Appropriation available in prior year		577,263	650,000
Budget authority (appropriation)		2,118,300	3,057,025
Relation of obligations to outlays:			
Obligations incurred, net	577,263	2,191,037	3,057,025
Obligated balance, start of year		576,981	650,000
Obligated balance, end of year	—576,981	—650,000	—792,025
Outlays	281	2,118,018	2,915,000

[1] Selected resources as of June 30 are as follows:

	1967	1968 adjustments	1968	1969	1970
Selected resources at end of year (amount obligated in one year for grants chargeable to appropriation for subsequent year)	240,000		577,263	650,000	650,000
Amount of 1968 appropriation used to complete 1967 requirements	—56,642				
Amount of 1969 appropriation used to complete 1968 requirements		—52,339			
Total selected resources	183,358	—52,339	577,263	650,000	650,000

Mr. FLOOD. Now we have the "Grants to States for medical assistance."

The presentation will be made by Dr. Francis LaVerne Land, the Commissioner of the Medical Services Administration. We will put your biographical sketch in the record.

BIOGRAPHICAL SKETCH OF FRANCIS LAVERNE LAND, M.D.

Position: Commissioner, Medical Services Administration, Social and Rehabilitation Service, DHEW.

Birthplace and date: Carrington, N. Dak., June 24, 1920.

Education: A.B., Ohio State University, 1946; M.D., University of Indiana, School of Medicine, 1950; postgraduate training, Cook County Graduate School of Medicine.

Experience: September 1967 to present—Commissioner, Medical Services Administration, Social and Rehabilitation Service, Department of Health, Education, and Welfare; January 1967 to August 1967—Chief, Division of Medical Services, Bureau of Family Services, Welfare Administration, Department of Health, Education, and Welfare; September 1966 to January 1967—Medical consultant to Commissioner, Welfare Administration, Department of Health, Education and Welfare; August 1950 to September 1966—General practice of medicine and surgery; 1957–66—Served as a consultant to Chronic Diseases Division, U.S. Public Health Service and as national consultant in general practice to the Surgeon General, U.S. Air Force; July 1950 to August 1952—U.S. Air Force, Medical Corps, instructor in the School of Aviation Medicine, Gunther Air Force Base, Montgomery, Ala.; July 1941 to February 1946—U.S. Air Force, executive officer and adjutant of several Air Force hospitals.

Association memberships: Member and past vice president, American Academy of General Practice; vice chairman, Ad Hoc Committee for Training and Family Practice and Member of board of directors of the National Matching Program for Interns, American Medical Association; Member, Physician's Hospitals Relations Committee, Indiana State Medical Association; member, American Medical Association and member, American Medical Association Council on Medical Education.

Mr. FLOOD. How do you wish to proceed, Doctor?

Dr. LAND. Mr. Chairman, I think most of the items in this statement have been covered and if I can submit it for the record it will save time.

Mr. FLOOD. Without objection, we will place the statement in the record and you proceed as you wish.

(The statement follows:)

STATEMENT BY COMMISSIONER OF THE MEDICAL SERVICES ADMINISTRATION, SOCIAL AND REHABILITATION SERVICE ON GRANTS TO STATES FOR MEDICAL ASSISTANCE

Mr. Chairman and members of the committee, our amended appropriation request for fiscal year 1970 is $2,677,969,000, an increase of $281,647,000 over the amount requested for 1969, including the supplemental request for that year. Because the 1969 appropriation request included $52,339,000 to complete 1968 requirements, the Federal share of State expenditures in fiscal year 1970 is expected to be $333,986,000 more than requirements for 1969.

This appropriation will provide funds for the Federal share of medical assistance programs established under title XIX of the Social Security Act, commonly known as medicaid, and under titles I, IV–A, X, XIV, and XVI of the Social Security Act. At present, 43 States are operating programs under title XIX. After January 1, 1970, Federal financial participation will not be available in vendor payments for medical care except under title XIX. About 98 percent of all medical vendor payments made under public assistance medical care programs during 1970 will be made under medicaid.

The medicaid program is designed to bring quality medical care to low income people. This objective is achieved by helping people move out of the "charity" patient classification and into the mainstream of American medical care. Provisions intended to enhance the quality of care available to low income people include.

1. Requiring States to insure recipients the right of free choice of physician, pharmacist, hospital, or nursing home;
2. Requiring States to adopt reimbursement policies which will insure adequate provider participation to furnish necessary care, at the same time not providing incentives for abuse or overutilization;
3. Requiring States to furnish care subject to the same quality standards as are applicable to care furnished to private patients.

Under title XIX of the Social Security Act, States must provide medical assistance to all persons receiving a maintenance payment and to all persons not receiving a maintenance payment but, if they applied would be eligible to receive a payment under Federal regulations. In addition, States may also provide for medical assistance with Federal financial participation for certain other persons. These are persons having enough income to meet their maintenance requirements but not enough to pay their medical bills. The 1967 amendments to the Social Security Act placed a limitation on the income such families could receive and still benefit from medical vendor payments subject to Federal financial participation. For most States this limit was 133⅓ percent of the amount ordinarily paid to an AFDC family with no income. This limitation is estimated to save $100 million in the 1969 fiscal year and about $350 million during 1970.

EFFECT OF 1967 AMENDMENTS

Two of the 1967 amendments to the Social Security Act are expected to save about $350 million. One of these, already mentioned, places a limitation on the amount of income a family may have and still be eligible for medical assistance subject to Federal financial participation. A second amendment provided for Federal financial participation in vendor payments for care of recipients in intermediate care facilities. This type of care matched by maintenance payment funds should be less costly than skilled nursing home care and result in a net lower average cost per person.

Two other amendments will require additional funds. These amendments require States to provide early and periodic diagnostic screening of children under 21, and eligible under the State plan, to ascertain physical or mental defects and to provide such health care, treatment, and other measures to correct or ameliorate conditions discovered. The other provides for Federal financial participation in the medical vendor payments in behalf of spouses of eligible recipients of maintenance payments. These spouses are not elgible for assistance in their own right.

INCREASE IN NUMBER OF PEOPLE RECEIVING SERVICE

During fiscal year 1970 an estimated 10,200,000 different persons are expected to have a medical vendor payment made in their behalf compared to 9,500,000 in fiscal year 1969. The increase will be divided among the cash and noncash recipients with about 400,000 more cash recipients than in 1969 and 300,000 more noncash recipients.

RISE IN COST OF MEDICAL SERVICES

The rise in the unit costs of medical goods and services is expected to continue through 1970. This factor alone could account for an increase of about $165 million from 1969 were it not for program changes we are proposing. The continuing increase in unit cost of medical goods and services has a dual effect on program costs; first, a larger amount of money is required to purchase the same volume of goods and services, and secondly, the continuing increase has the effect of causing people who might have been able to get along without help to seek help with medical bills.

ANTICIPATED SAVINGS

The estimate of Federal fund requirements for fiscal year 1970 was obtained from State agencies in March 1969. These estimates are somewhat lower than estimates received from the States about 4 months earlier.

In order to further check the growth in expenditures for public medical assistance programs, some program changes are proposed in legislation and in this amended budget request. The reduction in Federal fund requirements attributable to these program changes is expected to total about $267 million. Nearly one-half of this amount, $126 million, is contingent upon congressional approval

of proposed legislation limiting Federal financial participation in medical vendor payment made in behalf of patients of institutions for the treatment of mental diseases to 120 days each fiscal year. Pending congressional action on this legislative proposal, the $126 million is included in this budget request.

Additional savings totaling $141 million can be effected by regulation requiring States to:

(1) limit Federal financial participation in payments to physicians and other practitioners—$60 million;

(2) improve nursing home utilization by careful review of patients and their need for care—about $54 million;

(3) remove the 2 percent factor permitted for computing the reasonable cost of hospital care—as is permitted under title XVIII—$25 million; and

(4) discontinue Federal financial participation in payments for elective orthodontia—about $2 million.

I should like to thank you for this opportunity to appear here today. I will be happy to answer any questions you may have.

EVALUATION OF STATE MEDICAID PROGRAMS

Dr. LAND. I would like to point out in addition to the request for auditors that one of the other problems we had was the evaluation of the program and not having enough people to do a proper evaluation. I think if we are able to get more people under the present proposed appropriation——

Mr. FLOOD. How long have you been in this job?

Dr. LAND. Since SRS was organized, 18 months. I have been there from the beginning. We have only eight people assigned to evaluate the State programs. This means that we can make an evaluation on a routine basis only once every 4 years. I think this is one of the reasons that you see many of the recent newspaper clippings of improper utilization.

Mr. FLOOD. I have some of them here.

STATE CONTROLS ON MEDICAID COSTS

Dr. LAND. We began last fall going into the States looking at their utilization programs and giving them consultation. We found some of them had absolutely no control over the program. They are beginning to improve.

Mr. FLOOD. What do you mean by that? Are you talking about medicaid?

Dr. LAND. Yes, sir. They would pay any bill that was submitted. There was not a control to see whether a patient had actually received a drug that they had paid for. In other words, it was just an open program.

Mr. FLOOD. What happened in New York? The costs have been very high in New York. Why?

Dr. LAND. In New York it is the number of recipients.

Mr. FLOOD. I mean the State and not just the city.

Dr. LAND. Yes, the State. Their utilization is not so bad. It is the number of people that are on the program that run their cost up.

Mr. FLOOD. I thought it was more than that.

Dr. LAND. I would say they have probably the highest fee structure of any State in the Union; yes, sir. Their payments for dental fees, their payments for physician fees, their payments for nursing homes and hospitals. They have many hospitals that are over $100 a day.

Mr. FLOOD. What about California?

Dr. LAND. Their fee structures are a lot less. For example, in payment of physician fees they pay around the 68 percentile of usual and customary.

Mr. FLOOD. Do you know anything about Pennsylvania?

Dr. LAND. Yes, sir. Their costs have been well controlled. Their physician payments are roughly 80 percent of usual and customary.

Mr. FLOOD. What about Alaska?

Dr. LAND. They do not have a program.

Mr. FLOOD. Hawaii?

Dr. LAND. Hawaii's program is under good administrative control, I would say. All States are tightening their controls. We are urging them to do this.

Mr. FLOOD. What about the Southern States?

Dr. LAND. We don't have a program in Alabama or Mississippi. Georgia is relatively new. Florida does not have a program. New Mexico is expected to withdraw from the program effective May 1, 1969.

Mr. FLOOD. Withdraw?

Dr. LAND. Yes, sir.

Mr. FLOOD. How do you do that?

Dr. LAND. They expect to run out of money and the legislature did not appropriate enough money for them to continue the program. There seems to be something in their State law which allows them not to continue the program unless the funds are available right now to pay for the program.

Mr. FLOOD. Do you have anything else? There is not much else for you to say in view of the detail we have covered earlier in these hearings.

Dr. LAND. As I say, I think everything has been covered.

EFFECT OF 1967 AMENDMENTS TO THE SOCIAL SECURITY ACT

Mr. FLOOD. We talked this over with the Secretary, and again with Miss Switzer a few minutes ago. The new administration has made some proposals to reduce the cost of the program and you mentioned that. How did the 1967 amendments affect the cost of this program?

Dr. LAND. Yes. Two of the 1967 amendments, one we expect to save about $350 million by the limitation on allowing a person to be defined as medically needy only if their income did not exceed 133⅓ percent.

Mr. FLOOD. Have you seen the very recent decision of the Supreme Court?

Dr. LAND. I have not seen it; no, sir. I saw the headline.

This was a saving of $350 million, we estimated, because some of those would have placed the limit on the medically needy at a much higher level had not the 1967 amendment been passed. The other savings for our program was the introduction of the intermediate-care facility which is more than a boarding home and less than skilled nursing home.

INTERMEDIATE-CARE FACILITIES

Mr. FLOOD. What are intermediate-care facilities?

Dr. LAND. It is in between.

Mr. FLOOD. What does that mean?

Dr. LAND. For example, they do not have to have registered nurses or LPN's on their staff.

Mr. FLOOD. What is an LPN?

Dr. LAND. Licensed practical nurse.

Intermediate-care facilities provide care for people, for example, who have been in a mental institution and who are nonviolent, who need to be in a protected environment where they are not going to wander away and walk out on the street and get run over by an automobile. Or they are people with minor ailments, for example, someone is controlled on an oral diabetic agent and may be missing a leg and have no place else to live. They could very well live in the intermediate-care facility. The 1967 amendment applies this only to welfare recipients.

Mr. FLOOD. Are these facilities privately owned?

Dr. LAND. In the main as they are developing they will be sections of skilled nursing homes, sections of State mental hospitals, sections of facilities already developed.

Mr. FLOOD. What significant legislation was passed by the States in the last year?

Dr. LAND. Many of the States have passed legislation to come into the program.

Mr. FLOOD. I know that.

Dr. LAND. Otherwise, I am not familiar with what they have done.

PAYMENT FOR MEDICAID SERVICES

Mr. FLOOD. How do you pay for medicaid services? Do the recipients receive any funds?

Dr. LAND. The recipient does not get any money. This is a vendor payment program.

Mr. FLOOD. What does that mean?

Dr. LAND. Where the State agency pays directly to the person who provided the service.

The people who provide the service submit their bills to the State agency and the State agency either pays the bills itself or hires a fiscal agent to pay them. Incidentally, you would be interested Pennsylvania is moving to prepayments.

Mr. FLOOD. What does that mean?

Dr. LAND. Where they will pay a premium.

Mr. FLOOD. An advance payment.

Dr. LAND. An advance payment. They will pay a premium for each recipient in each one of the categories.

Mr. FLOOD. What do you think about it?

Dr. LAND. I think this is an excellent way to conduct the program.

Mr. FLOOD. Yes; so do I.

Dr. LAND. Because it is based on a premium rate.

ALLEGED ABUSES OF MEDICAID

Mr. FLOOD. We have already discussed these shocking examples of fraud and conspiracy and what not. I have before me several newspaper articles that indicate unscrupulous action, outright fraud in many cases, and conspiracy—criminal conspiracy, I would say as a lawyer.

Have you ever talked to the Justice Department? Is that your job or whose job is that? Do you have in mind any legal action? Who is the hatchet man down there—you?

Dr. LAND. I guess I am.

Mr. FLOOD. What did you do about it?

HEW REGULATIONS

Dr. LAND. We have talked to the Justice Department, and we are preparing a regulation requiring States to place upon the billing document or payment form, the language that the Justice Department says they need in order to prosecute.

Mr. FLOOD. If there would be no objection from the attorneys in the executive branch, could this be placed in the record? Would you object?

Miss SWITZER. No; I would be glad to.

Mr. FLOOD. I would like that at this point before this record is printed. I would like to see the regulation when it is in final form.

(The information follows:)

At present, sections D–6800–6850 of the Handbook of Public Assistance Administration, Supplement D, prescribe the plan requirements and administrative criteria which each State must follow with respect to fraud in the administration of its medical assistance program under title XIX of the act.

In addition to these requirements, the Social and Rehabilitation Service intends to issue regulations binding on the States which will require that each claim form issued to providers of services for use in the payment process must bear a notice stating that any false statements or claims made on said claims forms may constitute fraud under Federal or State laws. The regulations will also require that any agreement concluded with providers of services must contain a clause to the same effect.

NEWSPAPER REPORTS ON MEDICAID AND MEDICARE ABUSES

Mr. FLOOD. There is a great deal of concern in the House about this thing. The publicity has been widespread. I hold in my hand an excerpt from the Washington Post of January 18, 1969, page 2. The headline is "Big Doctor Fees in Medicare Cited." This is by our old friend Eve Edstrom. She is a Washington Post staff writer. The title is "Big Doctor Fees in Medicare Cited." I won't read the details, but I will place it in the record.

(The article follows:)

[From the Washington Post, Jan. 18, 1969]

BIG DOCTOR FEES IN MEDICARE CITED

(By Eve Edstrom)

One Florida doctor received more than $250,000 in medicare payments during the first 18 months of the program to help the aged pay their medical bills.

Other general practitioners received medicare reimbursements ranging from $177,000 to $199,500.

The validity of these payments, made to Florida and New Jersey doctors between July 1, 1966, and December 31, 1967, is now under investigation.

This is revealed in a medicare report submitted to Congress yesterday by outgoing Health, Education, and Welfare Secretary Wilbur J. Cohen.

His 74-page narrative focuses sharply on unprecedented rate of increase in medical care prices since medicare began. His recommendations include special methods of surveillance over billings by doctors whose charges appear significantly higher than normal.

Just how high these charges can be is found in appendix D, exhibit 6 of the 51 pages of appendices to Cohen's report.

A special study, limited to payments made in only a few States, showed that 47 doctors received annual medicare payments of $50,000 or more.

Of the 47 doctors, 18 had their payments handled by Blue Shield of Florida. One of the 18 received $191,000 annually or $286,500 for the 18-month period covered by the study. Two other Florida doctors received $198,000 and $180,000 during the period.

Thirteen of the 47 payments have been investigated and determined "proper." Among the 13 is a payment of $196,500 to a Georgia surgeon. The other 34 cases are still being investigated, including the 18 Florida doctors and two New Jersey practitioners who received $199,500 and $177,000.

On other medicare matters, cost estimates of several changes that Cohen is recommending to Congress were made public for the first time yesterday.

The first full-year cost of extending medicare to the disabled was estimated at $2 billion. Coverage of certain drugs under medicare would cost another $600 million.

These recommendations plus others, such as combining medical and hospital benefits under one medicare plan, would mean that employers and employees might have to pay an additional combined payroll tax rate of 1.6 percent on the present $7,800 earnings base.

However, the cost could be shifted to general revenue financing or the tax rate could be held down by increasing the taxable earnings base.

Mr. FLOOD. I also hold in my hand the Albuquerque Tribune, January 17, 1969, an excerpt from that paper on that date, "Welfare Fees to New Mexico Doctors, Dentists as High as $90,000."

I see here and I read:

An Albuquerque dentist was paid $96,378 and another was paid $94,790 in 1968 for treating welfare patients, it was disclosed today.

Then they go on and list a number of doctors and so on, plus this and I quote:

Ambulance and taxi firms were paid varying amounts for hauling welfare patients. The Checker Yellow Cab Co. of Albuquerque was listed as hauling 4,876 welfare patients in 1968 for which it collected payments of $31,061.

You know about this. I will insert that in the record.

(The articles follow:)

[From the Albuquerque Tribune, Jan. 17, 1969]

WELFARE FEES TO NEW MEXICO DOCTORS, DENTISTS AS HIGH AS $90,000

(By Jim Boyer)

Santa Fe.—An Albuquerque dentist was paid $96,378 and another was paid $94,790 in 1968 for treating welfare patients, it was disclosed today.

The figures were released by John Jasper, State director of the health and welfare department.

According to the list, Dr. Jose A. Garcia, 110 Edith SE., was paid $96,378, and Dr. Robert C. Greiner, 1010 Bridge SW., was paid $94,790.

Those were the top payments among dentists, physicians, and osteopaths.

Top payment to an osteopath went to Dr. B. Morgan Wolleson, 1010 Bridge SW., of $66,209, according to the list.

Dr. Irby B. Ballenger, 726 First National Bank Building, Albuquerque, was the top medical doctor on the list. He received $57,607 in payments for treating welfare patients last year, Jasper's list showed.

Another osteopath, Dr. J. W. Price, was listed at the same Bridge SW. address as osteopath, Dr. Wolleson and dentist, Dr. Greiner. Welfare payments to Dr. Price amounted to $49,568. Also at the same address was listed another dentist, Dr. James F. Gleason, with fees of $17,735.

About $500,000 in professional medical fees were paid to clinics and medical centers that in turn paid the doctors.

Among these listed by Jasper were $272,945 to Lovelace Clinic in 1968, up from $151,758 in 1957, and $147,244 to Bernalillo County Medical Center, up from $26,962 in 1967.

Ambulance and taxi firms were paid varying amounts for hauling welfare patients. The Checker Yellow Cab Co. of Albuquerque was listed as hauling 4,876 welfare patients in 1963 for which it collected payments of $31,061.

Gold Cross Ambulance Service of Albuquerque was paid $19,500, top figure among ambulance services, the list showed.

The figures were detailed in a breakdown of $15,118,903 made in payments to physicians, osteopaths, dentists, chiropractors, nursing homes, hospitals, and doctors groups as released by Jasper.

This was a hefty increase over the same figures for 1967, which totaled $9,221,000.

These are paid from the title 19 funds, which are two-thirds Federal and one-third State. They include medicaid funds.

Among the dentists, Dr. Jerome H. Noskin, 200 Oak, NE., who resigned recently from the state welfare board so that he could continue treating welfare patients, was paid $38,528 in 1968 for treating such patients, according to the list.

Dr. Noskin figured in a controversy last year when it was disclosed he had been paid over $20,000 for treating welfare patients while serving on the welfare board during 1967.

This year, on the list were payments of $17,489 to Dr. Martin D. Goodwin, of Clovis, a medical doctor. Dr. Goodwin is chairman of the state welfare board.

Among other hefty amounts reported in Jasper's list among state dentists were:

Dr. James N. Bayless, Los Alamos, $54,108; Dr. Alfonso F. Sandoval, 5721 Fourth NW., $49,303; Dr. Abe A. Gonzales, 809 Tijeras NW., $42,744; Dr. Eligio Contreras, 5509 Central NW., $41,660.

Dr. Alfred L. Lopez, 9 Medical Arts Square NE., $34,511; Dr. Paul Franco, 809 Tijeras NW., $32,053.

Dr. Robert J. Henry, Las Vegas, $33,263, and Dr. Michael G. Redman, Fairview, $30,231.

Dr. John Bates, Santa Fe, $17,090; Dr. William J. Cote, Belen, $15,439; Dr. Robert Cunningham, 500 Central SE., $15,231; Dr. C. M. Eiffert, Roswell, $29,644; Dr. Joseph Francis, Santa Fe, $27,482; Dr. E. L. Garcia, Taos, $20,525.

Dr. Billie J. Harris, Carlsbad, $21,402; Dr. Dale Harris, Carlsbad, $14,637; Dr. Dwane F. Johnson, 1528 Five Points Road SW., $31,183; Dr. Max M. Sanchez, 1501 Central NW., $15,923; Dr. George A. Segura, Santa Fe, $20,330; Dr. Robert T. Smith, Roswell, $23,072; Dr. Joseph H. Tubb, Espanola, $31,989; and Dr. M. N. Waters, Clovis, $15,866.

Those were the dentists listed whose welfare payments totaled more than $15,000.

Among the top payments to osteopathic physicians were listed the following:

Dr. Sanford H. Kinne, 1517 Fourth St., NW., $52,509; Dr. Lynn Hooker, 1632 Rio Bravo SW., $51,539; Dr. G. H. Roberts, 1586 Bridge SW., $49,030.

Dr. Laszo G. Zold, Las Vegas, $19,350; Dr. Louis Zucal, Santa Fe, $16,058; Dr. R. R. Ansey, Las Vegas, $44,639; Dr. L. D. Barbour, $25,252, and Dr. L. J. Barbour, $39,031, both of Roswell; Dr. Jennie M. Bigsby, 4614 Central SW., $39,429; Dr. G. E. Darrow, 1317 Tijeras NW., $20,581; Dr. B. J. Davis, 1138 University NE., $27,160; Dr. T. M. Willoughby, 1128 University NE., $23,279;

Dr. J. F. Dawson, 3911 Fourth NW., $40,394; Dr. J. A. Dominguez, Taos, $22,404; Dr. K. J. Eberhard, 4401 Fourth NW., $43,768; Dr. F. J. Fellman, 4401 Fourth NW., $21,113; Dr. James E. Franklin, 2511 Rio Grande NW., $19,690;

Dr. M. M. Hitchcock, Roswell, $18,748; Dr. S. M. Howard, 1801 Lomas NW., $35,678; Dr. E. E. Johnson, Espanola, $16,347; Dr. Lawrence Leyba, 5509 Central NW., $24,861; Dr. A. W. Llewelyn, Belen, $23,946; Dr. Peter J. Marquez, 624 Lomas NW., $23,703;

Dr. W. O. Reynolds, 3737 Eubank NE., $17,368; Dr. Robert Steider, 1128 University NE., $15,289, and Dr. F. E. Toland, Portales, $15,972.

Among top payments to medical doctors were listed the following: Dr. Leonard Akes, Fairview, $45,082; Dr. John D. Gundzik, Santa Fe, $31,309; Dr. Robert E. Cutler, Espanola, $29,904; and Dr. John A. Gjive, Embudo, $24,695.

A "Dr. Sol Brown" of Albuquerque was listed twice. The list reported Dr. Sol Brown at 412 Cromwell SE., received $19,195, and Dr. Sol Brown at 3906 Fourth NW., got $7,465.

Other medical doctors on the list reported as receiving $15,000 or more during 1968 in welfare fees:

Dr. R. P. Beaudette, Raton, $15,706; Dr. D. L. Bell, Hobbs, $15,507; Dr. C. M. Bovard, 17 Encino Medical Plaza NE., $22,800; Dr. Thomas Brandes, Santa Fe, $20,408; Dr. John B. Blough, Las Vegas, $15,949; Dr. Robert R. Castillo, Encino Medical Plaza NE., $15,656; Dr. William O. Edwards, 4200 Silver SE., $15,394; Dr. A. T. Gordon, Tucumcari, $21,606; Dr. James J. Lehman, 7000 Cutler NE., $20,871; Dr. Paul Machel, Santa Fe, $15,442; Dr. John A. Most, Carlsbad, $15,296; Dr. G. S. Rubin, 7000 Cutler NE., $27,952; Dr. Orhan Mehmet Sansoy, Las Vegas, $23,090; Dr. L. Seidenberg, 1420 Carlisle NE., $20,102; and Dr. Samuel Ziegler, Espanola, $24,899.

Mr. FLOOD. I hold in my hand from the Washington Daily News February 24, 1969, page 12, the headline, "$85 million Medicaid Probe Looms."

I see here, and I quote: "A team of four Columbus osteopaths headed by Dr. A. O. Allenius received $136,000 for treating 1,266 patients."

Again I quote: "The largest payment to an individual physician went to Dr. Freidrich E. Urschler of Columbus who received $40,524.20 for treating 373 patients, a $108.73 average."

And this quotation: "Nine other dentists got more than $40,000 each in amounts ranging down from $81,711."

We will insert this.

(The article follows:)

[From the Washington Daily News, Feb. 24, 1969]

OHIOANS DEMAND ACTION—$85 MILLION MEDICAID PROBE LOOMS

(By Haskell Short)

COLUMBUS, OHIO, February 24.—Payments of large sums for treating welfare patients, including $101,075 to a Columbus dentist, have aroused demands for a State legislative investigation of Ohio's $85 million-a-year medicaid program.

"Information revealed by the Scripps-Howard Newspapers in Ohio demands the immediate attention of the Ohio legislature to see what can be done to clean up this horrible situation," said State Representative Gordon M. Scherer.

State Welfare Department records showed:

Dr. Ronald F. Riviere, whose offices border a poor Columbus area, was paid $101,075 in 1968 for treating 581 welfare patients. The dentist, who built up his huge practice in less than 2 years, says welfare patients amount to about half his practice.

A team of four Columbus osteopaths headed by Dr. A. O. Allenius received $136,000 for treating 1,266 patients.

Gray Drug Stores, operating statewide, received $315,588.20, filling 80,499 precriptions for 10,024 persons.

The largest payment to an individual physician went to Dr. Freidrich E. Urschler of Columbus who received $40,524.20 for treating 373 patients, a $108.73 average.

Nine other dentists got more than $40,000 each in amounts ranging down from $81,711.

The State continued paying a Columbus nursing home $8.25 a day for a patient for 13 months after the woman died. Two other Columbus homes received payments for patients who had not been in the home for a year.

Doctors in teaching hospitals, including Ohio State University's medical college, are now charging medicaid for work they formerly did for charity and

say they are using the money for a "kitty" to finance research, travel to professional meetings, buy equipment the State doesn't furnish and supplement salaries of interns.

Ohio welfare director Denver L. White made the information available upon request of a reporter for the Ohio bureau of the Scripps-Howard Newspapers.

IRS COPY

The file Mr. White released was a copy of the figures sent to the Internal Revenue Service for cross-checking againt income tax returns filed by doctors, dentists, hospitals, nursing homes, ambulance service, drug firms, and various other health care personnel and health supply firms.

The medicaid program is financed by the Federal and State Governments and is run by the States, which were allowed considerable latitude in defining "medical indigents" who would qualify for the assistance.

Ohio decided when it began moving into the program in late 1966 to limit the program to those on various welfare rolls—aid to dependent children, old age pensfoners, general relief, and the blind and disabled.

Following is a breakdown of the major areas of spending in the Ohio program last year:

Seven hundred and ninty eight homes—$28 million.

Five hundred and fifty one hospitals—$16 million.

Two thousand five hundred and thirteen dentists—$4 million.

Nine thousand six hundred and six medical doctors and osteopaths—$5.3 million.

Two thousand and twenty seven drug firms—$13 million.

Additional money was paid to persons in limited practice fields of treatment, to ambulance firms, for vision services, and for hearing aids, braces, supports, and health needs.

STANDARD FEE

Dentists, nursing homes, and hospitals are paid a standard fee and their bills are processed routinely for later checking by a computer. Most of the nursing homes receive $8.25 per patient per day.

Physicians, however, bill the State what they call the "usual, customary and reasonable" fee which they would charge a private patient, and the State pays 60 percent of the face amount of the bill.

The 60 percent procedure was adopted under welfare programs before the medicaid millions came along and the State and medical associations decided to continue the procedure to see how it works.

"Medicaid patients are taking more and more of doctors' time and the doctors should be paid for their work," say Hart Page, executive secretary of the Ohio State Medical Association.

Mr. Page said the doctors are taking their demands for full payment directly to the legislature since they were unable to convince Republican Gov. James A. Rhodes to up their pay schedule in his recommended appropriations bill.

REQUESTS RESISTED

The State so far has resisted Federal suggestions it do more detective work in checking medicaid expenditures. The Ohio Welfare Department insists that with computers to check bills "such an effort would cost more than it would be worth."

Bills from physicians under $350 are paid routinely while those over $350 are checked by Dr. Thomas C. Pomeroy. He left the Ohio State University College of Medicine faculty to work for the welfare department.

"We have seen fit to challenge the bills of only about 30 doctors since I began work 8 months ago," Dr. Pomeroy said.

"Most of these were adjusted downward," he said, although "two or three doctors wrote their charges off to charity instead of arguing and risking possible investigation."

So far the State has referred only one bill to a professional association for investigation as unreasonable.

The dispute concerned a Warren, Ohio, osteopath who insisted the medical examinations he gave a family of four, including a preschool child, were a part of his usual practice and that such examinations were necessary. The osteopath

charged $168 for each of two examinations and $172 each for the other two members of the family.

"We believe the computer is the best detective in calling attention to any pattern of unusual or excessive charges," Dr. Pomeroy said.

COMPUTER CHECKS UP

"The computer will show if a doctor is turning in bills for a unreasonable number of office calls, if his office call charges fluctuate unduly, and will show if a patient is making too many calls or obtaining too many prescriptions," he said.

The computer recently caught a Toledo-druggist selling too many narcotics and he was indicted by a Federal grand jury. A Warren, Ohio, druggist was caught billing for prescriptions the doctor didn't order. A Portsmouth mother-and-daughter team was caught obtaining weight reducing pills on prescriptions from five doctors that were filled at five different drug stores.

State Representatives Scherer and Thomas A. Pottenger expect the Ohio House of Representatives to approve their resolution for a special committee to investigate the welfare medical program.

"We want to look at the procedure by which welfare patients are referred to medical practitioners and to find out why some practioners receive so many referrals," the two legislators said in a statement.

They also want to know if the fees are excessive, if the treatment is proper, why some drug stores handle a large number of prescriptions and if there is any personal or business relationship between caseworkers and others who refer welfare patients to medical practioners and the practitioners themselves.

Ohioans on welfare are given an identification card which Dr. Pomeroy said entitled them to select the doctor or dentist of their choice whenever they need medical care.

"We really don't have much control over this program since the welfare recipients have a card entitling them to see the doctor or dentist of their choice whenever they believe medical service is necessary," said Raymond P. McKenna, chief of the welfare department's research and statistical division.

Dr. Riviere, who got $101,075, said he put his dentist offices near a poor section so he could be of better service to persons in need.

The records showed Dr. Riviere saw 581 patients an average of about six times each.

Dr. A. O. Allenius, whose team of osteopaths led the list of payments to a medical group at $136,000, said he felt publication of the figures was a valuable public service.

"At first it might appear to be hitting us a bit roughly but the fact is we are treating poor people who are badly in need of treatment," he said. "More stories call attention to their needs."

Mr. FLOOD. I hold in my hand from the Washington Star of April 10, 1969, the headline, "13 Indicted in Probe of Medicaid Plan."

The dateline is Baltimore. I quote this: "A Baltimore city grand jury has indicted 10 doctors, two pharmacists and an accountant on fraud conspiracy charges growing out of alleged abuses in Maryland's medicaid program."

I will insert that.

(The articles follow:)

[From the Evening Star, Apr. 10, 1969]

13 INDICTED IN PROBE OF MEDICAID PLAN

(By Martha Angle)

BALTIMORE.—A Baltimore City grand jury has indicted 10 doctors, two pharmacists and an accountant on fraud conspiracy charges growing out of alleged abuses in Maryland's medicaid program.

The indictments, returned late yesterday, marked the culmination of a 16-month investigation by Maryland Attorney General Francis B. Burch and Baltimore State's Attorney Charles E. Moyland, Jr.

All 13 persons charged are from Baltimore. The two pharmacists and the accountant also were indicted on charges of obtaining $68,063 in medicaid payments from the State by false pretenses.

In addition, those three men each face 10 indictments on charges of forging, or causing to be forged, various prescriptions and invoices that pharmacists must submit to the State to obtain medicaid payments.

FISCAL HEADACHE

The medicaid program, which utilizes State and Federal funds to provide medical care to the poor, has become a major fiscal headache to Maryland. Some $68 million was appropriated for the program in the fiscal 1969–70 budget.

The Stte's program was attacked as "fragmented" and "provider-oriented" during hearings in Washington last December called by the Secretary of Health Education and Welfare.

And last month, the State health department released a report showing that 28 doctors received one-fifth of the roughly $4 million paid to 2,470 Maryland doctors for treating the indigent in the last fiscal year.

Dr. Hollis Seunarine, who topped the State health department list with $49,610 received for treating a reported 1,830 patients, was among those indicated yesterday by the Baltimore grand jury.

None of the other leading recipients of medicaid payments was among the doctors indicted.

But the two pharmacists and accountant indicated were affiliated with the Sav-on Pharmacy of Baltimore, which received $245,497—second highest payment in the State to a pharmacy.

The grand jury indictments allege that the doctors, pharmacists and accountant engaged in a conspiracy between October 3, 1966, and November 1, 1968 "to fraudulently and deceitfully obtain and acquire unto themselves certain moneys and funds, the property of the State of Maryland, by means of false pretenses * * *

Moylan said the charges related to bills submitted to the state for "presciptions that were not actually filled and services which were not actually rendered."

He declined to provide further details.

Last month, Attorney General Burch opened a second investigation into allegations of a similar nature against a relatively small number of doctors and pharmacists. He said information gathered would be presented to Gov. Marvin Mandel for a decision on whether to seek grand jury action.

Mandel today said only "one or two other cases" are now under investigation by the attorney general.

"The amount of fraud that has developed is minute compared with the size of the program itself," the Governor said.

Nonetheless, Mandel added, all facets of the Maryland medicaid program are "being very carefully watched."

The probe that led to yesterday's indictments was begun by Burch in January 1968, at the request of former Gov. Spiro T. Agnew, who had received complaints about alleged abuses within the Maryland medicaid program.

Burch turned over a 250-page report to Moylan last December, and the Baltimore prosecutor continued the investigation and presented evidence to the grand jury.

Indicted yesteday on conspiracy charges were.

Drs. Hollis Seunarine, Guy M. Bragg, Simon H. Carter, Jr., Shirley R. Clinton, Evan A. Gilkes, Edward Eugene Holt, Joshua R. Mitchell, III, Samuel R. Owings, Jr., James A. Priest and Lawrence Zollicoffer.

Also, pharmacists James W. Poindexter and Donald Rice, and accountant Walter Y. Goodwich.

Poindexter, Rice and Goodwich also face the false pretenses and forgery charges.

Moylan said the 10 doctors would be released on their own recognizance. Bond was set at $2,500 each for Poindexter and Goodwich, and at $1,000 for Rice.

Mr. FLOOD. Will you comment, not on those specific items, but on the problem generally?

Dr. LAND. Yes, sir. I certainly deplore this and I am sure that the majority of physicians in this country are quite unhappy about the

fraud that has developed. One of the questions that it poses is, has this type of the fraud been going on in other programs, and really if physicians and dentists will engage in this, how do they treat their private practice? What kind of people would do this? Are they cheating their own patients? For example, is the dentist using silver in you as a private patient and charging you for gold? Will they go this far if they go this far in a fraudulent activity? You would certainly question their morals and I would question their privilege to practice dentistry and medicine. Unfortunately, the laws in the States are not as rigid as they need be.

PUNITIVE ACTION AGAINST PHYSICIANS

Mr. FLOOD. We disbar lawyers. What do you do with doctors and dentists, do you lift their licenses at the State level?

Dr. LAND. Yes, this is a prerogative of State licensing authorities.

Mr. FLOOD How do you proceed?

Dr. LAND. This is now going on in California with 27 physicians who were judged guilty of fraud under the medicare program. They placed charges against physicians and then if the criminal charges are upheld, this automatically removes their license. In some States, State licensing boards have to have a hearing to take a license away. In others if they are convicted of fraud and this type of thing it is automatically removed.

ADEQUACY OF PROCEDURES TO PREVENT FRAUD

Mr. FLOOD. Do you invite this kind of thing by your procedure, your laxity, lack of auditors? Do you invite these people to commit these things?

Dr. LAND. I think if a State does not have a good utilization review program, if they do not have a good medical evaluation program, if they do not have adequate claims review procedures, they are inviting this thing.

Mr. FLOOD. What can Miss Switzer and I do about this?

Dr. LAND. We need auditors. I should put it this way: We are advising several States by letter that we consider their utilization review process to be not much use, or practically worthless, and that Miss Switzer is giving them a time element to report to us when they have achieved this developmental utilization review procedure. Then we will go back and look at them again to be sure they are actually doing this.

Mr. FLOOD. We will put that letter in the record.

(The letter referred to follows:)

APRIL 25, 1969.

LETTER TO 19 STATE AGENCIES RE UTILIZATION REVIEW PROCEDURES

We have reviewed your agency's response to our telegram of November 14, 1968, which asked for information on each State's procedures to safeguard against excessive utilization of services under title XIX.

From the information received, it is apparent that your State has not adequately implemented that section of the law which requires States to establish methods and procedures designed to safeguard against unnecessary

utilization of health care and services. Federal requirements for utilization review were published as interim policy in the Federal Register.

Accordingly, we are asking you to submit to the Commissioner, Medical Services Administration, what your State is doing or intends to do to safeguard against unnecessary utilization of each item of care and service offered under your State's medicaid program. Your description of utilization review activity should be in some detail for each care and service included in your State plan. Realistic target dates for implementing new procedures or systems are to be included as well as any plans to engage outside consultants or to delegate the review function to a fiscal agent.

Sincerely,

_____ _____,

Administrator.

Miss SWITZER. This is one of the areas where we need more and better staff to be able to go out and work with some of the States in this because they have had little experience in dealing with this large scale vendor system.

Mr. FLOOD. The public doesn't know a thing about what you are talking about.

Miss SWITZER. I know. We just need to have very practical surveillance, really, oversight.

Mr. FLOOD. At the State level.

Miss SWITZER. At the State level. They have to be helped with it because most States haven't had the experience on a large scale in dealing with this kind of business.

DISCUSSIONS WITH DEPARTMENT OF JUSTICE

Mr. FLOOD. You talked to the Justice people. What did you talk about?

Dr. LAND. What mechanisms we could use to work together and how we could help them to proceed in these cases where there is obvious fraud. They have made some suggestions to us about what we place on either the payment check, or on what the vendor submits to them so the vendor will be knowledgeable in the fact that Federal funds are——

Mr. FLOOD. What is the vendor?

Dr. LAND. That is the provider of service. A physician, pharmacist, a hospital.

The Justice Department thinks it would benefit them if we advised every provider of service that there are Federal funds involved and they are subject to Federal prosecution.

COST OF PROVIDING COMPREHENSIVE MEDICAL SERVICES

Mrs. REID. You point out in your justifications that by 1975 comprehensive medical services are to be made available to substantially all of the medical needy. Do you have any suggestions on the possible cost when this goal is reached in 1965—1975, or has such a study been made?

Dr. LAND. We have not made such a study.

Mrs. REID. Do you plan to make such a study?

Dr. LAND. Yes. We need also to define what is a completely comprehensive program. This we haven't had time to accomplish as yet.

Mrs. REID. When would this be available, would you think?

Dr. LAND. I would suspect it is at least a couple of years off.

Mrs. REID. For any projections?

Dr. LAND. Yes. We will have to have them within that period of time because there appears to be—in fact, ACIR, the Advisory Commission on Intergovernment Relations, suggested 1975 be changed to 1980. There are several States I know that have sent letters to Mr. Mills asking him to change the date from 1975 to 1980 because of the adjustments that are going on in the program now.

Miss SWITZER. I think also, Mrs. Reid, we really will have to have some kind of an estimate regardless of whether or not it may have flaws in it because in the customary development of 5-year plans which the Bureau of the Budget requires, we have to reflect what the increased costs of this program will be for the next 5 years.

So I think, whether Dr. Land knows it or not, or whether he has staff enough who know it, we are going to have to come up with something.

REVIEW OF NURSING HOME UTILIZATION

Mrs. REID. Then I note on page 5 that you anticipate a saving of $54 million by review of nursing home utilization. Does this mean many nursing home patients will be required to seek care elsewhere?

Dr. LAND. We would imagine that it would, to seek care elsewhere at a lower rate.

When the hearings were being held on the 1967 amendments in the Senate Finance committee, the estimates for the number of people who were in skilled nursing homes who really didn't need to be there varied all the way from 25 percent up to 60 percent and we drew roughly an average of probably somewhere between 45 and 50 percent of people in skilled nursing homes that we were paying for, according to the testimony presented, who really didn't need to be there. So if these people are shifted to intermediate care or they are shifted to their homes or to foster care, and using home health service, there certainly should be a savings.

In the 1967 amendments also we were given authority to establish the medical review team which is composed of physicians, a social worker and nurse—our State review teams. Their primary purpose is to look at the people in skilled nursing homes every 6 months and see if they really belong there.

Mrs. REID. I think that is all, Mr. Chairman. Thank you.

Mr. FLOOD. Thank you.

JUSTIFICATION MATERIAL

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE

Grants to States for Medical Assistance

Amounts Available for Obligation

	1969	1970
Appropriation	$2,118,300,000	$3,057,025,000
Proposed supplemental	278,022,000	---
Total	2,396,322,000	---
Available from subsequent year appropriation	650,000,000	650,000,000
Available in prior year	-577,263,000	-650,000,000
Total obligations	2,469,059,000	3,057,025,000
Financing:		
Available from subsequent year appropriation	-650,000,000	-650,000,000
Available in prior year	577,263,000	650,000,000
Budget authority	2,396,322,000	3,057,025,000

Grants to States for Medical Assistance, Obligations by Activity and by Object, 1969 and 1970

Page reference	Activity	Fiscal Year 1969			Fiscal Year 1970	Increase or Decrease	
		Appropriation	Proposed Supplemental	Total Estimate	Total Estimate	Appropriation for 1969	Total Estimate for 1969
--	1. Payments for medically indigent receiving maintenance payments:						
	(a) Old-age assistance	$ 396,700,000	$ 13,900,000	$ 410,600,000	$ 470,700,000	+$ 74,000,000	+$ 60,100,000
	(b) Aid to the blind	16,700,000	200,000	16,900,000	17,600,000	+900,000	+700,000
	(c) Aid to the permanently and totally disabled	277,600,000	1,600,000	279,200,000	319,900,000	+42,300,000	+40,700,000
	(d) Aid to families with dependent children	485,300,000	3,100,000	488,400,000	593,800,000	+108,500,000	+105,400,000
	Total	1,176,300,000	18,800,000	1,195,100,000	1,402,000,000	+225,700,000	+206,900,000
--	2. Payments for medically indigent not receiving maintenance payments:						
	(a) Aged	485,700,000	153,083,000	638,783,000	895,600,000	+409,900,000	+256,817,000
	(b) Blind	3,900,000	700,000	4,600,000	5,625,000	+1,725,000	+1,025,000
	(c) Permanently and totally disabled	115,100,000	13,600,000	128,700,000	219,700,000	+104,600,000	+91,000,000
	(d) Families with dependent children	229,400,000	1,100,000	230,500,000	284,400,000	+55,000,000	+53,900,000
	(e) Other--children under 21 1/	22,800,000	38,400,000	61,200,000	132,700,000	+109,900,000	+71,500,000
	Total	856,900,000	206,883,000	1,063,783,000	1,538,025,000	+681,125,000	+474,242,000
	Total payments	2,033,200,000	225,683,000	2,258,883,000	2,940,025,000	+906,825,000	+681,142,000
--	3. State and local administration 2/	98,100,000	---	98,100,000	130,000,000	+31,900,000	+31,900,000
	Total for all activities	2,131,300,000	225,683,000	2,356,983,000	3,070,025,000	+938,725,000	+713,042,000

See footnotes at end of table.

Grants to States for Medical Assistance, Obligations by Activity and by Object, 1969 and 1970 (continued)

Page reference	Activity	Fiscal year 1969			Fiscal year 1970		
		Appropriation	Proposed supplemental	Total estimate	Total estimate	Increase or decrease: Appropriation for 1969	Increase or decrease: Total estimate for 1969
	Collections and adjustments during year.....	-13,000,000	---	-13,000,000	-13,000,000	---	---
	Amount of 1969 appropriation used to complete 1968 requirements.....	---	+52,339,000	+52,339,000	---	---	-52,339,000
	Total obligations against appropriation (Object Class 41)	2,118,300,000	278,022,000	2,396,322,000	3,057,025,000	938,725,000	660,703,000

1/ Children not deprived of parental support or care as defined under title IV (Part A) of the Social Security Act.

2/ Excludes costs of determining initial and continuing eligibility and providing other social services to persons receiving medical assistance who also are eligible to receive maintenance payments.

Summary of Changes

1969 appropriation	$2,118,300,000
Proposed supplemental	278,022,000
Total	2,396,322,000
Add:	
Collections and adjustments	+13,000,000
Deduct:	
Amount of 1969 appropriation used to complete 1968 requirements	-52,339,000
Total requirements for 1969	2,356,983,000
1970 appropriation request	3,057,025,000
Add: Collections and adjustments for prior years to be expended by States	+13,000,000
Total requirements for 1970	3,070,025,000
Net change in requirements	+713,042,000

Increases

Program	1969 Base	Change from base
1. Payments for medically indigent receiving maintenance payments:		
(a) Old-age assistance	$ 410,600,000	+$60,100,000
(b) Aid to the blind	16,900,000	+700,000
(c) Aid to the permanently and totally disabled.	279,200,000	+40,700,000
(d) Aid to families with dependent children	488,400,000	+105,400,000
Sub- Total	1,195,100,000	+206,900,000
2. Payments for medically indigent not receiving maintenance payments:		
(a) Aged	638,783,000	+256,817,000
(b) Blind	4,600,000	+1,025,000
(c) Permanently and totally disabled	128,700,000	+91,000,000
(d) Families with dependent children	230,500,000	+53,900,000
(e) Other--children under 21 1/	61,200,000	+71,500,000
Sub-Total	1,063,783,000	+474,242,000
All vendor payments	2,258,883,000	+681,142,000
3. State and local administration 2/	98,100,000	+31,900,000
Total	2,356,983,000	+713,042,000

1/ Children not deprived of parental support or care as defined under title IV (Part A) of the Social Security Act.

2/ Excludes costs of determining initial and continuing eligibility and providing other social services to persons receiving medical assistance who also are eligible to receive maintenance payments.

Explanation of Changes

The appropriation request for 1970 is $3,057,025,000, an increase of $660,703,000 from the appropriation for 1969 including the proposed supplemental request. Because $52,339,000 of the 1969 amount was used to meet 1968 requirements, the increase in requirements for 1970 from 1969 is $713,042,000. Increases are anticipated for all budget activities.

Explanation of Increases

Increases in 1970 are primarily associated with increased numbers of recipients and increases in unit prices of medical goods and services. Medical vendor payments in behalf of money payment recipients are expected to increase by about 17 percent in 1970, while vendor payments in behalf of persons not authorized to receive a money payment will be about 38 percent higher. The average monthly number of recipients of money payments is expected to increase by about 10 percent to nearly 10,000,000 persons in 1970. The average monthly number of persons authorized to receive a money payment, and in whose behalf a medical vendor payment is made is expected to increase by about one-quarter. The average monthly number of recipients of medical vendor payments not authorized to receive a money payment will increase by approximately 28 percent in 1970 compared to 1969. About $168,000,000 more will be required in 1970 just to offset the increase in the price of the quantity of goods and services purchased in 1969. About $292,000,000 will be required to meet the costs of increased utilization and to meet a slightly higher average rate of Federal financial participation.

The remainder of the $660,703,000 increase (about $201,000,000) is due to the increased number of persons provided medical care and to an anticipated increase of $32,000,000 in the costs of administration.

Although the percentage increase in the average monthly number of recipients of medical vendor payments not authorized to receive a money payment was greater than the increase for money payment recipients, the distribution of medical vendor payments among recipient groups was not altered materially. Payments to recipients not receiving a money payment are expected to total $1,538,025,000 in 1970 or 52 percent of total vendor payment compared to 47 percent in 1969. Children and/or persons in families with dependent children are also expected to receive a slightly higher proportion of the total, but the difference is not significant.

Authorizing Legislation

Legislation	1970 Authorization
Social Security Act	
Section 1901--Medical Assistance Programs	Indefinite
Section 1--Old-Age Assistance and Medical Assistance for the Aged	Indefinite
Section 401--Aid to Families with Dependent Children	Indefinite
Section 1001--Aid to the Blind	Indefinite
Section 1401--Aid to the Permanently and Totally Disabled	Indefinite
Section 1601--Aid to the Aged, Blind, or Disabled, or for Such Aid and Medical Assistance for the Aged	Indefinite

SOCIAL SECURITY ACT

Title XIX--Grants to States for Medical Assistance Programs

Appropriation

Section 1901. For the purpose of enabling each State, as far as practicable under the conditions in such State, to furnish (1) medical assistance on behalf of families with dependent children and of aged, blind, or permanently and totally disabled individuals, whose income and resources are insufficient to meet the costs of necessary medical services, and (2) rehabilitation and other services to help such families and individuals attain or retain capability for independence or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.

Title I--Grants to States for Old-Age Assistance and Medical Assistance for the Aged

Appropriation

Section 1. For the purpose (a) of enabling each State, as far as practicable under the conditions in such State, to furnish financial assistance to aged needy individuals, (b) of enabling each State, as far as practicable under the conditions in such State, to furnish medical assistance on behalf of aged individuals who are not recipients of old-age assistance but whose income and resources are insufficient to meet the costs of necessary medical services ..., there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.

Title IV--Grants to States for Aid and Services to Needy Families with Children and for Child Welfare Services

Part A. Aid to Families with Dependent Children

Appropriation

Section 401. For the purpose of encouraging the care of dependent children in their own homes or in the homes of relatives by enabling each State to furnish financial assistance ..., as far as practicable under the conditions in such State, to needy dependent children and the parents or relatives with whom they are living ..., there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this part.

Title X--Grants to States for Aid to the Blind

Appropriation

Section 1001. For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals who are blind ..., there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.

Title XIV--Grants to States for Aid to the Permanently and Totally Disabled

Appropriation

Section 1401. For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals eighteen years of age and older who are permanently and totally disabled ..., there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.

Title XVI--Grants to States for Aid to the Aged, Blind, or Disabled, or for Such Aid and Medical Assistance for the Aged

Appropriation

Section 1601. For the purpose (a) of enabling each State, as far as practicable under the conditions in such State, to furnish financial assistance to needy individuals who are 65 years of age or over, are blind, or are 18 years of age or over and permanently and totally disabled, (b) of enabling each State, as far as practicable under the conditions in such State, to furnish medical assistance on behalf of individuals who are 65 years of age or over and who are not recipients of aid to the aged, blind, or disabled but whose income and resources are insufficient to meet the costs of necessary medical services ..., there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.

Note: States may elect to provide assistance to the needy aged, blind, and permanently and totally disabled under this title in lieu of titles I, X, and XIV.

Grants to States for Medical Assistance

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1966	$856,000,000	$830,000,000	$830,000,000	$830,000,000
1967	1,217,968,000	1,217,968,000	1,171,568,000	1,171,568,000
1968	1,862,442,000	1,807,642,000	1,807,642,000	1,807,642,000
1969	2,118,300,000	2,118,300,000	2,118,300,000	2,118,300,000
1969 Proposed supplemental	278,022,000			
1970	3,057,025,000			

Note: Prior to fiscal year 1969, estimates for the appropriation account reflected in this budget were part of the single appropriation for "Grants to States for Public Assistance." Details of the budget estimates are not available to reconstruct data on a basis comparable to the new appropriation account for fiscal years prior to 1966. The data shown include supplemental as well as regular estimates and appropriations. In fiscal years 1966, 1967 and 1968, the supplemental, as well as the regular request, is included in the first amount column.

Justification

Grants to States for Medical Assistance

Program	1969 estimate 1/	1970 estimate	Increase or decrease
1. Payments for medically indigent receiving maintenance payments:			
(a) Old-age assistance	$410,600,000	$470,700,000	+$60,100,000
(b) Aid to the blind	16,900,000	17,600,000	+700,000
(c) Aid to the permanently and totally disabled	279,200,000	319,900,000	+40,700,000
(d) Aid to families with dependent children	488,400,000	593,800,000	+105,400,000
Total	1,195,100,000	1,402,000,000	+206,900,000
2. Payments for medically indigent not receiving maintenance payments:			
(a) Aged	638,783,000	895,600,000	+256,817,000
(b) Blind	4,600,000	5,625,000	+1,025,000
(c) Permanently and totally disabled	128,700,000	219,700,000	+91,000,000
(d) Families with dependent children	230,500,000	284,400,000	+53,900,000
(e) Other--Children under 21 2/	61,200,000	132,700,000	+71,500,000
Total	1,063,783,000	1,538,025,000	+474,242,000
3. State and local administration 3/	98,100,000	130,000,000	+31,900,000
4. Total for all activities	2,356,983,000	3,070,025,000	+713,042,000
5. Collections and adjustments during year	-13,000,000	-13,000,000	----
6. Amount of 1969 appropriation used to complete 1968 requirements	+52,339,000	----	-52,339,000
7. Estimated appropriation requirements	2,396,322,000	3,057,025,000	+660,703,000

1/ Includes supplemental request of $278,022,000.
2/ Children not deprived of parental support or care as defined under title IV (Part A) of the Social Security Act.
3/ Excludes costs of determining initial and continuing eligibility and providing other social services to persons receiving medical assistance who also are eligible to receive maintenance payments.

Introduction

Grants for medical assistance under title XIX of the Social Security Act (Medicaid), and for medical assistance provided under titles I, IV, X, XIV, or XVI of the Act are made to States having plans approved by the Department of Health, Education, and Welfare. After January 1, 1970, Federal financial participation in payments to medical vendors will be available only under title XIX. The purpose of title XIX, which became effective in January 1966, is to make quality medical care more generally available to low income groups by coupling Federal requirements for program coverage and quality of care with more generous Federal financial participation.

Federal financial participation in Medicaid payments varies according to the per capita income of the State, from a minimum of 50% to a maximum of 83%. Eligible recipients include, as a minimum, all persons receiving or eligible to receive a money payment under the Social Security Act and children under 21 who, except for age, would be eligible for aid to families with dependent children. In addition, States may elect to cover certain medically needy persons who are eligible for help only with their medical bills and hence do not receive maintenance payments for food, clothing and shelter.

The appropriation request for 1970 is $3,057,025,000, an increase of $660,703,000 from the amount for 1969 including the proposed supplemental for that year. The Federal share is expected to amount to about 52 percent of the total Federal, State and local expenditure in 1970 compared with 51 percent in 1969 and about 50 percent in 1968. More favorable matching provisions under title XIX compared to the provisions under the money payment titles and increasing expenditures in States with relatively higher Federal medical assistance percentages are responsible for the increasing Federal share. The $660.7 million increase from 1969 to 1970 is about $88 million more than the 1968-69 increase.

The major factors accounting for the increase in 1970 are increased numbers of recipients of money payments (nearly 900,000 more in 1970 than in 1969); increased utilization of the program by the medically needy and by money payment recipients; and the continued rise in medical prices which has the two-fold effect of increasing the amounts paid for the same volume of service and bringing into the program persons who might otherwise have managed without help.

Medicaid Programs in Operation

Until January 1, 1970, States may continue to provide medical care under the programs of Old-Age Assistance, Medical Assistance for the Aged,

Aid to the Blind, Aid to the Permanently and Totally Disabled, and Aid to Families with Dependent Children. After that date, Federal financial participation will be available only in vendor medical payments under the Medical Assistance Program (Title XIX).

As of July 1, 1968, 42 States or jurisdictions were operating or began operation of a title XIX Medical Assistance Program. Of the remaining 12 States, seven States either do not have the necessary legislation or are not expected to begin operation during fiscal year 1969. Legislation has been enacted in two of these States, Tennessee and Virginia, but they are not expected to begin operations before July 1, 1969. In the remaining five States, enabling legislation has been enacted and operations may be initiated during the fiscal year. During fiscal year 1968, about 92 percent of the Federal expenditure for medical vendor payments was made under title XIX. In fiscal year 1969, about 96 percent of the Federal expenditure will be under title XIX and in 1970 about 99 percent.

Federal requirements that affect program costs

Since July 1, 1967, all medical assistance plans under title XIX must provide, as a minimum, five basic medical services to at least all individuals who receive maintenance payments; or who are eligible on the basis of need to receive such payments under the other public assistance titles of the Social Security Act, but do not get them because they do not meet other eligibility conditions, such as durational residence requirements, that the State may require for the receipt of maintenance payments. The following 15 States limit their programs to the foregoing group:

Georgia	Montana	South Dakota
Idaho	Nevada	Texas
Louisiana	New Mexico	Vermont
Maine	Ohio	West Virginia
Missouri	Oregon	Wyoming

Under Federal law, as enacted in 1965, all State plans under title XIX are to be expanded, both in terms of persons who are eligible and quantity and quality of services provided, so that by 1975 comprehensive medical services will be available to substantially all the medically needy. Looking toward this goal, some State plans now cover at least some medically needy individuals who would be eligible for maintenance payments except for the fact that they have income and resources beyond the amounts permitted under the State's standards. Under a smaller number of State plans, medical assistance is furnished to all children under 21 who are medically needy; this group includes both those whose income falls below and those with income above the State's standard for maintenance payments. Federal financial participation is available in payments made in behalf of the foregoing groups.

A few State plans also cover individuals 21 to 64 years of age who do not meet the eligibility requirements of the maintenance payment titles. Federal financial participation is not available in payments for this group.

Effect of 1967 amendments. -- The 1967 amendments to the Social Security Act placed a limit on Federal financial participation in medical assistance to the medically needy who are not eligible for maintenance payments. This limitation, effective July 1, 1968, is expected to save $125 million in Federal funds in FY 1969 and $350 million in 1970. To accomplish this objective, the Congress specified a maximum on the amount of income that States can permit individuals to retain to meet their usual living costs before they are considered to have an "excess" that can be applied to their medical bills. States are free to specify maximums above the Federal maximum, but they will not receive Federal financial participation in medical assistance furnished as a result of their higher maximums.

Two other 1967 amendments are expected to reduce Federal expenditures by only small amounts during 1970. Under one amendment, States are given the option of "buying-in" to Part B of title XVIII for individuals 65 and over or of foregoing Federal financial participation in vendor payments that they would not have otherwise made for medical assistance furnished these individuals. The effective date of this amendment prohibiting Federal participation in such payment has been delayed until January 1, 1970 and so will affect expenditures for one-half of the fiscal year only. The estimated saving in Federal funds for the half year is $11,000,000. A second amendment permits States to make vendor payments in behalf of individuals who are 65 years of age or over, blind, or permanently and totally disabled for care in "intermediate care" facilities and to claim Federal financial participation at the Federal Medical Assistance percentage rate under the respective maintenance payment titles. Such care will be provided individuals whose condition does not require skilled nursing home care but can receive adequate care in such facilities. The "savings" in Federal funds is estimated to be $10,000,000 in 1969 and $20,000,000 in 1970.

Two other amendments are expected to result in increased costs during FY 1970. Under one amendment, Federal financial participation is authorized under title XIX for medical vendor payments made in behalf of persons essential to recipients of maintenance payments under titles I, X, XIV, or XVI of the Social Security Act. (These spouses are not eligible for assistance in their own right.) This amendment is expected to increase Federal expenditures by about $15 million in 1970. The second amendment requires State plans to provide, effective July 1, 1969, early and periodic screening and diagnosis of individuals who are under 21 and eligible under the plan to ascertain their physical or mental defects and

such health care, treatment, and other measures to correct or ameliorate defects and chronic conditions discovered. Services provided under this amendment are expected to increase the Federal share of expenditures by $30,000,000 in 1970.

Numbers of recipients

Medical vendor payments were made directly to vendors or to fiscal agents in behalf of over 4,000,000 recipients in mid 1968. This is about 1,200,000 more than the number reported a year earlier. Slightly more than ½ the increase (about 700,000) occurred in the group not authorized to receive a money payment. For about 2,000,000 persons (mid 1968) vendor payments were made in the form of premium or per capita payments into pooled funds or some kind of health insuring system, principally the Social Security system. Only about 5 percent of all payments were premium or per capita payments in 1968.

Accurate data on the number of different persons receiving medical care under State programs are not yet available. However, during fiscal year 1970, it is estimated that about 10,200,000 different persons will receive a medical service compared to an estimated 9,500,000 during 1969.

During May 1968, about 2,500,000 persons for whom money payments were authorized had a medical vendor payment made in their behalf directly to a vendor or through a fiscal agent. This was slightly under 30 percent of all money payment recipients. By money payment category, the percent ranged from almost 46 in the Aid to Permanently and Totally Disabled program to 23 in the program for Aid to Families with Dependent Children. Premium or per capita payments were made for about 70 percent of the aged. About 61 percent of the group who had medical vendor payments made in their behalf were also recipients of maintenance payments, which represents a decrease of 10 percent from the previous year. During fiscal year 1970, a slightly smaller percentage of the persons for whom medical vendor payments are made will be money payment recipients.

Although 63 percent of the recipients of medical vendor payments during FY 68 were money payment recipients, the payments to this group amounted to only 48 percent of the total. This disparity between the percentage of medical assistance recipients and percentage of payments accounted for by those who get maintenance payments exists among all groups, that is, the aged, the disabled and children, as it was a year earlier. The disparity is greatest among the aged where those who get maintenance payments are about three-fifths of the total but whose medical payments are only about one-third of all payments to the aged. The reason is that for maintenance payments recipients, all medical bills, large and small, must be paid from public assistance funds. Included in the group for whom money payments are not authorized, however, are the "medically needy" who seek help only in paying larger bills and secondly, aged individuals in nursing homes and other medical institutions who do not need maintenance payments (at least while in the institution) but whose medical bills run into the hundreds of dollars each month. The disparity between percentage of medical assistance recipients and percentage of payments accounted for by money payment recipients is expected to continue through 1970.

The estimated distribution of the number of different recipients by age and by money payment status during the 1968-1970 period's as follows:

	1968 Actual	1969 Estimate	1970 Estimate
Total persons served.....	8.6 million	9.5 million	10.2 million
Cash recipients:			
Aged.....	2.0 "	2.1 "	2.1 "
Mothers and Children.....	2.5 "	2.9 "	3.2 "
Others.....	.8 "	.9 "	1.0 "
Total, cash recipients	5.3 "	5.9 "	6.3 "
Noncash recipients:			
Aged.....	1.0 "	1.1 "	1.2 "
Mothers and children.....	2.0 "	2.2 "	2.4 "
Others.....	.3 "	.3 "	.3 "
Total, noncash recipients.....	3.3 "	3.6 "	3.9 "

Distribution of Expenditures by Type of Services

Despite the fact that expenditures by States for medical vendor payments have increased greatly in the last three years and despite the fact that Medicare has assumed a large proportion of the cost of such care for persons 65 years of age and over, there has been little change in the distribution of medicaid expenditures by type of service. Inpatient hospital care during fiscal year 1968 continued to account for nearly 40 percent of all costs and nursing home care for 31 percent of the total.

Amounts expended for the six types of care accounting for 95 percent of all expenditures and the percentage distribution for the 1965, 1967 and 1968 fiscal years are shown in the following table.

Payments to medical vendors 1/: Annual expenditures by type of service for selected annual periods.

Type of service	Amount			Change from calendar year 1965 to 1967	Change from Fiscal Year 1967 to Fiscal Year 1968	Percentage distribution		
	Calendar year 1965	Fiscal year 1967	Fiscal year 1968			Calendar year 1965	Fiscal year 1967	Fiscal year 1968
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total	$1,357,945,000	$2,270,996,000	$3,451,376,000	$913,051,000	$1,180,380,000	100	100	100
Inpatient hospital care.....	544,499,000	912,662,000	1,359,842,000	368,163,000	447,180,000	40	40	39
Nursing home care.....	490,575,000	766,120,000	1,063,024,000	275,545,000	296,904,000	36	34	31
Physicians' services.....	113,956,000	224,543,000	379,651,000	110,587,000	155,108,000	8	10	11
Other practitioners' services.	9,094,000	17,923,000	31,062,000	8,829,000	13,139,000	1	1	1
Dental care.....	30,149,000	72,246,000	189,826,000	42,097,000	117,580,000	2	3	6
Prescribed drugs.....	120,734,000	179,424,000	234,694,000	58,690,000	55,270,000	9	8	7
Other.....	48,936,000	98,078,000	193,277,000	49,142,000	95,199,000	4	4	5

1/ Federally-aided programs only. Calendar 1965 was last full year prior to establishment of medical assistance program under Title XIX and provisions of selected services to the aged under Title XVIII.

Vendor payments for medical care, by program, fiscal years 1951 to date

Fiscal year	Total	Special types of public assistance							General assistance
		Total	Old-age assistance	Aid to the blind	Aid to the permanently and totally disabled	Aid to families with dependent children	Medical assistance for the aged	Medical assistance	
1951..	$100,746,000	$48,116,000	$35,860,000	$954,000	$1,362,000	$9,940,000	---	---	$52,629,000
1952..	119,147,000	70,521,000	51,859,000	1,513,000	6,082,000	11,067,000	---	---	48,626,000
1953..	154,357,000	101,974,000	73,864,000	2,145,000	11,532,000	14,433,000	---	---	52,383,000
1954..	175,454,000	120,745,000	87,406,000	2,489,000	15,290,000	15,561,000	---	---	54,709,000
1955..	211,882,000	145,626,000	104,588,000	2,865,000	19,168,000	19,005,000	---	---	66,256,000
1956..	252,697,000	180,848,000	130,514,000	3,431,000	23,869,000	23,034,000	---	---	71,849,000
1957..	287,600,000	214,659,000	155,935,000	4,330,000	27,549,000	26,845,000	---	---	72,942,000
1958..	320,177,000	236,131,000	159,141,000	5,127,000	28,626,000	43,236,000	---	---	84,046,000
1959..	409,967,000	313,926,000	215,741,000	6,173,000	35,918,000	56,094,000	---	---	96,041,000
1960..	492,700,000	393,337,000	280,282,000	7,630,000	46,074,000	59,351,000	---	---	99,363,000
1961..	588,867,000	477,441,000	303,810,000	8,261,000	54,503,000	68,861,000	$42,007,000	---	111,425,000
1962..	812,365,000	712,550,000	349,751,000	8,987,000	67,714,000	91,312,000	194,787,000	---	99,815,000
1963..	1,000,822,000	897,900,000	410,773,000	10,658,000	88,248,000	100,878,000	287,342,000	---	102,922,000
1964..	1,147,597,000	1,043,912,000	420,888,000	10,998,000	107,574,000	122,780,000	381,671,000	---	103,685,000
1965..	1,367,125,000	1,249,087,000	436,416,000	12,248,000	128,329,000	151,116,000	520,978,000	---	118,038,000
1966..	1,709,930,000	1,605,986,000	415,946,000	10,264,000	133,146,000	139,210,000	535,068,000	$372,352,000	103,944,000
1967..	2,382,637,000	2,308,192,000	185,918,000	3,171,000	42,852,000	37,715,000	94,374,000	1,944,161,000	74,445,000
1968..	3,580,825,000	3,510,753,000	118,469,000	2,822,000	35,328,000	25,438,000	63,078,000	3,265,618,000	70,071,000
1969..	4,422,000,000	4,372,000,000							
1970..	5,632,000,000	5,582,000,000							

Medical Assistance: Estimated total Federal, State, and local expenditures and the Federal share thereof, fiscal years 1969 and 1970

Category	Fiscal year 1969 estimate		Fiscal year 1970 estimate	
	Total	Federal funds 1/	Total	Federal funds 2/
	Total amount for medical assistance and cost of State and local administration			
Total	$4,560,000,000	$2,356,983,000	$5,832,000,000	$3,070,025,000
1. Payments for medically indigent receiving maintenance payments:				
(a) Old-age assistance	673,000,000	410,600,000	759,000,000	470,700,000
(b) Aid to the blind	27,000,000	16,900,000	30,000,000	17,600,000
(c) Aid to the permanently and totally disabled	481,000,000	279,200,000	561,000,000	319,900,000
(d) Aid to families with dependent children	873,000,000	488,400,000	1,079,000,000	593,800,000
Total	2,054,000,000	1,195,100,000	2,429,000,000	1,402,000,000
Federal percentage	---	58.0	---	58.0
2. Payments for medically indigent not receiving maintenance payments:				
(a) Aged	1,155,000,000	638,783,000	1,570,000,000	895,600,000
(b) Blind	8,000,000	4,600,000	9,000,000	5,625,000
(c) Permanently and totally disabled	233,000,000	128,700,000	378,000,000	219,700,000
(d) Families with dependent children	427,000,000	230,500,000	512,000,000	284,400,000
(e) Other--Persons aged 21-64	376,000,000	---	450,000,000	---
Children under 21 3/	119,000,000	61,200,000	234,000,000	132,700,000
Total	2,318,000,000	1,063,783,000	3,153,000,000	1,538,025,000
Federal percentage	---	46.0	---	49.0
Total payments	4,372,000,000	2,258,883,000	5,582,000,000	2,940,025,000
Federal percentage	---	52.0	---	53.0
3. State and local administration 4/	188,000,000	98,100,000	250,000,000	130,000,000

See footnotes on next page.

(continued)

Medical Assistance: Estimated total Federal, State, and local expenditures and the Federal share thereof, fiscal years 1969 and 1970--Continued

1/ The Federal share includes the 1969 regular appropriation of $2,118,300,000 and a proposed supplemental of $278,022,000 totalling $2,396,322,000; minus $52,339,000 used from the 1969 appropriation to complete the 1968 requirements; plus $13,000,000 from collections and adjustments, estimated to be received by the States during the year.

2/ The Federal share includes $3,057,025,000 from the appropriation request and $13,000,000 from collections and adjustments, estimated to be received by the States during the year.

3/ Children not deprived of parental support or care as defined under title IV (Part A) of the Social Security Act.

4/ Excludes costs of determining initial and continuing eligibility and providing other social services to persons receiving medical assistance who also are eligible to receive maintenance payments.

GRANTS TO STATES FOR MEDICAL ASSISTANCE: Federal Share of Expenditures for Payments to Vendors and for State and Local Administration, Distributed by State, Fiscal Year 1968, 1969 and 1970

States and territories	Fiscal Year 1968	Fiscal Year 1969 1/	Fiscal Year 1970 1/
Alabama	$13,610,930	$14,718,000	$23,940,000
Alaska	280,000	192,000	3,618,000
Arizona	1,131,913	1,957,000	3,188,000
Arkansas	15,689,555	15,072,000	25,160,000
California	329,209,545	409,202,000	481,463,000
Colorado	11,782,193	20,137,000	28,421,000
Connecticut	25,038,458	33,457,000	41,241,000
Delaware	2,165,451	2,418,000	2,280,000
District of Columbia	1,849,127	13,934,000	13,648,000
Florida	20,000,273	20,178,000	52,521,000
Georgia	26,763,534	58,878,000	60,205,000
Guam	47,729	64,000	66,000
Hawaii	4,665,040	5,818,000	6,881,000
Idaho	4,610,211	6,424,000	7,039,000
Illinois	83,557,694	94,293,000	112,836,000
Indiana	10,004,935	9,389,000	13,789,000
Iowa	13,303,945	14,949,000	22,403,000
Kansas	13,398,678	18,044,000	19,809,000
Kentucky	30,346,084	37,752,000	38,583,000
Louisiana	32,663,003	34,088,000	45,354,000
Maine	7,622,432	7,146,000	13,322,000
Maryland	25,387,146	30,575,000	61,822,000
Massachusetts	98,050,286	157,686,000	226,347,000
Michigan	78,947,446	91,006,000	100,224,000
Minnesota	48,525,145	56,942,000	63,377,000
Mississippi	2,800,000	5,378,000	70,417,000
Missouri	13,601,913	37,980,000	38,241,000
Montana	3,882,499	5,060,000	5,121,000
Nebraska	12,645,796	16,050,000	18,858,000
Nevada	2,957,085	4,059,000	4,065,000
New Hampshire	2,052,258	2,913,000	3,610,000
New Jersey	23,741,323	22,271,000	44,265,000
New Mexico	9,589,409	11,511,000	18,534,000
New York	420,269,903	515,952,000	590,104,000
North Carolina	13,280,606	14,482,000	25,244,000

See footnote at end of table.

(Continued)

GRANTS TO STATES FOR MEDICAL ASSISTANCE: Federal Share of Expenditures for Payments to Vendors and for State and Local Administration, Distributed by State, Fiscal Year 1968, 1969 and 1970

States and territories	Fiscal Year 1968	Fiscal Year 1969 1/	Fiscal Year 1970 1/
North Dakota	$7,472,698	$7,744,000	$10,405,000
Ohio	38,724,874	49,527,000	59,063,000
Oklahoma	44,491,141	53,741,000	58,392,000
Oregon	9,281,333	10,384,000	10,674,000
Pennsylvania	73,753,251	104,520,000	124,147,000
Puerto Rico	18,135,927	20,000,000	20,000,000
Rhode Island	13,603,239	16,180,000	17,231,000
South Carolina	6,400,000	13,485,000	32,097,000
South Dakota	4,908,591	7,192,000	11,609,000
Tennessee	15,033,284	14,022,000	27,405,000
Texas	80,447,214	118,815,000	205,334,000
Utah	6,593,238	6,011,000	7,826,000
Vermont	5,337,110	8,217,000	8,467,000
Virgin Islands	397,449	600,000	650,000
Virginia	5,068,010	4,121,000	35,752,000
Washington	28,067,128	30,996,000	41,129,000
West Virginia	8,423,961	19,418,000	19,222,000
Wisconsin	66,702,262	81,212,000	93,064,000
Wyoming	678,745	823,000	1,562,000
Total	$1,836,691,000	$2,356,983,000	$3,070,025,000

1/ Distributions based on States' estimates of expenditures.

TUESDAY, APRIL 22, 1969.

WORK INCENTIVES

WITNESSES

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

JULE M. SUGARMAN, ACTING CHIEF, CHILDREN'S BUREAU
W. HOWARD TUCKER, ACTING CHIEF, PROGRAM REVIEW, WORK AND TRAINING DIVISION, CHILDREN'S BUREAU
MISS MARY E. SWITZER, ADMINISTRATOR, SOCIAL AND REHABILITATION SERVICE
RANDOLPH W. LEE, DIRECTOR, BUDGET DIVISION, SOCIAL AND REHABILITATION SERVICE
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

DEPARTMENT OF LABOR

ARNOLD R. WEBER, ASSISTANT SECRETARY FOR MANPOWER
J. N. PEET, MANPOWER ADMINISTRATOR
ROBERT J. BROWN, ACTING DEPUTY ASSOCIATE MANPOWER ADMINISTRATOR FOR U.S. TRAINING AND EMPLOYMENT SERVICE
MERWIN S. HANS, CHIEF, WORK INCENTIVES DIVISION
RICHARD E. MILLER, ACTING ASSOCIATE MANPOWER ADMINISTRATOR FOR OFFICE OF FINANCIAL AND MANAGEMENT SYSTEMS
HERBERT A. MEYER, CHIEF, DIVISION OF BUDGET

OBJECT CLASSIFICATION (In thousands of dollars)

	1968 actual	1969 est.	1970 est.
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE			
Grants, subsidies, and contributions	1,000	22,600	63,140
ALLOCATION TO DEPARTMENT OF LABOR			
Personnel compensation:			
Permanent positions		1,929	2,276
Positions other than permanent		15	15
Other personnel compensation		4	4
Total personnel compensation		1,948	2,295
Personnel benefits: Civilian employees		146	172
Travel and transportation of persons		238	238
Transportation of things		6	6
Rent, communications, and utilities		115	115
Printing and reproduction		55	55
Other services		2,783	5,782
Supplies and materials		52	52
Equipment		100	100
Grants, subsidies, and contributions	9,000	88,976	92,685
Total obligations, allocation to Department of Labor	9,000	94,419	101,500
Total obligations	10,000	117,019	164,640

PERSONNEL SUMMARY

ALLOCATION TO DEPARTMENT OF LABOR			
Total number of permanent positions	75	227	227
Average number of all employees		195	211
Average GS grade	10.3	9.8	9.8
Average GS salary	$10,773	$10,600	$10,930

PROGRAM AND FINANCING (In thousands of dollars)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Training and incentives:			
(a) On-the-job training		13,469	33,746
(b) Institutional and work experience training		48,131	93,254
(c) Work projects		3,000	1,500
(d) Program direction and evaluation		4,819	8,000
2. Child care		22,600	63,140
Total program costs, funded		92,019	199,640
Change in selected resources [1]	10,000	25,000	−35,000
Total obligations	10,000	117,019	164,640
Financing: Comparative transfers to other accounts		481	
Budget authority (appropriation)	10,000	117,500	164,640
Relation of obligations to outlays:			
Obligations incurred, net	10,000	117,500	164,640
Obligated balance, start of year		10,000	37,415
Obligated balance, end of year	−10,000	−37,415	−38,790
Outlays		90,085	163,265

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1967, $0; 1968, $10,000 thousand; 1969 $35,000 thousand: 1970, $0.

Mr. FLOOD. Now we have work incentives, and we have the people from the Department of Labor who will go first and be followed by the HEW people. How do you want to proceed?

GENERAL STATEMENT ON TRAINING PROGRAM

Mr. WEBER. I have a statement prepared for the record and I would proceed by summarizing this statement.

Mr. FLOOD. Without objection, we will insert the statement in the record.

(The statement follows:)

STATEMENT BY ASSISTANT SECRETARY FOR MANPOWER, DEPARTMENT OF LABOR, ON WORK INCENTIVES

Mr. Chairman and members of the committee, I am pleased to appear before you today to discuss the role of the Department of Labor in administering the manpower aspects of the work incentives program, and to request the necessary resources for program operations in fiscal year 1970.

The 1967 amendments to the Social Security Act authorized a starting date in the work incentives program of April 1, 1968, but the initial funding of the program did not take place until mid-July 1968. The Department of Labor began making commitments to State and local areas in the 38 jurisdictions which had no legal barrier to entry into the program. Accelerated enrollments and program operations began about October 1, 1968. By March 1, 1969, welfare agencies had referred 84,437 individuals to Department of Labor as appropriate for the work incentive program. Of this number 46,581 individuals had been enrolled in the program. Both referrals and enrollments are continuing at a very rapid rate and we would estimate that at this point in time close to 60,000 individuals have been enrolled. Funds available from the 1968 and 1969 appropriations will allow for an enrollment level by the end of this fiscal year of approximately 85,000 persons. The request pending before this committee, coupled with an estimated $59 million carryover from 1969 funds, would move end of year enrollment levels up to 150,000 by June 30, 1970.

Of the individuals enrolled, most are still receiving services in various program components. These services include a full range of rehabilitation components such as basic education, vocational instruction and worksite training combining both work experience and on-the-job training. The most recent analysis of program operations indicates continued buildup of enrollments. In

addition, the preliminary identifiable accomplishments show that the Department has a manpower tool of considerable promise—that once full momentum is achieved the work incentive program will generate a real effect on moving persons from welfare dependency to self-sustaining productive members of the Nation's labor force.

By the end of February more than 15 percent of those individuals involved in the program had been placed in jobs. I have attached a table which indicates the types of jobs and the entry wage levels in which these welfare clients are employed. Although this is a small and very early sample, it does provide some indication of how well this program is functioning.

Because of the lateness of the 1969 appropriation and the initial gradual buildup of enrollments, a considerable part of this appropriation will be needed in fiscal year 1970 to support individuals enrolled in 1969. These resources which will be carried into the next fiscal year have enabled us to considerably reduce our request for new fiscal 1970 budget authority.

The combined 1969 and 1970 funds will be used to move the program ahead in three different ways. The law requires that 16 jurisdictions that had legal barriers must enter the program July 1, 1969. We have allocated about $16 million to this group of States so they may have the same relative capability as States which entered the program a year earlier. Additional funds will be used to maintain enrollment levels in all States through fiscal year 1970 and a third allocation will be made to all States to allow for expansion of present programs into areas which do not now have work incentive programs in operation. The 1969 appropriation provided for geographic coverage of less than 20 percent of the counties. The funds requested would be used to extend this coverage to an additional group of counties in those States presently operating work incentive programs.

Our total plan is to move end of year enrollment up to the 150,000 level by the end of fiscal year 1970. This should be considered the maximum enrollment level desired with a new budget authority request of $130 million, $74 million of which will support manpower services and $56 million supporting child care activities. The program levels proposed in this request are sufficient to support 120,000 individuals while at the same time providing some flexibility for redesign of current programs to meet potential program changes depending upon the outcome of current evaluation efforts. The Nation's total welfare program is currently undergoing intensive review and evaluation by key administration officials.

Like all new programs the work inventive program has not been without problems. This is a very complex program which is geared to provide a full range of manpower services to individuals in our society who are among the most disadvantaged and who have a great many problems in addition to lack of skill. A further problem which we have faced is to bring the manpower and social service agencies together so they can operate as a team in dealing with the total problems of the welfare client. This has involved considerable changing of attitudes and methods of operation on the part of local agencies. This program has also challenged these agencies to bring into being new capability for dealing with these problems as well as to better use the capability already in existence. A great deal has been accomplished in the past year and we are confident of our ability to move ahead to improve and expand this program.

In 1970, $130 million in new budget authority is being requested, which together with an estimated $59 million carryover from 1969 funds will provide services for an average of 120,000 individuals, 100,000 in the basic program and 20,000 in the special work projects program. Of the total $130 million—$74 million will support manpower services and $56 million will support child care services.

Mr. Chairman this concludes my statement. I shall be very happy to answer any questions you or the members of the committee may have.

SAMPLE[1] LISTING OF OCCUPATIONS IN WHICH WIN ENROLLEES ARE NOW EMPLOYED

	Number of enrollees	Percent	Number of different occupations	Hourly wage range
Professional, managerial and technical	647	17.0	67	1.56–2.90
Clerical and sales	1,348	35.5	66	1.60–2.80
Service	789	20.5	59	1.15–2.56
Farm	23	.6	11	1.75–2.75
Processing	44	1.2	17	1.25–2.87
Machine trade	227	5.9	37	1.60–3.25
Benchwork	374	9.8	39	1.60–2.64
Structural	223	5.8	37	1.75–4.00
Miscellaneous	138	3.7	35	1.25–2.50
Total	3,813	100.0	368	

[1] Taken from a sample of 163 projects in 22 States involving approximately 25,500 enrollees as of Feb. 28, 1969.

DESCRIPTION OF THE WORK INCENTIVE PROGRAM

Mr. WEBER. As the statement indicates, my testimony deals with the manpower components of the work incentive program under the Social Security Act.

As you know, the work incentive program in general is aimed at providing persons who are presently on welfare with particular reference to AFDC, with usable skills.

Mr. FLOOD. What is AFDC?

Mr. WEBER. Aid to families with dependent children.

The end product of the program, or the objective, is to equip people with skills, to enhance their employability, and ultimately to reduce welfare costs.

The program itself, aside from its objectives, is interesting both conceptually and administratively from a manpower point of view since it contemplates a series of services. That is, each person who is assessed as being eligible or available for such services then enters into a process whereby they are subject to counseling and interviewing and if this initial assessment indicates they have employability at this stage, efforts are made at job placement without any additional services other than followup to insure job retention.

If training is required, counseling, basic education, the whole array of services, they are added seriatim and if at the end of the process the persons, because of disabilities or incapacities or labor market circumstances, are not eligible, or are not equipped to work in what you might call the private profit sector, the so-called priority three provides them with work experience opportunity in the public sector.

In terms of its objective, of course, it is part of a program in which we are all interested as a matter of national goals and national financial exigencies. As an administrative and conceptual matter, it is an interesting process in the sense that it attempts to coordinate the various services in a manner which really provides a model for some of the things we are working on more broadly within the Department and the Manpower Administration.

REASONS FOR SLOW BUILDUP OF PROGRAM

Notwithstanding that buildup, and maybe because of the specifications, it is accurate to report at this time that the program has been slow in building up in terms of its scheduled enrollment, measured in terms of man-years. Miss Switzer touched on some of the reasons in her testimony, but it might be worthwhile restating them very briefly here.

Substantial funding for the program wasn't obtained until September 1968. There was, of course, the problem of developing cooperative relationships between the State employment service, which is the prime sponsor for the program within the States, and the various State departments of welfare and public aid, and to develop procedures in terms of assessing and referring.

There were additional problems associated with the establishment of child care facilities which are adequate and suitable for the children of various recipients.

There are also problems in terms of the medical assessment, and the physical examinations which are part of the referral process before a person is referred over to the State employment service.

In addition, in 16 States the necessary enabling legislation which permits the transfer of welfare funds to third parties—in this case the State employment service—had not been enacted, and in these so-called legal barrier States primarily in the South, but not exclusively—there is still a consideration and under the law they must pass enabling legislation by the end of this fiscal year, so presumably that barrier will be reduced.

Mr. FLOOD. Is that a condition precedent by law or by regulation of your Department?

Mr. WEBER. I understand it is by law. That is with respect to the State law.

Notwithstanding that, as of March 1 there were 46,581 persons enrolled in the program in the various stages. It is estimated, although we don't have the final reports in, that as of April 1 this total was close to 60,000 and the rate of intake is approximately 2,000 per week so it is estimated that by the end of the fiscal year there will be approximately 85,000 persons enrolled in the program at the various stages. It is fair to say at this point most of them are entering into the pipeline rather than way down in terms of the remedial training and educational services that are embraced in the program.

NUMBER OF ACTUAL JOB PLACEMENTS

Mr. FLOOD. How many individuals have completed training and have been placed in jobs?

Mr. WEBER. First of all, of those who are initially referred, it is significant and promising to note that 15 percent have already been referred to jobs without the necessity of having additional services, so there is a reasonable performance in that regard. At the end of February 2,728 had been placed in jobs.

RATE OF PROGRAM BUILDUP

Mr. FLOOD. Suppose you place in the record at this point how many States were participating, how many welfare recipients were in training, and how many children were being taken care of in day care centers as of the first of each month since this started.

(The information requested follows:)

WORK INCENTIVES—FISCAL YEAR 1969 WORKLOAD STATISTICS AS OF THE 1ST DAY OF EACH MONTH

	Number of States participating [1]	Cumulative enrollments	Children receiving child care [2]
1968:			
July			
August			
September			
October			
November	38	4,590	6,885
December	38	9,571	14,358
1969:			
January	38	19,035	19,860
February	38	33,804	32,735
March	38	46,581	43,993

[1] Includes District of Columbia, Guam, Puerto Rico, and Virgin Islands.
[2] Estimated.

Mr. FLOOD. How many States are not in this program?

Mr. WEBER. Sixteen at this point.

1970 BUDGET REQUEST

In any case, as a consequence of some of the difficulties associated with the startup of the NOA for fiscal year 1969, of 105.9 million, with an additional carryforward from 1968 of 9 million, from that 114.9 million it is estimated there will be a carryforward of 59 million, which is a fairly substantial amount and for that reason our budgetary recommendation here contemplates new obligation authority of $73.5 million for the training and work experience components.

Mr. FLOOD. Plus the carryover?

Mr. WEBER. Plus the carryover to a total of 132.5.

The $132.5 million we estimate will be adequate to finance 120,000 man-years of WIN services and, of course, if you begin at 85,000 at the beginning of the new fiscal year, as we contemplate, and have 150,000 and move on up, it would finance on the average 120,000 man-years, which might involve more enrollees in that case.

In terms of the budgetary presentation then, that indicates the requested new obligation authority and the historical aspects.

GENERAL STATEMENT ON CHILD CARE

Mr. FLOOD. We will now hear the HEW witness.

Mr. Sugarman, do you have a statement?

Mr. SUGARMAN. Yes, sir.

Mr. FLOOD. We will insert it in the record at this point. We will also insert your biographical sketch.

(The biographical sketch and statement follows:)

BIOGRAPHICAL SKETCH OF JULE M. SUGARMAN

Position: Acting Chief, Children's Bureau.
Birthplace and date: Cincinnati, Ohio, September 23, 1927.
Education: Western Reserve University, Cleveland, Ohio. American University, Washington, D.C., A.B. 1950. Major: Political science (undergraduate study); public administration (graduate study).
Experience:
Children's Bureau, Social and Rehabilitation Service; Acting Chief since March 1, 1969; Associate Chief March 1968–February 1969.
Office of Economic Opportunity: 1964–68; Associate Director, Project Head-start; Deputy Associate Director, community action programs.
U.S. Department of State: 1962–64. Served in Bureau of Inter-American Affairs as Chief, Budget and Management Planning, and then as Deputy Executive Director.
U.S. Bureau of Prisons: 1959–62, Budget and Management Officer.
U.S. Bureau of the Budget: 1957–59.
U.S. Civil Service Commission: 1952–57.
Personal:
Military Service, U.S. Army, 1946–48.
Wife: Sheila.
Children: Chris (10); Maryanne (9); Jason (6); James (5).

STATEMENT BY ACTING CHIEF, CHILDREN'S BUREAU, SOCIAL AND REHABILITATION SERVICE, ON WORK INCENTIVES

Mr. Chairman and members of the committee, the appropriation for the work incentive program is made in a lump sum to the Department of Health, Education, and Welfare. Those portions necessary for the financing of work incentive activities are transferred to the Department of Labor; those portions required for child care are retained by HEW. After presenting an overview of the program I will discuss the child care features in more detail. Representatives of the Department of Labor will then discuss the activities administered by that Department.

The work incentive program was first authorized in late 1967, but funds did not become available until July 1968. Since that time 38 States have inaugurated programs and 46,581 persons have been enrolled through February.

ENROLLMENT IN THE WORK TRAINING PORTION OF THE PROGRAM

The process of enrolling persons in the work incentive program begins in the welfare agency where a determination is made that the individual is appropriate for referral to the Employment Service. As of the end of February welfare agencies had examined 487,110 persons and determined that 112,860 or 23 percent are appropriate for referral. In our judgment the proportion of appropriate referrals is likely to increase in the future and we estimate the potential number of referrals for fiscal year 1970 to exceed 350,000. At the time of referral the welfare department must be prepared to provide child care services if needed by the parent.

As already mentioned, as of the end of February, only 46,581 persons had actually been enrolled in the program, out of about 85,000 estimated to be enrolled during fiscal year 1969. It is now clear that the enrollment rate is, for this point in time at least, falling behind our original expectations. We have been working with the Department of Labor and the Bureau of the Budget in an effort to accelerate the program this fiscal year and make maximum use of available authority and funds. At this point, we face two problems.

First, there are 16 States that are not participating in the program because they lack the necessary statutory authority. Second, the 38 States that are now actively involved in the program have not moved as fast as had been expected. We are now working to first encourage the 38 participating States to extend and enlarge their programs—in other words, to accelerate their programs as

fast as possible. Next, we are trying to pave the way for early participation by the 16 States which have not yet established work training programs. Despite these efforts it appears unlikely that we will be able to achieve our original anticipated rate of spending.

Among the budget amendments proposed by the new administration is one which reduces the 1970 budget for work training by $28 million. This proposed reduction is being made not because this program is considered by the new administration to be of low priority—to the contrary, Secretary Finch places this program among his highest priorities—but because existing funds will carry us into fiscal year 1970. Our immediate objective, then, is to make maximum use of this year's funds so that the program might evolve smoothly during the remainder of this year and into 1970.

CHILD CARE SERVICES

Under the law, child care services must be designed to contribute to the development of the child. The services may be provided in the child's own home or, in the form of day care, outside his own home. Day care is provided either through a family day care home or in a day care center. Day care is subject to State licensing provisions and to the Federal interagency day care requirements which are promulgated under title V–B of the Economic Opportunity Act. Child care must be available for preschool children on a full-time basis and for other children on an after-school and summer basis. Child care services continue after the parent has completed training so long as the child care is essential to the maintenance of employment. The parent is required to pay an appropriate portion of the costs of care.

Child care activities are also lagging behind original expectations, and a budget amendment is proposed to reduce the request by $7 million in 1970, to a total of $56,140,000. This reduction is directly related to the reduction proposed in work training. The revised budget for child care will provide services for an average of 43,400 preschool and 111,700 school age children. The Federal share of unit cost for fully developed programs is $1,200 for preschool and $300 for school age children. Because most programs will not be fully up to standard, costs have been estimated at approximately 65 percent of these figures. The Federal share in fiscal year 1970 represents 75 percent of total costs.

At this time, Mr. Chairman, unless the committee has questions, I would like to ask the representatives of the Department of Labor to speak to the training and incentives portion of the budget.

LAG IN BUILDUP OF PROGRAM

Mr. SUGARMAN. The development of child care programs follows the development of training programs by the Labor Department. Because it has been slow, child care is also slow. States are now making good progress and we anticipate no substantial problems in the next year.

Mr. FLOOD. Miss Switzer said, "This program is beginning to accelerate."

Well, the so-called Nixon amendments to the so-called Johnson budget cut this program, cut it back $35 million.

Now, I have an advance release from the Department and it says this: "The work incentive program is lagging behind the level originally projected for 1969." Now, those two statements aren't necessarily contradictory, but they certainly have different connotations, don't they?

Mr. WEBER. They require an explanation in any case.

Mr. FLOOD. What is the situation? What was predicted for 1969? What is happening? What was predicted for 1970 in January, and what are you now predicting for 1970?

Mr. WEBER. The planned rate of intake for 1969 was 105,000 and we estimated, as I indicated, that by the end of fiscal year 1969 we will end up with around 80,000 or 85,000. Actually, it is our position, Mr. Chairman, that the total funds available to finance the WIN program will be the same in the budget submitted by President Nixon as it was by the prior administration because of an adjustment in the estimated amount of carryforward. That is, the Johnson budget provided for a carryforward of $35 million.

FUNDING MECHANISM

Mr. FLOOD. Now, how do you fund these work incentive programs? Do you award a contract for a specific amount of money for a specific period, or do you do it some other way?

Mr. WEBER. I believe we make allocations to individual States for a specific period. Mr. Hans is the expert on this.

Mr. HANS. Both in terms of enrollment levels and dollar amounts.

Mr. FLOOD. Do you award a contract for a certain number of trainees?

Mr. HANS. Yes. It is rather broad in terms of permissiveness, in the flexibility, because you don't know at any point in time what kind of training you need during the period of the contract.

UNIT COSTS PER TRAINEE

Mr. FLOOD. How about the cost per individual?

Mr. WEBER. It is a cost per slot.

Mr. FLOOD. Per person?

Mr. WEBER. No, sir. "Slot" might involve more than one person. It is a man-year. So in some instances a person might come into the program and all he will require is counselling and placement activities. If a person goes through the entire sequence of services——

Mr. FLOOD. Can you estimate the average cost per individual rather than slot? From the start of training right through to getting a job.

Mr. WEBER. If he went through the entire pipeline.

Mr. CARDWELL. Per typical or average individual?

Mr. FLOOD. That is right. That is better said; yes.

Mr. HANS. I don't know if I can say per individual. We are estimating that a man-year of training will cost us in the neighborhood of 1,000 Federal dollars, matched by about 200 non-Federal dollars, or $1,200, to maintain a slot available, and there would be an override, depending on the kind of clientele that you are dealing with.

Mr. FLOOD. What would be the extreme? What would be an extreme figure?

Mr. HANS. An extreme cost figure?

Mr. FLOOD. Yes.

Mr. HANS. We have only figured in terms of 12 months and we have averages for each State. The highest figures that we have on an average is about $1,500 or $1,600 in the State of California. The lowest figures are about $800 in some of the lower cost States. This is based on the average salaries that are paid; it is based on the experience——

Mr. WEBER. This does not include the cost of the MDTA program.

Mr. HANS. No. Our costs are based on our experience.

JOB PLACEMENT

Mr. FLOOD. How do you handle the job placement?

Mr. WEBER. That is generally handled through the employment services, which is the prime sponsor at the State level and it is responsible for delivering the services. That is, in all these programs, although the employment service is the primary responsible one, and to the extent possible you call on other resources.

EVALUATION STUDIES

Mr. FLOOD. In your justifications you make quite a thing about your evaluation studies. What is involved in your evaluation studies?

Mr. WEBER. We are contracting for two studies.

Mr. FLOOD. How much is budgeted for 1969 and how much for 1970?

Mr. HANS. We have budgeted $1 million for evaluation for 1969 and $1,800,000 for 1970.

Mr. FLOOD. What is involved in the evaluation?

Mr. WEBER. In any evaluation, of course, you want to follow up and determine how effective a program is and what are the variables or considerations which make a program effective or ineffective.

Mr. FLOOD. How do you do that?

Mr. WEBER. It is a matter of research design as in all these areas. The procedures would be essentially the same as you use for many manpower programs.

I don't want to second-guess what our contractors are doing, but obviously you would look at the people who have flowed through the program.

Mr. MICHEL. Are you going to do this or contract it out?

Mr. WEBER. Contract it out.

Mr. HANS. We have contracts functioning now. The contractor has been in the field more than 2 months, really looking at the implementation phases of the program and that contract will lead into about 25 States over the next 12-month period.

The second phase of this will get into the end results activity. The evaluation process is beginning almost simultaneously with the program to see how well it starts, and we identify very quickly any problems that may be developing, but we will also provide feedback on end products.

Mr. MICHEL. Do you have one contractor?

Mr. HANS. There is one evaluation contractor working in the field at the present time; Auerbach Corp.

Mr. WEBER. As Mr. Hans indicated, the need for evaluation would be greater in the next year because more people would be coming out of the pipeline and you would have more data if you want to use that incentive and it would provide a basis for evaluation.

Mr. HANS. We have a request for bid out now on a contract that will start to provide some cost effectiveness data in terms of how well the program is developing; the savings in total payments versus what we are spending, and also an evaluation of the effectiveness of various types of training, worksite training versus classroom training and all of these things, in the second phase contract.

UNIT COST PER TRAINEE

Mr. MICHEL. Can we go back to this cost per enrollee in the WIN program? In the figure that has been heretofore cited, we are talking only about the actual training itself; are we not?

Mr. WEBER. Yes, sir.

Mr. MICHEL. That doesn't include all these other things that have to be taken into account, like payment to the individuals themselves?

Mr. WEBER. No.

Mr. MICHEL. Which amounts to what?

Mr. WEBER. That, of course, would be their normal welfare entitlement.

Mr. MICHEL. And the cost of day care centers. What other factor would we have involved there?

Mr. WEBER. Those are the major items. The day care component is administered through HEW. It should be noted, however, Mr. Michel, that one of the reasons the costs seem to be within limits, especially for new programs, is that it is really an addon to an existing administrative system. That is, the employment service, and it is largely just a matter of adding people and having certain training components. The supervisors are there, the officers are there, and much of the overhead which you would then distribute over a relatively small number at this point is not a consequential consideration. Of course, that is one virtue of what you might call a more comprehensive approach to the delivery of manpower service.

VESTIBULE TRAINING

Mr. MICHEL. Are you still requesting an increase of $5.4 million for paraprofessional and employment preparation?

Mr. HANS. The total on that item, the vestibule training, paraprofessional and employment preparation item——

Mr MICHEL. Is that still in here?

Mr. HANS. Those components are in there. I can't give you the dollar adjustment.

These are components that we have found in demonstration programs have been very useful devices. Many times, for instance, in the vestibule training we can get a class group type of training program in company schools that really lock us in very directly into job opportunities at the end of the training and give us people who have really been trained very directly for the kind of occupations that the employment establishment is interested in.

Mr. MICHEL. How does this differ from the JOBS program?

Mr. WEBER. In the JOBS program it is contemplated they go right on the job. The notion of vestibule training is an old one established in American industry in the 1920's and it provides a transition between what you might call generally the classroom and the worksite itself, but it is within the framework of a company so it is a variance of on-the-job training.

Mr. MICHEL. Do you know how many we have participating in this kind of thing around the country?

Mr. WEBER. Outside of Federal programs?

Mr. MICHEL. Yes.

Mr. WEBER. I would say it is probably thousands.

Mr. FLOOD. Would you describe vestibule training? What does the term mean?

Mr. WEBER. Vestibule training is training in skills associated with a job which don't take place as part of the actual job process. In other words, there would be a special training area within the firm where people would learn certain skills; say setting up a machine, and would also learn how to use a micrometer.

Mr. FLOOD. What is peculiar about the use of the word "vestibule"? Is it a magic term?

Mr. WEBER. No. As you probably know, Mr. Chairman, it is a very old term. A vestibule being a lobby or an entrance into the plant and that is generally the concept; that it is preparatory to taking on full responsibilities.

Mr. MICHEL. As distinguished from apprenticeship training, which is right on the job?

Mr. WEBER. Well, apprenticeship training, in a way, is a broader type of vestibule training, depending upon how the apprenticeship course is run, but an apprenticeship can last, as you know, for 4 to 6 years, and the concept of vertibule training implies a much shorter time period.

Mr. MICHEL. How short?

Mr. WEBER. In some cases a couple of months; 3 months. In many companies they have different cycles and it depends on your ability.

INSURING PERMANENT EMPLOYMENT OF TRAINEES

Mr. MICHEL. What are you really doing that will insure that these individuals will remain permanently employed?

Mr. WEBER. The best insurance you could give is to try to give them real skills and that, of course, is always the ultimate question in any job training program.

At the back of my statement there is a specification of the categories for which training has been provided and employment obtained. Actually, the break is one that is a basis for restrained optimism. That is 17 percent in professional, managerial and technical; 35 percent in clerical and sales; 20 percent in services, and then the other categories, processing, machine trade, benchwork and structural, so there seems to be some indication particularly as you relate the occupational categories to the hourly wage that a good proportion of the people from whom we have data—and the data here is based on a sample of 3,813 and by no means could be viewed as conclusive, but at any rate, it is a fair indication that they are not teaching them to be busboys or busgirls or dishwashers, but, rather, they are working toward jobs going to continuing opportunity.

RELOCATION ASSISTANCE

Mr. MICHEL. What assistance is provided for relocation, if any?

Mr. HANS. We have the authority under the Manpower Development and Training Act, and to the best of my knowledge we have done no relocation in this program, but we would, if it is indicated that this would be desirable.

REGIONAL ORGANIZATION

Mr. MICHEL. How many regional organizations do you plan to have followup services for?

Page 56 of the justifications contains some reference to "regional organizations being responsible for a number of activities."

Mr. WEBER. The basic regional structure of the Manpower Administration provides for eight regions and the followup, of course, would be the responsibility of the region in which the activity is included.

One of the things we are working very hard on is having consolidated regional offices.

CONTRACTING FOR EVALUATION STUDIES

Mr. MICHEL. On evaluation, I thought I heard the figure earlier of about $1 million, but isn't it $1.8 million?

Mr. WEBER. Yes. We corrected that.

Mr. MICHEL. And the principal contract was——

Mr. WEBER. Auerbach Corp., in Philadelphia.

Mr. MICHEL. Are there others of significance in that area?

Mr. HANS. We have the request for bids out now. I can't give you the dollar amount of the Auerbach contract, but it is less than $200,000 for this year.

Mr. MICHEL. For this year, and what for next year?

Mr. HANS. It doesn't go beyond this year.

Mr. WEBER. It is a small proportion.

I might interject a point here that the posture of the Manpower Administration up to this point is, when it comes to evaluation, to do it via the consulting route. From my own point of view, this is undesirable. It is undesirable in terms of having a heavy emphasis on people who aren't permitted continued progress in the organization.

Mr. MICHEL. Why is it done that way?

Mr. WEBER. It is a matter of budget and staff. We do have an Office of Evaluation and I guess it involves around 40 people, the entire Office of Policy, Evaluation and Research——

Mr. FLOOD. If you don't like it, why don't you change it? You are the boss?

Mr. WEBER. I am not here long enough but that is certainly something on the drawing boards that we will be talking to you about. Coming from the academic world I am aware that one of the consequences of increased Federal interest in Federal manpower programs is to provide a wider range of research activities for professors and having been part of that union I cannot say I have complete confidence in their capacity to deliver in a timely way.

I am glad I have tenure at the University of Chicago. The process of self-evaluation can be constructive.

Mr. MICHEL. That is all, Mr. Chairman.

ESTABLISHMENT OF DAY CARE CENTERS

Mr. FLOOD. I have before me an excerpt from the Washington Post for March 31, 1969, and the headline says: "Day Care Shortage Hurts Job Training."

Mr. William Raspberry wrote the article.

Don't talk to Maurice Knighton about welfare recipients not wanting to work. He knows better.

He is the president of the Sequential Computer Corp. Then I see this from the article:

But a number of women have had to leave the program because they can't find day care facilities for their children.

Again another quotation, and this is quoting Mr. Knighton:

The Welfare Department will reimburse mothers for babysitting services. The Department of Health, Education, and Welfare has some money available for upgrading established day care centers.

But no Government agency—

one of his aids said—

seems to have the authority, the ability and the money to establish a day care center.

I gather from this that HEW has some money to upgrade a center, but this man says nobody can create it.

Mr. SUGARMAN. We did discuss the problem with Mr. Knighton.

Mr. FLOOD. Without objection, we will place the story in the record.

(The article follows:)

[From the Washington (D.C.) Post, Mar. 31, 1969]

POTOMAC WATCH—DAY-CARE SHORTAGE HURTS JOB TRAINING

(By William Raspberry)

Don't talk to Maurice Knighton about welfare recipients not wanting to work. He knows better.

But if you want to talk about how society seems to be doing all it can to see to it that welfare recipients remain on the dole, that's something else again.

Knighton is president of the Sequential Computer Corp. at 6507 Chillum Place NW. His firm is training 120 former welfare mothers as data transcribers under two Manpower Act programs.

The training program is a success, according to Knighton, the Labor Department and the women themselves.

But a number of women have had to leave the program because they can't find day care facilities for their children.

"It's really a very serious problem for us," Knighton said. "I'd say that at least 85 percent of these women are the sole support of anywhere from one to four children, mostly from newborn infants to 5 or 6 years old.

"There just isn't any adequate day care service available to them, so they end up leaving the children with older relatives or in some cases virtually unattended.

"The result is accidents, lost time when the babysitters don't show up, full days lost sometimes when the children have to go to the clinics. Some of our women have actually moved so they could be close enough to a day care center to get on the waiting list.

In an attempt to see what could be done about the problem, Knighton assigned his assistant, Michael Zajic (pronounced Zike), to explore the possibilities.

What Zajic found was that most of the legislation directed at training the hard-core unemployed takes note of the need for day care and often provides for payment for day-care services. But it does not provide for creating day-care facilities, and the problem is that there aren't nearly enough to go around—only some 3,000 slots when more than 100 times that number are needed.

The Welfare Department will reimburse mothers for babysitting services. The Department of Health, Education, and Welfare has some money available for upgrading established day care centers. "But no Government agency," Zajic said, "seems to have the authority, the ability, and the money to establish a day care center."

As a result, only between 6 and 7 percent of Knighton's trainees have their children in day care centers. The rest are being taken care of on a catch-as-catch-can basis.

It is a particular problem, he said, because most of the trainees have had almost no previous work experience and, as a result, no experience at procuring sitter services. The absence of adequate day care is the chief reason for the high turnover rate among the trainees, Knighton said. About 20 of the first 60 enrollees have left the program.

Knighton thought he had come up with an ideal solution to the problem.

There is in the warehouse district where his offices are located a vacant restaurant that could be coverted into a day care center capable of handling up to 60 children.

In addition, next door to the resturant is another vacant building that could be used for expanding the center. Knighton has an option on both buildings.

"We contemplated a class A center that would meet the most stringent requirements for nutrition, health care, education, cultural experiences, and the rest," he said. "We had in mind to operate on a nonprofit basis, with the mothers paying as little as $1 a week per child on a sliding scale based on income. We believe we could do it at 25 percent less than any other class A center in town and still provide a full-time registered nurse, trained teachers and one staffer for each five to seven children."

Knighton said he was willing to put $10,000 of the company's money into the center.

The problem is that he needs at least $25,000 to renovate the buildings as well as some operating funds. The money, as far as he can tell, simply isn't to be had.

A part of the reason is that much of the pertinent legislation simply assumes the existence of day care facilities. Another is more philosophical. There is the rather middle-class notion that children under age 3 are better off at home with their mothers.

Mr. SUGARMAN. His problem was that he wanted $10,000 to renovate a facility.

Mr. FLOOD. You know about this fellow?

Mr. SUGARMAN. Yes, we do, sir. We were not able to do anything to help him with that $10,000.

Mr. FLOOD. How can you upgrade something that does not exist?

Mr. SUGARMAN. He had a building that was available to him, and the problem was this $10,000.

Mr. FLOOD. Can you create a day care center?

Mr. SUGARMAN. We can pay for the startup cost. We can pay for minor renovation.

Mr. FLOOD. Can you create one?

Mr. SUGARMAN. Yes, in the sense of providing all the equipment and providing staff salaries and things like that through the local welfare department. What we cannot do or what the local welfare department cannot do with Federal funds is purchase a building or put major renovation money into a building. If they can invest their own money, it can gradually be amortized through the value of rent.

Mr. FLOOD. I am not clear about this. Let us take Richmond. How do you establish a day care center at some place in Richmond tomorrow morning?

Mr. SUGARMAN. Ordinarily some organization goes into the business of day care. It has a facility available to it and it makes a contract with the local welfare department to provide day care at such and such a unit cost per child.

Mr. FLOOD. How can you help?

Mr. SUGARMAN. We provide money under title IV either under the child welfare services program or the AFDC services program, to reimburse the State for 75 percent of the cost of that day care.

Mr. FLOOD. The lead story said there are many, many women on relief who want to work.

Mr. SUGARMAN. That is correct.

Mr. FLOOD. And they cannot because there are no day care centers.

Mr. SUGARMAN. I think that is quite true.

There are great opportunities here.

Mr. FLOOD. I am very much impressed by this article. You people tell me there are many, many women on relief who really want to work.

Mr. SUGARMAN. That is correct. I think the Labor Department has found that one of the major causes of failure of job training programs is the inadequacy or the absence of day care.

Mr. FLOOD. You are a big city boy, is that true?

Mr. WEBER. Yes, sir.

Mr. FLOOD. What about New York, is this true, that welfare women really want to work?

Mr. WEBER. The evidence seems to indicate that they would.

Mr. FLOOD. What do you think, you are a pro.

Mr. WEBER. Think about the need of the availability of facilities?

Mr. FLOOD. Yes.

Mr. WEBER. Obviously it is a vital ingredient. It is interesting to note that many European countries have established day care centers as part of factory complexes, so when people go to work they can leave their children. I understand that one of the problems is not so much the availability of facilities, but facilities that meet minimal standards.

Mr. SUGARMAN. Particularly in Chicago, that is a rather serious problem.

Mr. WEBER. That is a rather important question. Anybody can rent a store and get two blackboards in there.

ACTIVITIES OF DAY CARE CENTERS

Mr. FLOOD. What is a day care center? What happens at a day care center? It is 7 o'clock in the morning, what happens?

Mr. SUGARMAN. It varies from center to center. In some places transportation is provided. In some cases the mother brings the child in. Normally the child gets two meals a day, breakfast and lunch, or lunch and supper depending on the mother's hours. Under the Federal standards there must be a developmental program for the child.

Mr. FLOOD. Are there age minimums?

Mr. SUGARMAN. No Federal minimums. As a practical matter very seldom do they have children under 6 months in the center. In some States you cannot have children under 3 years of age in a center by State law.

Mr. FLOOD. I have heard very little about this. Why is that?

Miss Switzer, why have we not heard more about this?

Miss SWITZER. I have not been in a position to scream and yell about it yet, but I am getting ready to.

Mr. CARDWELL. Mr. Chairman, I think there is a need to draw a distinction here. We are now very much engaged in financing day care programs all over the country through the basic public assistance program and through the special authority of WIN, I think this article here is discussing the problem of financing physical facilities. We may finance them indirectly through the payment of rent and through basic

equipment. But we do not have authority to support basic construction. I think that is the issue that this particular article draws. I do not want the implication we are not financing day care centers because we are.

Mr. WEBER. Some indication of the magnitude of it, and it is surprising to me, that the requested appropriation for training is $74 million and for the day care component it is $56 million. That is two-fifths of the funds to be spent including the funds carried forward from 1969, a very large component of the WIN program.

Mr. MICHEL. Isn't part of the problem that in some areas they want to make sure the day care centers provide some kind of training or education for the kids rather than just adequately taking care of them? We have gotten to the point, I think, with Headstart and preschool education, that this is a national norm and unless you can provide all these goodies you cannot have one.

My own personal feeling and I think our good friend Congressman Casey has made the point, too, that if you have a good day care center providing the fundamentals but not necessarily having a recognized teacher or someone of that caliber overseeing them, is far better than nothing. They will not get anywhere near that sitting at home while the mother is at the training center or at work.

Mr. SUGARMAN. I might say there are several acceptable alternatives of day care under the Federal regulations. For example, we have a number of cases in which we have what is called a family day care home, where a mother, even perhaps a welfare mother, takes care of four or five other children, under supervision and with good training, so she knows what she is doing. That is a perfectly acceptable and, in my judgment, a very valuable way of providing day care.

Mr. FLOOD. And the parent is working.

Mr. SUGARMAN. That is right. So you get sort of double benefit for your money. You are getting one welfare mother paid to take care of the other children and you are releasing three or four other mothers to work.

Mr. FLOOD. That is good.

SIZE OF DAY CARE CENTERS

Mr. MICHEL. There is one final question on that point: Is there any accepted practice of how many kids you can have at a day care center for one mother superior, so to speak?

Mr. SUGARMAN. It depends on the age of the child. If we are talking about family day care and the children are up to 5 or 6 years of age, you can have up to five children, including the mother's own children. If you are talking about children under 2 years of age, then the limit is two children in a home. If you are talking about a center the normal class size for 3- to 4-year-olds is 15, and for 4-to 6-year-olds the average class size is 20.

Mr. WEBER. There are different State regulations on this.

Mr. SUGARMAN. Yes. Here you have Federal standards which are agreed to by the Labor Department, OEO, and HEW.

Mr. MICHEL. Don't we have some pretty good participation by some communities on a voluntary basis?

Mr. SUGARMAN. Very much so. As a matter of fact, 82 percent of all day care centers are privately operated. It is very substantial. Of course, the welfare departments are free to contract with private agencies to operate these programs. They do so for the most part.

Mr. MICHEL. That is all, Mr. Chairman.

Mr. FLOOD. Mrs. Reid?

PARTICIPATION OF PRIVATE EMPLOYERS

Mrs. REID. On page 58 you say that investigation will be made of the private sector in the work incentives program and the kind of assistance employers need to help solve their problems in hiring the disadvantaged. I personally feel that the private sector can make a much greater contribution than it is often permitted to make. What "alternatives" do you have in mind here?

Mr. HANS. In fiscal year 1970 this research will identify the incentives which the private sector can gain through employment of welfare clients. It will explore ways to overcome the resistance of some employer groups to hiring the welfare client. It will investigate the areas of the economy which might be utilized in designing work incentive employment development programs. This research will also identify experiences of selected employer groups in employing and retaining the welfare client and any additional supporting services need to maintain employment stability.

Other manpower programs, such as JOBS (Job Opportunity in the Business Sector) sponsored by the National Alliance of Business—and the MDTA—OJT are programs designed to bring together both the public and private sectors to support a comprehensive manpower effort. Current research efforts are continuing in this area with the purpose of greater participation by the private sector.

INCREASE REQUESTED FOR CHILD CARE

Mrs. REID. Looking at your obligations by activities as they appear on page 36 of the justifications, the greatest increase proposed for next year seems to be for child care—an increase of almost 200 percent over 1969. Yet, the increase for work training programs is only $7 million. Why should there be such disparity in the increase in these two segments of the program?

Mr. SUGARMAN. The disparity in the increase of child care cost over work incentives is caused by the following: (*a*) Child care services continue after the parent has completed training so long as the child care is essential to the maintenance of employment; therefore many mothers who completed training in fiscal year 1969 will continue to receive child care services in fiscal year 1970. They will pay a portion of the cost in accordance with their earnings. (*b*) In fiscal year 1969 a significant proportion of WIN enrollees are unemployed fathers who, under the legislation, must be referred first; in fiscal year 1970 we estimate a higher proportion of females requiring child care than we had in fiscal year 1969. (*c*) In fiscal year 1970 we estimate a higher proportion of mothers requiring care for preschool rather than school age children with a consequent higher unit cost. (*d*) Total child care costs have been adjusted as States come closer to the Federal standards.

DURATION OF CHILD CARE

Mrs. REID. How long is child care needed in the average case? Are there any statistics?

Mr. SUGARMAN. There are as yet no statistics on the length of time child care is needed in the average case. It is quite possible that some mothers will require help on child care services from WIN for several years although they may be bearing a portion of the costs. We plan to re-review the need every two years.

Mrs. REID. Thank you.

Mr. FLOOD. Thank you, gentlemen.

Mr. WEBER. Thank you very much, sir.

(The justification material follows:)

JUSTIFICATION MATERIAL

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL AND REHABILITATION SERVICE

Work Incentives

Amounts Available for Obligation

	1969	1970
Appropriation	$117,500,000	$164,640,000
Comparative transfer to:		
"Office of Manpower Administration, Salaries and expenses"	-481,000	---
Total obligations	117,019,000	164,640,000

Obligations by Activity

Page Ref.		1969 Estimate Pos.	1969 Estimate Amount	1970 Estimate Pos.	1970 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
47	1. Training and incentives:						
47	(a) On-the-job training 1/	4	$23,469,000	4	$23,469,000	---	$ ---
49	(b) Institutional and work experience training 1/	70	63,131,000	70	68,531,000	---	+5,400,000
52	(c) Work projects	---	3,000,000	---	1,500,000	---	-1,500,000
54	(d) Program direction and evaluation	153	4,819,000	153	8,000,000	---	+3,181,000
	Subtotal	227	94,419,000	227	101,500,000	---	+7,081,000
59	2. Child care	---	22,600,000	---	63,140,000	---	+40,540,000
	Total	227	117,019,000	227	164,640,000	---	+47,621,000

1/ Under the Wagner-Peyser Act, all District of Columbia U. S. Employment Service positions in the Department of Labor are considered Federal positions, and an administrative adjustment was made to reflect this increase in positions.

Obligations by Object

	1969 Estimate	1970 Estimate	Increase or Decrease
Total number of permanent positions	227	227	---
Full-time equivalent of other positions.	1	1	---
Average number of all employees	195	211	+16
Personnel compensation:			
Permanent positions	$1,929,500	$2,275,700	+$346,200
Positions other than permanent	15,000	15,000	---
Other personnel compensation	4,000	4,000	---
Total personnel compensation	1,948,500	2,294,700	+346,200
Personnel benefits	146,000	172,000	+26,000
Travel and transportation of persons ...	238,600	238,600	---
Transportation of things	5,600	5,600	---
Rent, communications, and utilities	114,600	114,600	---
Printing and reproduction	55,100	55,100	---
Other services	2,782,700	5,782,000	+2,999,300
Supplies and materials	52,200	52,200	---
Equipment	99,800	99,800	---
Grants, subsidies and contributions	111,575,900	155,825,400	+44,249,500
Total	117,019,000	164,640,000	+47,621,000

Summary of Changes

1969 estimated obligations	$117,019,000
1970 estimated obligations	164,640,000
Net change	+47,621,000

Increases:	Base	Change from Base
A. Built-in:		
1. To provide for the net additional cost of within-grade promotions effective for part of year in 1969	--	+$29,400
2. To provide for the net cost of within-grade promotions effective in 1970	--	+30,600
Total, built-in increases	--	+60,000
B. Program:		
1. To provide a net increase of $300 in the unit cost over 1969 to finance new program elements of vestibule training, paraprofessional and employment preparation to further assist participants served	$63,131,000	+5,400,000
2. To provide supportive services to an estimated 22,000 individuals on a continuing basis to insure that placements in this component are part of a continuing rehabilitation process	--	+1,500,000
3. To provide for workman's compensation insurance, State merit systems and evaluation studies and to provide for full year costs of positions funded for part of year in 1969	4,819,000	+3,121,000
4. To increase by about 96,100 the average monthly number of children receiving care	22,600,000	+40,540,000
Total, program increases	--	+50,561,000
Decreases:		
Nonrecurring 1969 costs of meeting employer's contribution in public agencies for Priority III work projects	3,000,000	-3,000,000
Total	--	+47,621,000

Explanation of Changes

1. Institutional and work experience training--The $5,400,000 increase for a total program of $68,531,000 will provide an estimated 45,200 classroom training, relocation assistance, work experience, institutional training, and work internship opportunities during fiscal year 1970.

   This change is brought about by transferring orientation from the on-the-job training component in 1969 to this component in 1970 and by adding new categories of vestibule training, para-professional and employment preparation to further assist the participants served. These changes resulted in lowering the unit cost for on-the-job training from $900 to $800 and raising the unit cost for institutional and work experience training from $1,200 to $1,500.

2. Work projects--The increase of $1,500,000 will provide supportive services to an estimated 22,000 individuals on a continuing basis to insure that placements in this component are part of a continuing rehabilitation process and that transfer to other components is accomplished as trainee progress demands.

3. Program direction and evaluation--The increase of $3,121,000 provides for full-year costs of positions funded for only part of year in 1969 ($121,700); evaluation studies ($800,000), workmen's compensation coverage ($2,000,000), State merit systems ($100,000), miscellaneous services and departmental Working Capital Fund charges ($99,300).

4. Child care--The increase of $40,540,000, for a total program of $63,140,000, provides for child care services for an average of 146,000 children, an increase of 96,100 over the 1969 average of 49,900.

Authorizing Legislation

Legislation	1970 Authorization
Social Security Act:	
Section 431--Work Incentive Program for Recipients of Aid to Families with Dependent Children	Indefinite
Section 401--Child Care (Related to Work Incentive Program)	Indefinite

SOCIAL SECURITY ACT

Title IV--Grants to States for Aid and Services to Needy Families with Children and for Child Welfare Services

Part C.--Work Incentive Program for Recipients of Aid under State Plan Approved under Part A

Appropriation

Section 431. There is hereby authorized to be appropriated to the Secretary of Health, Education, and Welfare for each fiscal year a sum sufficient to carry out the purposes of this part. The Secretary of Health, Education, and Welfare shall transfer to the Secretary of Labor from time to time sufficient amounts, out of the moneys appropriated pursuant to this section, to enable him to carry out such purposes.

Title IV--Grants to States for Aid and Services to Needy Families with Children and for Child Welfare Services

Part A.--Aid to Families with Dependent Children

Appropriation

Section 401. For the purpose of encouraging the care of dependent children in their own homes or in the homes of relatives by enabling each State to furnish financial assistance and rehabilitation and other services, as far as practicable under the conditions in such State, to needy dependent children and the parents or relatives with whom they are living to help maintain and strengthen family life and to help such parents or relatives to attain or retain capability for the maximum self-support and personal independence consistent with the maintenance of continuing parental care and protection, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this part.

Explanation of Transfer

	1969 Estimate	Purpose
Comparative transfer to:		
"Office of Manpower Administration, Salaries and expenses"	$481,000	To consolidate the financing of data management, information services, and research and evaluation activities within the appropriation.

Work Incentives

	Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1968	$40,000,000	$10,000,000	$10,000,000	$10,000,000
1969	135,000,000	135,000,000	100,000,000	117,500,000
1970	164,640,000			

Introduction

The Work Incentive Program as authorized by the 1967 Social Security Amendments is designed to establish programs utilizing all available manpower services to insure that individuals receiving welfare payments will be furnished incentives, work experience opportunities and necessary supportive services to eventually obtain permanent employment. Specifically the Work Incentive Program is designed to insure:

-- employment of individuals in the regular economy;

-- training of individuals for work in the regular economy; and

-- development of special work projects providing job opportunities for persons without an immediate job or training opportunity.

All phases of the Work Incentive Program have one common objective, that is, to provide whatever manpower training and social services that may be necessary to help move an individual toward self-support and place him in productive full-time employment.

The first phase in meeting this objective starts in the local welfare agency where the AFDC caseload is screened to determine those cases that are potentially referable. The local welfare agency makes an assessment of the individual's needs and refers to the manpower agency those persons found appropriate for referral. The welfare agency also provides child care services for those persons placed in employment or enrolled in training if such services are needed.

The second phase in meeting the objective is carried out by the local manpower agency. That agency determines whether the referral should be enrolled and, if he is enrolled, provides all necessary manpower services. In order to meet the objective, the Work Incentive Program's manpower operational design has been divided into the following three basic program components: (1) on-the-job training, (2) institutional and work experience, and (3) the special work projects program. Each of these operational components, which is discussed in more detail in other portions of this justification, has been specifically designed to provide individuals with concentrated amounts of manpower and training services essential to insure that individuals are eventually placed in full-time employment.

The 1967 amendments to the Social Security Act are significant in several respects. One of the most important of these involves a major shift in public policy relative to the welfare client. This legislation provides for rehabilitation of the welfare client rather than a commitment to long term maintenance. It is significant in another respect because it provides for a single funding source under one management and is one of the most comprehensive and flexible manpower rehabilitation programs yet enacted.

Legislative Intent

For a number of years there has been concern about the continual growth in the number of families and recipients receiving Aid to Families with Dependent Children. In the last ten years, November 1958-1968, the program has grown from 745,000 families with 2,806,000 recipients to 1,490,000 families including 5,948,000 recipients.

It has been seven years since the enactment of the 1962 enabling legislation which allowed Federal financial participation in a wide range of services to AFDC families. At that time, it was envisioned that the inclusion of programs such as the Community Work and Training Program (CWT) could reverse the growing rise in the welfare roles. The provisions for improved services under the 1962 Social Security Amendments have been implemented by all the States with varying degrees of emphasis. There have been some important and worthwhile developments stemming from the aforementioned amendments. For example, the number of local social service staff working in the welfare programs has increased so that individual caseworkers have smaller and more manageable caseloads. The volume of social services has increased and some constructive results have been reported in the area of fulfilling client needs.

Even with these achievements, the fact remains that the number of individuals on AFDC rolls is steadily increasing. Both the Congress and the Administration are desirous of reversing this trend by restoring more families to employment and self-reliance. The creation of the Work Incentive Program was designed to meet this challenge by coordinating social and manpower service efforts at both the local and national levels. This program is designed to place welfare recipients through a series of specifically designed work-experience training programs which will be supported by intensive supportive services such as orientation, counseling, and job development activities. The Work Incentive Program will provide a continuum of services to insure that once the individual is trained and placed in full-time productive employment, this individual will remain permanently employed.

Universe of Need

The average monthly number of recipients - children and adults - to be aided in the program of Aid to Families with Dependent Children during 1970 is expected to reach 6,965,000. This is 819,000 more than that estimated for 1969. The average monthly number of families receiving AFDC is estimated to increase from 1,307,600 in 1968 to 1,702,000 in 1970, an increase of 30.2%.

Most of the recipients of AFDC will not be appropriate for referral to the Work Incentive Program. Of the total number of recipients in 1970, 5,196,000 are children, most of whom will be in school. Among the 1,769,000 adult recipients, some are incapacitated fathers who are not now employable and others are mothers whose absence from the home would be inimical to the welfare of their families. It is estimated that there are between 650,000 to 800,000 potentially trainable adults and children over age 16 in the AFDC caseload. Because of caseload turnover, problems with the availability of adequate child care, and other needs for the mother to remain in the home, it is estimated that between 400,000 to 500,000 persons will be referred for work and training programs in fiscal years 1969 and 1970. Of these, about 300,000 are expected to be enrolled in the WIN Program during the two fiscal years.

Persons enrolled for the Work Incentive Program will receive the full range of manpower services including testing, counseling, the development of an individually tailored employability plan, orientation, enrollment in training, and exposure to the world of work by participating in work experience components. While receiving these manpower services, the enrollees will continue to receive services through the welfare agencies in accordance with the plan for each family. Child care services will be provided as needed for the children of all persons referred to the Work Incentive Program.

The 1968 Work Incentive Program provided for approximately 10,000 man-years at a total Federal cost of $9,000,000 in budget authority. The fiscal 1968 appropriation was not enacted until July 1968 but special appropriations language authorized the obligation of these funds in fiscal 1969.

Program for 1969-1970

The Training and Incentives program design for both fiscal years 1969 and 1970 is shown on Table I. Because of the difficulties and inexperience inherent in undertaking this new program, current estimates indicate it will not fully achieve the 1969 training level originally anticipated. For this reason, agreements with States will be developed in 1969 for the 1970 program. This requires the use of 1969 budget authority to fund a portion of the 1970 program, resulting in the "program costs funded" concept set forth in discussions that follow. Table I provides the crosswalk between the 1969-1970 appropriations and man-years of training anticipated.

The program level in fiscal year 1969 is 69,400 man-years of training serving an estimated 130,000 persons. In fiscal year 1970 the program level will be 125,000 man-years of training and 175,000 additional enrollments. This is a total of 305,000 persons served during the two-year period.

The Direct Program portion of the table consists of the basic operational activities of the Work Incentive Program, namely, the On-the-Job Training, the Institutional and Work Experience, and the Special Work Projects components. The 1969 column of the table has been adjusted to reflect the total funded cost for each program component. The funded cost figures have been reduced to reflect the cost of services provided in 1969 from fiscal 1968 funds and increased to include the cost of program components funded in 1969 with services to be provided in 1970. The net result of these actions determines the total amount of budget authority required for each program component.

The 1970 column of the table depicts total program component costs funded and has been adjusted to reflect those services provided in 1970 but funded from fiscal 1969 funds. The net result of this action determines the total amount of budget authority required for each program component in 1970.

The program design for child care during fiscal years 1969 and 1970 is shown on Table II. An increase of $40,540,000 for a total program of $63,140,000 is requested for 1970.

In summary, the Work Incentive Program is requesting in fiscal 1970 for child care, work incentives, and program direction $164,640,000 in budget authority.

Operational experience for Work Incentive Program activities is limited due to the newness of the program. As of December 31, 1968, approximately 20,000 individuals were enrolled in the program and were attending a variety of program components. The mechanisms have been developed to obtain a wide variety of statistical, financial, and characteristic profile data from this program in order to evaluate and monitor current program operations and to assist in the development of future program designs.

The Training and Incentives program design for fiscal year 1969 will produce a viable manpower program with significant accomplishments. In 1970 there are several program changes described in latter sections of this justification which will strengthen the work-training components; allow greater flexibility in local program operations; and provide intensive manpower supportive services more closely related and responsive to the individual needs of the welfare client.

A deceleration of the upward trend of the Aid to Families with Dependent Children caseloads and of corresponding increases in welfare costs can be accomplished by continuing to broaden the comprehensiveness of manpower services, providing greater flexibility for program mix, and expanding the Work Incentive Program both in numbers of clients served and of geographical areas served. The program for fiscal year 1970 (Table I) is designed to accomplish these objectives and will help to assure for the client an accelerated vertical movement from welfare dependence to productive, and self-sustaining membership in our labor force.

1. Training and Incentives

(a) On-the-job training

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits	4	$28,400	4	$28,400	--	$ ---
Other objects		5,300		5,300		---
	4	33,700	4	33,700	--	---
Grants		23,435,300		23,435,300		---
Total	4	23,469,000	4	23,469,000	--	---

Plans for Fiscal Year 1969

The on-the-job training subactivity is comprised of three types of training and supportive components: On-the-Job Training (regular), On-the-Job Training (full cost), followup and basic orientation activities.

On-the-job regular training is a working situation when an employer indicates that he intends to hire an individual upon the successful completion of training. The individual receives wages paid by the employer in accordance with the wage scale provided in the job to which he is assigned. The employer is reimbursed for excessive wastage of materials and increased supervision and training provided the enrollee. Participants deemed most nearly "job ready" but requiring skill training best provided on the job will be placed in this program component.

Full cost on-the-job training is an all-inclusive program component of training, supervision, remedial education, counseling, vocational training and all other manpower services required in rehabilitating the welfare client for productive employment. With the liberalized employer reimbursement formula (including wage-stipends during the training period) this training vehicle is designed to attract and involve more of the Nation's industrial training capacity with an end result of more employment opportunities for the disadvantaged.

The followup component is a specialized program activity designed to insure that once an individual has participated in one of the basic Work Incentive Program phases and is placed on the job he stays on the job. To insure this retention capacity, the trainee who has been placed in a permanent full-time job will be assigned a "job coach" to resolve his special problems as well as to assist the employer upon request. The Department of Labor has found the "coach" technique a useful device for raising the retention capacity of an individual trainee once placed in a permanent full-time job. This concept has been extensively used in the Department's Concentrated Employment Program (CEP) after initial successful acceptance in the "Jobs Now" program.

Orientation includes all activities relating to introducing the enrollee to the Work Incentive Program including program orientation and employability orientation. The latter shall include increasing the enrollee's awareness and understanding of all those attributes, other than a job skill, required to obtain and hold a job. The total time allocated to all orientation activities shall be as brief as possible. All the Work Incentive Program participants who are not placed directly in jobs, on-the-job training, special work projects, or existing manpower programs following enrollment and initial assessment will receive orientation. Such participants will continue to receive the assistance payment for their family and be eligible for the $30 per month Work Incentive Program incentive payment.

Vocational counseling begins during this period, together with the development of an employability plan designed to meet the needs of the individual referred.

The funded cost resource level available for the On-the-Job Training program in 1969 is $15,847,000 providing 15,300 man-years of training with a unit cost of $1,050 per man-year. On a budget authority basis the 1969 level provides for 25,700 man-years with total Federal obligations of $23,469,000.

Plans for Fiscal Year 1970

The funded cost, resource level available in 1970 is $33,469,000 providing for 41,200 man-years at $800 per man-year. On a budget authority basis the 1970 level provides for 29,000 man-years at a total cost of $23,469,000. In 1970 orientation, which includes all activities relating to introducing the enrollee to the Work Incentive Program, will be moved to the Institutional and Work experience component.

(b) Institutional and work experience training:

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits	70	$496,400	70	$686,900	--	+$190,500
Other objects		94,000		94,000		---
	70	590,400	70	780,900	--	+190,500
Grants		62,540,600		67,750,100		+5,209,500
Total	70	63,131,000	70	68,531,000	--	+5,400,000

Plans for Fiscal Year 1969

This activity provides for classroom training, relocation assistance and work experience which will be required under this phase of the Work Incentive Program. Most of the trainees will need some combination of these services: orientation, vestibule training, basic education and general education development, institutional vocational training, work experience, work internship, para-professional training, employment preparation and relocation assistance.

In fiscal year 1969 the following components are included in Institutional and Work Experience training:

1. Basic Education and General Education Development: A substantial number of welfare recipients have less than the minimum education necessary for gaining maximum benefit from training for skilled or semi-skilled vocations or for adequate continuing participation in regular employment. In order for recipients to be fully effective in the Work Incentive Program rehabilitation plan and remain permanent job placements following training, the Work Incentives Program design provides considerable capability in providing the education (basic, remedial, and general education development) that they will need. These Work Incentive Program education components will be somewhat different from similar programs in the past in that they will all be employment-oriented and coupled with work experience, institutional training, and any other training component which is prescribed by an employability plan in the rehabilitation process aimed at full-time permanent job placement. Depending on the individual participant needs, this training plan will be so designed that participants can spin in or out of this component as their progress dictates, or as skills training opportunities become available.

2. Institutional Vocational Training: Institutional training is classroom vocational education and workshop training in clerical, service, and semi-skilled to skilled occupations. In general, it will not be as specialized towards a specific job as vestibule or On-the-Job Training. Training may be provided by public or private agencies and coupled with any number of other program components. Training may be for less than class size so that it may be geared specifically to individual trainee requirements. Enrollees shall receive the regular assistance payment for their family plus training related costs and child care costs needed for Work Incentive Program participation. In addition, they receive an incentive payment of $30 per month. Capability and useful experience as developed and gained through Manpower Development and Training Activities institutional training will be utilized to the maximum extent possible.

3. Work Experience: The emphasis of work experience programs is on the development of basic work habits, exploration of various occupational fields and gaining knowledge of the world of work. The degree of occupational skill developed is incidental and shall depend entirely upon the type of work tasks performed. Work experience is provided by public and private nonprofit agencies. The assistance payment plus the Work Incentive payment are to be paid during participation in this activity. A coupling of this component with basic education, remedial education, general education development instruction, and institutional skill training provides flexibility to local program design in structuring training to meet individual trainee requirements.

4. Work Internship: This component exposes enrollees to a variety of occupations and work situations during a 10-week average training period providing the "team" and the enrollee himself with data on which to further assess the enrollee, and on which to develop an employability plan.

A related sub-category would be work-sampling which is defined as task orientation. This activity will be short term for no more than two weeks in duration and may be used in assessment within the same job, the same company, or elsewhere. This component will not only be utilized in assessment for employability plan development but also to avoid work experience-training dropout.

5. Relocation Assistance: Far too many training programs in the past have prepared trainees for employment opportunities outside of their home area but have not provided the financial means to enable the trainee or his family to relocate to where a job exists. Where the trainee himself has tried the weekend commuting route, such placements have failed miserably with the individual returning permanently to home base and rejoining the unemployed roles or accepting lower skill and pay employment opportunities resulting in dissatisfaction, loss of motivation, and return to the unemployment roles. Also, with the Work Incentive Program expanding into other areas of the country having few if any upward mobility employment opportunities, it becomes all the more apparent that a substantial increase in this component will be necessary for full-time job placements. Only where definite jobs exist with remuneration meeting full need, and where adequate lodging and schools for the children exist, will relocation be utilized. As greater job opportunities develop away from the urban areas, relocation will be used in the same manner to rural areas.

In fiscal 1969 the funded cost of the institutional and work experience training component is $44,753,000 providing for 44,100 man-years at a unit cost of $1025 per man-year. On a budget authority basis the 1969 level provides for 52,600 man-years at a total cost of $63,100,000.

Plans for Fiscal Year 1970

In fiscal year 1970 the following components are included in Institutional and Work Experience training:

1. Vestibule Training: This component is new for fiscal year 1970 and is an attempt to utilize "Company Schools" as part of our rehabilitation process. Skill training provided is short term, high skill for jobs having higher pay rates but without an employment relationship within the company performing the training. In

some cases it would be followed by short term On-the-Job training, but not necessarily with the same company conducting the training. In most areas of the country, such training conducted by the larger industrial corporations is preferable to the vocational education route--in others, the company school might be the only classroom training facility available.

2. Para-Professional Training (previously identified as sub-professional): This component, like institutional training, is directed toward classroom vocational training and practical work experience. However, unlike institutional, training is geared toward entry level jobs in public service fields. Training is provided by public and private nonprofit agencies and in most cases will be coupled with basic-remedial education and general education development instruction. In order to increase job opportunities in this field On-the-Job training will also be utilized. The main emphasis of para-professional training is on ensuring upward mobility through the creation of realistic career ladders within each occupation in which training is given, preceded by extensive job development and job engineering efforts.

3. Employment Preparation: This activity, while not new to the Work Incentive Program operations, is set apart within fiscal year 1970 Program Design to emphasize the values of such pre-employment preparation. Many participants, while successfully completing their occupational training, have still not equipped themselves from a motivational and social behavior viewpoint to enter the world of work and remain permanently employed outside of welfare framework. Others when referred to employment interviews lack the ability to sell themselves to the prospective employer. In order to close this void in employment preparation this component will be utilized to re-orient the participant to his employee-employer relationship and minimize the need for the Work Incentive Program re-programming from job dropouts. The employment service staff, which has followed the individual from point of intake to pending job placement, will provide this all important supportive service to those participants they deem require such services. The individual will therefore remain part of the caseload and eligible for the incentive payment during the period.

The funded cost resource level available in 1970 is $93,531,000 providing for 61,800 man-years at a $1,500 per man-year. On a budget authority basis the 1970 level provides for 45,200 man-years at a total cost of $68,531,000.

(c) Work projects

	1969 Estimate	1970 Estimate	Increase or Decrease
Grants	$3,000,000	$1,500,000	-$1,500,000

Plans for Fiscal Year 1969

The Special Work Projects component of the Work Incentive Program as outlined in the 1967 amendments authorizes the Department of Labor to enter into agreements with public agencies and private nonprofit agencies organized for a public purpose to employ those for whom jobs in the regular economy cannot be found at the time and for whom training may not be appropriate. A total of $3,000,000 of fiscal year 1969 funds has been designated as the one year cost for assisting to meet the employer's contribution in public agencies for Priority III Special Work Projects. In 1969 the Manpower Administration anticipates servicing and providing employment to 10,000 individuals at an estimated WIN cost of $300 per participant. An important facet of this special work project is the receipt of a wage by the participant instead of his regular assistance grant.

The special work project participant receives training through the performance of a variety of work tasks and develops a broad range of work related skills and understanding while not anticipating employment in the particular agency or organization in which he is working. In addition to the skills being acquired, the individual is being provided motivation and a better perception of himself in relation to the world of work through performance of the job. These individuals will also be encouraged to enter ongoing educational activities at no cost to the Work Incentive Program.

Because of the limited or negative experience of the chronically unemployed and the welfare recipient and the many hindering personal and social problems that must be overcome, the individual's entry into the competitive job market is greatly enhanced because of the large variety of services and experiences obtained while enrolled in the special work project.

Plans for Fiscal Year 1970

The $3,000,000 which was appropriated in 1969 on a one-year basis to assist the public or private nonprofit agencies in meeting the employer's contribution for Work Projects does not apply in 1970.

However, supportive services which were not provided in the Work Incentive Program design for fiscal years 1968 and 1969 in this program component, are necessary on a continuing basis to insure that placements in this component are not dead-end, but are part of a continuing rehabilitation process and that transfers to more substantive components (i.e., institutional, para-professional or work experience) be accomplished in a timely manner as trainee progress demands. The special work project participants are those in most need of extensive supportive services, and in order for some coupling of basic and remedial education to be utilized, together with the wage supplementation project, close coordination, counseling, and coaching is necessary. Enrollment in this component shall continue for as long as necessary. In 1970 the Manpower Administration anticipates that 22,000 individuals at an estimated $70 per participant will be provided supportive services and $1,500,000 is included in the estimates for this purpose.

(d) Program direction and evaluation

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits	153	$1,569,700	153	$1,751,400	--	+$ 181,700
Other objects	--	3,249,300	--	6,248,600	--	+$2,999,300
Total	153	4,819,000	153	8,000,000	--	+ 3,181,000

Under this activity, staff resources are provided for the administrative and support operations of the Work Incentive Program. All of the manpower resources within the Manpower Administration of the Department of Labor will be used to realize the attainment of the goals of this program. Overall administrative responsibility has been assigned to the Bureau of Work Training Programs but where feasible, the major part of the program will be carried out through the system of State and local employment service offices. Direction and coordination is furnished in relation to development and implementation of program plans. Guidelines have been formulated in the areas of operations, State planning, budgeting, fiscal management, contracting, and legal services.

Performance for Fiscal Year 1968

Fiscal year 1968 operations can best be described as a period of planning, preparation and build-up. Immediately after the program became effective April 1, 1968, numerous task forces comprised of Federal and State agency personnel, were convened and constructed a program design which incorporated the best elements of all the manpower programs.

Administrative support activities were initiated in anticipation of implementing program operations. These activities included such functions as budget preparation and execution, fiscal and fund control procedures and systems, and other administrative services required by the launching of a new program. Such preparation permitted obligation of all fiscal year 1968 funds-which were appropriated in fiscal year 1969--to be obligated within five days after enactment, as required by provisions of the appropriation bill.

Another major accomplishment during this period was the negotiation of a national workmen's compensation policy covering all enrollees engaged in training components. This action was responsive to the Congressional mandate to provide appropriate workmen's compensation coverage to all enrollees, and negated the problems and reduced the costs that would have been inherent in developing this coverage under separate policies for each of the fifty-four States and jurisdictions.

On the basis of this initial planning and action, and the advent of available funds in early July 1968, the program was implemented in a total of 10 States and the District of Columbia.

Plans for Fiscal Year 1969

By January 1, 1969, the Work Incentive program was operational in 38 States (jurisdictions). Plans were developed for more than 200 local areas. Local Employment Service agencies moved ahead to staff and make local projects operational. The Bureau of Work Training Programs and the U.S. Employment Service have collaborated in the development and negotiation of agreements with State agencies. Direct assistance has been provided to State and Local Employment Service offices in the design of operational plans. Standards and procedures for basic employment service functions related to the Work Incentive Program have been developed. Technical assistance relating to a broad range of employment services (e.g., interviewing, orientation, counseling, selection and referral to training, etc.) are being supplied to the State and local level offices.

This program design requires translation into field staff capability. Training will be extensive and will involve several thousand people in every aspect of the program. It has been and will be geared to putting the "know-how" into the hands of those people who implement the program.

Priority III, Special Work Projects, will be added in fiscal year 1969. This program component authorizes the Department of Labor to enter into agreements with public agencies and private nonprofit agencies, organized for public purpose, to employ those for whom jobs cannot be found, and for whom training may not be appropriate.

Enlargement of the program from 11 to 38 jurisdictions, the complexity of these prime agreements, and the addition of the Work Projects Program (which requires special accounting systems and procedures) necessitated the development of comprehensive fiscal and contract audit programs to ensure compliance with the terms of the enabling legislation.

Research and evaluation efforts were initiated early in the year in conjunction with the inception of the operational program.

Activities in the area of research are being directed towards studying the assumptive changes in outlook and behavior that are expected to result from this program.

One study now being developed will look at the work-connected motivations of the hard-core unemployed in relation to their job perceptions. The relative strengths of monetary and non-monetary incentives among the hard-core will be explored, along with their views of their own job qualifications, what is required on the job, and the accuracy of their estimates of job requirements. A related study will analyze the factors essential to finding and keeping a job by comparing the work patterns of those who have broken out of the cycle of dependency with those who remain in welfare status. Comparisons will be made on the basis of individual differences and the social processes involved in attaining independence.

Another study will examine the Work Incentive Program's effectiveness as a mechanism for fostering individual and social change. The program will be analyzed from the viewpoint of a transitional social structure enabling individuals to move out of dependency and into the world of work. An attempt will be made to identify those social mechanisms which help adults to become economically independent. Another study will seek information useful to employers who hire the disadvantaged. Successful aspects of work situations will be analyzed in order to formulate techniques which can be adopted by employers to help integrate disadvantaged workers into their work forces. The study will draw distinctions among types of work situations and identify circumstances under which disadvantaged workers have the best chances for successful integration.

Evaluation efforts are dealing with accumulation of data concerning the general framework and nature of Work Incentive programs. Emphasis has been placed on the early identification and analysis of operational problems and suggested corrective actions. This has involved an assessment regarding the degree of interagency coordination, the character of operational planning during the developmental stage of the program and viability of program components. These evaluations consist of on-site reviews and include State Employment Service representatives.

Plans for Fiscal Year 1970

Beginning July 1, 1969, all States must refer all appropriate persons within the Aid to Families with Dependent Children program to the Work Incentive Program. A program capacity of approximately 125,000 man-years of training will be developed. Significant expansion of the program into additional jurisdictions will place sizeable demands on the existing staff resources of 153 positions. Total costs for support of this personnel in 1970 will be $2,800,000, an increase of $281,000 over 1969, representing expenses related to mandatory within-grade promotion costs and the annualization of positions funded on only a part-year basis during 1969.

Overall program direction will continue to be a collaborative effort on the part of the Bureau of Work Training Programs and the U.S. Employment Service. There will be an immediate need to develop and expand the standards, guidelines, and procedures for all levels of government staff as well as project sponsors.

Staff will also analyze information and feed-back provided by the various reporting systems. Information provided from these various kinds of reports, will be used to identify problems in individual projects.

These analyses, provided by research, demonstration, and program operations evaluation will be used to improve the design of the program. Once research has provided tentative conclusions, staff will be used to test them in demonstration situations, which if proven useful, will be written into program design.

Regional organizations will be responsible for a number of activities related to work experience and training, job development and placement, and follow-up services the welfare client requires for total rehabilitation and removal from the welfare rolls.

These functions will include:

--Providing assistance to the States agencies in the development of project proposals.

--Explaining program requirements and policies to sponsors and promoting cooperative relationships.

--Motivating sponsors to staff up and increase enrollment levels.

--Reviewing proposals in terms of need, priorities, funding sources, program content, compliance with objectives and requirements of administrative procedures and submitting proposals with recommendations for appropriate action.

--Evaluating sponsors and State agencies in terms of project progress and achievements.

--Reviewing and **appraising** financial and reporting procedures.

--Monitoring projects to determine adequacy of instructions, facilities, equipment, and trainee performance.

--Furnishing technical assistance to local program operation and administrative activities.

Research efforts will be directed in 1970 towards three issues that will require intensive attention:

The Transition of those in the Welfare Population with a Potential for Employment to Productive Employment

This study will deal with such basic questions as, what constitutes meaningful work to welfare recipients and how can the public and private sectors develop appropriate work situations for them, under what conditions should welfare mothers take jobs, at what point or under what conditions--wages, working conditions, job location, etc.,--does work become more attractive than welfare?

Restoring Individuals to Independence and Strengthening Family Structure

This research will examine whether welfare tends to become a way of life. It will deal with the factors that produce intergenerational and long-term dependency, the long-range effects of the Work Incentive Program on family life-styles, the various routes by which the poor reach self-sufficiency, the benefits that Day-Care Centers can offer in terms of freeing mothers for employment and serving as sources of employment for welfare recipients.

Role of the Private Sector

Investigation will be made of the alternatives available to increase the involvement of the private sector in the Work Incentive Program and the kinds of assistance employers need (from the Federal government) to help solve their problems in hiring the disadvantaged.

In 1970, these efforts will cost $1,300,000, the same level as devoted to this activity in 1969.

Evaluation efforts will continue to emphasize the gathering of data which seeks to identify problem areas that have national applicability. This will allow timely action to be taken to modify or institute changes to either program design or operation. Evaluation will also be devoted to extensive appraisal of the Work Incentive program by the Department of Labor and the Department of Health, Education, and Welfare within total State operations. A primary stress will be to appraise the effectiveness of program success in moving welfare recipients into permanent unsubsidized jobs. At the same time, the mechanisms created to achieve this, such as job development and placement functions, follow-up systems, etc., will be measured to ascertain their effectiveness.

The total cost of evaluation efforts in 1970 will be $1,800,000, an increase of $800,000 over 1969. This rise is directly associated with the accentuation that will be placed on rating the effectiveness of the primary common objective of the Work Incentive Program-moving people from welfare to permanent, unsubsidized employment.

The nationwide policy for workmen's compensation coverage will also require re-negotiation on July 1, 1969. Based on the anticipated number of enrollment opportunities that will be available in the institutional and work experience program components, it is expected that the cost for this coverage will be approximately $2,000,000.

In addition, based on 1969 findings, it will be necessary to provide support to the individual State Merit Systems, which insure that hiring procedures for positions are conducted in accordance with fair employment practices. A nominal amount of $100,000 will be required to institute this support service in 1970.

2. Child Care

	1969 Estimate	1970 Estimate	Increase or Decrease
Grants....	$22,600,000	$63,140,000	+$40,540,000

The 1967 amendments to the Social Security Act require that child care services be provided to all WIN participants who need such services. Services will typically begin at the time the Employment Service is prepared to enroll the parent in an orientation or diagnostic program. The services continue through the entire period of the parent's training and after the parent is employed, until other satisfactory arrangements can be made. After the parent is employed, depending on her income, she is expected to pay a portion of the costs of day care.

Child care is provided on a full-time basis for preschool children and on an after-school and summer basis for older children (generally through age fourteen). Title IV-A of the Social Security Act requires that child care services be directed at development of the child rather than being simply custodial in nature. Child care services are also subject to the joint HEW-OEO-Labor Department Federal Interagency Day Care Requirements promulgated under Title V-B of the Economic Opportunity Act.

Child care services may take the form of (a) care within the child's own home, (b) day care in a family day care situation, or (c) day care in a group situation. States are free to select, in consultation with the parent, that form of care which seems most appropriate to the needs of the child. The State may elect to provide the service through its own staff, or through a contract with any competent public or private **organization; or it may contract with individuals.**

The Federal Government reimburses the State for 85% of the costs in fiscal year 1969 and 75% thereafter.

FY 1969 program

Child care costs in fiscal year 1969 are estimated at $22,600,000. During fiscal year 1969 there is expected to be a substantial build-up in child care services as the enrollment to WIN builds up. Because of the complexities involved in organizing day care services, many States will emphasize in-home care until facilities and staff can be developed for day care. It is estimated that by June 30, 1969, there will be 33,300 preschool children and 105,450 school-age children receiving child care services. The average numbers to receive care during fiscal year 1969 are estimated at 12,000 preschool and 37,900 school-age children. When fully developed, it is anticipated that the Federal share of day care services will average $1,340 per year for preschool children and $340 per year for school-age children. In fiscal year 1969, however, these costs will be somewhat lower because of the time required to build up program resources.

Fiscal year 1970 program

Child care costs in fiscal year 1970 are estimated at $63,140,000, an increase of $40,540,000. The fiscal year 1970 program reflects (a) the cost of continuing services to families enrolled in fiscal year 1969 who still require such services, plus (b) the cost of services to families enrolled in WIN during fiscal year 1970. It is estimated that by June 30, 1970, the numbers receiving child care services will be 46,000 preschool children and 183,000 school-age children. The average numbers expected to receive care during fiscal year 1970 are 30,200 preschool and 115,800 school-age children. The total unit cost is expected to rise over fiscal year 1969 because many child care programs will by then be fully meeting developmental objectives. However, many other programs will still not have fully developed program resources and unit costs are somewhat lower than the $1,200 and $300 Federal unit cost that would otherwise prevail. Additionally, Federal matching in fiscal year 1970 represents 75% of total cost, rather than the 85% prevailing in fiscal year 1969.

WORK INCENTIVES
FISCAL YEAR 1969 and 1970 PROGRAM DESIGN
(Training and Incentives)

	1969			1970			Change		
	Man-years	Amount	Unit Cost	Man-years	Amount	Unit Cost	Man-years	Amount	Unit Cost
Direct Program									
(a) On-the-Job Training									
Total Funded Costs	+15,300	$15,847,000	$1,050	41,200	$33,469,000	$800	+25,900	+$17,622,000	-$250
FY 1970 Training Funded with FY 1969 Funds	+12,200	10,000,000	800	-12,200	-10,000,000	-800	---	---	---
FY 1969 Training Funded with FY 1968 Funds	-1,800	-2,378,000	-1,300	---	---	---	---	---	---
Total, Budget Authority	25,700	23,469,000	900	29,000	23,469,000	800	+3,300	---	-100
(b) Institutional and Work Experience									
Total Funded Costs	+44,100	44,753,000	1,025	61,800	93,531,000	1,500	+17,700	+48,778,000	+475
FY 1970 Training Funded with FY 1969 Funds	+16,600	25,000,000	1,500	-16,600	-25,000,000	-1,500	---	---	---
FY 1969 Training Funded with FY 1968 Funds	-8,100	-6,622,000	-800	---	---	---	---	---	---
Total, Budget Authority	52,600	63,131,000	1,200	45,200	68,531,000	1,500	-7,400	+5,400,000	+300
(c) Work Projects (Budget Authority/Funded)	10,000	3,000,000	300	22,000	1,500,000	70	+12,000	-1,500,000	-230
Program Direction									
(d) Salaries and Expenses (Budget Authority/Funded)	---	4,819,000 1/	---	---	8,000,000	---	---	+3,181,000	---
Total Funded	69,400	68,419,000	1,000	125,000	136,500,000	1,100	+55,600	+68,081,000	+100
Total Budget Authority	88,300	94,419,000	1,100	96,200	101,500,000	1,100	+7,900	+7,081,000	---

1/ Excludes $481,000 comparatively transferred to "Office of the Manpower Administrator, Salaries and Expenses."

Table I

WORK INCENTIVES
FISCAL YEAR 1969 and 1970 PROGRAM DESIGN
(Child Care)

	1969			1970			Change		
	Average No. of Children	Total Cost	Federal Unit Cost 1/	Average No. of Children	Total Cost	Federal Unit Cost 1/	Average No. of Children	Total Cost	Federal Unit Cost 2/
Child Care for:									
Preschool	12,000	$12,546,000	$1,340	30,200	$32,237,000	$1,200	+18,200	+$20,011,000	-$140
School age	37,900	10,054,000	340	115,800	30,903,000	300	+77,900	+20,529,000	-40
Total	49,900	22,600,000	---	146,000	63,140,000	---	+96,100	+40,540,000	---

1/ Unit costs shown are based on full implementation of Federal standards. Costs will be somewhat lower initially because of need to build up program resources.

2/ Decrease in Federal Unit Cost due to increase in non-Federal share.

Table II

DISTRIBUTION OF FIELD STAFF
(Department of Labor)

Supervising Offices	1969			1970		
	Professional	Clerical	Total	Professional	Clerical	Total
Atlanta, Ga.....	7	3	10	7	3	10
Boston, Mass.....	7	2	9	7	2	9
Chicago, Ill.....	11	4	15	11	4	15
Dallas, Tex.....	5	0	5	5	0	5
Kansas City, Mo....	5	3	8	5	3	8
New York City, N.Y.	11	5	16	11	5	16
San Francisco, Calif	11	4	15	11	4	15
Washington, D. C....	11	3	14	11	3	14
Sub-total Field Staff	68	24	92	68	24	92
Office of the Manpower Administrator for the District of Columbia.....	47	27	74	47	27	74
Total Field Staff...	115	51	166	115	51	166

Training and Incentives
Explanation of Estimate by Object

Personnel compensation $ 2,294,700

The estimate of $2,294,700 provides for 227 full-time permanent positions and 211 man-years which include one man-year of temporary and intermittent employment.

The increase of $346,200 over 1969 provides for mandatory increases as follows: $76,300 for within-grade promotion costs and $269,900 to provide for full-year costs of 1969 positions funded for only a part of the year.

Personnel benefits $ 172,000

The estimate of $172,000 is based upon personnel compensation and represents the cost of retirement, insurance, health benefits and payments under the Federal Insurance Contributions Act (FICA).

The increase of $26,000 over 1969 provides $5,700 for mandatory within-grade promotion costs; and $20,300 for full year costs of 1969 positions funded for only a part of the year.

Travel and transportation of persons $ 238,600

The estimate for 1970 is the same as 1969 and provides for per diem, mileage and transportation costs for 14 departmental and 115 field travelers.

Transportation of things $ 5,600

The estimate of $5,600 is the same as 1969 and provides for shipment of publications, supplies and materials.

Rent, communications, and utilities $ 114,600

The estimate for 1970 is the same as 1969 and provides for rental of space, equipment, communications services, toll calls, Federal telecommunications services and paid official mail.

Printing and reproduction $ 55,100

The estimate for 1970 is the same as 1969 and provides for cost of forms and schedules, envelopes, letterheads, publications and reports.

Other services $ 5,782,000

The estimate of $5,782,000 is an increase of $2,999,300 over 1969 and provides $2,000,000 for workmen's compensation coverage, $800,000 for evaluation studies, $100,000 for State Merit Systems; $87,500 for departmental Working Capital Fund and $11,800 miscellaneous services.

Supplies and materials $ 52,200

The estimate for 1970 is the same as 1969 and provides for office supplies, materials and subscriptions.

Equipment $ 99,800

The 1970 estimate is the same as 1969 and provides for equipment purchases.

Grants, subsidies, and contributions $92,685,400

The 1970 estimate of $92,685,400 provides for on-the-job training, institutional and work experience training and work projects and represents a net increase of $3,709,500 over 1969 as follows: $5,400,000 increase for institutional and work experience training, of which $190,500 for the Office of the Manpower Administrator for the District of Columbia is reflected in object classes above; and a decrease of $1,500,000 in work projects.

TUESDAY, APRIL 22, 1969.

GRANTS TO STATES FOR MAINTENANCE PAYMENTS

WITNESSES

STEPHEN P. SIMONDS, COMMISSIONER, ASSISTANCE PAYMENTS ADMINISTRATION
MISS MARY E. SWITZER, ADMINISTRATOR, SOCIAL AND REHABILITATION SERVICE
CHARLES S. WHITE, EXECUTIVE OFFICER, ASSISTANCE PAYMENTS ADMINISTRATION
RANDOLPH W. LEE, DIRECTOR, BUDGET DIVISION, SOCIAL AND REHABILITATION SERVICE
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

GRANTS TO STATES FOR MAINTENANCE PAYMENTS

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Old-age assistance	1,137,172	1,098,300	1,308,246
2. Aid to the blind	51,668	48,200	58,661
3. Aid to the permanently and totally disabled	366,580	395,300	499,434
4. Aid to families with dependent children	1,394,767	1,503,100	1,847,461
5. Emergency assistance		10,000	16,132
Total for all activities	2,950,187	3,054,900	3,729,934
Collections and adjustments during year	−27,964	−3,000	−10,850
Total program costs, funded	2,922,223	3,051,900	3,719,084
Change in selected resources [1]	119,576	160,243	
Adjustments between State requirements and Federal grants to States for fiscal year	40,366		
Total obligations (object class 41.0)	3,082,165	3,212,143	3,719,084
Financing:			
Comparative transfer from other accounts	−2,342,408		
Appropriation available from subsequent year	−739,757	−900,000	−900,000
Appropriation available in prior year		739,757	900,000
Budget authority (appropriation)		3,051,900	3,719,084
Relation of obligations to outlays:			
Obligations incurred, net	739,757	3,212,143	3,719,084
Obligated balance, start of year		565,903	840,000
Obligated balance, end of year	−565,903	−840,000	−840,084
Outlays	173,854	2,938,046	3,719,000

[1] Selected resources as of June 30 are as follows:

	1967	1968	1969	1970
Selected resources at end of year (amount obligated in 1 year for grants chargeable to appropriation for subsequent year)	650,000	739,757	900,000	900,000
Amount of 1968 appropriation used to complete 1967 requirements	−29,819			
Total selected resources	620,181	739,757	900,000	900,000

BIOGRAPHICAL SKETCH OF PRINICIPAL WITNESS

Mr. FLOOD. Now we have the grants to States for maintenance payments, and the presentation will be made by Mr. Stephen Simonds, the Commissioner, Assistance Payments Administration. We will place your biographical sketch in the Record. Mr. Simonds.

BIOGRAPHICAL SKETCH OF STEPHEN P. SIMONDS

Position: Commissioner, Assistance Payments Administration.
Birthplace and date: Franconia, N.H., November 25, 1924.
Education: B.A., University of New Hampshire, 1948; M.A. (social service administration), University of Chicago, 1953; and Fulbright Scholar, University of Bristol (England), 1957–58.
Experience:

December 4, 1967, to present—Commissioner, Assistance Payments Administration, Social and Rehabilitation Service, Department of Health, Education, and Welfare.

November 1960 to December 1967—Director, Maine Bureau of Social Welfare.

October 1958 to November 1960— Field supervisor (public assistance), Connecticut Department of Public Welfare.

February 1950 to August 1957—Caseworker and district supervisor, New Hampshire Department of Public Welfare.

Association memberships: National Association of Social Workers (former national board member); American Public Welfare Association (member, policy committee); Maine Partners of the Alliance (under U.S. Alliance for Progress) (member, board of directors); International Conference on Social Welfare (member).

GENERAL STATEMENT

Mr. FLOOD. I see you have a statement. How do you wish to proceed?

Mr. SIMONDS. Yes, Mr. Chairman, I do have a statement. Much of the content of the statement was covered in Miss Switzer's testimony. With your permission, I suggest that we enter this for the record and I attempt to summarize the statement.

Mr. FLOOD. Without objection, we will do that.

(The statement follows:)

STATEMENT BY COMMISSIONER, ASSISTANCE PAYMENTS ADMINISTRATION OR FISCAL YEAR 1970 APPROPRIATION REQUEST FOR "GRANTS TO STATES FOR MAINTENANCE PAYMENTS"

Mr. Chairman and members of the committee, this request is based upon estimates received from the States in March 1969 and represents an upward revision from the originally submitted budget which was based on December 1968 estimates from the States. The revised estimate is roughly $230 million higher than December, primarily due to the increase in estimates of the intermediate care facilities program.

This request is for grants to States for maintenance payments to the needy aged, blind and disabled, and to families with dependent children under the public assistance titles of the Social Security Act. The amended appropriation request for 1970 is $3,948,340,000. Compared with the appropriation for 1969 and the proposed supplemental for that year, the 1970 appropriation is larger by $552,916,000. When collections and adjustments are added, the total change in program requirements is an increase of $547,273,000.

If the AFDC "freeze" were to be deferred in 1970, and proposed social security benefit increases approved, the amended appropriation would be $4,239,618,000, or more than $844 million over anticipated 1969 requirements. The removal of the freeze would increase Federal expenditures by about $322 million. Assuming the AFDC freeze is in effect, of this $547.3 million increase, about 77 percent or $423 million is for the three adult categories: OAA, AB, and APTD, with the OAA receiving $292 million of the increase. The remaining 23 percent is for AFDC, including the new emergency assistance program.

The increase of $292 million for OAA and $9 million for AB is attributable mainly to implementation of the intermediate care program and to higher payments to recipients. The increase of $122 million for APTD, however, is chiefly the result not only of higher payments to recipients, but also of a substantial increase in the number of recipients, which rise to a lesser extent in OAA and AB.

The Federal programs of aid to families with dependent children and emer-

gency assistance are now estimated to increase by $123 million over estimated requirements for 1969 if the freeze is continued and by $445 million if the freeze is removed. The States indicate they plan to spend about $620 million more of their funds than in 1969 for AFDC and emergency assistance. If the freeze goes into effect on July 1, 1969, about $322 million of the increase in Federal cost would be transferred to the States or absorbed by families with dependent children.

The major reasons for the increase are:

$170.2 million increase in intermediate care facilities.
$9 million increase in emergency assistance program.
$2 million for 3,200 increase of blind recipients.
$30.4 million for 56,000 increase in OAA recipients.
$42.8 million for 77,000 increase in APTD recipients.
$292.8 million due to:
Court decisions.
State program elections.
Higher assistance standards.
Increased average monthly payments.

Under the freeze, the increase of Federal costs is due to additional recipients in the adult categories—3,200 in AB, 77,000 is APTD, and 56,000 in OAA.

The figures on average monthly payments as shown in the budget are national averages derived from consolidation of estimates submitted by the States. The national average monthly payments are higher for all categories ranging from $5.40 for AB, to $7.35 for OAA. In addition to normal population and economic trends, these increases reflect decisions by the States to revise or expand welfare programs and to revise standards of payments within the policy elections under the Social Security Act. Eighteen States have indicated they will operate emergency assistance programs in 1970, compared with 16 States in 1969; the net increase in total expenditures for emergency assistance in 1970 is $9 million. Twenty-nine States have elected or will expand the new programs established in 1969 for institutional care of the aged, blind, and disabled in intermediate care facilities, which represent an increase of $170.2 million in 1970. Other explanations for increases in 1970 as reported by the States in improvement of program coverage and allowances included: broadening of residence due to State court decision, the effect of the *King* v. *Smith* decision outlawing substitute parent rule, implementation of the new desregard of income law in AFDC, cost-of-living adjustments, revision of maximums, etc.

In this budget estimate, under current legislation imposing a limitation on the number of children who may be counted in computed Federal reimbursement, we have projected a reduction of Federal participation in AFDC in 1970. Although the amended budget shows 7,148,000 recipients eligible for AFDC payments in 1970, about 1 million of these will not be eligible for Federal reimbursement under the freeze. Under the law, however, the States are required to continue assistance to such eligibles. The Federal cost of such support, if the freeze were deferred, would be about $322 million.

In summary, we estimate that total Federal, State, and local payments for fiscal year 1970 will be $7,512,402,000 if the AFDC freeze goes into effect, an increase of $1,646,644,000 over fiscal year 1969. Of this total payment, it is estimated that States will qualify for a Federal reimbursement of $3,948,340,000, which is submitted in this estimate.

Mr. Chairman, that concludes my statement, and I will try to answer questions of the members of the committee.

BUDGET REQUEST—1970

Mr. SIMONDS. Mr. Chairman and members of the committee, the appropriation request for the maintenance grants programs for the needy, aged, blind, disabled, and aid for dependent children this year is $3,948,340,000, and this is $553 million over the appropriation request for 1969 fiscal year, plus the new supplemental. The increase in requirements is $553 million, and breaks down as follows: 77 percent of that increase is attributed to the increased costs for the aged, blind, and disabled, and for the facility you discussed with Dr. Land, the

intermediate care facility. The other 23 percent or $124 million is for the AFDC program.

Mr. FLOOD. You have been around here some time; have you not?

Mr. SIMONDS. Fifteen months, Mr. Chairman.

REASONS FOR INCREASE IN MAINTENANCE PAYMENTS

The increases, incidentally, for the grant programs are caused by two major factors; one, more recipients who are coming on the rolls due principally to population increases, liberalization of the welfare programs at the State level, court decisions of which we are aware——

Mr. FLOOD. Yes; we have heard of that. Did you read that last decision?

Mr. SIMONDS. No; we are still trying to get a copy of it.

Mr. FLOOD. So am I.

Mr. SIMONDS. And the movement of assistance recipients from institutions to this new intermediate care facility. In general throughout the country you have roughly 135,000 recipients estimated in such facilities in 1970 and we would expect this number to increase.

The other major cause for the increase is higher payments. The cost of living increases, the income disregard policies or work incentive policies.

Mr. FLOOD. What does that mean?

Mr. SIMONDS. It means the recipient can retain x number of dollars of what he earns before it begins to decrease his assistance checks. This was mandated by Congress, effective July 1, this year for AFDC.

Mr. FLOOD. That is by law?

Mr. SIMONDS. Yes. Many States are being told to remove their maximums on payment grants, some of these by court.

RANGE OF AVERAGE MONTHLY PAYMENT

Mr. FLOOD. In what state is the highest payment?

Mr. SIMONDS. It varies month to month. The last month I knew, New Jersey was among the highest in the AFDC category.

Mr. FLOOD. What would it be? If you don't know, supply it for the record. And where is the lowest.

Mr. SIMONDS. The lowest, to the best of my knowledge, is still Mississippi.

Mr. FLOOD. Will you supply for the record the extremes, the top and the lowest?

Mr. SIMONDS. Yes, sir; I would be glad to.

(The information follows:)

MAINTENANCE ASSISTANCE—STATES WITH HIGHEST AND LOWEST AVERAGE PAYMENT PER RECIPIENT, BY CATEGORY, DECEMBER 1968 [1]

Program	U.S. average	Highest payment		Lowest payment	
Old-age assistance	$69.70	New Hampshire	$116.15	Mississippi	$35.75
Aid to the blind	92.35	California	144.20	do	44.70
Aid to the permanently and totally disabled	82.85	Iowa	133.85	do	44.20
Aid to families with dependent children	42.90	Massachusetts	67.85	do	8.50

[1] Exclusive of Guam, Puerto Rico, and the Virgin Islands.

REVISED 1970 ESTIMATE

Mr. SIMONDS. Now just a brief statement about the revised 1970 budget request in relation to the original 1970 budget request. It is $229 million over the original 1970 estimate, and $146 million of that attributed to the intermediate care facility, and about $83 million to increased numbers of recipients and higher average payments.

NUMBER OF PERSONS ELIGIBLE FOR BUT NOT RECEIVING PUBLIC ASSISTANCE

Mr. FLOOD. Do you have any idea how many people in the 50 States who are eligible for public assistance are not on public assistance because they do not know about it, or for some reasons?

Mr. SIMONDS. Very, very rough gross ballpark estimates, Mr. Chairman.

Mr. FLOOD. A great many?

Mr. SIMONDS. Yes.

Mr. FLOOD. Why?

Mr. SIMONDS. We say the rule of thumb is that the public assistance caseload would probably nearly double if all of the people who are eligible under the Federal policies—if all States took full advantage of the Federal policies.

Mr. FLOOD. Why is that so? It has been going on a long time.

Mr. SIMOND. Yes.

Mr. FLOOD. With all the news media—even in the West Virginia hills they have TV—why don't they know about this?

Mr. SIMONDS. This is a very difficult question and a great deal of research is going into this now, but one fact that is emerging seems to be this: The greater affluence, increase in gross national product, greater prosperity, and so forth, has not yet substantially affected the pool of poor people from whom the public assistance is drawn.

Mr. FLOOD. That is not my question. Why don't they know about it?

Mr. SIMONDS. I see. They are getting to know more about the availability of the public assistance programs, but the stigma generally associated with public assistance, the deterrents that are built into many programs, in some cases in harassments that exist tend to deter people who really are eligible.

Gradually people who are eligible are now coming onto the program.

Mr. FLOOD. I remember somebody here last year in the poverty hearing talking about going into communities and making a drive, especially in rural areas, to make people aware of this.

Mr. SIMONDS. Yes.

Mr. MICHEL. Yes, Mr. Chairman. For several years that figure was estimated at 50 percent and my observation was going to be if it is still 50 percent we frittered away a lot of money telling these people about a program for which they can qualify.

Mr. FLOOD. And it is still 50 percent. I didn't know this until last year.

Mr. SIMONDS. May I point out, too, that there is much, much more turnover in the public assistance rolls than the average person realizes. At least a third, for example, in the AFDC category, of the recipients are discontinued in a year for one of a variety of reasons; so there is quite a lot of movement in and out of the program.

Mr. FLOOD. As Mr. Michel said, last year somebody told me 50 percent. When we went on the floor, a distinguished Member who questions these things, asked me about this 50 percent. He was stunned, and so was I.

Mr. SIMONDS. I would be interested in knowing to what extent the recent increases over the last 2 years have really eaten into that potential new caseload. It may not be the 100 percent greater.

Mr. FLOOD. You think the stigma of being on public assistance is a serious matter to most people?

Mr. SIMONDS. Yes, it is still a serious matter to the assistance applicant or recipient. There is a somewhat different outlook on this now.

Mr. FLOOD. That is a deterrent?

Mr. SIMONDS. Yes, indeed.

Miss SWITZER. Particularly in some communities.

Mr. FLOOD. What do you mean by some communities?

Miss SWITZER. I think of New England in the areas that are not in the big cities, there is a very strong feeling. Perhaps it is getting less now, but it is there definitely. I think you would find the same thing in many of the rugged counties in Pennsylvania.

Mr. FLOOD. I never thought of that.

Miss SWITZER. I think this has a lot to do with certain categories of people. But people who have been accustomed to living over several generations by some sort of socialized support I think have less feeling of stigma.

FAMILY INCOME DEFINITION OF POVERTY

Mr. FLOOD. A few years ago you Government people established a minimum income definition for poor people at $3,500. If you had an income of $3,500 you were in the poverty group. In my district when they read that a lot of people were shocked. They were paupers, they are not poor people at $3,500 to $4,000 a year. They do not think so at all. They did not know that until somebody told them, that they were poor.

Mr. SIMONDS. I think a great deal does depend on the variations within a community in which you live.

Mr. MICHEL. In connection with the point that Miss Switzer makes that there is a certain pride, if it has been a way of life over two or three generations, then it is not. But we would hope we would be instilling, with all these programs, a little bit of pride and hope to break out of that and do it on their own.

I am grateful for those people who every once in a while could be participating but they have so much pride they are going to try to cut it for themselves. You have to admire those people and help them all you can.

Mr. FLOOD. That is right.

Miss SWITZER. I think also that these average incomes—sometimes I feel we have had too many statisticians and sociologists and too many people drawing broad-brush averages. You don't like to get personal, but when I think of the income—the cash income—that many of us were brought up on, taking into account inflation, I think this is one of our problems with public education and public understanding.

Mr. FLOOD. Up in the coalfields if you make $4,000 or $5,000 a year, that is pretty good.

Miss SWITZER. Yes; I think we have used these figures too irresponsibly, really.

Mr. SIMONDS. I must say, Mr. Chairman, that I have yet to hear in several years of working in the public welfare system at State and Federal levels that any recipient said he enjoyed being a recipient. Invariably the reply is, this is hell, I want to get off. This is the great hope we have, that there is a very strong incentive among the vast majority of public assistance recipient to be off.

RELIABILITY OF THE ESTIMATE

Mr. FLOOD. That is why I was concerned about the day care center story I mentioned. You revised the 1970 estimates, $229 million. That is based on the State estimates in March.

Mr. SIMONDS. Yes, sir.

Mr. FLOOD. Since the States seem to increase these estimates every time you fellows pick up the telephone, what reason do you have to believe that this estimate is any better than previous ones?

Mr. SIMONDS. It is more timely and more current. They have discovered an acceleration in the caseload for this intermediate care facility. Also, the court decisions are coming out rather rapidly and they are widespread.

If a court orders a State to remove its maximums, its payments will have to go up almost immediately.

Mr. FLOOD. When will you get another estimate of 1970 requirements from the States?

Mr. LEE. It will be available in September, I believe. We would plan to have one ready to go to the Bureau of the Budget in September. There will be an estimate of our 1970 requirements as well as 1971.

Mr. FLOOD. What about this New York situation? They have enacted a law up there to hold down the welfare payments below what they would otherwise be.

Mr. SIMONDS. Yes, sir.

Mr. FLOOD. Is that reflected in this current estimate, this New York action? They have a law on this.

Mr. SIMONDS. Yes. Some of their projections and plans are reflected, yes.

Mr. FLOOD. The answer would be "Yes".

Mr. SIMONDS. As a matter of fact, New York was one of the few States that showed no projected increase in 1970 at one point.

IMPACT OF COURT DECISIONS

Mr. FLOOD. You talk about court decisions. Suppose you tell us what court decisions and court rulings during the past 2 or 3 years have had a significant impact on the program. I mean in dollars.

Mr. SIMONDS. Yes. One of the first was the rather well known *Smith* v. *King* decision that outlawed the substitute parent rule.

Mr. FLOOD. Suppose you put a short synopsis of the *Smith* case in the record at this point.

Mr. SIMONDS. Yes, sir.

(The information follows:)

SYNOPSIS—CASE OF "KING V. SMITH," SUPREME COURT OF THE UNITED STATES

BACKGROUND

Alabama, together with every other State, Puerto Rico, the Virgin Islands, the District of Columbia, and Guam, participates in the Federal Government's Aid to Families with Dependent Children program (AFDC), which was established by the Social Security Act of 1935, as amended. The appellees brought this class action against appellants, officers, and members of the Alabama Board of Pensions and Security, in the U.S. District Court for the Middle District of Alabama, seeking declaratory and injunctive relief. A properly convened three-judge district court adjudicated the merits of the controversy without requiring appellees to exhaust State administrative remedies, and found the regulation to be inconsistent with the Social Security Act and the equal protection clause. The case was then appealed to the U.S. Supreme Court.

ISSUE

This appeal projected the question of whether a regulation of the Alabama Department of Pensions and Security, employed in that department's administration of the State's federally funded AFDC program, is consistent with subchapter IV of the Social Security Act, and with the equal protection clause of the 14th amendment. The issue was the validity of Alabama's so-called "substitute father" regulation which denied AFDC payments to children of a mother who "cohabited" in or outside her home with any single able-bodied man.

DECISION

The decision of the U.S. Supreme Court struck down the substitute father regulation in Alabama's AFDC program. Speaking for eight of the nine Justices, Chief Justice Warren concluded his opinion as follows:

"Alabama's substitute father regulation, as written and as applied in this case, requires the disqualification of otherwise eligible dependent children if their mother 'cohabits' with a man who is not obligated by Alabama law to support the children. The regulation is therefor invalid because it defines 'parent' in a manner that is inconsistent with § 406(a) of the Social Security Act. 402 U.S.C. § 606(a). In denying AFDC assistance to appellees on the basis of this invalid regulation, Alabama has breached its Federally imposed obligation to furnish aid to families with dependent children . . . with reasonable promptness to all eligible individuals . . . 42 U.S.C. § 602(a)(9). Our conclusion makes unnecessary consideration of appellees' equal-protection claim upon which we intimate no views." Page 23

The ninth Justice, Mr. Justice Douglas, concurred on the Equal Protection Clause of the 14th Amendment.

In the last sentence of Chief Justice Warren's opinion, he states:

"We hold today only the Congress has made at least this one determination: that destitute children who are legally fatherless cannot be flatly denied Federally-funded assistance on the transparent fiction that they have a substitute father." Page 24

RESULTANT ACTION

As a result of this Supreme Court decision, the Secretary of the Department of Health, Education, and Welfare issued a Federal Regulation which was published in the Federal Register on August 8, 1968, under Title 45, Chapter II, Part 203.

Mr. SIMONDS. Others were removing family maximums and lower court rulings on residence requirements and now the Supreme Court decision. Those I would say are the major decisions having significant financial impact.

SERVICES IN INTERMEDIATE CARE FACILITIES

Mr. FLOOD. You have payments for institutional services in intermediate care facilities. That is a new phrase. That is a pretty high percentage of the increase for old age assistance and aid to the blind. What do those services cover?

Mr. SIMONDS. As Dr. Land said, they are facilities that do not require the registered nurse and licensed practical nurse. They provide supervisory domiciliary care. Many will be former nursing homes that cannot qualify under higher standards.

Mr. FLOOD. How much of the 1970 increase is in that?

Mr. SIMONDS. We have $170 million attributed to intermediate care facility program.

REASONS FOR STATES NOT PARTICIPATING IN INTERMEDIATE CARE PROGRAM

Mr. FLOOD. Why is it that there are so many States that do not participate in that? I can't imagine that.

Mr. SIMONDS. This may be conjecturing, Mr. Chairman, but in general the proprietors want as long as they can to maintain their higher status as nursing homes. They will do all they can to qualify as nursing homes before submitting themselves for a lower qualification. Two, from the standpoint of State agencies in many cases it would mean they would have to shift their payments from the medical care program to the grant payment program and they are loath to do this.

Mr. FLOOD. Why?

Mr. SIMONDS. It could be that they may have separate appropriations for medical care and maintenance payments. It may also mean that they simply want to keep their grant expenditures down. They do not want to see these go up continuously. They can better justify sometimes the medical expenditures than to have the grant programs continue upward.

EMERGENCY ASSISTANCE

Mr. FLOOD. About this so-called emergency assistance, that is pretty new. Frankly, I don't know what you are talking about. What do you mean by emergency assistance?

Mr. SIMONDS. This was a new benefit program authorized by the last Congress and passed in the 1967 amendment to the Social Security Act.

It provides, for the States who wish to elect this program, 50 percent Federal financial participation in providing emergency services which can be anything that a family requires, and it must be a family with children—that they may require on an emergency basis; food, clothing, even medical care, rent money, anything that is of an emergency nature for 1 month out of any 12 consecutive months.

Mr. FLOOD. How many States are participating in this?

Mr. SIMONDS. Eighteen.

Mr. FLOOD. What are you spending on it this year and what will you spend in 1970?

Mr. WHITE. $5.6 million in 1969 and $14.7 million in 1970.

Mr. FLOOD. Do you expect a lot more States to come in or what?

Mr. SIMONDS. Yes, we do expect more States to come in. They are coming in a bit slower than we expected. I have wondered why more haven't come.

Mr. FLOOD. Do you have any ideas?

Mr. SIMONDS. Some have answered that it is just the redtape involved in getting a new program written and the plan accepted and authorized. It is a whole new program that calls for accounting procedures and the whole bit.

INCREASE IN AID TO THE PERMANENTLY AND TOTALLY DISABLED

Mr. MICHEL. On page 18 of the justifications I note in connection with the maintenance payments to the permanently and totally disabled, that the increase is the result of elimination of the residence requirement and you are talking about 70,000 people here. Is there that much movement between States in that category, of the permanently and totally disabled persons?

Mr. SIMONDS. I would say that would be the minor reason. The major reason is (1) expanding and liberalizing definitions of permanent and total disability; (2) the discharge of people from institutions to intermediate care facilities, nursing homes, and boarding homes who now can be cared for because there is a public assistance grant available through a system outside the institution. There is quite a definite movement of people out of institutions now using the permanently and totally disabled program.

Mr. MICHEL. Really, part of this item comes from the fact that we take pride in the reduction of possibly 100,000 in this last year, but they come back and fall into this category.

Mr. SIMONDS. Yes, indeed.

INCREASE IN AFDC RECIPIENTS

Mr. MICHEL. I noticed somewhere in the justifications since 1968 there was an increase of 30.2 percent in the AFDC recipients. That seemed to be an awfully large increase from 1968 until now.

Mr. SIMONDS. It does sound very large. The recipient rate increase in the last 2 or 3 years has been 14 or 15 percent.

Mr. MICHEL. Would you put in the record at this point a table showing those figures for, say, the last 5 years, so we get some measurement of what has happened in the way of increases?

Mr. SIMONDS. We will be glad to do that.

(The information follows:)

AFDC: Average Monthly Number of Recipients of Money Payments, Fiscal Years 1964 - 1968, and February 1969

	Average Monthly Number of Recipients, Fiscal Year -					
	1964	1965	1966	1967	1968	February 1969
Alabama	91,400	78,300	71,500	70,900	80,400	103,000
Alaska	4,500	4,700	4,700	5,000	5,200	6,600
Arizona	42,000	40,400	40,800	42,700	43,300	43,900
Arkansas	27,500	29,900	31,300	34,100	38,400	40,300
California	405,000	518,000	603,000	714,000	786,000	966,000
Colorado	39,600	42,100	46,000	52,600	54,900	56,800
Connecticut	50,100	54,400	51,700	52,500	62,100	75,100
Delaware	10,800	12,000	12,100	13,400	16,700	18,200
Dist. of Col.	18,700	20,100	22,400	23,100	25,400	31,000
Florida	104,000	106,000	113,000	136,000	147,000	174,000
Georgia	61,000	70,800	78,800	90,000	105,000	149,000
Guam	750	650	730	790	950	1,400
Hawaii	13,500	13,600	14,500	16,700	19,800	21,500
Idaho	10,000	9,900	9,900	10,600	11,800	12,500
Illinois	261,000	261,000	255,000	250,000	278,000	327,000
Indiana	46,100	46,900	47,000	47,400	51,500	57,000
Iowa	40,000	42,100	44,300	44,100	48,200	56,700
Kansas	31,100	34,400	35,100	35,500	39,900	45,400
Kentucky	74,700	78,400	81,400	87,600	105,000	118,000
Louisiana	99,900	104,000	107,000	112,000	127,000	169,000
Maine	20,500	19,100	18,800	19,900	21,700	26,600
Maryland	66,100	79,500	88,900	94,900	108,000	117,000
Massachusetts	80,900	91,000	99,700	112,000	139,000	176,000
Michigan	134,000	162,000	157,000	158,000	184,000	205,000
Minnesota	44,000	49,800	52,300	54,400	59,400	64,200
Mississippi	81,500	82,900	83,800	88,400	99,000	103,000
Missouri	105,000	107,000	108,000	108,000	112,000	122,000
Montana	7,000	7,200	8,000	8,800	9,700	10,900
Nebraska	14,200	15,800	18,000	19,900	23,300	26,200
Nevada	4,800	5,100	5,400	6,400	7,700	9,100
New Hampshire	4,200	4,500	4,800	5,300	5,900	7,100
New Jersey	93,100	103,000	112,000	123,000	146,000	203,000
New Mexico	30,900	30,300	30,500	33,200	38,900	44,800
New York	447,000	495,000	548,000	639,000	794,000	998,000
North Carolina	113,000	110,000	109,000	107,000	107,000	111,000
North Dakota	6,600	7,400	7,900	8,600	9,600	10,200
Ohio	156,000	181,000	190,000	192,000	220,000	246,000
Oklahoma	72,500	73,400	75,700	82,800	89,600	88,400
Oregon	28,600	29,900	33,100	35,600	40,600	51,400
Pennsylvania	310,000	285,000	259,000	254,000	294,000	361,000
Puerto Rico	212,000	202,000	191,000	180,000	177,000	190,000
Rhode Island	22,800	23,900	23,800	26,000	29,800	34,600
South Carolina	32,000	29,600	27,300	25,200	28,100	38,000
South Dakota	10,200	11,000	11,900	12,700	13,600	14,300
Tennessee	77,700	76,400	81,000	86,200	96,200	110,000
Texas	86,100	90,800	95,000	102,000	124,000	168,000
Utah	18,700	20,600	21,900	22,700	27,500	30,700
Vermont	5,100	5,500	5,600	6,400	8,300	11,700
Virgin Islands	1,100	1,200	1,200	1,300	1,600	1,600
Virginia	44,500	45,800	46,800	50,900	58,200	65,400
Washington	56,900	63,200	58,100	56,600	67,100	83,400
West Virginia	124,000	116,000	107,000	98,800	94,800	90,000
Wisconsin	42,200	43,000	42,000	50,100	62,200	79,400
Wyoming	3,300	3,500	4,000	4,400	4,500	4,600
TOTAL, U.S.	3,988,150	4,239,050	4,396,730	4,713,490	5,348,850 1/	6,375,000

1/ About 7.1 million different persons received AFDC at some time during the year.

SRS/APA
4/24/69

Mr. FLOOD. Under the present law—and suppose the freeze does not go into effect—do you think this AFDC caseload will continue to go up indefinitely?

Mr. SIMONDS. Yes, I think there will be a continued rise in the AFDC case load whether or not the freeze goes into effect, as a matter of fact. We say we do not permit States to decide not to help children who would not be helped by Federal financing. The caseload will continue to go up and one of the reasons for this is that the pool from which the AFDC is growing, particularly in the younger age group we talked about earlier, that is going to grow. The young women in the 15- to 24-year age bracket who are now producing children and adding somewhat to the caseload, that population group is even larger than the present one. What we are experiencing now is the children of the famous post-World War II baby boom coming through the welfare rolls as they have through, formerly, schools and so forth, and it surprised me to find that same age grouping is even larger now according to demographic data than the present, so this is one of the reasons I didn't think we could expect immediate decreases in the AFDC rolls.

NEW METHOD OF DETERMINING ELIGIBILITY

Mr. FLOOD. Before Mr. Cohen left as Secretary, he announced a new Federal regulation regarding self-certification of welfare applicants, effective July 1, 1969. What did that mean and what does the new administration propose?

Mr. SIMONDS. The term now is a simplified method, Mr. Chairman, and has been called the declaration method as well. Self-certification suggests that a person certify himself and that, of course, is not the case. The declaration, or the simplified method is a system, and it provides for the applicant recording on a rather comprehensive statement and form all of the relevant data and information and fact that is relevant to his situation and on which a decision of eligibility can be made if the form is completely filled out. Where it has been tried and tested, we are having surprisingly good results on levels of ineligibility, fraud and so forth, and since it does eliminate a great deal of worker time, personnel worker time, we are finding that the unit cost of determining eligibility is considerably under the conventional method.

Mr. FLOOD. What does the new administration propose to do about it?

Mr. SIMONDS. The Secretary has endorsed the system in principle. He has required all States to start testing this method effective July 1 of this year in all categories and based on the test results he will then decide whether or not it should be mandated in all States in that particularly category of aid.

LEGAL ASSISTANCE

Mr. FLOOD. Right before he left office, Mr. Cohen also proposed a legal aid program. What is the new administration going to do about that?

Miss SWITZER. This policy is not popular with State administrators for two reasons, as it was issued by former Secretary Cohen: First of all, it requires the payment of assistance to recipients during their fair

hearing. Many States, particularly States like New York and California, have a big backlog of cases; they now have a fair-hearing system but they do not pay for lawyers to defend the claim of the recipient. There is a great deal of very, very vehement, negative reaction to this policy on the point of the higher cost and another element that goes into the total high cost during this period when everything is mounting. And, second, and I think in some ways even more important to them, is their reluctance—by "them" I mean State welfare commissioners—their reluctance to accept a fair-hearing type proceeding with lawyers and rules of evidence and so on.

Somehow they really resent this as necessary to establishing the rights of the individual.

Right at the moment, this policy is under reconsideration. Chances are it will be modified somewhat.

Mr. FLOOD. Mrs. Reid?

COST OF INCREASE IN BROKEN FAMILIES

Mrs. REID. Among the factors contributing to increased caseloads, as stated in your justifications, you list the increase in the number of families broken by divorce, separation, or desertion. Do you have any separate statistics on the cost of this factor (that is, the breakup of marriages) to the Federal Government and the States over the past year or several years?

Mr. SIMONDS. Information from two studies on characteristics of families receiving aid to families with dependent children shows that the proportion of families dependent because of divorce, separation, or desertion increased from 40.5 percent in 1961 to 43.0 percent in 1967.

It is estimated that the cost of assistance in 1969 to families dependent upon AFDC because of divorce, desertion, or separation will be $1.6 billion of which $840 million will be Federal funds:

NONSUPPORT CASES

Mrs. REID. This opens up the whole subject of support payments—failure of separated husbands and divorced husbands, and so forth, to support families. What is being done to overcome this? Is the program encouraging irresponsibility in this area?

Mr. SIMONDS. The Social Security Act contains procedures (secs. 402 and 410) under which records maintained by the Department of Health, Education, and Welfare are utilized by the State or local agencies in locating parents of children who are applicants or recipients of public assistance and against whom an order for support has been issued by a court of competent jurisdiction.

In addition, recent arrangements with the Internal Revenue Service, effective January 1, 1969, make the current tax records available for locating purposes under similar circumstances. Both procedures are subject to the problems inherent in using records which involve a lag between the time the event occurs and the time it is reported and

posted to the central records. In addition, most tax reports are made on an annual basis and current information would be available in most cases only around April 15 of each year.

POTENTIAL COST OF EMERGENCY ASSISTANCE

Mrs. Reid. I note that emergency payments, which are discussed on page 24 of your justifications, will be provided by seven more States in 1970—or a total of 23 States, with almost double payments. According to your tabulations, with the exception of perhaps New York State, these participating States are for the most part the less populated ones. Do you have any figures on what this particular program might cost if all 50 States were actively participating?

Mr. Simonds. Based upon the experience of existing programs, and taking into consideration the different characteristics in State populations, it has been estimated that emergency payments would require an annual amount of $45 million in State funds, matched by an equal amount of Federal funds, together totaling $90 million.

Mr. Flood. Thank you, Mr. Simonds.

JUSTIFICATION MATERIAL

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL AND REHABILITATION SERVICE

Grants to States for Maintenance Payments

Amounts Available for Obligation

	1969 Estimate	1970 Estimate
Appropriation	$3,051,900,000	$3,719,084,000
Supplemental proposed for separate transmittal	373,524,000	---
Total	3,425,424,000	3,719,084,000
Available for subsequent year appropriation	900,000,000	900,000,000
Available in prior year	-739,757,000	-900,000,000
Total	3,585,667,000	3,719,084,000
Financing:		
Available from subsequent year appropriation	-900,000,000	-900,000,000
Available in prior year	739,757,000	900,000,000
Budget authority	3,425,424,000	3,719,084,000

Summary of Changes

1969 enacted appropriation	$3,051,900,000
Proposed supplemental, 1969	373,524,000
Add: Collections and adjustments	3,000,000
Total requirements for 1969	3,428,424,000
1970 appropriation request	3,719,084,000
Add: Collections and adjustments	10,850,000
Total requirements for 1970	3,729,934,000
Net change in requirements	+301,510,000

	1969 Base 1/	1970 Change from Base
A. Increases:		
1. Program:		
Old-age assistance	$1,204,184,000	+$104,062,000
Aid to the blind	53,942,000	+4,719,000
Aid to the permanently and totally disabled	434,100,000	+65,334,000
Aid to families with dependent children	1,730,560,000	+116,901,000
Emergency assistance	5,638,000	+10,494,000
Total program increases (total net change requested)	---	+301,510,000

1/ Includes supplemental request.

Grants to States for Maintenance Payments, Obligations by Activity and by Object, 1969 and 1970

Page Ref.	Activity	Fiscal Year 1969			Fiscal Year 1970		
						Increase or Decrease	
		Appropriation	Proposed Supplemental	Total Estimate	Total Estimate	Appropriation for 1969	Total estimate for 1969
14	Old-age assistance	$1,098,300,000	$105,884,000	$1,204,184,000	$1,308,246,000	+$209,946,000	+$104,062,000
16	Aid to the blind	48,200,000	5,742,000	53,942,000	58,661,000	+10,461,000	+4,719,000
18	Aid to the permanently and totally disabled	395,300,000	38,800,000	434,100,000	499,434,000	+104,134,000	+65,334,000
20	Aid to families with dependent children	1,503,100,000	227,460,000	1,730,560,000	1,847,461,000	+344,361,000	+116,901,000
24	Emergency Assistance	10,000,000	-4,362,000	5,638,000	16,132,000	+6,132,000	+10,494,000
	Total for all activities ...	3,054,900,000	373,524,000	3,428,424,000	3,729,934,000	+675,034,000	+301,510,000
--	Collections and adjustments during year ..	-3,000,000	---	-3,000,000	-10,850,000	-7,850,000	-7,850,000
	Total obligations against appropriation ..... (Object class 41)	3,051,900,000	373,524,000	3,425,424,000	3,719,084,000	+667,184,000	+293,660,000

Explanation of Changes

The appropriation request for 1970, based on estimates from the States in December 1968, is $3,719,084,000, an increase of $293,660,000 over the 1969 appropriation plus the supplemental. When collections and adjustments are added, the total changes in program requirements is an increase of $301,510,000.

Most of the increase in funds required is due to the rise in average monthly assistance payments ranging from $3.95 in AFDC to $5.45 in OAA. The number of recipients of assistance payments eligible for Federal participation actually will decrease in 1970, under the current legislative limitation on the AFDC category. In the adult categories, OAA recipients continued to decline, 15,000 in 1970, while blind and disabled recipients increased 1,000 and 70,000, respectively. However, in the projected level of 6,965,000 AFDC recipients, about 1.1 million will not be eligible for Federal payment, but will become fully the States' responsibility, costing the States an additional $259 million and reducing benefits to recipients by $48 million. The new program of vendor payments for the institutional care of aged, blind and disabled recipients with physical and mental limitations - the intermediate care facilities activity - represents $50 million of the increase, while the new program of 30 day emergency assistance to families is a $10 million increase.

Old-Age Assistance.--The $104,062,000 increase is due to an increase in the average monthly payments to recipients and to the growth of the new activity in intermediate care services. Payments to vendors of institutional services in intermediate care facilities account for 40 percent of the increase. Although the number of recipients receiving assistance payments is expected to decrease by 15,000 to 2,084,000, their average monthly payment is expected to increase by $5.45 to $76.30.

Aid to the Blind.--The $4,719,000 increase is due to an increase of 1,000 in assistance payments recipients, a rise in the average monthly payment by $5.05 to $96.10 and an increase of $468,000 in payments for recipients in intermediate care facilities. Vendor payments in behalf of recipients in intermediate care facilities account for only 10 percent of the increase.

Aid to the Permanently and Totally Disabled.--The increase of $65,334,000 is due to an increase of 70,000 recipients, a rise of average monthly payment by $4.25 to $87.40 and an increase of $7,800,000 in intermediate care payments.

Aid to Families with Dependent Children.--Under the assumption that the legislative freeze, which establishes a retroactive ceiling to January 1968 (subject to slight adjustments) continues in FY 1970, the increase of $116,901,000 is due wholly to the increase in average monthly payment of $3.95 to $47.80. There will be a substantial reduction in the number of recipients eligible for federal participation from the previous year. Although the number of recipients of assistance is expected to increase by 875,000, an estimated 1.1 million recipients will not be eligible for federal participation but would be paid from State and local funds with no federal sharing.

Emergency Assistance.--The $10,494,000 increase represents the second year of this program, which is in effect in a few States. The program is expected to be in effect in 23 States in 1970 compared to 16 States in 1969.

Authorizing Legislation

Legislation	1970 Authorization
Social Security Act	
Section 1--Old-Age Assistance and Medical Assistance for the Aged	Indefinite
Section 401--Aid to Families with Dependent Children	Indefinite
Section 1001--Aid to the Blind	Indefinite
Section 1401--Aid to the Permanently and Totally Disabled.	Indefinite
Section 1601--Aid to the Aged, Blind, or Disabled, or for Such Aid and Medical Assistance for the Aged	Indefinite

SOCIAL SECURITY ACT

Title I--Grants to States for Old-Age Assistance and Medical Assistance for the Aged

Appropriation

Section 1. For the purpose (a) of enabling each State, as far as practicable under the conditions in such State, to furnish financial assistance to aged needy individuals ..., there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.

Title IV--Grants to States for Aid and Services to Needy Families with Children and for Child Welfare Services

Part A. Aid to Families with Dependent Children

Appropriation

Section 401. For the purpose of encouraging the care of dependent children in their own homes or in the homes of relatives by enabling each State to furnish financial assistance ..., as far as practicable under the conditions in such State, to needy dependent children and the parents or relatives with whom they are living ..., there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this part.

Title X--Grants to States for Aid to the Blind

Appropriation

Section 1001. For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals who are blind ..., there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.

Title XIV--Grants to States for Aid to the Permanently and Totally Disabled

Appropriation

Section 1401. For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals eighteen years of age and older who are permanently and totally disabled ..., there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.

Title XVI--Grants to States for Aid to the Aged, Blind, or Disabled, or for Such Aid and Medical Assistance for the Aged

Appropriation

Section 1601. For the purpose (a) of enabling each State, as far as practicable under the conditions in such State, to furnish financial assistance to needy individuals who are 65 years of age or over, are blind, or are 18 years of age or over and permanently and totally disabled ..., there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.

Note: States may elect to provide assistance to the needy aged, blind, and permanently and totally disabled under this title in lieu of titles I, X, and XIV.

Grants to States for Maintenance Payments

Fiscal Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1966	$2,635,800,000	$2,440,000,000	$2,440,000,000	$2,440,000,000
1967	2,607,202,000	2,607,202,000	2,607,202,000	2,607,202,000
1968	3,089,608,000	2,992,408,000	2,992,408,000	2,992,408,000
1969	3,051,900,000	3,051,900,000	3,051,900,000	3,051,900,000
1969 proposed supplemental	373,524,000			
1970	3,719,084,000			

NOTE: Prior to fiscal year 1969, estimates for the appropriation account reflected in this budget were part of the single appropriation for "Grants to States for Public Assistance." Details of the budget estimates are not available to reconstruct data on a basis comparable to the new appropriation account for fiscal years prior to 1966. The data shown include supplemental as well as regular estimates and appropriations. This occurred in fiscal years 1966, 1967, and 1968; and for these years the supplemental request, as well as the regular request, is included in the first amount column.

Justification

Grants to States for Maintenance Payments

Program	1969 Estimate 1/	1970 Estimate	Increase or Decrease
Old-age assistance 2/	$1,204,184,000	$1,308,246,000	+$104,062,000
Aid to the blind 2/	53,942,000	58,661,000	+4,719,000
Aid to the permanently and totally disabled 2/	434,100,000	499,434,000	+65,334,000
Aid to families with dependent children	1,730,560,000	1,847,461,000	+116,901,000
Emergency assistance	5,638,000	16,132,000	+10,494,000
Total	3,428,424,000	3,729,934,000	+301,510,000
Collections and adjustments during year	-3,000,000	-10,850,000	-7,850,000
Estimated appropriation requirements	3,425,424,000	3,719,084,000	+293,660,000

1/ Includes supplemental request of $373,524,000.
2/ Includes vendor payments for intermediate care.

Introduction

This budget request is for grants to States for maintenance payments available to the States under the following titles of the Social Security Act:

Old-age Assistance (title I)

Aid to the Blind (title X)

Aid to the Permanently and Totally Disabled (title XIV)

Aid to the Aged, Blind or Disabled (title XVI)

Aid and Services to Needy Families with Children (title IV, Part A)

Emergency Assistance (title IV, Part A)

Maintenance payments to recipients are to cover costs of food, shelter, clothing, and other necessary items of daily living. These payments are generally made to the recipient in the form of a money payment. In certain cases, such payments may be made on his behalf to another person: for example, protective payments on behalf of aged recipients unable, because of mental conditions, to manage funds; payments for foster care provided certain children under the program of Aid to Families with Dependent Children; and payments for institutional services in intermediate care facilities provided to aged persons in need of personal care short of skilled nursing home care.

Amount of request.--The appropriation request for 1970 of $3,719,084,000 is about $293,660,000 or 8.6 percent more than the 1969 appropriation plus the supplemental request for that year. An increase in expenditures from Federal funds is expected for all categories of assistance as well as for emergency assistance, made available by the 1967 amendments.

Changes in requirements for maintenance payments between 1969 and 1970 reflect primarily increased need of recipients and improved standards of assistance. They reflect also increased expenditures for intermediate care and emergency assistance. With respect to aid to families with dependent children they reflect the limitation on federal financial participation in that program to become effective as of July 1, 1969.

Provisions for determining the Federal share of maintenance and intermediate care payments.--The Federal share of money payments to or on behalf of recipients is computed in two parts. The Federal share of the first $37 of the average monthly payment per recipient in the categories for adults is 31/37; and of the first $18 per recipient of aid to families with dependent children it is 5/6. The Federal share of the balance of the average monthly payment up to a maximum of $75 per recipient in the categories for adults and up to $32 per recipient ($100 per child in foster care) in aid to families with dependent children, varies according to the per capita income of the States, and ranges from 50 percent to 65 percent. States with title XIX programs have the option of an alternative method of computing the Federal share. This is to apply the Federal medical assistance percentage to their expenditures for maintenance programs under Titles I, X, XVI, and part A of title IV without regard to any maximum on the dollar amounts per recipient. The Federal share of emergency assistance is 50 percent.

Program by Activity

State and local public welfare agencies are expected to spend $7,005,434,000 for maintenance payments during 1970, of which the Federal share is estimated at $3,729,934,000 or 53 percent. The Federal share consists of the appropriation request for $3,719,084,000 and $10,850,000 in the Federal share of collections and adjustments received by the States during the year.

Of the total Federal funds required for 1970, about half is for needy families with dependent children, slightly more than a third is for the aged, and the remaining one-sixth is estimated for aid to the blind, aid to the permanently and totally disabled, and emergency assistance combined.

A larger amount is required for needy families with children than for the aged because the number of recipients of aid to families with dependent children (children and adults) is estimated to be 6,965,000 or slightly more than three times the number for old-age assistance (2,084,000). The amount of Federal funds for aid to families with dependent children is only about 40 percent greater than that for old-age assistance. The disparity in the Federal share for old-age assistance and aid to families with dependent children in relation to the average monthly number of recipients in these programs results from two factors. First, the average monthly payment per recipient from Federal, State, and local funds is considerably smaller in aid to families with dependent children ($47.80) than in old-age assistance ($76.30); and second, the Federal share of the average payment is only 46 percent in aid to families with dependent children compared with 65 percent in old-age assistance. Historically, the rate of Federal financial participation in aid to families with dependent children always has been lower than old-age assistance. Currently, for States using the provisions of titles I, IV, X, XIV and XVI)the formula for computing the Federal share of a State's maintenance payments is applied to a maximum of $32 on the average monthly payment per recipient in aid to families with dependent children and to $75 per recipient in the categories for adults. For States using the provision of Section 1118 of the Social Security Act, the Federal share is computed using the Federal medical assistance percentage, as promulgated by the Secretary, without regard to maximums. The 1967 amendments, to be effective as of July 1, 1969, further decrease Federal financial participation in the program for children by limiting the number of children from broken homes (resulting from the absence of a parent for reasons other than death) for which a State may claim Federal sharing.

The table on the next page summarizes expenditures from Federal, State, and local funds and from Federal funds, by program, for each of the fiscal years 1969 and 1970.

Maintenance Payments: Estimated total Federal, State, and local expenditures and the Federal Share thereof, fiscal years 1969 and 1970

	Fiscal Year 1969 estimate [1]		Fiscal Year 1970 estimate	
	Total	Federal Share	Total	Federal Share
Total expenditures including intermediate care				
Total	$5,893,934,000	$3,428,424,000	$7,005,434,000	$3,729,934,000
Old-age assistance	1,833,000,000	1,204,184,000	2,030,400,000	1,308,246,000
Aid to the blind	91,634,000	53,942,000	98,670,000	58,661,000
Aid to the permanently and totally disabled	725,700,000	434,100,000	849,700,000	499,434,000
Aid to families with dependent children	3,232,300,000	1,730,560,000	3,994,400,000	1,847,461,000
Emergency assistance	11,300,000	5,638,000	32,264,000	16,132,000
Payments to Recipients				
Total	5,833,000,000	3,395,808,000	6,855,864,000	3,647,634,000
Old-age assistance	1,784,900,000	1,178,400,000	1,908,800,000	1,241,046,000
Aid to the blind	91,000,000	53,610,000	97,200,000	57,861,000
Aid to the permanently and totally disabled	713,500,000	427,600,000	823,200,000	485,134,000
Aid to families with dependent children	3,232,300,000	1,730,560,000	3,994,400,000	1,847,461,000
Emergency assistance	11,300,000	5,638,000	32,264,000	16,132,000
Payments to Intermediate Care Facilities [2]				
Total	60,934,000	32,616,000	149,570,000	82,300,000
Old-age assistance	48,100,000	25,784,000	121,600,000	67,200,000
Aid to the blind	634,000	332,000	1,470,000	800,000
Aid to the permanently and totally disabled	12,200,000	6,500,000	26,500,000	14,300,000

1/ Includes supplemental request of $373,524,000.

2/ Federal financial participation is available only under old-age assistance, aid to the blind, and aid to the permanently and totally disabled, and first became available January 1, 1968, for States operating under an approved plan.

Old-Age Assistance

Maintenance payments to recipients:

The average monthly number of money payment recipients is estimated to be 15,000 fewer in 1970 than in 1969. The average monthly money payment in 1970 is estimated to be $5.45 higher than in 1969. Expenditures from Federal funds in 1970 are estimated to be $62,646,000 more than in 1969. This increase is attributable to improvements in standards of assistance and greater needs of recipients. The estimated number of recipients, average monthly payments, total payments and the Federal share of payments are shown in the following table.

Old-Age Assistance: Estimated expenditures for maintenance payments to recipients, fiscal years 1969 and 1970

Item	Fiscal Year 1969 Estimate 1/	Fiscal Year 1970 Estimate	Change, 1970 from 1969
1. Payments to recipients:			
Total	$1,784,900,000	$1,908,800,000 2/	+$123,900,000
Federal share:			
Amount	$1,178,400,000	$1,241,046,000 2/	+$62,646,000
Percent of total	66.0	65.0	---
2. Recipients:			
Average monthly number	2,099,000	2,084,000	-15,000
Rate per 1,000 population 65 years and over	108	107	-1
3. Average monthly payment	$70.85	$76.30 3/	+$5.45

1/ Includes supplemental request of $90,100,000.
2/ Includes expenditures for home repairs and improvements of $215,000 from total funds and $107,000 from Federal funds.
3/ Excludes expenditures for home repairs and improvements.

Recent trends in the old age assistance program are shown below.

	Fiscal years 1966	1967	1968
Recipients:			
Average monthly number	2,084,900	2,073,100	2,054,700
Percentage change from preceding fiscal year	-1.6	-0.6	-0.9
Rate per 1,000 population 65 years and over, June	112	109	107
Average monthly payment:			
Amount	$63.70	$67.50	$68.95
Change from preceding fiscal year	+$0.35	+$3.80	+$1.45

Maintenance payments to intermediate care facilities:

The Federal share of payments to vendors for institutional services in intermediate care facilities for physically and mentally limited aged persons increased by $41,416,000. This increase, constituting 40 percent of the total increase in Federal funds for old-age assistance, is largely attributed to the transfer of certain nursing homes which do not meet new standards of the medical assistance program to the intermediate care program. By the end of fiscal year 1970, 20 States, 7 more than in fiscal year 1969, are expected to have elected such facilities.

	*1969 Estimate	1970 Estimate	Change, 1970 from 1969
Total	$48,100,000	$121,600,000	+$73,500,000
Federal share:			
Amount	$25,784,000	$67,200,000	+$41,416,000
Percent of total	53.6	55.2	---

* Federal financial participation first became available January 1, 1968, for States operating under an approved plan; includes supplemental request of $15,784,000.

Aid to the Blind

Maintenance payments to recipients:

The average monthly number of recipients for 1970 is 1,000 above the number estimated for 1969 (attributed primarily to one State--Texas). The estimated average monthly maintenance payment to recipients is $5.05 more than the estimate for 1969. The effect of these factors is an increase of $4,251,000 in the Federal share for expenditures in this program.

The following table provides a comparison for 1969 and 1970 for total payments, the Federal share of payments, average monthly number of recipients and average monthly payment.

Aid to the Blind: Estimated expenditures for maintenance payments to recipients, fiscal years 1969 and 1970

Item	Fiscal Year 1969 Estimate 1/	Fiscal Year 1970 Estimate	Change, 1970 from 1969
1. Payments to recipients:			
Total	$91,000,000	$97,200,000 2/	+$6,200,000
Federal share:			
Amount	$53,610,000	$57,861,000 2/	+$4,251,000
Percent of total	58.9	59.5	---
2. Average monthly number of recipients	83,300	84,300	+1,000
3. Average monthly payment.	$91.05	$96.10 3/	+$5.05

1/ Includes supplemental request of $5,410,000.
2/ Includes expenditures for home repairs and improvements of $15,000 from total funds and $7,000 from Federal funds.
3/ Excludes expenditures for home repairs and improvements.

Recent trends in the aid to the blind program are shown below.

	Fiscal years 1966	1967	1968
Recipients:			
Average monthly number	85,000	83,700	82,300
Percentage change from preceding fiscal year	-10.8	-1.5	-1.7
Average monthly payments:			
Amount	$81.20	$86.45	$89.88
Change from preceding fiscal year	+$5.25	+$5.25	+$3.43

Maintenance payments to intermediate care facilities:

In 1970, the Federal share of payments to vendors for institutional services in intermediate care facilities for recipients is estimated to be $468,000 more than in 1969. The increase reflects the growth of the service--15 States will be making payments to intermediate care facilities in 1970, whereas only 9 States expect to make such payments in 1969. (Table follows.)

Aid to the Blind - Maintenance payments to intermediate care facilities

	*1969 Estimate	1970 Estimate	Change, 1970 from 1969
Total	$634,000	$1,470,000	+$836,000
Federal share:			
Amount	$332,000	$800,000	+$468,000
Percent of total	52.3	54.4	---

* Federal financial participation first became available January 1, 1968, for States operating under approved plans; includes supplemental request of $332,000.

Aid to the Permanently and Totally Disabled

Maintenance payments to recipients:

The average monthly number of recipients in 1970 is estimated to be 70,000 more than in 1969. This increase is the result of the elimination of residence requirements, a transfer in some States of mentally retarded cases presently in State hospitals to the APTD program, anticipated increases in assistance standards, and other State program improvements. The estimated average monthly maintenance payment per recipient for 1970 is $4.25 more than for 1969. The increase in annual expenditures from Federal funds between the two years is $57,534,000.

The following table provides estimates for 1969 and 1970 in total payments, the Federal share, average monthly number of recipients and average monthly payment.

Aid to the Permanently and Totally Disabled: Estimated expenditures for maintenance payments to recipients, fiscal years 1969 and 1970

Item	Fiscal Year 1969 Estimate 1/	Fiscal Year 1970 Estimate	Change, 1970 from 1969
1. Payments to recipients:			
Total	$713,500,000	$823,200,000 2/	+$109,700,000
Federal share:			
Amount	$427,600,000	$485,134,000 2/	+$57,534,000
Percent of total	59.9	58.9	---
2. Recipients:			
Average monthly number	715,000	785,000	+70,000
Rate per 1000 population aged 18-64	6.5	7.1	+0.6
3. Average monthly payment	$83.15	$87.40 3/	+$4.25

1/ Includes supplemental request of $32,300,000.
2/ Includes expenditures for home repairs and improvements of $41,000 from total funds and $20,000 from Federal funds.
3/ Excludes expenditures for home repairs and improvements.

Recent trends in the aid to the permanently and totally disabled program are shown below.

	Fiscal years 1966	1967	1968
Recipients:			
Average monthly number	555,900	590,400	646,000
Percentage change from preceding fiscal year	+8.4	+6.2	+9.4
Rate per 1,000 population aged 18-64, June	5.4	5.7	6.0
Average monthly payment:			
Amount	$67.30	$74.30	$79.98
Change from preceding fiscal year	+$4.45	+$7.25	+$5.43

Maintenance payments to intermediate care facilities:

The Federal share of expenditures to vendors for institutional services in intermediate care facilities for permanently and totally disabled recipients is estimated to increase by $7,800,000 from 1969 to 1970. This increase reflects the growth of this type of service--15 States are expecting to make such payments in 1970 compared with 11 States in 1969.

	*1969 Estimate	1970 Estimate	Change, 1970 from 1969
Total	$12,200,000	$26,500,000	+$14,300,000
Federal share:			
Amount	$6,500,000	$14,300,000	+$7,800,000
Percent of total	53.3	54.0	---

* Federal financial participation first became available January 1, 1968, for States operating under an approved plan; includes supplemental request of $6,500,000.

Aid to Families with Dependent Children

The estimated average monthly number of recipients--children and adults--to be aided in 1970 is expected to increase by almost 819,000 to about 6,965,000. Approximately 1.1 million of these recipients will be assisted entirely from State and local funds because of the 1967 amendment to the Social Security Act, to be effective July 1, 1969, which limits Federal financial participation in payments on behalf of children whose parents are absent from the home for specified reasons. The rise in the number of recipients represents an increase of 8 per 1,000 children in the population under 18 years of age--about the same as the increase between 1968 and 1969. The average maintenance payment is expected to rise by $3.95 between 1969 and 1970. The increase in Federal funds of $116,901,000 in 1970 over 1969 reflects the net effect of the recent increasing trends in average monthly caseload and average monthly payment per recipient in combination with the limitation of Federal financial participation with respect to number of children whose parent is absent for reasons other than death.

The following tables provide estimates for 1969 and 1970 in total payments, the Federal share, average monthly number of recipients, and average monthly payment. Table A is With Limitation, Table B, Without Limitation, on Federal matching.

Table A: Aid to Families with Dependent Children - With Limitation on Federal Matching 1/: Estimated expenditures for maintenance payments to recipients, fiscal years 1969 and 1970

Item	Fiscal Year 1969 Estimate 2/	Fiscal Year 1970 Estimate	Change, 1970 from 1969
1. Payments to recipients:			
Total	$3,232,300,000	$3,994,400,000 3/	+$762,100,000
Federal share:			
Amount	$1,730,560,000	$1,847,461,000 3/	+$116,901,000
Percent of total	53.5	46.2	---
2. Average monthly number:			
Families	1,504,000	1,702,000	+198,000
Recipients	6,146,000	6,965,000	+819,000
Children	4,594,000	5,196,000	+602,000
Rate per 1,000 population under 18	64	72	+8
3. Average monthly payment:			
Per family	$179.10	$195.55 4/	+$16.45
Per recipient	$43.85	$47.80 4/	+$3.95

1/ Limitation on the proportion of the child population that can be aided with Federal financial participation goes into effect on July 1, 1969.
2/ Includes supplemental request of $227,460,000.
3/ Includes expenditures for home repairs and improvements of $322,000 from total funds and $162,000 from Federal funds.
4/ Excludes expenditures for home repairs and improvements.

Recent trends in this program are shown at the bottom of Table B on the next page.

Table B: Aid to Families with Dependent Children - Without Limitation on Federal Matching: Estimated expenditures for maintenance payments to recipients, fiscal years 1969 and 1970

Item	Fiscal Year		Change, 1970 from 1969
	1969 Estimate 1/	1970 Estimate	
1. Payments to recipients:			
Total	$3,232,300,000	$4,042,700,000 2/	+$810,400,000
Federal share:			
Amount	$1,730,560,000	$2,154,500,000 2/	+423,940,000
Percent of total	53.5	53.3	---
2. Average monthly number:			
Families	1,504,000	1,711,000	+207,000
Recipients	6,146,000	7,021,000	+875,000
Children	4,954,000	5,228,000	+634,000
Rate per 1,000 population under 18	64	72 *	+8
3. Average monthly payment:			
Per family	$179.10	$196.90 3/	+$17.80
Per recipient	$43.85	$48.00	+$4.15

1/ Includes supplemental request of $227,460,000.
2/ Includes expenditures for home repairs and improvements of $322,000 from total funds and $162,000 from Federal funds.
3/ Excludes expenditures for home repairs and improvements.

Recent trends in the program of aid to families with dependent children are shown below.

	Fiscal years		
	1966	1967	1968
Recipients:			
Average monthly number	4,394,600	4,714,300	5,348,000
Percentage change from preceding fiscal year	+3.7	+7.3	+13.4
Child rate per 1,000 children under 18, June	47	52	56
Average monthly payment:			
Amount	$32.90	$36.10	$39.50
Change from preceding fiscal year	+$1.65	+$3.20	+$3.40

Factors contributing to increased caseloads

Many socio-economic factors contribute to the growth in the number of recipients. Among the reasons for the increase in the number of recipients which are known but which are difficult to weight quantitatively are:

1. The increase in the number of families broken by divorce, separation or desertion, or headed by an unmarried mother, and in the number of children in the population.

2. Increased awareness of availability of public assistance and increased effects to seeking payments through the efforts of community action, welfare rights, and civil rights groups.

3. The indirect casefinding effects of the Medicaid program which may result in a finding that an applicant is also eligible for maintenance payments.

4. Changes in eligibility requirements authorized by Federal law:

   As reported September 30, 1968, twenty jurisdictions have adopted a provision of the 1965 amendments to the Social Security Act which permits earnings of up to $50 a child or $150 per family to be disregarded in determining eligibility.

   Seventeen States have adopted a provision of the 1967 amendments which permits the exemption of all earnings of children in school and the first $30 plus one-third of the remainder for all other individuals included in the assistance. (As of July 1, 1969, the provision in the 1967 amendments becomes mandatory in all States.)

   Forty-four States have adopted another provision of the 1965 amendments permitting children to receive assistance after age 18 if attending school.

5. The continuing difficulty of the uneducated and less trained individuals to obtain employment. The non-white unemployment rates, particularly among young people, are from two to three times higher than those of whites.

Changes due to legislation.--The 1967 amendments included provisions directed specifically to the AFDC program. Some were designed to reduce dependency by getting appropriate members of families into employment through work and training projects. Others were designed to improve the daily life situation of recipients. The most significant were the following:

1. Exemption of earned income. In determining need, States have been permitted to disregard not more than $50 of earned income of each child but not more than $150 per month in the same home. The 1967 amendments provide that, effective July 1, 1969, the States must exempt all earnings of each child recipient who is a full-time student or a part-time student not employed full-time. In the case of any other child or an adult relative, the first $30 of earned income of the group, plus one-third of the remainder of such income must also be exempt.

2. Foster care payments. Effective July 1, 1969, States must include in the program, children who are placed in foster homes if, in the 6 months before proceedings started in the court, the children would have been eligible for aid to families with dependent children had they lived in the home of a relative. The formula in title IV for computing the Federal share of maintenance payments will be applied to foster care payments except that the maximum average monthly payment for foster care will be $100 instead of the $32 average that applies to other maintenance payments.

3. Limitation on Federal participation for children from broken homes. Beginning with July 1, 1969, Federal financial participation to dependent children under 18 years of age who have been deprived of parental support or care by reason of continued absence from the home of a parent will be limited to the recipient rate for such children in the base period--January - March 1968 (i.e., the proportion that the average of such children in the January - March 1968 period constituted of the

population under age 18 as of January 1, 1968). This same recipient rate is to be applied to the population under 18 as of January 1, 1969, to determine the number of dependent children for whom Federal matching can be claimed for the third and fourth quarters in 1969; for calendar quarters in 1970, the base period recipient rate is to be applied to the January 1, 1970, population under age 18. This limitation will not apply, however, to the number of children added to the caseload as a result of judicial decisions which require States to add persons to the assistance rolls. It is estimated that in 1970, 1.1 million children will not receive Federal matching and that the cost to the States would be an additional $259 million. If the limitation is deferred or eliminated the States estimate that the Federal share would be increased by $307 million.

4. Work Incentive Program. It is estimated that there are 650,000 to 800,000 potentially trainable adults and children over age 16 in the AFDC caseload. Because of caseload turnover, problems with the availability of child care, and other needs for mothers to remain in the home, it is estimated that 400,000 to 500,000 persons will be referred for employment and training programs in fiscal years 1969 and 1970. Of these, 300,000 are expected to be enrolled in the WIN program. Because of the additional exemption of earned income and the time required to complete training, the net effect of WIN on the cost of AFDC in fiscal years 1969 and 1970 will be negligible.

Emergency Assistance

Emergency assistance to families, including families of migratory workers, with children under 21 years of age was made available for the first time in fiscal year 1969. It is provided in crisis situations that must be ameliorated before the process of eligibility determination for an authorization of assistance to families with dependent children can be completed. Such situations include imminent eviction, loss of utility services because of nonpayment, and exhaustion of food supplies. Federal financial participation is available at 50 percent of total payments under the program, but is limited to assistance for up to 30 days to any family during a twelve-month period. These payments may be in the form of money or vendor payments for food, clothing, rent, utilities, medical care, etc. For fiscal year 1970, the appropriation request is for $16,132,000, an increase of $10,494,000 over the request for 1969.

The increase reflects the growth of the program. Sixteen States are providing such payments in 1969 compared with twenty-three States in 1970. Almost two thirds of the increase is attributable to the additional States.

Emergency Assistance: Estimated average monthly number of recipients and expenditures for maintenance assistance and medical assistance, fiscal years 1969 and 1970 1/

Item	Fiscal Year 1969 Estimate	Fiscal Year 1970 Estimate	Change, 1970 from 1969
1. Payments, including medical assistance:			
Total	$11,300,000 3/	$32,264,000 3/	+$20,964,000
Federal share	$5,638,000 4/	$16,132,000 4/	+$10,494,000
2. Average monthly number:			
Families	3,800	9,200	+5,400
Recipients	15,300	36,800	+21,500
Children	11,400	27,500	+16,100
3. Average monthly payment:			
Per family	$247.80 3/	$292.25 3/	+$44.45
Per recipient	$64.25 3/	$74.30 3/	+$10.05

1/ Under the Social Security Amendments of 1967, Federal financial participation first became available in the last half of 1968.
2/ Reflects downward adjustment of $4,632,000 from original 1969 estimate.
3/ Includes expenditures for medical assistance of $1,000,000 in each year, 1969 and 1970.
4/ Includes expenditures for medical assistance of $500,000 in each year, 1969 and 1970.

MAINTENANCE PAYMENTS: Federal Share of State Expenditures, Distributed by State, Fiscal Year 1968

States and territories	Old-age assistance	Aid to the blind	Aid to the permanently and totally disabled	Aid to families with dependent children	1/ Emergency assistance	Total
Alabama	$62,864,298	$1,178,650	$7,131,761	$11,671,324	---	$82,846,033
Alaska 2/	713,298	58,580	250,723	1,381,012	---	2,403,613
Arizona	6,595,085	441,180	3,455,652	11,465,819	---	21,957,736
Arkansas 2/	34,556,365	1,044,630	6,184,211	7,335,575	---	49,120,781
California	178,240,549	9,984,745	79,736,637	206,934,301	---	474,896,232
Colorado	21,839,754	117,197	3,783,096	14,366,754	---	40,106,801
Connecticut	3,291,972	122,472	2,626,893	18,649,321	---	24,690,658
Delaware	939,419	205,500	595,400	4,389,626	---	6,129,945
Dist. of Columbia	1,263,517	113,186	2,500,136	6,695,612	---	10,572,451
Florida 2/	34,535,469	1,179,924	9,666,301	22,455,868	---	67,837,562
Georgia 2/	47,181,504	1,582,520	14,685,789	24,662,506	---	88,112,319
Guam	67,159	1,642	14,834	191,634	---	275,269
Hawaii 2/	1,051,793	43,332	874,525	5,168,658	---	7,138,308
Idaho	1,962,462	69,067	1,583,359	4,506,515	---	8,121,403
Illinois 2/	21,617,753	1,052,550	17,812,381	73,576,152	---	114,058,836
Indiana	6,871,717	806,702	1,248,973	13,510,739	---	22,438,131
Iowa	17,535,053	801,169	1,942,390	16,473,776	---	36,752,388
Kansas 2/	10,912,760	266,526	3,627,716	11,855,775	---	26,662,777
Kentucky 2/	32,928,907	1,391,362	7,842,224	27,451,284	---	69,613,777
Louisiana	80,340,180	1,687,042	11,030,301	28,527,700	---	121,585,223
Maine 2/	5,432,619	117,499	1,361,611	5,894,091	---	12,805,820
Maryland 2/	4,505,248	197,395	6,908,820	28,630,462	---	40,241,925
Massachusetts	28,875,150	1,429,400	8,500,050	36,454,022	---	75,258,622
Michigan	21,825,996	864,900	10,768,450	48,247,935	---	81,707,281
Minnesota	11,260,468	463,736	4,361,773	22,182,131	---	38,268,108

See footnotes at end of table.

MAINTENANCE PAYMENTS: Federal Share of State Expenditures, Distributed by State, Fiscal Year 1968 (continued)

States and territories	Old-age assistance	Aid to the blind	Aid to the permanently and totally disabled	Aid to families with dependent children	1/ Emergency assistance	Total
Mississippi	$28,092,064	$1,057,663	$9,563,242	$8,466,707	---	$47,179,676
Missouri	55,856,380	2,048,249	10,440,345	25,534,724	---	93,879,698
Montana	2,195,302	109,921	943,503	2,716,224	---	5,964,950
Nebraska 2/	4,589,392	196,128	1,752,076	6,363,896	---	12,901,492
Nevada	1,470,495	91,450	---	1,959,523	---	3,521,468
New Hampshire	3,125,356	183,648	474,389	1,705,325	---	5,488,718
New Jersey	8,068,013	533,114	5,636,523	38,768,184	---	53,005,834
New Mexico 2/	5,407,102	205,985	2,969,614	10,975,158	---	19,557,859
New York 2/	40,623,603	1,738,252	22,017,864	285,822,450	---	350,202,169
North Carolina	22,555,725	4,528,460	14,350,172	25,762,825	---	67,197,182
North Dakota 2/	2,906,640	54,683	1,245,102	3,774,343	---	7,980,768
Ohio	33,585,169	1,673,907	13,141,412	57,383,370	---	105,783,858
Oklahoma 2/	53,737,012	1,021,616	13,349,119	26,107,843	---	94,215,590
Oregon	4,695,485	303,250	3,129,600	10,824,853	---	18,953,188
Pennsylvania	25,880,800	5,803,464	14,286,765	78,069,282	---	124,040,311
Puerto Rico 2/	1,370,199	54,459	753,718	6,411,405	---	8,589,781
Rhode Island 2/	2,457,417	66,060	1,880,497	7,860,424	---	12,264,398
South Carolina	9,039,245	968,331	4,335,925	4,999,635	---	19,343,136
South Dakota	2,899,586	84,949	764,403	4,961,713	---	8,710,651
Tennessee	23,752,007	1,108,597	10,358,466	23,519,976	---	58,739,046
Texas	126,592,337	2,752,040	7,217,785	24,988,279	---	161,550,441
Utah	2,280,846	79,428	1,941,691	7,951,894	---	12,253,859
Vermont 2/	2,568,551	66,128	845,743	2,988,094	---	6,468,516
Virgin Islands	87,806	2,040	12,637	169,335	---	271,818
Virginia	5,554,245	710,868	4,508,155	15,649,636	---	26,422,904

See footnotes at end of table.

MAINTENANCE PAYMENTS: Federal Share of State Expenditures, Distributed by State, Fiscal Year 1968 (continued)

States and territories	Old-age assistance	Aid to the blind	Aid to the permanently and totally disabled	Aid to families with dependent children	1/ Emergency assistance	Total
Washington	$14,213,878	$298,150	$5,947,150	$18,284,443	---	$38,743,621
West Virginia	6,437,068	323,561	3,076,535	22,768,088	---	32,605,252
Wisconsin	8,685,361	354,811	2,654,402	16,094,921	---	27,789,495
Wyoming	1,236,726	28,024	489,195	1,205,252	---	2,959,197
Total	1,137,172,305	51,668,142	366,580,034	1,394,766,394	---	2,950,186,875

1/ Under the Social Security Amendments of 1967, Federal financial participation did not become available until the last half of 1968.
2/ State operates a program under title XVI, Aid to the Aged, Blind, or Disabled.

MAINTENANCE PAYMENTS: Estimated Federal Share of State Expenditures, as Estimated by States in December 1968 for Fiscal Year 1969

States and territories	Old-age assistance 1/	Aid to the blind 1/	Aid to the permanently and totally disabled 1/	Aid to families with dependent children	Emergency assistance	Total
Alabama	$67,030,000	$1,290,000	$8,688,000	$21,849,000	---	$98,857,000
Alaska 2/	939,000	67,000	259,000	1,694,000	$40,000	2,999,000
Arizona	7,314,000	439,000	3,772,000	11,838,000	20,000	23,383,000
Arkansas 2/	32,617,000	1,203,000	7,009,000	7,512,000	4,000	48,345,000
California	185,650,000	10,317,000	96,386,000	245,421,000	---	537,774,000
Colorado	21,980,000	113,000	4,098,000	15,607,000	638,000	42,436,000
Connecticut	3,579,000	127,000	3,163,000	25,731,000	---	32,600,000
Delaware	989,000	222,000	699,000	5,280,000	---	7,190,000
Dist. of Columbia	1,241,000	105,000	2,677,000	8,276,000	384,000	12,683,000
Florida 2/	33,760,000	1,433,000	11,633,000	36,732,000	---	83,558,000
Georgia 2/	50,622,000	1,666,000	15,982,000	37,617,000	---	105,887,000
Guam	66,000	2,000	14,000	210,000	---	292,000
Hawaii 2/	1,101,000	43,000	925,000	5,761,000	---	7,830,000
Idaho	1,906,000	70,000	1,777,000	5,098,000	---	8,851,000
Illinois 2/	22,724,000	1,105,000	21,854,000	78,065,000	---	123,748,000
Indiana	7,644,000	811,000	1,844,000	15,666,000	---	25,965,000
Iowa	17,787,000	865,000	2,382,000	17,925,000	---	38,959,000
Kansas 2/	10,392,000	296,000	4,925,000	12,618,000	7,000	28,238,000
Kentucky 2/	34,259,000	1,457,000	8,432,000	30,607,000	---	74,755,000
Louisiana	87,247,000	1,755,000	11,447,000	31,901,000	---	132,350,000
Maine 2/	8,202,000	167,000	2,243,000	6,414,000	---	17,026,000
Maryland 2/	4,046,000	231,000	9,507,000	31,751,000	344,000	45,879,000
Massachusetts	28,462,000	1,500,000	9,330,000	46,050,000	720,000	86,062,000
Michigan	29,000,000	873,000	13,700,000	55,400,000	---	98,973,000
Minnesota	14,123,000	496,000	5,530,000	24,315,000	---	44,464,000

See footnotes at end of table.

MAINTENANCE PAYMENTS: Estimated Federal Share of State Expenditures, as Estimated by States in December 1968 for Fiscal Year 1969 (continued)

States and territories	Old-age assistance 1/	Aid to the blind 1/	Aid to the permanently and totally disabled 1/	Aid to families with dependent children	Emergency assistance	Total
Mississippi	$29,501,000	$1,152,000	$10,813,000	$12,615,000	---	$54,081,000
Missouri	55,749,000	2,222,000	10,743,000	28,947,000	---	97,661,000
Montana	2,199,000	117,000	1,098,000	2,925,000	---	6,339,000
Nebraska 2/	4,423,000	255,000	2,119,000	6,969,000	---	13,766,000
Nevada	1,614,000	103,000	---	2,316,000	---	4,033,000
New Hampshire	3,400,000	201,000	532,000	2,088,000	---	6,221,000
New Jersey	8,448,000	546,000	6,366,000	49,726,000	---	65,086,000
New Mexico 2/	5,127,000	260,000	3,833,000	12,298,000	$50,000	21,568,000
New York 2/	48,577,000	2,465,000	28,991,000	422,293,000	1,758,000	504,084,000
North Carolina 2/.	23,848,000	3,298,000	15,470,000	27,411,000	---	70,027,000
North Dakota 2/ ..	3,053,000	65,000	1,487,000	4,244,000	---	8,849,000
Ohio	37,059,000	1,823,000	16,483,000	65,021,000	---	120,386,000
Oklahoma 2/ ...	53,046,000	1,415,000	16,593,000	28,241,000	194,000	99,489,000
Oregon	4,179,000	312,000	3,295,000	11,770,000	---	19,556,000
Pennsylvania ..	23,117,000	5,988,000	14,687,000	98,818,000	---	142,610,000
Puerto Rico 2/ ...	1,327,000	54,000	712,000	9,939,000	---	12,032,000
Rhode Island 2/...	2,094,000	76,000	2,346,000	9,070,000	579,000	14,165,000
South Carolina ...	8,803,000	996,000	4,335,000	6,088,000	---	20,222,000
South Dakota	2,684,000	87,000	787,000	5,594,000	---	9,152,000
Tennessee	26,859,000	1,168,000	11,205,000	23,673,000	---	62,905,000
Texas	145,496,000	2,744,000	10,871,000	24,628,000	---	183,739,000
Utah	3,083,000	105,000	3,150,000	7,738,000	---	14,076,000
Vermont 2/	2,472,000	76,000	1,111,000	4,809,000	100,000	8,568,000
Virgin Islands ...	56,000	2,000	8,000	207,000	---	273,000
Virginia	5,871,000	747,000	4,814,000	18,333,000	---	29,765,000

See footnotes at end of table.

MAINTENANCE PAYMENTS: Estimated Federal Share of State Expenditures, as Estimated by States in December 1968 for Fiscal Year 1969 (continued)

States and territories	Old-age assistance 1/	Aid to the blind 1/	Aid to the permanently and totally disabled 1/	Aid to families with dependent children	Emergency assistance	Total
Washington	$12,891,000	$296,000	$6,546,000	$20,930,000	$190,000	$40,853,000
West Virginia ..	6,176,000	319,000	3,095,000	22,780,000	---	32,370,000
Wisconsin	9,029,000	366,000	3,778,000	20,397,000	541,000	34,111,000
Wyoming	1,323,000	31,000	556,000	1,354,000	69,000	3,333,000
Total	1,204,184,000	53,942,000	434,100,000	1,730,560,000	5,638,000	3,428,424,000

1/ Includes funds for payments to Intermediate Care Facilities.
2/ State operates a program under title XVI, Aid to the Aged, Blind, or Disabled.

MAINTENANCE PAYMENTS: Estimated Federal Share of State Expenditures, as Estimated by States in December 1968, for Fiscal Year 1970

States and territories	Old-age assistance 1/	Aid to the blind 1/	Aid to the permanently and totally disabled 1/	Aid to families with dependent children	Emergency assistance	Total
Alabama	$76,432,000	$1,419,000	$11,358,000	$26,521,000	---	$115,730,000
Alaska 2/	1,094,000	69,000	442,000	1,804,000	$41,000	3,450,000
Arizona	6,769,000	412,000	4,330,000	12,697,000	18,000	24,226,000
Arkansas 2/.....	38,787,000	1,397,000	7,475,000	7,009,000	12,000	54,680,000
California	196,348,000	10,796,000	106,340,000	253,792,000	---	567,276,000
Colorado	23,051,000	133,000	4,652,000	16,389,000	823,000	45,048,000
Connecticut	4,071,000	141,000	3,781,000	25,638,000	---	33,631,000
Delaware	1,260,000	230,000	1,101,000	5,081,000	---	7,672,000
Dist. of Columbia.	1,461,000	113,000	3,303,000	10,415,000	384,000	15,676,000
Florida 2/.....	36,458,000	1,677,000	14,004,000	44,816,000	---	96,955,000
Georgia 2/.....	49,105,000	1,717,000	16,801,000	30,188,000	1,000,000	98,811,000
Guam	71,000	3,000	20,000	170,000	---	264,000
Hawaii 2/	1,279,000	50,000	1,074,000	6,207,000	---	8,610,000
Idaho	1,834,000	68,000	1,816,000	5,429,000	---	9,147,000
Illinois 2/	27,667,000	1,166,000	26,381,000	81,339,000	---	136,553,000
Indiana	6,823,000	822,000	2,316,000	15,666,000	---	25,627,000
Iowa	17,308,000	926,000	4,544,000	22,927,000	---	45,705,000
Kansas 2/	10,688,000	295,000	5,505,000	13,358,000	---	29,846,000
Kentucky 2/.....	35,262,000	1,507,000	8,907,000	23,162,000	---	68,838,000
Louisiana	96,078,000	1,828,000	12,704,000	49,869,000	300,000	160,779,000
Maine 2/	9,355,000	190,000	2,275,000	9,000,000	428,000	21,248,000
Maryland 2/	4,262,000	207,000	11,114,000	33,062,000	540,000	49,185,000
Massachusetts	26,700,000	1,680,000	10,320,000	43,560,000	1,550,000	83,810,000
Michigan	37,286,000	895,000	16,818,000	55,923,000	4,000,000	114,922,000
Minnesota	18,344,000	490,000	6,658,000	25,164,000	---	50,656,000

See footnotes at end of table.

MAINTENANCE PAYMENTS: Estimated Federal Share of State Expenditures, as Estimated by States in December 1968, for Fiscal Year 1970 (continued)

States and territories	Old-age assistance 1/	Aid to the blind 1/	Aid to the permanently and totally disabled 1/	Aid to families with dependent children	Emergency assistance	Total
Mississippi	$26,675,000	$1,020,000	$9,934,000	$15,477,000	---	$53,106,000
Missouri	52,852,000	2,160,000	11,060,000	31,419,000	---	97,491,000
Montana	2,451,000	113,000	1,098,000	3,033,000	---	6,695,000
Nebraska	4,468,000	274,000	2,256,000	10,815,000	---	17,813,000
Nevada	2,090,000	109,000	1,021,000	2,721,000	---	5,941,000
New Hampshire	4,040,000	245,000	762,000	3,926,000	---	8,973,000
New Jersey	8,984,000	606,000	7,507,000	71,610,000	---	88,707,000
New Mexico 2/.....	6,675,000	339,000	4,990,000	13,977,000	$62,000	26,043,000
New York 2/	56,640,000	2,707,000	32,680,000	411,196,000	4,029,000	507,252,000
North Carolina 2/.	24,748,000	3,441,000	16,755,000	27,298,000	200,000	72,442,000
North Dakota	2,808,000	66,000	1,824,000	5,075,000	50,000	9,823,000
Ohio	42,516,000	1,888,000	18,550,000	64,839,000	---	127,793,000
Oklahoma 2/	58,664,000	1,487,000	17,784,000	26,366,000	194,000	104,495,000
Oregon	7,073,000	356,000	3,776,000	12,184,000	545,000	23,934,000
Pennsylvania	26,511,000	7,020,000	16,456,000	111,739,000	---	161,726,000
Puerto Rico 2/ ...	1,516,000	50,000	994,000	9,943,000	200,000	12,703,000
Rhode Island 2/ ..	2,884,000	77,000	2,138,000	9,904,000	625,000	15,628,000
South Carolina ...	9,165,000	1,172,000	5,212,000	8,818,000	---	24,367,000
South Dakota	2,838,000	108,000	938,000	5,568,000	---	9,452,000
Tennessee	34,255,000	1,233,000	14,940,000	31,836,000	---	82,264,000
Texas	153,233,000	3,879,000	16,624,000	43,104,000	---	216,840,000
Utah	4,202,000	119,000	4,051,000	8,925,000	---	17,297,000
Vermont 2/	2,694,000	73,000	1,144,000	5,665,000	109,000	9,685,000
Virgin Islands ...	56,000	2,000	8,000	207,000	---	273,000
Virginia	8,131,000	733,000	5,042,000	17,767,000	---	31,673,000

See footnotes at end of table.

MAINTENANCE PAYMENTS: Estimated Federal Share of State Expenditures, as Estimated by States in December 1968, for Fiscal Year 1970 (continued)

States and territories	Old-age assistance 1/	Aid to the blind 1/	Aid to the permanently and totally disabled 1/	Aid to families with dependent children	Emergency assistance	Total
Washington	$14,215,000	$289,000	$7,432,000	$24,802,000	$251,000	$46,989,000
West Virginia ...	10,034,000	509,000	5,283,000	31,748,000	---	47,574,000
Wisconsin	8,740,000	324,000	4,571,000	17,012,000	600,000	31,247,000
Wyoming	1,295,000	31,000	565,000	1,301,000	171,000	3,363,000
Total	1,308,246,000	58,661,000	499,434,000	1,847,461,000	16,132,000	3,729,934,000

1/ Includes funds for payments to Intermediate Care Facilities.
2/ State operates a program under title XVI, Aid to the Aged, Blind, or Disabled.

WEDNESDAY, APRIL 23, 1969.

SOCIAL SERVICES AND ADMINISTRATION

WITNESSES

MISS MARY E. SWITZER, ADMINISTRATOR, SOCIAL AND REHABILITATION SERVICE
STEPHEN P. SIMONDS, COMMISSIONER, ASSISTANCE PAYMENTS ADMINISTRATION
DR. JAMES F. GARRETT, ASSISTANT ADMINISTRATOR, OFFICE OF RESEARCH, DEMONSTRATIONS, AND TRAINING
WARREN E. GILBERTSON, CHIEF, PUBLIC ASSISTANCE AND COST EFFECTIVENESS BRANCH, BUDGET DIVISION, SOCIAL AND REHABILITATION SERVICE
RANDOLPH W. LEE, DIRECTOR, BUDGET DIVISION, SOCIAL AND REHABILITATION SERVICE
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

SOCIAL SERVICES AND ADMINISTRATION

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Social services	346,654	445,500	551,620
2. State and local administration	92,454	114,400	143,700
3. Training	21,329	30,900	31,400
4. Demonstration projects	2,717	4,000	4,000
Total for all activities	463,154	594,800	730,720
5. Collections and adjustments during year	2,013		
Total program costs, funded	465,167	594,800	730,720
Change in selected resources [1]	70,150	27,675	
Adjustment between State requirements and Federal grants to States for fiscal year	−5,917		
Total obligations (object class 41.0)	529,400	622,475	730,720
Financing:			
Comparative transfers from other accounts	−397,075		
Appropriation available from subsequent year	−132,325	−160,000	−160,000
Appropriation available in prior year		132,325	160,000
Budget authority (appropriation)		594,800	730,720
Relation of obligations to outlays:			
Obligations incurred, net	132,325	622,475	730,720
Obligated balance, start of year		131,754	163,373
Obligated balance, end of year	−131,754	−163,373	−165,093
Outlays	571	590,856	729,000

[1] Selected resources as of June 30 are as follows: Amount obligated in 1 year for grants chargeable to appropriation for subsequent year: 1967, $62,175,000; 1968, $132,325,000; 1969, $160,000,000; 1970, $160,000,000.

Mr. FLOOD. This morning we have social services and administration. Again we are fortunate enough to have Mary Switzer, the administrator of the Social and Rehabilitation Service.

GENERAL STATEMENT

I see, Miss Switzer, you have a statement. How do you want to proceed?

Miss SWITZER. Mr. Chairman, I would like to insert this statement

for the record, if I might. It has perhaps more detail than I need to put in the opening statement.

Mr. FLOOD. Without objection we shall do that.

(The statement follows:)

STATEMENT BY THE ADMINISTRATOR ON "SOCIAL SERVICES AND ADMINISTRATION"

Mr. Chairman and members of the committee, this request is for grants to States for the Federal share of State and local expenditures for providing social services and for other costs necessary for administration of programs under the public assistance titles of the Social Security Act.

Part of the funds requested will be used to help meet the costs of training State and local personnel and for the support of graduate and undergraduate programs of social welfare training. The request also includes funds to finance, as needed, the State share of experimental, pilot, and demonstration projects approved by the Social and Rehabilitation Service that are designed to test new methods of administration and the delivery of services.

The Federal share of State and local expenditures for administration of medical assistance programs under title XIX, for such costs incurred for programs of medical assistance for the aged under title I, and for costs of child welfare service programs (title IV–B) are funded by other appropriations.

SUMMARY OF REQUEST AND REVISED ESTIMATE

The budget request for 1970 based on State's estimates in December 1968 was $730.7 million, an increase of $106 million over the program requirements for 1969. In mid-March the States furnished revised estimates of requirements for 1970. These total $725.2 million; an increase of $100.4 million from their 1969 program requirements. The total increase is made up of increases of $75.7 million in social services, $23.6 million in administration and $1.1 million in training.

SOCIAL SERVICES

Of the total 1970 request, based on the State's March estimates, $548 million is for social services with more than two-thirds related to aid to families with dependent children. This is the area of greatest increase and of our major emphasis.

The States are continuing toward full implementation of their expanded responsibilities for social services in aid to families with dependent children programs as required by the 1967 amendments to the Social Security Act. A key function is the development of a service plan for each family and child according to individual needs. These are for the purpose of attaining or retaining capabilities for self-support or care, maintaining and strengthening family life and fostering child development as specified in the act. More specific examples would be: guiding children so they do not become school dropouts, reducing or eliminating births out of wedlock, and improving employment potential.

To improve employment potential requires continuing assessment of the factors which determine appropriateness for training and employment. Those for whom work or training is considered appropriate must be referred to the Department of Labor for the work incentive program. The increase in AFDC caseload for 1970 which is forecast at 17 percent, will require additional trained staff just to conduct existing programs without further expanding services.

ELIGIBILITY DETERMINATION

Another function conducted under this appropriation is eligibility determination. During 1970 the simplified system will be tested in all States and, if determined to be effective, will be adopted on a program-by-program basis from October 1, 1969, to April 1, 1970. We asked the States for estimates of eligibility costs for 1969 and for 1970, but received less response than required for accurate totals. However, from estimates received we have concluded that the total expenditure for eligibility determination will increase at a rate lower than either total social services expenditures or caseloads. This means that relatively more professional social worker time will be directed to providing needed services to recipients.

ADMINISTRATION

The estimate for State and local administration includes all costs not directly identified with providing social services, such as program direction and management, maintaining statistical and accounting records and making reports. Also included are personnel and equipment required for the important and sizable task of preparing payrolls and making monthly payments to the 10 million recipients.

PERSONAL SERVICES

Nearly 85 percent of the social services and State and local administration expenditures are for personal services. Increased numbers of recipients require added social service and administrative staff to provide individuals with the same level of service. A sampling of States indicates plans for a 9-percent increase in personnel to meet a 13-percent increase in recipients. For the past 2 years the national average salaries of State and local employees has increased over 6 percent a year. A like increase in the first half of fiscal year 1969 will be paid the entire year in 1970 along with any other increases authorized by the States.

TRAINING

For 1970 we are requesting $32 million for staff training including $3 million under section 707 of the Social Security Act. The latter provides grants to public and private nonprofit educational institutions to meet part of the costs of undergraduate and graduate programs in social welfare. Also, there is a continuing need for orientation and on-the-job training for present and new employees. Shortage of trained staff continues to hamper maximum efficiency in administering the public assistance programs.

DEMONSTRATION PROJECTS

Lastly, our request includes $4 million for costs of demonstration projects. These are federally funded projects designed to improve the effectiveness of public assistance and medical assistance agencies in their assisting needy persons to solve the problems that threaten family stability and prevent self-support or self-care.

Mr. Chairman, we shall do our best to answer any questions you or members of the committee may ask.

PURPOSES OF THE PROGRAM

Miss SWITZER. Then I would like to explain that this is one of the three appropriations for the broad public welfare program. This one is for four purposes really—for the administration of the program in the States, that is the staff and supporting services; for services as such, like supporting services for children and older people and whatever can be done through the service amendments, most of the service is given through the staff; and then part of it is also for training State personnel. This is a traditional part of this program which has been going on for a number of years; fourth, this also carries the new program of social work education, the first grants of which will be made shortly. And $3 million of this appropriation is for the program under section 707 of the Act. So there are these four elements in it.

NEED FOR INCREASED APPROPRIATIONS FOR 1970

Again we based our estimate on what the States told us they would need, and in mid-March a revision of the estimates we had in December was made.

The increase of $106 million over the program requirements for 1969 is shown. These total $725.2 million. The makeup of the increases is shown here.

We might ask why these increases in these various functions. I think the service increases do some of these things—the need under the 1967 amendments to analyze each family's need under the AFDC program and to provide for them a plan which hopefully would come closer to bringing them out from dependency. That is the largest single part of the increase.

Of course, all administrative costs in every area of public service and private enterprise are going up. The increase in training is understandable. It is not large but it is understandable because of the very major effort the States are making to try to simplify administration and to have the staff more sensitive to cutting down unnecessary procedures and paper work. This does take constant training because there is a great turnover in the welfare staff of the State welfare departments.

I do not know what the percentage of turnover is but you hear some very dramatic examples of the vacancy level, for example, in a county like Los Angeles, 900 jobs vacant. This therefore puts a load on the other people and the new people coming in need training. Therefore I think that is an understandable increase.

A request of $3 million under section 707 is shown for the new social service training program which will be getting off the ground next week with the first meeting of the review committee on the grants request. This is to meet part of the cost of setting up new undergraduate programs in the hope that this will speed up the production of people who can go into public welfare departments and to improve and get innovative programs into the public welfare system.

Finally the appropriation contains $4 million for demonstration projects under section 1115 of the Social Security Act. These can be very valuable examples of how to break new ground. Some of the experiments we have been carrying on, for instance, with these young mothers of illegitimate children are financed from this appropriation. Some of the methods to try to make more effective the medical assistance programs are financed out of this appropriation, so we are concentrating our limited funds in research and demonstration on the areas where we feel there is the greatest need and which are the most sensitive to possibilities of change because I think this is where we should put our greatest emphasis.

CONTROLLABILITY OF APPROPRIATION

Mr. FLOOD. You have been boss man down in your shop for a long time. We are the great and powerful, so the press says, Committee on Appropriations.

Miss SWITZER. We are kind of a team, I think.

Mr. FLOOD. Do you or we have any control over this appropriation or is it simply one of those things where we must match anything the State puts up?

Miss SWITZER. This a good question on this appropriation certainly. Certainly you can control the parts which have to do with research and federally conducted training, although this is the very minor part of the total appropriation.

Mr. FLOOD. What about you, or this committee, or both of us together?

Miss SWITZER. This is an appropriation that I feel needs a new look. I do not feel personally we are getting as much service for our money as we ought to be.

Mr. FLOOD. Of course not.

Miss SWITZER. I have talked very earnestly and frankly with the State directors of welfare.

Mr. FLOOD. What do we do, just put up and shut up?

Miss SWITZER. No, I never believe in that. You know me.

We have been thinking about, and in fact we have discussed, closing the end of the appropriation. Sometimes this makes it necessary to do something drastic which could not otherwise be done. We have hesitated to do it this year because we feel we need to know a little more about what is needed.

I think it is quite important to separate administration from service.

Mr. FLOOD. Why should you not have the administrative control? Federal funds are over half of the total expenditure.

Miss SWITZER. Fifty percent for administration and 75 percent for the staff giving service.

Mr. FLOOD. Administrative expense, social services, those are things which up here are looked at very hard.

Miss SWITZER. I would be glad to have suggestions from the committee as to a valid change in administration. It is a deep concern.

Mr. FLOOD. I think you ought to have administrative control. When you start talking about these administrative expenses and social services that is wide open, and who has control? It is not us.

Miss SWITZER. The administration of this program is in State hands. These things vary depending on uses of computers, and so on. I would like to see a tightening up of this program and a provision of services somewhere else.

I think that most of the service in this appropriation is allegedly given by staff. There is a 75-percent matching fund here. It is therefore whatever can be given by the social worker on the job. We are having a very detailed study made of this, and I think we will be able to come up with something positive.

Mr. FLOOD. This has been kicking around a long time.

Miss SWITZER. But I have not had it for very long.

Mr. FLOOD. That is right.

Miss SWITZER. I think when you have a tradition in a program like public welfare, where over the years there never has been any question raised about the appropriateness of the Federal Government's matching whatever the States put up, a true open-end uncontrolled program, where there never has been an effort made on the part of Congress, for that matter, to indicate that there is any need for this——

Mr. FLOOD. That is right. You know the States rights boys here.

Miss SWITZER. That is true; so it is very difficult to turn around the philosophical commitment which has been made to providing everything that is needed. This is part of the program. It is no different from medicaid and the public assistance program because it is part of the whole operation. In many States this program pays off.

Mr. FLOOD. You are asking for over a half billion dollars for social services. What is the matching on that?

Miss SWITZER. Seventy-five percent.

SERVICES FOR THE BLIND

Mr. FLOOD. Take a look at page 102. There you give some examples of social services provided for the blind. One is "communication shells." What in the world is a communication shell?

Miss SWITZER. It is supposed to be "skills." It is a typographical error.

Mr. FLOOD. That makes quite a difference.

Miss SWITZER. I was beginning to think I had lost my grip. One of the biggest services you provide for the blind, as long as you mention them, is teaching them to be mobile. The greatest tragedy that happens to older people who become blind, and an increasing number do, especially from diabetes and cataracts that are inoperable, would be the provision of services through this appropriation, probably purchasing them from centers for the blind who have mobility instructors who can go to the homes of these older people and help them to get away, be able to go out, be able to use a white cane, and move around their houses. It is phenomenal what can be taught.

Mr. FLOOD. These antipoverty people have been doing a lot of good, setting up these downtown centers, recreation areas where they teach all sorts of skills.

Miss SWITZER. It is very desirable.

Mr. FLOOD. They are bringing back crocheting, for one thing.

Miss SWITZER. I love to crochet. One of the things I regret not learning is tatting. I could be doing tatting while answering your questions and this would make you nervous.

Mr. FLOOD. Not in my case. I was exposed to this in my own family.

I looked at some of these centers a month or so ago and I was amazed at the work being done. I have a short beaver coat that I wore when I went to one of these centers. A couple of days later they called me up and they had made me an angora hat to match the coat.

IMPROVING FAMILY MONEY MANAGEMENT

Take a look at page 104 of the justifications: "Services to families to improve money management."

I would like to know about that, and so would Mrs. Flood.

Miss SWITZER. This is one of the very important things that people need to be taught.

Mr. FLOOD. I know that, but how do you do it?

Miss SWITZER. It is done in different ways. It is done on an individual basis, if a social worker or a worker, oftentimes a practical neighborhood worker, can really sit down with a family and show them how to manage their money. This can be done only by really down to earth practical instruction.

Another way of doing it, and this has been tried in one or two places I know of, it has been done in groups where they have had little classes in centers and helped women to budget their money. They have been taught how to get the most for their money. Also cooking is involved.

There was a very interesting television show the other morning which talked about this whole question of food. It had to do with the hunger investigation here in the District of Columbia.

Mr. FLOOD. Do these people want this help? Do they want to know about this?

Miss SWITZER. Some do; not all. However, many do, and many more, I think, if it were made readily accessible, would be happy to take advantage of it.

One of the most important things that can be done is to try to change the diet of some of the people who have been accustomed to a certain type of diet.

Mr. FLOOD. It must be a tough job.

Miss SWITZER. It is a tough job but you have to work at it. Part of the nutritional problem is not so much the lack of food volume as it is the lack of the proper balance of food.

If you listened to this broadcast, this woman was telling about how her beans were being used and cooked for the neighborhood. This is a traditional meal for many southern people, but it is not exactly the diet of choice to try to keep balance in a child's nutritional development.

These are things that can be done and very often are done in cooperation with voluntary groups in a community.

Mr. SIMONDS. There is a tremendous potential here for upgrading family and child care through this home management technique.

Mr. FLOOD. But you do get an audience.

Mr. SIMONDS. Yes, indeed.

Miss SWITZER. You mean there were people up in Maine who didn't know how to cook?

Mr. SIMONDS. We have a representative population there, too. There are those who are afraid to go outside their own homes. A good home management person can go into the home and help to build up from scratch home management skills. It has great potential.

Miss SWITZER. You have to have sensible people doing it, of course. I remember hearing the story in connection with some of the Spanish and Mexican migrant laborers in one of the Western States. One of the generous employers brought in a mobile kitchen and showed them how to make pies out of the fruit they were picking, taking home as much as they wanted. As the worker said, most of the people didn't have ovens, so it didn't help them very much to teach them how to make pies. You have to understand these people's backgrounds and what they have available.

REDUCTION OF ILLEGITIMACY

Mr. FLOOD. Look at page 105. "Preventing and reducing illegitimacy."

Are you reducing illegitimacy? You made a speech here yesterday about how tough things were. Now you have a line item in the budget. You want money to reduce illegitimacy.

Miss SWITZER. It sure won't be reduced unless you work at it. I think the first group to try to reach are the young mothers who have just one child.

I think Dr. Lesser made an eloquent statement yesterday, where he showed in projects he knew about, the repeat rate was very spectacularly less.

In programs that you took after the first child and designed good educational programs, got the young mothers back in line, and so forth, it has been very worthwhile. I think, therefore, there is a lot that can be done here. It is tough, and we need the kind of commitment and competence that can do a job. You cannot be mushy about it and you have to know what you are doing. It is not a 20-minute job but a long-time job.

If a girl at the age of 12 or 13 has her first baby you perhaps have to stay with her throughout her schooling to be sure she has the proper direction and proper support.

Mr. FLOOD. I have been encouraged by reports I have heard very recently that a number of these young girls who became dropouts are going back to school now.

Miss SWITZER. They sometimes go back into a conventional school and they are accepted, and somehow if you work with them you can convince them that this is not the only way of life.

If they can see some light in the clearing, that education is worthwhile, and the way of life they can live is better than what they would be forced into otherwise, it is fine. If you have a young girl who starts out having a baby every year out of wedlock you have just multiplied your problem.

As Mr. Simonds said yesterday, the problem is multiplied geometrically.

This is one of the good areas where service counts a lot. My only quarrel here is that the States are not doing as much about this as they should be.

Mr. FLOOD. Look at 105. "Health and family planning services are to be extended particularly to school-aged unmarried mothers."

You can believe me, some people up on the floor will be shocked about this where you are "particularly" extending family planning services to a group of school-aged girls.

Miss SWITZER. Call it birth control or whatever you want to, but how can you hope to stop this cycle of illegitimacy unless you provide some sort of information and services to these young girls? I don't know how to stop it. You have to help them through a period until they develop new habits of life and new interests in life. Unless you can provide birth control——

Mr. FLOOD. Then you mean exactly what you said, particularly for this type.

Miss SWITZER. There are young mothers in their teens and early twenties who have not been married, who have no family stability, and the only way you can hope to get them into a constructive situation, because life is life, and the facts are as we know them, you are not going to reform their habits overnight, is to arrest the increase in more dependent children.

Mr. FLOOD. Ten years ago you would not dare sit here and say that to this subcommittee. It was taboo.

Miss SWITZER. That is right.

Mr. FLOOD. Now everybody is in the family planning act except perhaps the Bureau of Mines.

Miss SWITZER. Perhaps they should be.

Mr. FLOOD. Now family planning is the thing.

Miss SWITZER. It is still a free country and if people don't want to do it they don't have to. I feel just as strongly in the fact that you have no right, certainly public services have no right, to force anybody to do anything.

I must say that I think public services have an obligation to point out the disadvantages of going this way and the possible advantage of going this other way. Mothers of dependent children are no different from any other mothers today.

Many, many teenagers and young college people are having family planning-birth control devices made available to them whether we like it or not.

Sure, it is shocking to you and me.

Mr. FLOOD. Does anybody listen to you? Do you get an audience? Do they come?

Miss SWITZER. Yes, and the mothers want their girls not to go through what they went through by and large. I have talked to scores of them.

Of course, in some communities and in some States it is illegal to provide information of this type to unmarried women, and if it is illegal, OK, it is illegal.

But just because I don't like the idea or you don't like the idea or we are shocked by it does not alter the fact.

Mr. SIMONDS. Undoubtedly some private or public social agency already is involved with these children because the incidence of mental, emotional, and social problems is high in this particular age group. It would be very unrealistic, I think, for these helping agencies to kick under the rug perhaps the most significant problem they have in their lives. That is why the emphasis has been directed——

Mr. FLOOD. In other words, I can say they need this and there is no fooling with it.

Miss SWITZER. I think most people in this business would agree we have not paid enough attention to the men. You almost never see a program organized to take the young men of a community around and try to give them some sense of responsibility about what their behavior results in because somehow or other they are able to get out from under the responsibility of taking care of the chldren, and this is not always their fault. The women in the family, you know, think they can do it better. This also is a very complicated social phenomenon of our time.

Mr. FLOOD. Do you talk about legalized abortion at all?

Miss SWITZER. No; I do not think we have gotten into that yet.

Mr. FLOOD. Pretty close, are you not?

Miss SWITZER. I suppose so. I would not imagine any of this money was spent for that.

Mr. SIMONDS. That is right.

Miss SWITZER. I would not say that some agencies might not recommend it, but I think we are a long way from that.

Mr. FLOOD. There is considerable activity in certain of the State legislatures on this very lately.

Miss SWITZER. Oh, yes. People feel it is better to have it out in the open than to have it bootlegged. It is something that gives me the shivers.

REQUIREMENT TO PROVIDE FAMILY PLANNING SERVICES

Mr. FLOOD. You have a very long sentence in the last paragraph.

Miss SWITZER. I am sorry about that.

Mr. FLOOD. You have this phrase: "Mandatory family planning services." I am not sure what that means. What does that mean?

Miss SWITZER. The mandatory part of it is that they must under certain conditions be available. This is not a very felicitous way of phrasing it.

Mr. FLOOD. No, it is not.

Miss SWITZER. Because it has been clear from the very beginning and in all the legislative debate on the subject and in all of the programing and in all of the material which has been sent out that the only mandatory thing is that services should be offered and if they are desired made available. The mandatory applies to that and not the fact that a person has to have the services.

We just had an experience with one of the States which tried to make the receiving of birth control information——

Mr. FLOOD. Well, this is all right. I just wondered about the word.

STATE AND LOCAL MATCHING RATIOS

Mr. MICHEL. Miss Switzer, in this training of State and local personnel, how much are the State and local communities putting up in this training operation?

Miss SWITZER. Training is 75–25. Service is 75–25. Administration is 50–50.

This program has these four component parts to it.

Mr. MICHEL. Can we be assured that none of the administration people are in this 75–25 class? I have a hunch that while training is on a 75–25 basis that some of the funds are spilling over. If this is so we at the Federal level are being bilked.

Miss SWITZER. I think there is no question about the fact that the clean distinction between the 50-percent and the 75-percent personnel is fuzzy.

The 1962 amendments authorized 75 percent for service, and instead of authorizing the provision of services purchased, which would have developed a whole different type of service as done in rehabilitation, they omitted that, and said service would be given by the staff of the public welfare agencies.

Since it is admittedly very difficult to separate out, even today when we are working on the separation, the actual determination of eligibility and the giving of service of a supportive kind and advisory kind, the device that was used to try to control the 75-percent staff, which namely was the number of cases per worker and the number of workers per supervisor, has turned out not to be a very realistic approach to it.

This is one of the reasons why, in answer to the chairman's earlier question, I said that I would like a little more time to decide how to deal with this appropriation because this is a major flaw in the way it is constructed and in the way we have allowed it to grow up. I do not believe in mincing words about it. I have said this to State people.

I think there is a large measure of 75-percent staff doing what I would not consider to be true service operations.

When I make this statement to State administrators they say it is impossible to separate out, and so on.

However, I think the only answer to this is that if the Federal Government decides to support the staff of State agencies, and it does this in some programs, set a common percentage and do not try to differentiate between the staff which does this and the staff which does that, and clean this up so that it is what it says it is, for administering the program whatever the people do, and then put your services somewhere else and have the services designed and measured and largely provided by community agencies in the way we purchase case services. This is my answer to this dilemma but this will take at least another year to work out.

EXPERIMENTAL AND DEMONSTRATION PROJECTS UNDER SECTION 1115, SOCIAL SECURITY ACT

Mr. MICHEL. You say that the request also includes funds to finance the States' share of experimental, pilot, and demonstration projects?

Miss SWITZER. The provisions of Section 1115 are very peculiar for Federal legislation as I have known it in the past. This provides among other things that we can give a project to a State and use money that is appropriated under 1115 to provide the States' share of the money to do the project where they do not have their own money.

It is a very peculiar provision.

Mr. MICHEL. One hundred percent Federal money, then?

Miss SWITZER. For a small part of it it is; yes. It is peculiarly done, but the public welfare laws are very, very detailed and complicated.

Mr. SIMONDS. The State already qualifies for 75 percent outside of the demonstration authority. If the State cannot put up the 25 percent theoretically the Federal Government will help with that portion of the 25 percent it cannot put up.

In most cases the State does put something into it.

Mr. MICHEL. Do we have an experience table here or a reading? How many States are carrying on any kind of demonstration project?

Dr. GARRETT. We can supply that.

(Information requested follows:)

DEMONSTRATION PROJECTS IN PUBLIC ASSISTANCE

FISCAL YEAR 1968 AND 1969

MORE THAN 306 projects have been approved under the program of Demonstration Projects in Public Assistance authorized in Sec. 1115 of the Social Security Act since 1963, when the program began. The act authorizes the Secretary of Health, Education, and Welfare to make grants to State public assistance agencies to cover the cost of pilot, experimental, or demonstration projects aimed at helping improve the family life of welfare recipients and at moving recipients toward economic independence. In addition, whenever requirements of other sections of the act would keep an agency from starting or completing a project considered worthwhile, the Secretary may waive the requirements. In effect, this means that demonstration projects do not have to be statewide or confined to one State agency. The program is administered by the Social and Rehabilitation Service of the Department of Health, Education, and Welfare.

During fiscal year 1968, the last full year of the program, 126 projects were approved: 67 new and 59 continued. In the first nine months of fiscal year 1969, 22 grants for the continuation of projects and one grant for new projects were approved.

The two tables below are a resume of projects begun or continued in fiscal years 1968 and 1969. Most of these projects centered on direct social services, the improvement of administration, manpower development and training, the preparation of welfare recipients for self-support, and the extension of eligibility.

DEMONSTRATION PROJECTS APPROVED IN FISCAL YEAR 1968 UNDER SEC. 1115, SOCIAL SECURITY ACT: NEW AND CONTINUED PROJECTS

Project Number	State receiving grant	Title and purpose of project	1/ Regular Funds	State Funds	Section 1115 Funds	Total
040C-4	North Carolina	Community Services: To enable public welfare agencies in 25 counties, mostly rural, to take part in and lead community planning of new and extended social services, particularly for low-income persons.	$191,947	$23,000	$50,000	$264,947
091C-3	Oregon	Recruitment of Personnel: To employ a coordinator in the State agency to recruit qualified persons into public welfare work.	9,678		9,678	19,356

1/ Federal funds available for State matching.

Project Number	State receiving grant	Title and purpose of project	Regular Funds	State Funds	Section 1115 funds	Total
139C-2	Wisconsin	New Approaches in Use of Volunteer Services: To employ a consultant on volunteer services, and an assistant, in the State agency to develop, direct, and coordinate volunteer services.	$ 26,965		$ 9,540	$ 36,505
140C-3	Oregon	The Certificate Program in the Social Services: To develop a method, focused on practice, of giving professional training to welfare workers who lack graduate training in social work.	66,784		22,695	89,479
141C-3	Utah	Salt Lake County Project in Use of Volunteer Services: To promote community involvement in meeting the service needs of welfare recipients; develop a better understanding in the community of the needs and problems of the welfare department; and demonstrate that volunteers can provide services to recipients beyond those provided by regular staff members.	11,096		3,975	15,071
142C-2	District of Columbia	Operation Bootstrap: To add 10 specialists to the staff of the welfare agency to improve operations and to develop new programs for low-income families and persons.	116,017		79,498	195,515
143C-3	Utah	Recruitment and Orientation of Bachelor's Degree Graduates into the Public Welfare Department: To try ways of recruiting welfare workers and of providing intensive training to improve the competence of persons in beginning casework positions in the State agency.	75,556		25,185	100,741
148C-2	Mississippi	Special ADC Project: To determine how to improve the home conditions and personal well-being of children in AFDC families in rural Lamar and Marion Counties by raising assistance grants to the full State level and by increasing payments to meet special needs. (Joint project with Title V, Economic Opportunity Act.)	202,039		47,389	249,428

Project Number	State receiving grant	Title and purpose of project	Regular Funds	State Funds	Section 1115 funds	Total
150C-3	Texas	Establishing and Coordinating Comprehensive Social Services to Aged, Ill and Handicapped Recipients in Public Housing: To determine the needs of aged and disabled recipients of public assistance residing in public housing in Dallas and Houston and to make provision to meet these needs.	$ 76,582		$17,343	$93,925
151C-3	Colorado	Operation Bootstrap: To employ a coordinator of program planning and development; specialists on services to alcoholics, home economics, group services, services to the mentally retarded, homemaker services, public information, and community planning; and a recruitment coordinator.	113,688		51,590	165,278
161C-3	Mississippi	Homemaker Project: To demonstrate the feasibility of adding homemaker services to programs in Clarke and Yazoo Counties.	46,925		17,358	64,283
171C-3	Kentucky	Higher Education: To employ counselors to help AFDC young people who attend State colleges and universities solve school and family problems, obtain scholarships and part-time employment, and plan the best use of their income.	271,765		123,491	395,256
182C-3	South Carolina	Homemaker Services: To provide homemaker services to public assistance families in eight counties when the family's natural homemaker is ill.	130,519		43,456	173,975
187C-3	Kentucky	Recruitment and Placement in the Social Welfare and Health Career Fields: To try out an intensive recruitment and placement program aimed at helping decrease the State's shortage of welfare workers.	31,653		31,653	63,306
194C-2	Delaware	Legal Entitlement Assurance Program: To provide legal and social services to AFDC and other low-income families in Sussex County.	61,354		22,484	83,838

Project Number	State receiving grant	Title and purpose of project	Regular Funds	State Funds	Section 1115 funds	Total
198C-3	Wyoming	Case Aide Project: To use AFDC mothers in the Laramie County Department of Public Welfare to relieve professional staff members of part of the work of establishing eligibility and to assist them in providing services.	$ 23,293		$ 9,934	$33,227
214C-2	New Jersey	Operation Bootstrap: To employ specialists in staff development, homemaker services, public information, and coordination of program development to improve the administration of the State program.	59,335		30,555	89,890
229C-2	Arizona	Operation First Step: To demonstrate the value of using AFDC mothers trained as home management advisers to work with caseworkers on difficult assistance cases.	53,641		18,913	72,554
230C-2	Alaska	School Social Worker: To employ a school social worker in the Juneau Borough School District to provide school-oriented casework services to children in AFDC and other low-income families.	16,287		11,779	28,066
231C-2	Alaska	Recruitment and Personnel Assistant Project: To set up a program in the State agency to recruit qualified social workers.	14,350		14,350	28,700
232C-2	Minnesota	Administrative Analysis of County Welfare Department: To employ an administrative supervisor and an administrative analyst to help improve county welfare administration.	17,304		17,304	34,608
234C-2	Oregon	Group Work Services: To employ a consultant on group methods in the State agency to help county agencies develop group services; to train staff members in group methods; to supervise a county demonstration of group work services; and to develop guidelines.	52,160		29,223	81,383

Project Number	State receiving grant	Title and purpose of project	Regular Funds	State Funds	Section 1115 Funds	Total
235C-2	Wisconsin	Winnebago County Foster Family Care: To demonstrate the value of a foster family care program for adult welfare recipients, including persons released from county and State mental hospitals.	$16,389	$4,329	$ 6,416	$ 27,134
239C-2	Michigan	Operation Bootstrap: To employ specialists in community planning, legal services, homemaker services, group work, and volunteer service to promote, organize, establish, and extend such services.	119,312		40,406	159,718
240C-2	Iowa	Recruitment of Personnel: To employ a supervisor to develop a continuous statewide recruitment program for professional social workers and technical workers.	18,501		5,517	24,018
241C-2	Illionis	Peoria Area Homemaker: To demonstrate the value of homemaker services in four county welfare departments.	106,544		36,581	143,125
245C-2	Nevada	Operation Bootstrap: To employ specialists to develop homemaker and community services for OAA recipients.	38,532		13,120	51,652
246C-2	Utah	Operation Bootstrap: To employ a project director and specialists in the State agency for programs of community planning, mental retardation, public information, group work, recruiting, and volunteer services.	72,308		30,612	102,920
247C-2	Delaware	Operation Bootstrap: To employ program specialists in the State agency to help improve the planning and implementation of statewide services and to give leadership and direction to additional services in county agencies.	79,378		35,799	115,177

Project Number	State receiving grant	Title and purpose of project	Regular Funds	State Funds	Section 1115 Funds	Total
249C-2	California	Operation Bootstrap: To employ a public welfare housing specialist and a homemaker specialist in the State agency to develop programs in their fields for low-income families and persons.	$ 29,279		$10,044	$ 39,323
257C-2	Michigan	Neighborhood Emergency Welfare Center-Muskegon County: To provide social services in neighborhood centers sponsored by the county's Community Action Against Poverty Program.	91,093		30,051	121,144
260C-2	New York	Use of Declaration in Determining Eligibility for Public Assistance: To introduce the use of a declaration form to determine eligibility for public assistance.	91,026		79,603	170,629
261C-2	Minnesota	Development of Organized Case System: As part of a national plan, to develop an organized case system for public assistance as a basis for diagnosis, service planning, and implementation.	51,072		17,124	68,196
263C-2	New York	Nassau County-Legal Services for Welfare Clients: To provide legal services to welfare recipients in Nassau County.	159,002		54,921	213,923
264C-2	Mississippi	Operation Bootstrap: To establish a division of information to disseminate information about public assistance.	15,497		15,497	30,994
272C-2	Montana	Recruitment and Orientation of Professional Staff in Public Welfare: To establish a recruitment and training program in the State agency to meet State and county needs for social workers.	104,753	16,397	18,521	139,671

Project Number	State receiving grant	Title and purpose of project	Regular Funds	State Funds	Section 1115 Funds	Total
276C-2	Oregon	Development of Organized Case System: Same as project No. 261C-2.	$ 35,877		$14,380	$ 50,257
336C-2	Oklahoma	State Public Welfare Consultant on Social Group Work: To employ a consultant on social group work services; to promote group work methods; and to train social workers and supervisors in group work methods.	13,469		4,501	17,970
344C-2	Florida	Development of Organized Case System: Same as No. 261C-2.	15,618		5,566	21,184
366C-2	Georgia	Program to Expand Field of Recruitment for Social Welfare and Development in 15 Southern States: To hasten the recruitment of bachelor's degree graduates for social work programs in 15 Southern States.	96,013		32,005	128,018
373C-2	Maine	Development of Organized Case System: Same as Project No. 261C-2.	8,178		2,892	11,070
378C-2	District of Columbia	Protective Services for Adults: To provide protective services for elderly persons who are current, former, or potential recipients of public assistance.	121,243		51,182	172,425
379C-2	Colorado	Protective Services for Adults: To determine how successfully and adequately protective services can be provided to adults in three rural counties.	55,000		24,486	79,486
381C-2	Mississippi	Mississippi Project: To conduct an experiment involving three groups of AFDC mothers:one group to be served by a special plan including child care, dental and medical examinations, adult basic education, and meeting related costs; the second to be provided 100 percent of budgeted need; the third to receive training under Title V, Economic Opportunity Act. (This is a joint project supported by Sec. 1110 and Sec. 1115, Social Security Act, and Title V.)	111,750		26,541	138,291

Project Number	State receiving grant	Title and purpose of project	Regular Funds	State Funds	Section 1115 Funds	Total
285	Mississippi	Defined Services in OAA in Selected Counties: To extend social services in OAA statewide by using specialists to serve seven selected counties.	$ 71,721		$27,962	$99,683
286	Utah	Tele-lecture as a Teaching Media: To experiment with the use of tele-lecture in training programs for public welfare workers.	34,317		12,190	46,507
289	Virginia	Clerical Aides in Initial Determination of Eligibility: To determine whether clerical aides of substantially less education than caseworkers can adequately determine initial eligibility for public assistance.	50,704		45,456	96,160
290	Arkansas	Legal Services to the Poor: To test ways of best providing legal services to public welfare recipients.	86,729		34,139	120,868
328	Florida	Homemaker Services in Four Counties in District No. 3: To provide homemaker services to selected recipients of OAA, APTD, and AFDC who are convalescing, chronically ill, or in need of better homemaking standards and skill.	50,166		20,791	70,957
377	Virginia	Social Services Mobile Office Unit: To make the services of the local welfare department more accessible to welfare recipients and potential recipients through a mobile office operating in areas of the city of Chesapeake comparatively isolated from the main welfare office by location or social problems.	22,490		13,352	35,842
382	Virginia	Baccalaureate Manpower Development Program: To substantially increase the quantity and quality of social workers through the extension and improvement of undergraduate social welfare education.	19,073		6,357	25,430

Project Number	State receiving grant	Title and purpose of project	Regular Funds	State Funds	Section 1115 Funds	Total
383	Washington	Foster Family Homes for Adults: To experiment with the use of foster family homes and medical services for adults needing places to live where they can receive care (other than in nursing homes).	$117,772		$66,560	$184,332
389	New Mexico	Bernalillo County Extended Services Project: To employ caseworkers in each of five Office of Economic Opportunity neighborhood centers as sources of information and referral for persons presumably eligible for public assistance.	65,525		24,014	89,539
391	Oregon	Community Relations: To develop and test a community relations program to demonstrate that public acceptance of the assistance program will increase agency involvement in community activities.	15,978		14,478	30,456
394	California	Social Work Staff Development Seminar: To establish a staff development seminar with the University of Southern California School of Social Welfare, Department of Welfare Extension.	28,970		9,656	38,626
398	Tennessee	The Promotion and Development of Education for Social Work Personnel: To substantially increase the quantity and quality of social workers through the extension of undergraduate social welfare education.	16,616		6,464	23,080
400	West Virginia	The Promotion and Development of Education for Social Work Personnel: Same as project 398.	36,826		15,642	52,468
401	West Virginia	Recruitment of Social Welfare Personnel in West Virginia: To substantially increase the quantity and quality of social workers through a broad recruitment program.	26,533		25,933	52,466

Project Number	State receiving grant	Title and purpose of project	Regular Funds	State Funds	Section 1115 Funds	Total
402	Wisconsin	Alcoholism: Challenge to Public Welfare-Planning and Delivery of Services: To coordinate a plan of identification, direct service, referral, and interagency cooperation for alcoholics.	$ 20,762		$ 7,698	$ 28,460
405	Massachusetts	Linking, Integrating, and Strengthening Public Welfare Services in a Neighborhood Service Center Program: To make public assistance services in a low-income pilot city area more responsive to community needs; to develop and test ways of working among the local community agencies; to link public welfare services into a unified neighborhood service system.	633,631	95,386	129,206	858,223
406	Maryland	Developing Undergraduate Education Programs and Recruitment Programs for College-Level Personnel in Social Welfare in Maryland: To increase the number and quality of social workers by developing undergraduate social welfare education programs, career lines, and recruitment programs.	15,234		5,595	20,829
407	Maryland	Coordination of Emergency Services and Resources Related to Housing for Low-Income Families in Baltimore: to demonstrate the role of the public welfare agency in the prevention of family breakdown through the provision of emergency services 24 hours a day.	53,803		40,821	94,624
410	California	Needs of Older Children Living Away from Home: To demonstrate a way of providing foster care for AFDC children, age 16-20, who cannot live with their families.	28,753	48,001	31,635	108,389
413	Washington	Seattle Model Neighborhoods Project: To employ specialists in the State agency to help form the welfare component of the Seattle model city neighborhood program, recommend welfare program improvements, and implement the welfare component.	36,160	5,465	11,550	53,175

Project Number	State receiving grant	Title and purpose of project	Regular Funds	State Funds	Section 1115 Funds	Total
417	Kentucky	The Promotion and Development of Education for Social Welfare Personnel in Kentucky: To substanially increase the number of qualified social workers with baccalaureate degrees through programs to stimulate recruitment, training, and use of workers.	$44,305		$15,211	$59,516
418	Texas	Crossroads Community Center-Community Social Services Planner (Neighborhood Service Center Project): To employ a community social service planner in the Dallas Community Center to set up and maintain effective communication between the public welfare agency and the Center.	18,212		7,302	25,514
419	Texas	The Development of Manpower Resources for Public Welfare Through Recruitment Activities and Development of Undergraduate Social Work Education Programs: To increase the number of qualified social workers through broad recruitment and education programs.	83,922		32,455	116,377
420	Iowa	Summer Youth Opportunity Program: To provide AFDC young people, age 14-21, with work experience through which they can acquire good work habits and sound attitudes toward independence; to encourage them to complete high school or vocational training; to provide them with opportunity to earn and save income for higher education.	10,366		3,772	14,138
425	Arkansas	Summer Youth Opportunity Program: To provide AFDC young people with constructive work experience during the summer; to show them the need for developing good work habits and responsibility toward employment.	21,165		19,491	40,656

Project Number	State receiving grant	Title and purpose of project	Regular Funds	State Funds	Section 1115 Funds	Total
427	Vermont	Social Welfare Recruitment Specialist: To employ a recruitment specialist to improve the quality and increase the number of social workers in the State.	$ 4,862		$ 4,862	$ 9,724
428	Vermont	Alternate Care Arrangements: To conduct an experiment based on the hypothesis that a sizable number of persons placed in licensed nursing homes can receive better care in other settings if the patient, his family and his physician understand that this is true.	24,415		9,645	34,060
432	Delaware	Summer Youth Opportunity Program: To employ a coordinator of employment and training in the State agency to work with prospective employers to stimulate interest in giving summer jobs to AFDC young people and to develop year-round activities concerning the employment of AFDC young people.	9,938		3,880	13,818
433	Oklahoma	Summer Youth Opportunity Program: To employ a coordinator in the State agency to develop employment opportunities for AFDC children, age 16-22, identify potential high school dropouts in the AFDC caseload capable of completing high school, and develop opportunities for summer employment.	5,175		1,793	6,968
434	New York	Summer Youth Opportunity Program: To employ a coordinator in the State agency to give AFDC young people opportunities for summer employment offering work experience demonstrating the value of good work habits and attitudes.	5,575		1,925	7,500

Project Number	State receiving grant	Title and purpose of project	Regular Funds	State Funds	Section 1115 Funds	Total
437 Parts I, II, III, IV	Tennessee	Public Assistance Intake at Neighborhood Center, Social Services Division Juvenile Detention Unit, Neighborhood Center Homemaker Project, Neighborhood Protective Service Project: To enable the welfare unit of the Chattanooga Neighborhood Service Program to provide (I) an intake unit at a neighborhood center; (II) casework services in a detention unit; (III) homemaker services to OAA, AB, and APTD recipients; and (IV) concentrated services to families and children in a specific area.	$ 88,555		$34,064	$122,619
438	Oregon	Summer Youth Opportunity Program: To employ a coordinator to assist the Multnomah County Public Welfare staff in selecting, interviewing, and evaluating AFDC young people, age 16-22, for the Portland JOBS program and to coordinate the referral system between the State's employment and welfare departments.	3,461		1,227	4,688
440	Connecticut	Housing Improvement Program of Hartford: To offer a variety of special services to improve the housing conditions of AFDC and OAA recipients.	175,116	7,950	70,725	253,791
441	Florida	Family Aid Demonstration Project: To employ family aides to provide services to AFDC families as a complement to those offered by the Jacksonville Parent-Child Center Program.	97,092		23,035	120,127
446 Parts I,II	Minnesota	Social Services to the Elderly in the Pilot City Area of Minneapolis; Emergency Social Services for Residents in the Pilot City Area of Minneapolis: (I) To enable the Hennepin County Welfare Department to examine what social services can mean to the elderly and to the community; (II) to establish emergency social services in a pilot area of the city to measure the need for such services and to examine the relation between emergency health services provided by the Minneapolis Department of Health and the Hennepin County Welfare Department.	178,278		63,312	241,590

Project Number	State receiving grant	Title and purpose of project	Regular Funds	State Funds	Section 1115 Funds	Total
448	Alabama	Concentrated Community Day Care Planning in Alabama: To demonstrate how complete community resources can be developed, coordinated, and used to make day care available to all children, particularly AFDC children, needing day care.	$ 73,544		$ 12,979	$ 86,523
452	Oregon	Differential Use of Staff: To conduct a four-county demonstration in the separation of eligibility and services and in the provision of emergency services by the use of different levels of staff.	82,500		27,500	110,000
453	Kentucky	Vocational Opportunities for Public Assistance Recipients: To help AFDC young people, particularly dropouts, enroll in vocational schools and find employment after training through the State employment agency.	238,898		123,166	362,064
458	Kentucky	Improvements to Homes Owned by AABD Recipients: To conduct a pilot project in four counties under which materials costing up to $500 may be purchased to repair owner-occupied homes of 900 AABD recipients. (A joint project with the Department of Labor, Office of Economic Opportunity, and Farm Home Administration, Department of Agriculture.)	342,270		279,730	622,000
459	Arkansas	Training of the Unskilled and Socially Deprived in Cooperation with the Arkansas Rehabilitation Center: To provide the heads of or young people in 50 AFDC families in 14 counties, not accepted in other training programs, opportunities for training.	66,215		23,082	89,297
462	Kentucky	Services in the Neighborhood-Public Assistance Involvement: Part I, Comprehensive Evaluation and Training Unit; Part II, Park-Duvalle Neighborhood Service Center: To enable the welfare components of the Louisville Neighborhood Service Program to use new service delivery methods; to develop an interagency-intercenter method of solving social problems; to improve public opinion of service agencies; and to determine the quality and quantity of services.	74,842		29,301	104,143

Project Number	State receiving grant	Title and purpose of project	Regular Funds	State Funds	Section 1115 Funds	Total
463	Missouri	Family Life Education for Yeatman Neighborhood Service Center Program: To add family life education services to the social services offered residents of the Yeatman area of St. Louis.	$ 9,401		$ 1,659	$11,060
464	New Hampshire	Gear-up: To employ a management analyst to determine program relations between multiple programs in a single State agency as they affect administration.	11,309		11,308	22,617
465	New York	Hunts Point Neighborhood Service Program: To experiment with the use of professional and subprofessional neighborhood workers to demonstrate that the use of neighborhood workers will increase the income support and social service delivery by the Department of Social Services.	214,392		105,418	319,810
468	Florida	Youth Opportunity Coordinator Project: To employ a specialist in the State agency to coordinate summer employment programs for AFDC young persons.	12,986		4,928	17,914
469	Hawaii	Comprehensive Social Development Plan-Phase I: To develop a State comprehensive social development plan for improving the delivery of services.	12,500		12,500	25,000
		Total	$6,459,829	$200,528	$2,716,927	$9,377,284

DEMONSTRATION PROJECTS APPROVED IN FISCAL YEAR 1969 THROUGH MARCH 31 UNDER SEC. 1115, SOCIAL SECURITY ACT:
NEW AND CONTINUED PROJECTS

Project Number	State receiving grant	Title and purpose of project	Regular Funds	State Funds	Section 1115 Funds	Total
139C-3	Wisconsin	New Approaches in Use of Volunteer Services: To employ a consultant on volunteer services, and an assistant, in the State agency to develop, direct, and coordinate volunteer services.	$ 21,028		$ 7,445	$ 28,473
142C-3	District of Columbia	Operation Bootstrap: To add 10 specialists to the staff of the welfare agency to improve operations and to develop new programs for low-income families and persons.	142,521		96,931	239,452
194C-3	Delaware	Legal Entitlement Assurance Program: To provide legal and social services to AFDC and other low-income families in Sussex County.	20,613		9,446	30,059
214C-3	New Jersey	Operation Bootstrap: To employ specialists in staff development, homemaker services, public information, and coordination of program development to improve the administration of the State program.	18,377		8,742	27,119
217C-2	Maryland	Community Organization and Services to Improve Family Living: To provide special services in health and housing to large AFDC families to demonstrate that when they are provided with adequate financial resources and social services, they can sustain a pattern of improved family living.	34,220		51,687	85,907

Project Number	State receiving grant	Title and purpose of project	Regular Funds	State Funds	Section 1115 Funds	Total
229C-3	Arizona	Operation First Step: To demonstrate the value of using AFDC mothers trained as home management advisers to work with caseworkers on difficult assistance cases.	$ 77,492		$28,120	$105,612
230C-3	Alaska	School Social Worker: To employ a school social worker in the Juneau Borough School District to provide school-oriented casework services to children in AFDC and other low-income families.	10,066		1,331	11,397
234C-3	Oregon	Group Work Services: To employ a consultant on group methods in the State agency to help county agencies develop group services; to train staff members in group methods; to supervise a county demonstration of group work services; and to develop guidelines.	66,712	$572	14,852	81,564
240C-3	Iowa	Recruitment of Personnel: To employ a supervisor to develop a continuous statewide recruitment program for professional social workers and technical workers.	19,891		6,492	26,955
243C-3	Arizona	Special Demonstration Project for the Strengthening of Public Assistance Services as They Relate to Navajo Agencies: To demonstrate the value of intensive services to Navajo families and to test the value of services provided by Navajo speaking workers who understand the needs of Navajo Indians and their traditional cultural patterns.	119,665		34,637	154,302
246C-2	Utah	Operation Bootstrap: To employ a project director and specialists in the State agency for programs of community planning, mental retardation, public information, group work, recruiting, and volunteer services.	2,220		2,220	4,440

Project Number	State receiving grant	Title and purpose of project	Regular Funds	State Funds	Section 1115 Funds	Total
261C-3	Minnesota	Development of Organized Case System: As part of a national plan, to develop an organized case system for public assistance as a basis for diagnosis, service planning, and implementation.	$74,927		$23,997	$ 98,924
267C-2	Maryland	Administration Update: To update administrative methods and procedures in the 23 county offices of the Maryland State Department of Social Welfare through a series of comprehensive field reviews and analysis of each local agency's administrative fiscal-management functions.	22,430		22,588	45,018
274C-2	New Mexico	A Public Welfare Plan to Develop a Program in Community Planning: To provide Community Social Workers who stimulate interest in and develop programs in community planning in a variety of settings in New Mexico.	87,431		29,179	116,610
282C-2	Vermont	Welfare Administration Systems Analysis: To examine and evaluate administrative procedures; recommend changes which will result in improved administration and services to public welfare recipients.	5,802	$460	5,802	12,064
283C-2	Virginia	Services to Clients in Groups: To demonstrate the effect of the group method in giving services to public assistance clients by establishing a special unit of agency-trained group workers to provide group services to clients as referred by other case-workers.	48,115		17,452	65,567
285C-2	Mississippi	Defined Services in OAA in Selected Counties: To provide for the extension of a broad range of social services in the old age assistance category; utilizing specialized workers to give services in seven counties; Clarke, Copiah, Covington, Madison, Perry, Winston, and Simpson.	38,456		12,993	51,449

Project Number	State receiving grant	Title and purpose of project	Regular Funds	State Funds	Section 1115 Funds	Total
286	Utah	Tele-lecture as a Teaching Media: To experiment with the use of tele-lecture in training programs for public welfare workers.	$ 6,474		$ 2,158	$ 8,632
337C-2	Alaska	Development of Social Services in Rural Alaska: To utilize native staff to provide social services in rural Alaska to public welfare recipients and those individuals who may be former or potential recipients.	245,773		82,461	328,234
344C-3	Florida	Development of Organized Case System: Same as No. 261C-3.	99,693		34,372	134,065
373C-3	Maine	Development of Organized Case System: Same as No. 261C-3.	15,403		5,749	21,152
440	Connecticut	Housing Improvement Program of Hartford: To offer a variety of special services to improve the housing conditions of AFDC and OAA recipients.	5,104		5,104	10,208
483	Oklahoma	Oklahoma Welfare Information System: To use a computer as a diagnostic tool to assist social workers and rehabilitation counselors in coordinating and expanding services to clients.	200,000		200,000	400,000
		Total	$1,382,413	$1,032	$703,758	$2,087,203

Abbreviations:
AFDC(or ADC): Aid to families with dependent children
OAA: Old-age assistance
APTD: Aid to the permanently and totally disabled
AABD: Aid to the aged, blind, and disabled

DUPLICATION OF EFFORT

Mr. MICHEL. Who has the responsibility for overseeing this kind of thing? Are we putting up money here for the State of Illinois to do the very same thing in a pilot demonstration project that the State of Indiana is doing, for example? Conceivably can we have 50 States doing exactly what they want to do because the money is easy to get at and we are doing 50 times what we should do just once?

Dr. GARRETT. That might have been true in the past but it is not true now. We have a very thorough review process in which we see to it that these are truly demonstration projects.

It might be that there is an advantage in having three, four, five or more States conducting a similar type of project so that by taking them all together we can get a general principle, but we are getting a thorough review of every project to be sure it is truly a demonstration.

Mr. MICHEL. How long have we been doing this kind of thing?

Dr. GARRETT. The current program has been in operation about 5 years. It was recently extended by the Congress.

RESULTS OF EXPERIMENTAL AND DEMONSTRATION PROJECTS

Mr. MICHEL. So it has been in operation 5 years. What have we gotten for our money? Give me a good example or two of what we have gotten for our money with all this experimenting.

Dr. GARRETT. I will give you perhaps two examples.

Mr. MICHEL. Perhaps the most I can expect for my money.

Dr. GARRETT. One project, for example, in Arizona is using Navajo-speaking case work aides to work with Indians on the reservations in providing services which never before were available to these individuals.

The reason for that is that the welfare population on those reservations are receiving services now in a way acceptable to them. Whenever you use an interpreter, you set up a barrier between yourself and the individual with whom you are working. You are actually accomplishing two things—first of all you are providing a new kind of service; secondly, you are providing an improved type of service to these individuals.

Another project is rather similar to this and it is a project in rural Alaska where you are testing——

Mr. FLOOD. Rural Alaska?

Dr. GARRETT. Rural Alaska.

Mr. MICHEL. Outside of Anchorage and Fairbanks?

Dr. GARRETT. That is right. It is in the remote northern and western areas of the State.

Here what we are trying to see is whether you can bring any kind of social services to these individuals.

In the past the way in which the program has been operating it has been that they have had what they call fee agents, people more or less for hire. Their major task was to determine whether or not a person was eligible to receive welfare payments, and that was about the end of it.

What we are trying to do in this program is to train people from the area——

Mr. FLOOD. The Eskimo?

Dr. GARRETT. These would be natives; yes, sir. We train these individuals to give an array of what we would call community services, so you would have people right there who not only would be determining eligibility for service, which was the only service they had before, but actually would be able to purvey services, to see that they get these other services we have been talking about here.

I think these might give you a little feel for the kind of thing we are trying to do now.

Mr. MICHEL. The two instances you cite are taking care of a relatively small number of people.

Dr. GARRETT. Let me give you something in an urban area. In the city of Seattle, in conjunction with the model city program, there have now been assigned by the State welfare agency not the highly trained social worker but indigenous persons from that area, who are now working with the people in the local community in order to help to see that they get the kind of services that they need, and purvey services themselves.

This has meant a good deal in that model city area in getting the cooperation of individuals and in getting them to actually participate and get them the kind of services that they actually need.

This latter kind of experience one way or another you can multiply. We have done this in the Hunts Point area in New York. You have something similar in Baltimore, and there was some discussion of the Baltimore project yesterday so I will not repeat it. Again this is done under this particular section of the Act.

ARKANSAS PROJECT

Miss SWITZER. Is there any 1115 money in the Arkansas project?

Dr. GARRETT. Yes, madam; there is.

Mr. MICHEL. What is so significant about the Arkansas project?

Miss SWITZER. One of my favorite projects. This is a project which combines rehabilitation and public welfare in the Governor's office and uses a rehabilitation center, one of the most successful in the country, to see whether if you did the same kind of thing for very, very, almost considered bottom-of-the-barrel employables, bring them into the center, do for them what you do for the disabled, even if you move their families in with them, and just see how much you have to invest in order to give them what they need for self-support.

The Governor is very interested in this project. It has rehabilitation research and demonstration money. It has case service money from the Arkansas rehabilitation program. It has welfare funds from the Arkansas welfare program. It has 1115 money and it has the Governor's contingency fund money in it. It is very, very exciting because I think it will demonstrate that, if we could get this kind of organized approach to prove the validity of the Social and Rehabilitation Service, we will have gone a long way. We perhaps would never have had this project if that did not come about.

REASONS FOR INCREASE IN ADMINISTRATION COST

Mr. MICHEL. You say here the total increase is made up of increases of $75.7 million in social services, $23.6 million in administration, and $1.1 million in training.

You look at those figures just offhand and you say there is one-third for administration. I say that is awfully high.

"Tell me why" to borrow an old song title.

Miss SWITZER. I suppose many elements go into it.

Mr. LEE. One thing is that, while the administration has gone up 9 percent, the number of recipients in the assistance programs being administered has gone up 13 percent. Therefore, the administration is not going up as fast as the cost of the program being administered.

Miss SWITZER. Or the number of people who make it up.

Mr. LEE. It takes more effort to administer a larger program for one thing with the larger caseloads. Administration is increasing less rapidly than the social services or the caseloads being administered.

Mr. SIMONDS. We are urging States to improve and upgrade their management capability. This means acquiring new people with new skills, particularly in the automatic data processing field, program analysis, and systems management. These kinds of people are badly needed in public welfare administration.

Mr. CARDWELL. I am not sure the point has been made and perhaps I am coming in from too far out in left field.

It seems to me the comparison of the administration share of this appropriation should better be made against the total cost of maintenance payments and social services which in the Federal share is about $4.7 billion. Then you add the States' share on top of that.

Mr. MICHEL. All the administration is here then for these items we were talking about before.

Mr. CARDWELL. That is right.

SERVICES FOR THE BLIND

Mr. MICHEL. Did I read some place in the justifications that you expect that social service to the blind will be decreasing?

Miss SWITZER. I hope not.

Mr. MICHEL. I would hope not, either. It seems to me that I got that impression somewhere. This is at a time when we know there are more blind people to take care of.

Miss SWITZER. If that is anywhere, it should not give that impression.

Mr. MICHEL. I would like to have something on the record to be absolutely sure that is not the case. I don't think I would have the question if we did not run into it in the justification.

Miss SWITZER. We will take a good look at it.

(Information requested follows:)

COST OF SERVICES FOR THE BLIND

Before revisions were made in both the fiscal year 1969 and the fiscal year 1970 budget, States estimated a decrease from fiscal year 1969 to fiscal year 1970 in the costs of social services for the blind. The estimated decrease involved no reduction in the quality or quantity of services for the blind because of the planned increase in the use of services provided by volunteer organizations.

STATES' ESTIMATES OF RECIPIENTS AND COST OF SOCIAL SERVICES FOR THE BLIND

	Fiscal year 1969		Fiscal year 1970	
	December budget	Revised budget	December budget	Revised budget
Average monthly number of recipients	83,300	81,000	84,300	84,200
Social service costs:				
Total	$10,800,000	$10,209,000	$10,400,000	$10,349,000
Federal share	$6,100,000	$5,805,000	$5,900,000	$5,885,000

COORDINATION WITH FAMILY PLANNING ACTIVITIES OF OTHER AGENCIES

Mr. HULL. Under the social service section one of the uses of funds is to reduce the incidence of illegitimacy and strengthening family life. I am wondering if this is family planning information and what efforts are made to coordinate with other such programs we have in the Federal Government, for example, those programs of the OEO?

Miss SWITZER. It does include very definitely the offering of family planning, birth control services, and also the opportunity to have those paid for out of medicaid or whatever was appropriate.

I think very close cooperative relationships exist in this program perhaps more than in many others because resources are fairly limited and in certain specific places and not in others.

OEO and the Children's Bureau work very closely together. We have many places where this is not true, but in this particular effort I think everyone is pulling together very, very well trying to make what resources we have go as far as possible and to try to make the accessibility of the services and the information as readily available to the people where they live as is possible. This is the problem, that people have to go a long way. To have the workers know where the services can be made available to them, to give them a choice if there is a choice, and also to provide supporting health services are some of the functions. Dr. Lesser feels very strongly we should have along with the simple and more or less separate birth control information certain health examinations and health support services going along with it where possible.

I would say, therefore, that this was fairly well done in most places.

Mr. HULL. Are the demonstration programs developed solely by the States or does the Federal Government take an active role in this?

Miss SWITZER. We take as active a role as we possibly can, particularly in the health care and in the services to families with dependent children. We have people in the regional offices who make this one of their major emphases and work with the States and communities.

Then in this particular program we have very active voluntary groups, planned parenthood groups and branches of planned parenthood, who are very sensitive and very active in trying to make these services available if they are not well done in a public setting.

INCOME MAINTENANCE EXPERIMENTS

Mr. HULL. Has any sort of guaranteed annual income program been planned under the demonstration program?

Miss SWITZER. Not under this program. They would be carried out under the programs we discussed yesterday, section 1110. I think there would be no guaranteed annual income here, at least not for the moment.

Dr. GARRETT. There are variations of income maintenance projects in the sense we do have some programs where they are measuring the effect of meeting full need; for example, in a particular State where a State has not been paying full need.

Miss SWITZER. And where we have had rent supplements.

Dr. GARRETT. Like in the Baltimore project where you have supplements for rent or other services. However, that is as far as we have gone in this appropriation thus far.

The demonstration program under 1115 has a statutory limitation of Federal funds at the moment of $4 million, so you are somewhat limited in how far you can go.

COLLEGE-TRAINED SOCIAL WORKERS

Mr. HULL. In your view, are the college-trained social workers being produced today capable of going out on a job without further extensive training?

Miss SWITZER. It depends on what job they are going to and whether they have proper supervision. I think that college undergraduates are filling the majority of the jobs in the State welfare departments.

I think the graduates of the master degree programs in schools of social work, generally speaking, are not out on the firing line as the welfare worker. I think you need almost every conceivable kind of training for personnel today in the helping professions.

I am very enthusiastic myself about two developments, possibly three, in this field. One is the new program which I mentioned earlier of support for schools of social work where at least half of the resources have to go to undergraduate programs, which means that very good basic training, information, and experience can be given to undergraduates as they go along, so that when they get through college they will have more than a little sense of security when they go into a job. That is one kind of program.

Another kind of program is the community college. The community college can be made responsive really to almost any need that exists in the community. It can tailor its program. It has not yet jelled in a firm mold so that it is extremely promising, I think, for meeting many of the needs. You can combine training with actual experience. I am very enthusiastic about the possibilities of this program, and I know that this is one of Secretary Finch's enthusiasms, too. I was overjoyed to hear this when he stated in the budget review and was very enthusiastic about the community college possibilities.

Then we have some experimental programs going on which are using rehabilitation training money to permit undergraduates in liberal arts colleges to have field experience in community agencies with a seminar type of lecture and discussion going along with it.

One of the first is at a college in Massachusetts, Assumption College, which is one of my favorite programs because this has taken young men—and this is unusual because this is a man's school—and they have become absolutely enthralled with the experience that they have had as volunteers in community agencies in and around Worcester.

A number of them after graduation have gone into these agencies to work. A number have gone on into graduate training.

I would say, therefore, that while perhaps we are not doing the perfect job in giving everyone the training they need for social welfare, I think we are improving all the time and I think that we have to depend on our young graduates and on subprofessional people who can be drawn from the community to fill the need because the demand is so great we have no possible way of filling it with a fullblown master's degree social worker, no possibility at all.

Therefore we have to be very imaginative and try to meet this need in other ways.

REHABILITATION OF MIGRATORY WORKERS

Mr. HULL. Miss Switzer, where are the projects located which provide assistance for vocational rehabilitation for migratory workers?

Miss SWITZER. I do not think we have any yet. I think this is the first appropriation we have had for this. I am not sure we have had any applications. We have nothing under the regular program, but the new migratory worker program has not gotten underway yet. It will not until 1970.

Mr. HULL. That is all, thank you, Mr. Chairman.

Mr. FLOOD. Mr. Shriver?

NEED FOR INCREASED APPROPRIATIONS

Mr. SHRIVER. You may have answered this, but this increase is pretty substantial, more than 1969 by $135 million.

Miss SWITZER. You are talking about this appropriation?

Mr. SHRIVER. Yes.

Miss SWITZER. Yes; it is.

Mr. SHRIVER. It is broken down in the justifications and in your statement as to how that is to be used. A share of it is in connection with the 17-percent increase of AFDC caseload and last year we had a big increase there, and the year before we had a big increase there.

Miss SWITZER. Yes.

Mr. SHRIVER. When are we going to peak and level off?

Miss SWITZER. I wish I knew. I do not know.

Mr. SHRIVER. A lot of this increase is an effort to cause it to level off or decrease?

Miss SWITZER. Yes; it is. It is hard to say really what the future is, because we have had no letup certainly in the last couple of years.

AVAILABILITY OF STAFF TO PROVIDE SOCIAL SERVICES

Mr. SHRIVER. Another good share of the increase is for more service to these people. Are you going to be able to have staff in the States to take care of this $75 million increase?

Miss SWITZER. We hope that a good part of the increase might be applied to the purchase of service. The new amendment did authorize that service could be purchased by public welfare agencies from community agencies. This would be, I think, a very effective way of providing the service in many cases.

I hope that this increase will be applied along those lines.

Mr. SHRIVER. Are not the communities and the volunteer agencies already busy?

Miss SWITZER. They are, but they have to respond also to increased need. There is the possibility, for example, of spending some of this money for the purchase of day care for people who could be working and who were not in the WIN programs.

If this is done, it will have to be done to whatever extent is available in the community to assist in the expansion of a center that says it is loaded but still might accommodate a few more kids. Even the purchase of training itself for mothers that would not be appropriate for the WIN program could be done under this appropriation. So I hope

these are the kind of things that the new money will be used for rather than just an expansion of the old way.

Also, we might have different kinds of people on the staff who also could give the service.

Mr. SHRIVER. Like what?

Miss SWITZER. We were talking earlier today about the need for home management and training families in the use of food. It is conceivable if you have enough need for this in a given community welfare agency, you could really have on the staff a good practical down-to-earth home economist who is accustomed to going around and showing people how to do things.

FEDERAL WELFARE STANDARDS AND REGULATIONS

Mr. SHRIVER. I do not know whether this question belongs here specifically, but in my mail I received this morning I had a letter from a relatively new county commissioner of one of the counties in my congressional district, and he was complaining that the county had nothing to do in actually administering the social welfare program, that it is the Federal Government that makes the standards and the rules and regulations that have to be followed.

Miss SWITZER. There are certain basic things, of course, that the Federal statute lays down.

Mr. SHRIVER. He uses as an example, the case in point, of a man who just came to the community and he had obtained a job and his pay was to take effect in a couple of weeks, or a certain time in the future, and until then his family had to be on welfare until he got paid. So this fellow goes down with members of his family to the dentist and built up a $600 dental bill which the county then had to pay as part of the welfare program.

He said this was because of some rule of the Federal Government. This was in his letter I read this morning.

Miss SWITZER. So many different things could have happened in that case.

I suppose your State has medicaid and I suppose when he came down to register for welfare, even though temporarily, he probably got a medicaid card. This customarily happens. And he just took advantage of the situation, I suppose. He probably needed the dental work. So this is a case, I suppose, that you would have to say was fairly exceptional.

You would have to know all of the angles to know whether it was deliberately done or whether it was done with good intention. If you want me to, and send me the letter, I will look into it.

Mr. SHRIVER. I will, because this is not the first time that people who locally administer programs have been very critical of the Federal Government, saying their hands are tied.

Miss SWITZER. We do get blamed for a lot of things.

Mr. SHRIVER. I am sure that is true. So do we in the Congress.

Miss SWITZER. They do not want to get tough so they say we do it because the Federal Government says we have to. They would rather blame the other guy.

I only have one person to blame if I go wrong, and that is the Secre-

tary, and I do not believe he would appreciate it very much if I blamed him for my shortcomings.

Mr. SIMONDS. I think this suggests two or three things.

One, it was optional to conduct a program that would help unemployed families and that State apparently chose to do so. Also, it would be optional for the State to define the extent of medical service, and apparently it chose to provide dental services.

And within that, States can develop what they want in the way of both program and administratve controls under the scope of the service to be offered. So for the most part this would reflect State option.

Mr. SHRIVER. I think that is all, Mr. Chairman.

REJECTION OF SERVICES BY UNWED MOTHERS

Mr. MICHEL. Mr. Chairman, yesterday I did not have this particular article at the time we were talking about some of the things Miss Switzer was addressing herself to. I wonder if I might take up the matter at this point.

Mr. FLOOD. Yes.

Mr. MICHEL. Yesterday I made reference to an article I had read recently in the Washington Post. The dateline is March 31. The title of the article is "Unwed Mothers Spurn Agencies' Help." It begins by saying:

> Washington's suppliers of services to teenaged unwed mothers are shaking their heads and puzzling over a strange new situation: their lack of customers.
>
> While illegitimate births, predominantly to teenaged mothers, continue to increase here, fewer and fewer young unwed mothers or mothers-to-be are coming to the adoption agencies, maternity homes and social service agencies for help.
>
> The city's four maternity homes, where unwed mothers can retreat from the public eye to have their babies, normally filled, are reporting dips in applications and even some vacancies, Mrs. Alexander said.
>
> Over 30 percent of the babies born here are illegitimate. Health officials say that 60 percent of the infants born to mothers under 21 here are illegitimate.

My real question, is that true throughout the country as they show it to be here in the District of Columbia?

Miss SWITZER. It depends a lot on the climate. It says in this article that they will not accept services. Perhaps this is due to the way in which they have been approached, or the attitude of the worker or the climate of the institution.

I think you have going here several threads that are not really related one to the other. You have the question of race pride, you have the question of stigma in some parts of the community.

Mr. FLOOD. Especially in smaller areas?

Miss SWITZER. Yes. And then you have this revolt against what seems to be constituted authority, which is not only with these teenagers, but with many others. So that it seems to me this is a very delicate matter, and in order to get the teenager back on the track and not becoming part of the cycle of multiple birth, you have to have the skills to convince the teenager that you are on her side.

Mr. FLOOD. We have this problem too, unfortunately, of some local politician's daughter who has just graduated from Vassar, with a mink coat and Cadillac convertible, driving up to tell you how to raise children.

Miss SWITZER. It makes a lot of difference who does this and what kind of people they are. This article is undoubtedly factual. I would like to be at that place where they are trying to get these young girls in and see what kind of treatment they get.

Mr. FLOOD. Without objection, we will place the article in the record.

(The article follows:)

[From the Washington Post, Mar. 31, 1969]

UNWED MOTHERS SPURN AGENCIES' HELP

(By Carol Honsa)

Washington's suppliers of services to teenaged unwed mothers are shaking their heads and puzzling over a strange new situation: their lack of customers.

While illegitimate births, predominantly to teenaged mothers, continue to increase here, fewer and fewer young unwed mothers or mothers-to-be are coming to the adoption agencies, maternity homes, and social service agencies for help.

REQUESTS CUT IN HALF

The District Welfare Department's Information and Referral Service for Unmarried Parents says its aid requests are less than half of what they used to be.

Elizabeth J. Alexander, licensing officer for the city's eight adoption agencies, says the agencies show a marked decline in requests from unwed mothers for adoptive homes for their babies.

The city's four maternity homes, where unwed mothers can retreat from the public eye to have their babies, normally filled, are reporting dips in applications and even some vacancies, Mrs. Alexander said.

The situation is frankly puzzling to Mrs. Alexander, who also heads the Welfare Department's unmarried parents service, and other professionals.

EVERYBODY HIT

"At first I thought it was just us, getting unpopular or something, until I found out it's hitting everybody," said John Theban, director of Family and Child Services, Inc., a private child placement and social services agency.

Arthur L. Simpson, group counselor for Welfare's unmarried parents service, said the young mothers in his program tell him of literally hundreds of pregnant girls or unwed mothers in their neighborhoods just "sitting home" without job, school, counseling or health services.

Over 30 percent of the babies born here are illegitimate. Health officials say that 60 percent of the infants born to mothers under 21 here are illegitimate.

In 1961, when 20,254 babies were born here, there were 4,251 illegitimate births. Six years later, in 1967, total births had dropped to 15,669 while illegitimate births had risen to 4,924.

Clearly, most young unwed mothers are keeping their babies and not going to the agencies for professional help with job, education, financial, and other problems. Mrs. Alexander and her staff have no answers why, but they do offer some theories:

There may be less stigma attached to unwed pregnancy and parenthood than in the past.

Teenaged mothers are working out their own arrangements for jobs or school, child day care, housing, and financial support.

Girls may not know or believe that helpful services exist so they do not seek them out.

Young mothers and pregnant girls have heard by the grapevine that the service agencies are not of much help, particularly if they are Negro and want to give their babies up for adoption. Negro adoptive homes are difficult to find here.

The last theory may come closest to an explanation. A 1966 study by the city's adoption agencies and maternity homes showed that less than half of the 3331 unwed mothers who sought aid that year got any form of direct aid.

It also showed that only 12 percent of Negro unwed mothers, who have long had the hardest time getting adoptive or foster homes for their babies when they wanted it, were asking for help, compared to 80 percent of the white unwed mothers.

SERVICE LAUNCHED

In response to that study, Mrs. Alexander opened the Information and Referral Service for Unmarried Parents, originally called the Maternity Information Service. Its aim was to make sure that girls who did seek help would get to the right service agency . . . and that the agency would, in fact, help them.

The unmarried parents service, now located at 124½ C Street NW., also established a group counseling program for teenagers expecting their first babies and mothers who have had only one child.

The two young black men who run the program, Simpson and Robert Grant, say that only six of the 43 girls participating are still sitting at home.

The rest are working, attending school, or both. The Welfare Department pays child day care expenses for low-income unwed mothers who are finishing high school or working.

WEEKLY MEETINGS

The girls in the group program meet weekly, alternating a social event 1 week with a speaker or group discussion on their common problems the next week.

Meanwhile, the service gets fewer and fewer requests for help. Started in November 1967 it logged 187 aid requests through June 1968. Since then it has received fewer than 100 inquiries, Mrs. Alexander estimated.

Theban said Family and Child Services, Inc., got 488 requests from girls seeking adoptive homes for their babies in 1967. But only 272 girls came to the agency for child placement service in 1968, he said.

"In the last 5 years we've seen this go full cycle," said Mrs. Alexander. "First there were more couples wanting to adopt than babies, and then a search for adoptive parents when there were more babies. Now we're moving around to a decreased intake of girls wanting adoption for their babies and waiting lists of parents once again."

Mr. MICHEL. A study which had been made in 1966 showed an appallingly low rate of these girls who were actually getting the help and assistance. Every year we get a request for additional money supposedly because the problem is growing and is even more profound. With all of our studies and research, we are not getting to them.

Mr. FLOOD. I called somebody down there on this and they said actually the figures are more shocking than this article reported.

Miss SWITZER. I think the figures in Chicago would be more shocking in the age bracket than this. I think I made the comment yesterday on the total.

Mr. MICHEL. Over and above that, what I am concerned about, regardless of the rate in any given community, is whether it is as bad throughout the country as it is here so far as people availing themselves of those facilities and services we are providing by the money we are appropriating.

Miss SWITZER. In some places I imagine it is.

TRENDS IN ILLEGITIMATE BIRTHS

Mr. SIMONDS. I would like to add one suggestion. It seems to me there is a great deal of confusion prevalent in the country about the whole issue of illegitimacy, the rate, the ratio, and absolute increases, and so forth.

There is now some fairly reliable information that I think would help clear the air a bit and I wonder if the committee would be interested in having some data that is available on it.

Mr. FLOOD. I think so.

Mr. MICHEL. Whatever you have, we ought to have.

My gripe is we are studying these things and never get it out to the people.

Miss SWITZER. We will put some figures in the record that I think will be helpful.

(The information follows:)

TRENDS IN ILLEGITIMATE BIRTHS IN THE UNITED STATES

Illegitimacy data	1940	1957	1966 [1]
Number of illegitimate births	89,500.0	201,700.0	302,400.0
Illegitimacy rate [2]	7.1	20.9	23.6
Illegitimacy ratio [3]	37.9	47.4	83.9

[1] Latest year for which data are available.
[2] Illegitimate births per 1,000 unmarried (including single, widowed, or divorced) women 15 to 44 years old.
[3] Illegitimate births per 1,000 births.

POPULATION INCREASES IN THE "HIGH RISK" GROUP IS MAJOR CAUSE OF RECENT ILLEGITIMACY RISE

During the 1940–57 period, the illegitimacy rate rose from 7.1 to 20.9 but the number of unmarried women between the ages of 15 and 44 years (the population at "risk") declined from 12.5 to 9.6 million. In other words, the rise in the number of births in this period was due entirely to a rise in the illegitimacy rate.

In the 1957–66 period the rate of illegitimacy rose very slowly (the annual growth was one-sixth the growth in the first phase) but the number of unmarried women in the 15- to 44-year age bracket increased rapidly—from 9.6 to 12.8 million. In other words, the rise in the number of illegitimate births during this second period was largely due to the increase in the population at "risk"—a result of the postwar peak in births reaching childbearing age in the 15 to 24 age group.

WHITE ILLEGITIMATE BIRTHS HAVE BEEN INCREASING MUCH MORE RAPIDLY THAN NONWHITE BETWEEN 1960 AND 1966

As shown in the following table, the illegitimacy rates for nonwhite women declined from 98.3 per 1,000 in 1960 to 92.8 per 1,000 in 1966. In the same period, the rate for white women increased from 9.2 to 12 per 1,000.

The illegitimacy rates increased in all age groups for white unmarried women. In contrast, rates for nonwhite women showed an increase in only two of the age groups.

ILLEGITIMACY RATES BY AGE AND COLOR

	Rate per 1,000 unmarried women in specified group							
	White				Nonwhite			
Age of mother	1960	1963	1965	1966	1960	1963	1965	1966
All ages, 15 to 44	9.2	10.5	11.6	12.0	98.3	97.1	97.6	92.8
15 to 19	6.6	7.0	7.9	8.5	76.5	73.8	75.8	76.9
20 to 24	18.2	20.8	22.1	22.5	166.5	161.8	152.6	139.4
25 to 29	18.2	22.0	24.3	23.5	171.8	171.5	164.7	143.8
30 to 34	10.8	14.2	16.6	15.7	104.0	124.3	137.8	119.4
35 to 44	3.9	4.5	4.9	4.9	35.6	34.4	39.0	33.8

ANTICIPATED INCREASES IN THE NUMBER OF WOMEN IN THE 15 TO 24 AGE GROUP WILL VERY LIKELY AFFECT THE NUMBER OF ILLEGITIMATE BIRTHS

If the 1966 illegitimacy rate of 23.6 remains constant, and using U.S. Census population estimates of population increase, the annual number of illegitimate births could be expected to rise from 302,400 in 1966 to 406,000 in 1980. This rise would be due entirely to increasing the number of women in the high risk group (15 to 24), not to an increased rate of illegitimate births.

Mr. FLOOD. Mrs. Reid?

SOCIAL WORK TRAINING

Mrs. Reid. In 1970 you are requesting an estimated 75 teaching grants in both graduate and undergraduate programs for social work education, and I note your statement that 400,000 social workers with bachelor degrees, and 100,000 with advanced degrees are still needed. It seems to me that this is a particularly promising field for young men who are interested in this type of service and would be especially of interest to disadvantaged who are seeking new opportunities.

How many are receiving degrees in this field annually at this time?

Do you work with the Office of Education and professional education societies in trying to encourage more students to go into this field?

Miss Switzer. For the academic year 1967–68 4,700 graduate social work degrees were awarded. The figures for undergraduate degrees or majors in this field are estimated at 2,000. Approximately 200 colleges and universities in the country have a major in social welfare and a few colleges award baccalaureate degrees in social welfare.

Of more interest to you may be our experience with this year's applications for grants. Two hundred applications for funds were received for this program of which 142 were for undergraduate programs, 33 for a combination of graduate and undergraduate and 23 for graduate only. These requests total about $12 million. The present appropriation is $3 million. A committee of experts will advise me next week on which applications to fund.

As to your other question—Yes, we work closely with the professional associations such as American Public Welfare Association, National Rehabilitation Association, Council on Social Work Education, and with the various regional education bodies, like the Southern Regional Education Board, particularly in program development. The Office of Education manpower programs and SRS are working together on projects and in our regional offices our staff and the Office of Education regional staff consult with each other in a variety of ways. Recruitment is not our problem. The dearth of educational facilities to prepare young men and women to work in this field is, for example, 17,000 applied for admission to the graduate schools for this academic year, the graduate schools were able to accommodate less than 6,000.

In developing our policy around criteria for making these awards we have placed special emphasis on programs that would provide education for the disadvantaged or serve geographic areas where there is particular need to develop such educational programs.

Forty of the applications received this year propose to develop programs to serve the disadvantaged.

PARENT LOCATOR PROGRAM

Mrs. Reid. Miss Switzer, you are requesting $143.7 million for State and local administration assistance next year (1970)—and an increase of $29.3 million, mainly for statistical and accounting personnel and purchase of parent locator information from the Internal Revenue Service. I am not familiar with the parent locator program of which you speak. Can you tell me what it is and why the increase?

Miss Switzer. Sections 402 and 410 of title IVA of the Social Security Act, as amended, provide for the use of the Internal Revenue Service as a resource in the location of deserting parents of

AFDC children against whom there is an outstanding court order or petition filed for an order of support.

Procedures to implement this requirement have been developed. Communications are between IRS and the State welfare agency. The State agency requests clearance of information by submitting on a punch card with a certified transmittal the name of the deserting parent and the individual's social security account number. The IRS, under an entirely automated process, makes a monthly machine run against their master file and replies to the State agency providing the home address of the deserting parent at the time the last income tax reply was filed.

This procedure is just getting underway, and it is too early to report on experience with this system.

Mrs. REID. I have no further questions, Mr. Chairman.

Mr. FLOOD. Thank you, Miss Switzer.

Miss SWITZER. Thank you, Mr. Chairman.

JUSTIFICATION MATERIAL

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE

Social Services and Administration

Amounts Available for Obligation

	1969	1970
Appropriation	$594,800,000	$730,720,000
Available from subsequent year appropriation	160,000,000	160,000,000
Available in prior year	-132,325,000	-160,000,000
Total obligations	622,475,000	730,720,000
Financing:		
Available from subsequent year appropriation	-160,000,000	-160,000,000
Available in prior year	132,325,000	160,000,000
Budget authority	594,800,000	730,720,000

Obligations by Activity and Object

Page Ref.	Activity and Object	Fiscal Year 1969 Appropriation	Fiscal Year 1970 Total Estimate	Fiscal Year 1970 Increase or Decrease
100	Social Services	$445,500,000	$551,620,000	+$106,120,000
106	State and local administration	114,400,000	143,700,000	+29,300,000
107	Training	30,900,000	31,400,000	+500,000
109	Demonstration projects	4,000,000	4,000,000	-----
	Total obligations against appropriation (Object Class 41.0)	594,800,000	730,720,000	+135,920,000

Summary of Changes

1969 Estimated obligations	$594,800,000
1970 Estimated obligations	730,720,000
Net Change	135,920,000

Program Increases:	1969	Change from Base
1. Social Services	$445,500,000	+$106,120,000
2. State and local administration	114,400,000	+29,300,000
3. Training	30,900,000	+500,000
Total Program Increases (Net change requested)		+135,920,000

Explanation of Changes

The appropriation request for 1970 is $730,720,000 or $135,920,000 more than the total estimate for 1969. The largest increase is in the activity of social services with total requirements of $551,620,000 or $106,120,000 more than requirements for 1969.

Explanation of Increases

1. The increase of $106,120,000 will provide more social services to a larger number of recipients, particularly in the program of aid to families with dependent children. These funds include additional costs to finance the greatly extended responsibilities for services placed on the States by the 1967 amendments to title IV (Part A). Under these amendments, each State must establish a program of family and child welfare services based on plans related to the individual needs of each relative and child.

2. The increase of $29,300,000 for State and local administration is required primarily to meet increased costs associated with additional staff needed to service the expanding recipient population. This staff will also assist in carrying out the added responsibilities imposed by the 1967 amendments to the Social Security Act which include those related to cooperation with law enforcement officials, in particular reimbursement of costs of enforcement; payments to the Internal Revenue Service for costs of searching records to locate absent parents; and additional record keeping and reporting essential to comply with the limitation for Federal financial participation in payments to certain children.

3. The additional amount of $500,000 for training will be needed to finance the higher costs associated with continuing programs for orienting new staff and providing in-service training for the larger numbers of staff requested to carry out the additional responsibilities referred to above. Additional training sessions are required to instruct new staff in their responsibilities. The 1967 amendments also require that State and local agencies train and use effectively paid subprofessional staff with particular emphasis on employment of recipients and others with low incomes. Provision is also made to support 75 teaching grants in both graduate and undergraduate programs for social work education.

Authorizing Legislation

Legislation	1970 Authorization
Social Security Act	
Section 1--Old Age Assistance and Medical Assistance for the Aged	Indefinite
Section 401--Aid to Families with Dependent Children	Indefinite
Section 1001--Aid to the Blind	Indefinite
Section 1401--Aid to the Permanently and Totally Disabled	Indefinite
Section 1601--Aid to the Aged, Blind, or Disabled, or for Such Aid and Medical Assistance for the Aged	Indefinite
Section 707--Expansion and Development of Undergraduate and Graduate Programs	$5,000,000
Section 1115--Demonstration Projects	$4,000,000

SOCIAL SECURITY ACT

Title I--Grants to States for Old-Age Assistance and Medical Assistance for the Aged

Appropriation

Section 1. For the purpose (a) of enabling each State, as far as practicable under the conditions in such State, to furnish financial assistance to aged needy individuals, (b) of enabling each State, as far as practicable under the conditions in such State, to furnish medical assistance on behalf of aged individuals who are not recipients of old-age assistance but whose income and resources are insufficient to meet the costs of necessary medical services, and (c) of encouraging each State, as far as practicable under the conditions in such State, to furnish rehabilitation and other services to help individuals referred to in clause (a) or (b) to attain or retain capability for self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.

Title IV--Grants to States for Aid and Services to Needy Families with Children and for Child Welfare Services

Part A. Aid to Families with Dependent Children

Appropriation

Section 401. For the purpose of encouraging the care of dependent children in their own homes or in the homes of relatives by enabling each State to furnish financial assistance and rehabilitation and other services, as far as practicable under the conditions in such State, to needy dependent children and the parents or relatives with whom they are living to help maintain and strengthen family life and to help such parents or relatives to attain or retain capability for the

maximum self-support and personal independence consistent with the maintenance of continuing parental care and protection, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this part.

Title X--Grants to States for Aid to the Blind

Appropriation

Section 1001. For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals who are blind and of encouraging each State, as far as practicable under such conditions, to furnish rehabilitation and other services to help such individuals attain or retain capability for self-support or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.

Title XIV--Grants to States for Aid to the Permanently and Totally Disabled

Appropriation

Section 1401. For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals eighteen years of age and older who are permanently and totally disabled and of encouraging each State, as far as practicable under such conditions, to furnish rehabilitation and other services to help such individuals attain or retain capability for self-support or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.

Title XVI--Grants to States for Aid to the Aged, Blind, or Disabled, or for Such Aid and Medical Assistance for the Aged

Appropriation

Section 1601. For the purpose (a) of enabling each State, as far as practicable under the conditions in such State, to furnish financial assistance to needy individuals who are 65 years of age or over, are blind, or are 18 years or over and permanently and totally disabled, (b) of enabling each State, as far as practicable under the conditions in such State, to furnish medical assistance on behalf of individuals who are 65 years of age or over and who are not recipients of aid to the aged, blind, or disabled but whose income and resources are insufficient to meet the costs of necessary medical services, and (c) of encouraging each State, as far as practicable under the conditions in such State, to furnish rehabilitation and other services to help individuals referred to in clause (a) or (b) to attain or retain capability for self-support or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.

Note: States may elect to provide assistance to the needy aged, blind, and permanently and totally disabled under this title in lieu of titles I, X, and XIV.

Title VII--Administration

Section 707. Grants for Expansion and Development of Undergraduate and Graduate Programs

Appropriation

Section 707. There is authorized to be appropriated $5,000,000 for the fiscal year ending June 30, 1969, and $5,000,000 for each of the three succeeding fiscal years, for grants by the Secretary to public or nonprofit private colleges and universities and to accredited graduate schools of social work or an association of such schools to meet part of the costs of development, expansion, or improvement of (respectively) undergraduate programs in social work and programs for the graduate training of professional social work personnel, including the costs of compensation of additional faculty and administrative personnel and minor improvements of existing facilities.

Title XI--General Provisions

Section 1115. Demonstration Projects

Appropriation

Section 1115. In the case of any experimental, pilot, or demonstration project which, in the judgment of the Secretary, is likely to assist in promoting the objectives of title I, IV, X, XIV, XVI, or XIX in a State or States--

...not to exceed $4,000,000 of the aggregate amount appropriated for payments to States under such titles for any fiscal year beginning after June 30, 1967, shall be available, under such terms and conditions as the Secretary may establish, for payments to States to cover so much of the cost of such projects as is not covered by payments under such titles and is not included as part of the cost of projects for purposes of section 1110.

Social Services and Administration

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1966	$353,300,000	$333,000,000	$333,000,000	$333,000,000
1967	391,230,000	391,230,000	391,230,000	391,230,000
1968	485,400,000	459,250,000	459,250,000	459,250,000
1969	594,800,000	594,800,000	594,800,000	594,800,000
1970	730,720,000			

Note: Prior to fiscal year 1969, estimates for the appropriation account reflected in this budget were part of the single appropriation for "Grants to States for Public Assistance." Details of the budget estimates are not available to reconstruct data on a basis comparable to the new appropriation account for fiscal years prior to 1966. The data shown include supplemental as well as regular estimates and appropriations. This occurred in fiscal years 1966, 1967, and 1968, and for these years the supplemental, as well as the regular request, is included in the first amount column.

Introduction

Included in grants to States for operating public assistance programs are amounts for the costs of social services prescribed or specified by the Secretary and for the necessary costs of proper and efficient administration. These grants are made under titles I, IV, X, XIV, and XVI of the Social Security Act and represent the Federal share of State and local expenditures for the foregoing purposes. With the help of these grants, each State is expected, as far as practicable under the conditions existing in the State, to furnish rehabilitative and other services to recipients and potential recipients to help them maintain and strengthen family life; and to attain or retain capability for maximum self-support, self-care, and personal independence. Grants are authorized for training State and local personnel and for support of graduate and undergraduate programs of social work training. Experimental, pilot, and demonstration projects are supported to test new methods of administration and the delivery of services.

For 1970, the appropriation request for social services, administration, training, and demonstration projects is $730,720,000; this amount is $135,920,000 more than the appropriation for 1969. Total expenditures from Federal, State, and local funds are estimated at $1,170,760,000 in 1970 compared to $956,500,000 in 1969.

The Federal share is 75 percent for: (1) the costs of providing preventive and rehabilitative services that are specified by the Secretary of Health, Education, and Welfare; and (2) the costs of staff training, including educational leave and agency training sessions.

At the Federal participation rate of 75 percent, States may provide services to strengthen family life, develop plans for employment for certain groups of recipients, and services to reduce the incidence of illegitimacy. For costs of services other than those specified above the Federal share is 50 percent.

Section 707 of the Social Security Act provides for grants to public and private non-profit colleges, universities and accredited schools of social work to meet part of the costs of development, expansion, or improvement of undergraduate and graduate programs in social work.

Section 1115 of the Social Security Act provides for meeting the non-Federal share of costs of demonstration projects designed to contribute significantly to existing knowledge about the kinds and scope of services or methods of work which enhance the capacity of public assistance and medical assistance agencies to assist needy persons in solving problems that threaten the stability of family life and prevent self-support or self-care.

Social Services

The 1962 amendments to the Social Security Act authorized 75 percent Federal financial participation in State and local costs of providing social services to recipients of public assistance under an approved plan for the provision of such services as well as to former and potential recipients. These costs also include initial and continuing eligibility reviews. Total expenditure for State and local costs of social services is expected to increase by $155.3 million from 1969. The Federal share will be $106.1 million, about 68 percent of the total increase. The following table reflects costs by category:

	1969		1970	
	Total	Federal	Total	Federal
Total.....	$683,700,000	$445,500,000	$838,960,000	$551,620,000
Old-Age Assistance.....	158,200,000	90,000,000	178,700,000	103,500,000
Aid to the Blind.....	10,800,000	6,100,000	10,400,000	5,900,000
Aid to the Permanently and Totally Disabled.....	95,300,000	56,200,000	110,600,000	66,500,000
Aid to Families with Dependent Children...	419,400,000	293,200,000	539,260,000	375,720,000

Services for the Aged (Titles I and XVI)

From 1962 to 1967 significant Congressional legislation enabled States to provide additional social services to applicants for, and recipients of public assistance. Since 1962 thirty-six States have elected to provide social services under Titles I and XVI. Forty-one States have elected to provide social services to help the aged secure and use medical services and care (Title XIX) and in 1967, benefits in the form of assistance (including social services), were provided to OAA recipients in Intermediate Care Facilities, (Title XI of the Act). States are presently implementing this policy. Data from States indicated that 197,250 OAA cases received social services during the quarter ending September 1967.

More than 2/3 of the people receiving old age assistance are women. The median age of recipients of public assistance is 76.6 years. Over 40% of such individuals live in substandard housing.

Protective services and services to help the aged remain in the community or to help them to enter or to leave institutions comprise the principal types of services provided by staff of the county public welfare departments. These and related programs, such as homemaker services, health service and foster and day care will have to grow rapidly to meet the accelerating need for services on the part of growing numbers of the aged who are or who may become public assistance recipients under Titles I, XVI, and XIX of the Act.

The activities by a number of States to simplify eligibility by the use of the declaration form, and to separate the eligibility function from the social service function will result in workers available to give a greater percentage of their time to provide social services to aged applicants and recipients of public assistance.

Social services are provided: (a) to meet the needs of increasing numbers of medically needy, older aged persons who need care and services because of chronic illness; (b) to meet, where applicable, the needs of aged persons in mental institutions, and, (c) after July 1, 1969, to provide for those who are in intermediate care facilities for whom States must provide social services.

Services for the Blind (Titles X and XVI)

Costs of social services to the blind are expected to decrease slightly in 1970. Although the number of recipients is expected to increase (a reversal of the recent trend) costs of social services to the blind are expected to decrease slightly in 1970. As projected by the States, the estimated costs of Social Services for this group indicates a total need of $10.4 million, a reduction of $400 thousand from the total 1969 level and $200 thousand in the Federal share.

Social Services provided to the blind include mobility instruction, communication shells, home management and other services designed to help blind persons achieve their maximum potential for self-support and independent living. Such services need not be expensive and in many cases can be purchased from local voluntary organizations. There is a need, however, for financially supporting an intensive training program for subprofessionals and for the development of a larger corps of volunteers.

A few States are already working on proposals to provide a full complement of social and rehabilitation services for blind persons in these States. At least one year is needed before these programs can be evaluated, and modified where necessary, for application in other States.

While a review of caseload statistics over the past several years clearly indicates a decline in the number of recipients there are, nevertheless, a large number of persons who have not been reached and for whom proper social services could mean the difference between a full social life and mere existence. The primary target groups are older blind persons living alone, in nursing homes, in institutions, or with their relatives who are unable to care for their needs (other than financial). The following statistical summary indicates the scope of the problem:

--The median age of recipients is 61, 81 percent being over 45.
--One half have been blind 20 years or longer, three-fourths more than 10 years.
--19 percent have other disabling conditions
--Half are women, most of whom have never been employed.
--75 percent have less than high school education.
--18 percent live alone.

Although employment is not the answer for the large majority of persons now receiving aid to the blind, it is projected that 25,000 of 85,000 aid to the blind recipients in FY-1970 can profit almost immediately from social services. In spite of the obstacles, the number of rehabilitated blind persons has been increasing steadily. The planned increased collaboration between vocational rehabilitation and welfare agencies will insure continued effective rehabilitation of those with potential for self-support.

Services for the Disabled (Titles XIV and XVI)

Costs of services for the permanently and totally disabled are expected to increase in fiscal year 1970 as the total number of recipients continues to increase.

There is a continuing urgent need for services which will assist the disabled: to maintain themselves and their families in their own homes; to return to their communities from medical and other institutions; to improve and maintain family relationships and participate in community life; to have access to and use health services and recreational facilities; and for those who have any potentials for self-support, in whole or in part, to have access to and use educational and vocational training opportunities. This will be the focus of increased collaborative services in SRS and State welfare and vocational rehabilitation programs with the cost being allocated in accordance with their respective authorizations.

The serious problems and conditions which make people eligible for this category also require a variety and intensity of services over an extended period of time which are both expensive and difficult to provide. For instance, nearly 80 percent of them are over 45; 50 percent have chronic diseases usually associated with old age; more than 17 percent are disabled because of diagnosed mental deficiency; 60 percent have been disabled more than 10 years and 35 percent more than 20 years; 67 percent have less than an 8th grade education and many have never been employed.

In the coming year particular attention will be paid to those 18 States which have not as yet elected to provide services eligible for 75 percent Federal financial participation. This objective plus the following factors are some of the elements influencing the 1970 estimate.

A higher caseload following the normal trend of recent years is anticipated. In addition, the use of subprofessionals as community service aides (as required by the 1967 amendments) is expected to involve them in outreach and similar activities which, it is anticipated, will further accelerate the upward trend in caseload as well as increase costs of staff. The SRS emphasis on decentralization of intake and other services is also expected to add to the acceleration of caseload size as well as to result in more services being made available to current recipients.

State plan requirements for the use of advisory committees in service programs, including the involvement of the poor, are expected to require additional staff to organize and service these committees.

The 1967 amendments, making possible the authorization of purchases of a broad variety of services for clients, coupled with SRS' increasing emphasis on more effective services for self-care and self-support are expected to have a significant effect on costs.

Services to Families with Dependent Children (Title IV - Part A)

Under the 1962 amendments States were encouraged to provide social services to needy families with children to achieve the social purposes defined in the law, i.e., to help maintain and strengthen family life and attain or retain capability for maximum self-support and personal independence, consistent with the maintenance of continuing parental care and protection. In addition, States were required to provide services to meet the special needs of each needy child. To help meet the additional costs of these services, the rate of Federal financial participation in the costs of services was set at 75 percent.

All jurisdictions elected to provide the services prescribed under the 1962 legislation. Significant progress was made in implementing services to achieve the social objectives of the AFDC program. Most States steadily increased their capability to provide constructive social services through substantial staff increases, improved staff training programs, and new or improved cooperative working relationships with related public and voluntary agencies.

All States made studies of the social, health, and dependency problems of the families and children included in the program. The major needs for service were in respect to self-support for adults and older children; children in need of protection; desertion; unmarried parenthood; children with special problems, such as health and education; money management; and serious problems in family functioning. During September 1968, States were providing services to 1,443,000 families with 4,351,000 children. The following selected data indicate the substantial numbers of families receiving services that were directed to problems of national concern.

	Quarter Ending September 30		
	1965	1966	1967
	(Numbers of families)		
Services to families to improve family functioning, e.g., improved housing, parental care and responsibility.....	284,000	289,000	325,000
Services to families regarding health needs, e.g., securing needed care.....	230,000	298,000	344,000
Services to families to improve money management.....	163,000	216,000	266,000
Services to families in regard to educational and vocational training.....	159,200	189,000	225,000
Services to families to provide protection to children who are neglected, abused, or without adequate care.	99,400	115,000	142,000
Services to adults and children to help them return home from institutional care.....	3,600	10,600	6,100

1969 Program

Under title IV of the Social Security Act, as amended in 1967, effective July 1, 1968, States were required to initiate a greatly expanded program of social services directed toward the following specific objectives:

--improving individual capability for employment and self-support
--maintaining and strengthening family life
--foster child development
--preventing and reducing illegitimacy
--establishing paternity and obtaining support from absent fathers
--protecting neglected, abused or exploited children

States must provide a variety of services to prepare appropriate individuals for education and training programs including those which may be made available in non-WIN serviced communities. Services to strengthen and maintain family life include homemaker and home and money management services, emergency services, assistance in improving housing, family planning services (when appropriate), and services to help reunite families. In fostering child development compensatory preschool education and day care services will be developed and for those children whose homes are unsuitable, referrals will be made to courts and law enforcement officials. Foster care services will be made available to those children who cannot remain safely in their own homes. Comprehensive social, education, health and family planning services are to be extended particularly to school age unmarried mothers. Federal financial participation in these and related services is 85 percent during 1969.

1970 Program

While the gains under the 1962 amendments have significantly improved the service capabilities of the States, the 1967 provisions will necessitate a substantial increase in the costs of social services. These specific service programs are mandated in respect to each appropriate relative, child, and other adult in each family receiving assistance and the required services must be provided by the agency. Service must be provided to 100 percent of the families.

One of the significant increases in cost is attributable to additional public welfare staff for: the development and provision of greatly expanded and improved services (or the purchase of services such as homemaker services), the mandatory family planning services, and services which prepare individuals for referral to training and employment. The current estimate of additional Federal costs of fiscal year 1970 is $82,520,000 for a total cost of $375,720,000.

State and local administration

	1969	1970	Increase or Decrease
Total	$228,600,000	$286,900,000	+$58,300,000
Federal share	114,400,000	143,700,000	+29,300,000

Funds requested under this activity are used to meet the costs of administration of State and local welfare agencies. Included in the activity are: the costs of personnel not dealing directly with public assistance clients, such as State and local personnel engaged in program direction and management; personnel and equipment required for the sizable task of making monthly payments to millions of recipients; all staff engaged in providing services to the welfare agencies, e.g., recruiting personnel and arranging for office space; and costs of travel, and communications, etc. Costs of office space and costs of automatic data processing equipment are also covered under this activity.

The increase of $29,300,000 from 1969 to 1970 is to finance additional staff and increased salary costs of non-social service staff. More statistical and accounting personnel are needed to comply with new Federal requirements relating to cooperation with law enforcement agencies and purchase of parent locator information from the Internal Revenue Service. Although no specific amount can be attributed to any of the provisions of the 1967 amendments, each of the provisions providing for increased services, or increasing the requirements on the States record keeping and reporting resources will result in a continuing increase in the costs of State and local administration.

Finally, the number of recipients for whom checks must be written and the number of vendor payments made will be higher in 1970 than in 1969. In particular, the latter item will be higher in 1970 than in 1969, as States: (1) make more protective payments under the program of aid to families with dependent children, and (2) transfer aged persons from nursing homes to intermediate care facilities with vendor payments made under title I rather than under title XIX. This type of payment is more costly than payments directly to recipients because of the additional documentation and auditing required.

Training

	1969	1970	Change
Total funds	$40,200,000	$40,900,000	+$700,000
Federal matching	27,900,000	28,400,000	+500,000
State share	(9,300,000)	(9,500,000)	(+200,000)
Subtotal formula	(37,200,000)	(37,900,000)	(+700,000)
Project Grants:			
Social work manpower training	3,000,000	3,000,000	-----
Total Federal	30,900,000	31,400,000	+500,000

Formula Grants for Matching of Expenditures for Training

Under the 1962 amendments to the Social Security Act, Federal financial participation at the 75 percent rate was made available to States for the costs of training public assistance staff or persons preparing for employment in public assistance agencies. Because of the shortage of personnel with graduate or undergraduate degrees in social work, it was not possible for States to employ staff with the necessary training. An additional important factor in the costs of training State and local personnel is the relatively high accession rate, currently running at about 30-35 per hundred employees. New staff, particularly persons whose function is to deal directly with public assistance recipients and applicants, require an initial orientation.

The estimated Federal share of training under the 75% matching program in 1969 is estimated at $27,900,000 with total amounts to be directed to this purpose of $37,200,000. Federal matching in 1970 is estimated to increase by $500,000 to a total Federal contribution of $28,400,000 and total resources are estimated at $37,900,000.

The 1970 budget of $28,400,000 includes an estimated 3,000 employees of public assistance agencies on educational leave and in-service training for approximately 50,000 employees. In addition, the requirement for the training and use of subprofessional personnel and volunteers effective July 1, 1969, will increase the States expenditures in training to provide necessary support to this new staff.

The program goals of prevention and rehabilitation will require additional personnel in public welfare agencies and a variety of disciplines, and will include training in social work, rehabilitation, health education, and service delivery systems. The departments of public welfare, administering the public assistance titles, will expand training programs to a considerable degree, to train personnel in preventive measures as well as for remedial services and determination of eligibility. The separation of determination of eligibility from social services will increase the costs of training during this next fiscal year.

Title VII, Section 707, Social Work Manpower

The 1970 request will support an estimated 75 grants, teaching grants in both graduate and undergraduate programs for social work education, the same as in 1969. The grants for 1969 are providing for approximately 1 grant each to 35 undergraduate colleges or universities to establish a new program in social work education, and 1 grant for 1 faculty member in approximately 40 of the present 70 schools of social work. The estimated need for approximately 400,000 social workers with bachelors degrees and 100,000 advanced social workers requires a major effort.

Demonstration projects

	1969		1970		Change	
	No.	Amount	No.	Amount	No.	Amount
New projects.....	33	$1,952,000	20	$911,000	-13	-$1,041,000
Continuation projects....	63	2,048,000	67	3,089,000	+4	+1,041,000
Total.....	96	4,000,000	87	4,000,000	-9	----

The demonstration program operated under Section 1115 of the Social Security Act, provides a means for States to develop and improve the methods and techniques of administering public assistance and related services, designed to help needy persons achieve self-support or self-care or to maintain and strengthen family life. The serious social and personal consequences of dependency requires constant effort to improve the programs and the methods of administration in public assistance agencies.

Under the program, grants are made to State or local public assistance agencies to defray the cost of innovative experimental, pilot or demonstration projects to experiment with novel principles or procedures which offer hope of improving the public assistance program or reducing the need for assistance. They may: provide for social services; experiment with new patterns and types of medical care; involve new methods of improving public assistance administration; test new approaches to staff development; increase the level of assistance payments; extend eligibility to needy individuals who would not otherwise be eligible; and test new approaches to encourage education or prepare needy individuals for self-support.

Progress of Program During 1968 and 1969

During fiscal years 1968 and 1969 emphasis has been placed on demonstrations aimed at making social services more accessible and in enabling States to provide a wider scope of services including: medical care and services; neighborhood service centers; model cities; income maintenance; new approaches to encourage education or prepare for self-support; separation of eligibility and service; manpower development and training; with emphasis on the use of subprofessional staff; strengthening administration; stimulating program development, and testing new methods of administration.

Examples of projects follow:

One project operating in the inner-city of a major metropolitan area has concentrated on providing enriched social services and on increasing the assistance allowances of socially and culturally deprived large AFDC families. An objective evaluation of the project carried out by a university clearly indicates that major impact has been made with this most disadvantaged group. In one year the project has reduced the number of families living in substandard housing from 35% to 4%. In addition 87 persons are now either employed full or part-time, or are enrolled in training programs. Severe problems involving efficient use of money were reduced by 40%. Over 1,000 children received comprehensive medical attention and the first preventive dental program for children in this area was begun through the efforts of the project in cooperation with a university dental school. A most valuable service was provided by staff with minimal education who have lived their lives in poverty.

Another project operating in a southern State is focusing a concentrated attack on the problems of rural poverty in two counties. One hundred and fifty ADC mothers are receiving enriched social services including adult basic education. Of the group, 50 are receiving medical and dental care for themselves and their children, 50 are receiving public assistance based on full need and 50 are in work-experience and training programs. Children are receiving medical and dental care previously denied. Many children were found to be anemic. Of the families receiving public assistance based on full need, there is evidence that clients are using the supplementary checks for basic items for living and there have been no basic items for living and there have been no reports of excessive purchases nor of wasteful purchasing. Casework services given to mothers indicate that they are being motivated toward achieving self-support and self-care.

A series of projects are underway that are demonstrating a wide range of employment opportunities for the indigenous worker including provisions for career ladder opportunities. One project on an Indian reservation is using Indian caseworkers to overcome the language barrier in providing services to public assistance recipients. Another project is utilizing former AFDC mothers as clerical aides in the determination of eligibility and provision of many much needed services. This project has been most successful in freeing the time of caseworkers so that they can concentrate their efforts on family counseling. Another project has trained AFDC mothers as homemaker advisors to work with families who were formerly considered unreachable by the casework staff. In a group of Neighborhood Service Center and Model Cities projects, staff from the neighborhood are employed as part of the project staff establishment.

Seven public welfare departments are participating in Neighborhood Service Center projects which are directed toward bringing about community change by using innovative and non-traditional methods for delivery of services. Other welfare departments are developing, together with the Model Cities agencies, imaginative and creative approaches for the delivery of social services and for new methods of income maintenance.

Comprehensive services to the aged are being provided through various projects. Two projects are demonstrating how public welfare agencies can provide effective protective services (social and legal protection) for older adults. It is anticipated that these projects will serve as a model which can be implemented nation-wide. Two pilot projects are experimenting with new methods of foster home care for the elderly and many persons who formerly would have been institutionalized are now being successfully maintained in the community. Two additional projects are directed toward finding other alternative care arrangements for the elderly who might have become terminal nursing home patients.

A combined project being carried out by the Office of Economic Opportunity, Department of Labor, Department of Agriculture and Department of Health, Education, and Welfare is operating in four rural counties within one State. Homes owned by approximately 900 aged, disabled and blind public assistance recipients are being repaired to make them safe and suitable for occupancy. The repair crews are being furnished through an OEO grant to the local Community Action Council and by the Department of Labor through its Mainstream Program. The Department of Agriculture is providing loans to low income and public assistance recipients through their Farm Home Administration program.

The project is demonstrating how a group of Federal agencies working together can upgrade existing housing for the aged, disabled, and the blind who are recipients of public assistance.

Program Emphasis for 1970

Within the broad areas covered by model cities, neighborhood service centers, center city ghetto problems, and rural poverty, there are many opportunities for cross-fertilization through the use of demonstration projects in income maintenance, health services under Title XIX, coordinated services to the aging, and comprehensive services to families and individuals.

Efforts will be directed toward the social rehabilitation of AFDC and other low income families and individuals, through testing new approaches for reducing the incidence of children born out of wedlock; prevention of family breakdown through the early and prompt use of psycho-social diagnosis and treatment to reduce the incidence of drug addiction, alcoholism and juvenile delinquency in public assistance and other low income families.

Several projects are planned to test various methods of income maintenance in Model Cities and rural area settings. These projects will cover children's allowances, and new methods for assistance payments.

The Section 1115 demonstration project program will place new emphasis on improvement of evaluation design to insure that the research findings of the demonstrations will have significant applicability nationally for public assistance programs.

Social Services, Administration, Training and Demonstration Projects

Estimated Total Federal, State, and Local Expenditures
and
the Federal Share Thereof, Fiscal Years 1969 and 1970

	Fiscal Year 1969 Estimate		Fiscal Year 1970 Estimate	
	Total	Federal Share	Total	Federal Share
Total.....	$956,500,000	$594,800,000	$1,170,760,000	$730,720,000
Social Services.....	683,700,000	445,500,000	838,960,000	551,620,000
State and local administration (excludes medical administration)...	228,600,000	114,400,000	286,900,000	143,700,000
Training.....	40,200,000	30,900,000	40,900,000	31,400,000
Demonstration projects.....	4,00,000	4,000,000	4,000,000	4,000,000

SOCIAL SERVICES AND ADMINISTRATION

Federal Share of State Expenditures, by State, Fiscal Years 1968, 1969 and 1970

States and territories	1968 Actual	1969 Estimate	1970 Estimate
Alabama	$4,750,105	$7,789,000	$12,222,000
Alaska	646,071	747,000	1,156,000
Arizona	1,937,980	2,770,000	2,642,000
Arkansas	2,547,619	3,043,000	3,855,000
California	119,292,621	141,582,000	148,004,000
Colorado	5,900,217	6,776,000	8,434,000
Connecticut	5,098,019	7,501,000	12,442,000
Delaware	792,840	863,000	1,674,000
District of Columbia	3,932,492	12,308,000	16,124,000
Florida	8,961,083	10,688,000	18,033,000
Georgia	7,699,231	14,066,000	21,990,000
Guam	59,728	51,000	79,000
Hawaii	1,053,060	1,258,000	1,657,000
Idaho	795,320	840,000	1,022,000
Illinois	16,677,320	28,464,000	34,635,000
Indiana	4,483,026	5,113,000	5,819,000
Iowa	4,295,258	4,517,000	5,919,000
Kansas	4,507,282	4,939,000	5,584,000
Kentucky	5,887,080	6,788,000	7,500,000
Louisiana	9,631,011	11,502,000	14,464,000
Maine	1,033,498	1,788,000	2,270,000
Maryland	6,607,079	10,464,000	9,140,000
Massachusetts	10,457,746	14,732,000	16,032,000
Michigan	12,651,130	18,439,000	24,910,000
Minnesota	5,821,679	5,635,000	6,514,000
Mississippi	3,574,255	4,513,000	4,474,000
Missouri	13,695,940	15,142,000	19,639,000
Montana	1,053,898	1,058,000	1,415,000
Nebraska	1,928,315	2,440,000	2,513,000
Nevada	1,025,335	1,161,000	1,945,000
New Hampshire	604,831	693,000	761,000
New Jersey	10,246,545	17,443,000	18,189,000
New Mexico	2,949,829	4,918,000	5,237,000
New York	74,126,050	89,158,000	106,834,000
North Carolina	7,794,903	8,130,000	11,015,000
North Dakota	1,685,026	1,744,000	1,820,000
Ohio	12,997,783	17,269,000	19,241,000
Oklahoma	7,626,439	9,125,000	10,506,000
Oregon	5,548,240	7,896,000	6,637,000
Pennsylvania	17,098,878	20,365,000	22,570,000
Puerto Rico	$2,357,664	$2,967,000	$7,401,000
Rhode Island	2,478,684	2,915,000	2,974,000
South Carolina	2,362,231	2,855,000	3,007,000
South Dakota	974,445	1,205,000	2,195,000
Tennessee	5,746,337	7,023,000	7,492,000
Texas	10,042,368	10,905,000	35,122,000
Utah	3,092,423	3,896,000	4,508,000
Vermont	609,816	905,000	2,064,000
Virginia	4,212,338	5,143,000	5,638,000
Virgin Islands	139,197	136,000	143,000
Washington	7,822,722	11,067,000	17,652,000
West Virginia	4,673,238	5,378,000	7,019,000
Wisconsin	7,875,979	8,960,000	12,712,000
Wyoming	574,377	727,000	876,000
Subtotal, Distributed by States	460,436,581	587,800,000	723,720,000
Social Work Manpower Training	---	3,000,000	3,000,000
Demonstration Projects	2,716,927	4,000,000	4,000,000
Total	463,153,508	594,800,000	730,720,000

WEDNESDAY, APRIL 23, 1969.

ASSISTANCE FOR REPATRIATED U.S. NATIONALS

WITNESSES

STEPHEN P. SIMONDS, COMMISSIONER, ASSISTANCE PAYMENTS ADMINISTRATION
MIS MARY E. SWITZER, ADMINISTRATOR, SOCIAL AND REHABILITATION SERVICE
LEONARD H. GORDON, CHIEF, REPATRIATE AND REFUGEE OFFICE, ASSISTANCE PAYMENTS ADMINISTRATION
CHARLES S. WHITE, EXECUTIVE OFFICER, ASSISTANCE PAYMENTS ADMINISTRATION
RANDOLPH W. LEE, DIRECTOR, BUDGET DIVISION, SOCIAL AND REHABILITATION SERVICE
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

ASSISTANCE FOR REPATRIATED U.S. NATIONALS

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Other services	347	379	384
Grants, subsidies, and contributions	176	116	266
Undistributed (contingency reserve)		50	50
Total obligations	523	545	700

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Mentally ill	347	379	384
2. Other repatriates	176	116	266
3. Contingency reserve		50	50
Total program costs, funded—obligations	523	545	700
Financing: Unobligated balance lapsing	2		
Budget authority (appropriation)	525	545	700
Relation of obligations to outlays:			
Obligations incurred, net	523	545	700
Obligated balance, start of year	92	155	162
Obligated balance, end of year	—155	—162	—181
Adjustments in expired accounts	20		
Outlays	480	538	681

Mr. FLOOD. Now we have the Assistance for Repatriated United States Nationals. Again we have Mr. Simonds, the Commissioner of Assistance Payments Administration.

How would you like to proceed, Mr. Simonds?

Mr. SIMONDS. Since this is a very brief statement, Mr. Chairman, I will read it.

Mr. FLOOD. Please proceed.

GENERAL STATEMENT

Mr. SIMONDS. Mr. Chairman and members of the committee:

This appropriation provides assistance under two different laws to needy U.S. citizens who are returned from foreign countries because they are needy or ill. Assistance is provided upon certification by the Department of State and upon arrival in the United States. Public Law 86-571 authorizes care and treatment or assistance to U.S. nationals returned because of mental illness; section 1113 of the Social Security Act authorizes assistance to citizens and their dependents whose return is due to destitution, illness, or international crisis.

Because of the circumstances leading to their return, many of these persons need hospital treatment or assistance until they can obtain other means of maintenance. The program is administered by Social and Rehabilitation Service with cooperation of the State and local public welfare agencies, which arrange necessary hospital treatment for sick and mentally ill persons, provide temporary maintenance, plan for resettlement and contributions, locate employment, obtain rehabilitative services, and establish eligibility for permanent benefits from other programs.

Based upon current trends, relatively little change in caseload in 1970 is anticipated from 1969. In 1970, it is assumed that 116 mentally ill repatriates will require hospitalization and/or other financial assistance, compared with 114 in 1969. This includes 44 patients in St. Elizabeths Hospital and seven patients in other hospitals estimated to be carried over from 1969 based on current caseload. It is estimated that in 1970 temporary assistance will be provided to 191 cases from countries other than Cuba because of destitution and sickness, the same as in 1969. With the continuation of monthly flights, which began in February 1968, about 300 persons are expected to be repatriated from Cuba in 1970.

The authorization to provide temporary assistance to repatriates under section 1113 of the Social Security Act expires June 30, 1969. The budget assumes this legislation will be extended.

The 1970 request of $700,000 projects a net increase of $55,000 over the 1969 revised estimate as reflected in the supplemental request for fiscal year 1969. This includes: (1) an estimated increase of $5,000 due to higher cost of hospital care for the mentally ill, and (2) restoration of the contingency reserve of $50,000.

Mr. FLOOD. How are the repatriates from Cuba brought tot he United States?

Miss SWITZER. They come in primarily through Brownsville, Tex.

Mr. SIMONDS. The Cuban repatriate group comes in on the airlift. Other repatriates usually come in through New York and other cities.

EXTENSION OF AUTHORIZING LEGISLATION

Mr. FLOOD. You are asking for $700,000?

Mr. SIMONDS. Yes, sir.

Mr. FLOOD. What part of that is not authorized? Do you have law for all of this?

Mr. SIMONDS. We have law as of now. We have the problem of section 1113 of the Social Security Act expiring June 30. The request has

gone forward from the Secretary to the Congress to extend that legislation.

Mr. FLOOD. Is anybody mad at you? Are you going to have trouble?

Mr. SIMONDS. Not to our knowledge.

RATE OF RETURN OF U.S. CITIZENS FROM CUBA

Mr. FLOOD. Will you put in the record month by month the number of U.S. citizens who have returned from Cuba since January 1, 1968? Maybe you can tell us right now. Do you expect any change in that rate?

Mr. SIMONDS. No, sir; we are still getting the planes coming first into Mexico and then into Brownsville carrying approximately 25 per month.

Mr. FLOOD. Suppose you give us a memorandum on this whole show, will you?

Mr. SIMONDS. Right.

Miss SWITZER. I think it would be useful to have the numbers of regular Cuban refugees to relate against this.

Mr. FLOOD. Yes.

Miss SWITZER. The regular Cuban refugee program as well as the repatriates.

Mr. FLOOD. It is a good idea. I am sure somebody is going to raise the question.

Mr. CARDWELL. I think it is an important distinction to make between the two programs.

(The information follows:)

OPERATIONS OF REPATRIATION PROGRAM

Large numbers of U.S. citizens and their dependents, estimated at more than 1 million persons, live, work, study, and travel abroad. For example, many U.S. citizen beneficiaries of social security live abroad, often to take advantage of lower living costs. They are subject to the same hazards as other persons, but foreign countries will not assume responsibility for those who become mentally ill, destitute, or sick. These persons are subject to deportation if they become a public charge. Moreover, peace is an uncertain commodity and there is always the danger of internal upheavals, necessitating the removal of U.S. citizens often on short notice. If these citizens are without available resources and have also lost State residence, they are not eligible for assistance anywhere when they return to this country. The repatriation program is designed to meet this need until such time as these persons are able to develop other resources.

Only those persons are assisted through the repatriation program who are returned from a foreign country under the auspices of the Department of State. Eligibility with respect to citizenship, lack of resources, and mental condition is determined by the consulate or embassy to which the U.S. citizen goes for help. He may be assisted through the repatriation program, only after his return to the United States, when the Department of State certifies that he is a citizen and the reason for his return to the United States.

With respect to a large number of U.S. citizens in Cuba, negotiations since December 1965 between Cuba and the Swiss Embassy, representing the United States, for return of these Americans had been unsuccessful. In December 1967, however, the Cuban Government, on short notice, permitted return of a number of U.S. citizens and agreed that one plane per month, beginning February 1968, could repatriate U.S. citizens and their dependents, stipulating that they must be flown to Matamoros, Mexico, which is across the border from Brownsville, Tex. There has been one plane per month, consisting of approximately 70 persons—both repatriates and refugees. By special arrangement with the HEW Cuban refugee program, representatives of the four national voluntary agencies that resettle Cuban refugees for DHEW meet the incoming repatriates at Brownsville.

If the head of the family is a U.S. citizen, the entire family is assisted through the repatriation program. The Cuban refugee program assists a family when the head is a Cuban. The voluntary agencies determine the program that will serve the persons coming into Brownsville, and assist them to reach their ultimate destination, providing transportation, funds for food enroute, and emergency medical care if needed. These agencies then request reimbursement from the Social and Rehabilitation Service under the appropriate program for these costs. The following table reflects the numbers of repatriates and the numbers of Cuban refugees, based on this head-of-family concept, that have entered this country from Cuba since December 1967, via Brownsville.

Month	Repatriates	Cuban refugees	Month	Repatriates	Cuban refugees
Fiscal year 1968 (since December 1967):			Fiscal year 1969:		
December 1967	60	80	July 1968	29	35
January 1968			August 1968	28	48
February 1968	14	58	September 1968	21	45
March 1968	28	45	October 1968	41	46
April 1968	14	56	November 1968	27	42
May 1968	27	40	December 1968	14	62
June 1968	32	38	January 1969	16	59
			February 1969	5	45
			March 1969	14	53

About 50 percent of the repatriates are relocated in Florida; 25 percent travel to New York; 11 percent to California; 10 percent to New Jersey; and the remaining 4 percent to various other States.

MENTALLY ILL REPATRIATES

Mr. MICHEL. I was not aware there was this number of mentally ill folks repatriated when we talk in terms of over a hundred. What accounts for this?

Mr. SIMONDS. They are coming in on the average of about six per month and they are people who are—there are well over a million U.S. nationals living abroad—people who fall subject to mental illness under one kind of stress or another, and because of the mental illness are unable to rationally plan for their return trip or their support once they get back.

They are not always destitute people as is true under the other authority. They need temporary help to get their affairs straightened out and get care to them once they get back in this country. In the majority of cases, their own resources, family or State, then take over.

Mr. MICHEL. How do we account for the fact that nearly half of them come out to St. Elizabeths as against other geographical areas of the country?

Mr. SIMONDS. For the most part this is a carryover caseload. These are people who were already patients in St. Elizabeths at the time this authority initiated. They have been there 20 or 30 years. It is a carryover load. Most are not going to St. Elizabeths now.

Mr. MICHEL. That is all, Mr. Chairman.

Mr. FLOOD. Mr. Hull?

AGE DISTRIBUTION OF REPATRIATES

Mr. HULL. What sort of individual usually is recipient of assistance under the program aside from those returning from Cuba, students, middle aged or elderly?

Mr. SIMONDS. They cut across all age groups. There is preponderantly no age group represented. Only 5.8 percent are under 21, so this is a very small group. Then it jumps to 30 percent and so on up through the age groups up to the age of 80, and a very small percentage over.

DISPOSITION OF CASES

Mr. MICHEL. What is the usual disposition of these cases? Do most of them return to families or do they go on the public programs of the States?

Mr. SIMONDS. Most do return to what they consider to be their home base in the United States, and a fair number do become independent and self-supporting before our temporary assistance expires, and there is a limit on that of 13 months. If they are unable to become self-supporting in that time, the State agency then takes over.

Mr. MICHEL. Would this program in any way be used to assist deserters from the armed services who are returning from Sweden or such other countries?

Mr. SIMONDS. No, sir; these are people who are certified to us by the Department of State as people qualifying under this program.

Mr. MICHEL. Will the budget request meet all the requirements you expect for this program?

Mr. SIMONDS. Yes; it will for 1970 The only increase we expect over the 1969 level is an increase in the daily rates of care for people who are receiving medical care, roughly $5,000 increase, and the request to replace the contingency segment of this appropriation, $50,000.

SOCIAL SECURITY BENEFICIARIES OVERSEAS

Mr. MICHEL. Would a U.S. citizen abroad who is receiving social security benefits now be foreclosed from accepting those overseas if he was found at any given time to be mentally incompetent?

Mr. SIMONDS. No, sir; there are some social security beneficiaries who, because of age, illness, and otherwise, are returned under this program.

Mr. FLOOD. I come from a district where we have a great Slav population and of that Slav population a great many Poles. I was intrigued a couple of years ago to have the Polish Government become very indignant that we were delaying the delivery of these checks to American citizens living in Poland.

Mr. SIMONDS. Social security benefits were denied to certain aliens who went to foreign countries to live following their retirement.

Mr. CARDWELL. I do not know the exact numbers, but there are persons residing in most of the developed countries of Europe who were eligible for social security and contributed to social security in this country and went back to their homeland. In Italy there is a very large number.

Mr. FLOOD. They were born in Poland and came here and participated and for some reason went back. There is quite a large number of them.

Mr. SIMONDS. We do have repatriates from all parts of the world, the majority coming from Europe.

Mr. FLOOD. Eastern Europe?

Mr. SIMONDS. I have no breakdown between East and West. The largest number are returning from Europe.

Mr. FLOOD. Mrs. Reid?

SOURCE OF REPATRIATES

Mrs. REID. You speak of repatriates from countries other than Cuba. From where do a majority of these come now and for what reason?

Mr. SIMONDS. Of the 262 persons included in the repatriation budget in 1968 because of destitution, 114—or 44 percent—came from Europe (mainly England, France, Germany, and Italy). Of the total of 132 persons who were included in the repatriation budget in 1968 because of mental illness, 50 persons, or 44 percent, had come from Canada and 44 persons, or 33 percent, had been repatriated from Europe, most from the same four countries; that is, England, France, Germany, and Italy.

REPAYMENTS

Mrs. REID. How much was received last year by HEW in repayments for assistance provided repatriated U.S. nationals?

Mr. SIMONDS. Repayment is expected of persons with sufficient financial ability. It is not intended that an individual, in repaying the Federal Government, deplete himself of resources which he needs to become independent or to maintain his independence.

Most of these citizens are returned to the United States because of destitution. Moreover, a sizable proportion of all repatriates is over 50 years of age. Thus, it is unlikely that these are people with the kind of resources from whom repayment can be expected.

The program emphasis therefore is upon helping as many repatriates as possible to secure other resources for maintenance in order to reduce the amount and duration of assistance provided through the repatriation program.

This is borne out by experience. In fiscal year 1968, repayments amounting to approximately $12,077 were made. The amount of repayment for the first 6 months of fiscal year 1969 was $8,892. However, about three-fifths (139) of the 228 cases closed in fiscal year 1968 were due to support from relatives, employment, and acceptance of responsibility by States.

Mr. FLOOD. Thank you, gentlemen.

JUSTIFICATION MATERIAL

SOCIAL AND REHABILITATION SERVICE

Assistance for Repatriated United States Nationals

Amounts Available for Obligation

	1969 Estimate	1970 Estimate
Appropriation	$545,000	$700,000
Proposed supplemental	100,000	---
Total obligations	645,000	700,000

Obligations by Activity

Page Ref.		1969 Estimate	1970 Estimate	Increase or Decrease
123	Mentally ill	$379,000	$384,000	+$5,000
125	Other repatriates	266,000	266,000	---
127	Contingency reserve	--- 1/	50,000	+50,000
	Total obligations	645,000	700,000	+55,000

1/ The $50,000 contingency originally authorized is now estimated to be required for other repatriates during fiscal year 1969.

Obligations by Object

	1969 Estimate	1970 Estimate	Increase or Decrease
Other services	$379,000	$384,000	+$5,000
Grants, subsidies and contributions	266,000	266,000	---
Undistributed (contingency reserve)	---	50,000	+50,000
Total obligations by object	645,000	700,000	+55,000

Summary of Changes

1969 estimated obligations	$645,000
1970 estimated obligations	700,000
Net change	+55,000

Increases:	Base	Change from Base
Program:		
1. For an increase in hospitalization rates for mentally ill repatriates	$379,000	+$5,000
2. For restoration of the contingency fund in 1970	---	+50,000
Total program increases (net change requested)	---	+55,000

Explanation of Changes

1. The increase of $5,000 for hospitalization of mentally ill repatriates relates directly to the rise in the average daily rate for costs of care.

2. The $50,000 requested for restoration of the contingency fund will provide for unanticipated requirements which may arise due to increased numbers of repatriates, increased hospitalization costs, or other unpredictable occurrences. Such a fund was provided in 1969 but is required because of an unexpected increase in the number of U.S. Nationals repatriated.

Authorizing Legislation

Legislation	1970 Authorization
Social Security Act Section 1113--Assistance for United States Citizens Returned from Foreign Countries	Legislation to extend the indefinite authorization to be proposed
Public Law 86-571 Section 2--Assistance for Mentally Ill United States Nationals Returned from Foreign Countries	Indefinite

SOCIAL SECURITY ACT

Title XI--General Provisions

Section 1113 (a) (1). The Secretary is authorized to provide temporary assistance to citizens of the United States and to dependents of citizens of the United States, if they (A) are identified by the Department of State as having returned, or been brought, from a foreign country to the United States because of the destitution of the citizen of the United States or the illness of such citizen or any of his dependents or because of war, threat of war, invasion, or similar crisis, and (B) are without available resources. It is assumed Congress will extend the expiration date beyond June 30, 1969.

PUBLIC LAW 86-571

Section 2--Assistance for Certain Nationals of the United States Adjudged Insane or Otherwise Found Mentally Ill in Foreign Countries

Section 2 (a). Upon request of the Secretary of State, the Secretary of Health, Education, and Welfare is authorized (directly or through arrangements under this subsection) to receive any eligible person at any port of entry or debarkation upon arrival from a foreign country and, to the extent he finds it necessary, to temporarily care for and treat at suitable facilities (including a hospital), and otherwise render assistance to, such person pending his transfer or hospitalization pursuant to other sections of this Act. For the purpose of providing such care and treatment and assistance, the Secretary is authorized to enter into suitable arrangements with appropriate State or other public or non-profit agencies. Such arrangements shall be made without regard to section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), and may provide for payment by the Secretary either in advance or by way of reimbursement.

Assistance to Repatriated United States Nationals

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1962	$939,000	$764,000	$764,000	$764,000
1963	875,000	467,000	467,000	467,000
1964	500,000	467,000	467,000	467,000
1965	373,000	310,000	373,000	373,000
1966	452,000	452,000	452,000	452,000
1967	460,000	460,000	460,000	460,000
1968	525,000	432,000	525,000	525,000
1969	545,000	545,000	545,000	545,000
1969 proposed Supplemental	100,000			
1970	700,000			

JUSTIFICATION

ASSISTANCE FOR REPATRIATED UNITED STATES NATIONALS

INTRODUCTION

Basic Authority

This appropriation is requested to carry out two laws, discussed below, in order to assist United States citizens returned from abroad because of mental illness, other illnesses, destitution, or international crises, and who are without available resources. The program is administered by the Social and Rehabilitation Service. The facilities of State and local public welfare agencies are utilized in the administration of the program for both the mentally ill and for other repatriates. Where appropriate, arrangements may also be made to utilize the facilities of voluntary agencies.

Public Law 86-571, approved July 5, 1960.--This act authorizes the Secretary of Health, Education, and Welfare to provide for the reception and hospitalization in the United States of repatriated mentally ill United States nationals. Administration of the law involves assuming responsibility for such individuals after they are brought to a port of entry or debarkation, providing for temporary care or treatment either in hospitals of the Department of Health, Education, and Welfare, or in other appropriate public or private hospitals and agencies, depending upon the best interests of the patient; arranging for the proper authorities of the State of legal residence or domicile of the person concerned or for his family to assume responsibility for him; providing longer-term care and treatment when necessary; observing certain procedural protections to safeguard the patient's rights; and performing a number of related functions. This is permanent legislation.

Section 1113 of the Social Security Act, as Amended.--The Social Security Amendments of 1961 (Public Law 87-64, approved June 30, 1961) added to title XI of the Social Security Act section 1113 relating to assistance for U. S. citizens returned from foreign countries. The legislation authorizes the Secretary of Health, Education, and Welfare to develop plans and make arrangements for providing temporary assistance and care within the United States to United States citizens and their dependents who are identified by the Department of State as having returned, or been brought back, to this country because of destitution, illness, war, threat of war, invasion, or similar crisis and are without available resources. Under this legislation, the Federal Government may pay for reception and care when these individuals reach the United States, forhelping them to reach a destination within the United States where they have friends or relatives and for temporary assistance.

Section 1113 provides continuing planning responsibility for persons repatriated because of war, threat of war, invasion, or similar crisis. The authorization to provide temporary assistance under this section, however, was limited to June 30, 1962, in the original legislation. This authorization has subsequently been extended several times--the latest extension being through June 30, 1969, which was authorized by Public Law 90-248, approved January 2, 1968. It is assumed Congress will extend this legislation beyond June 30, 1969.

Appropriation request.--The appropriation request of $700,000 for fiscal year 1970 represents an increase of $55,000 over the revised estimate of $645,000 for 1969. The program is budgeted under three activities: (1) mentally ill repatriates; (2) other repatriates; and (3) a contingency reserve. The contingency fund was first authorized by Congress in 1966 because of the unpredictable nature of the program and the difficulty of making precise estimates. Justification of funds for each of the activities follows.

1. Mentally Ill Repatriates

	1969 Estimate	1970 Estimate	Increase or Decrease
Patients in Saint Elizabeths Hospital .	$311,000	$312,000	+$1,000
Patients in other hospitals	61,500	65,500	+4,000
Miscellaneous costs	6,500	6,500	-0-
Total	379,000	384,000	+5,000

Repatriates aided under this program are referred to the Social and Rehabilitation Service by the Department of State, which certifies, with respect to each person repatriated, that he is a national of the United States and has been adjudged insane in a foreign country or is in need of care and treatment because of mental illness. The Social and Rehabilitation Service arranges with the appropriate State welfare agency for reception of the person at the port of entry or debarkation in the United States and for assisting him to obtain the care and treatment necessary for his well-being. This includes authorization by the Social and Rehabilitation Service for care and treatment in a Federal or other hospital if the individual is without resources and acceptance of responsibility for his care cannot be obtained from a State or a relative.

The following table presents actual and projected trends in caseload and cost data.

Actual and Projected Trends in Caseloads and Cost Data

1. Mentally Ill Repatriates

	1966 Actual	1967 Actual	1968 Actual	1969 Revised Estimate	1970 Estimate
A. Saint Elizabeths Hospital					
1. Number of carry-over cases	53	50	51	47	44
(a) Patient years of care	45.8	47.8	44.7	41.0	37.3
2. Number of new cases	7	8	4	5	5
(a) Patient years of care	2.3	1.3	1.5	1.7	1.7
3. Average daily rate	$13.71	$15.12	$17.24	$19.95	$21.92
Total, Saint Elizabeths Hospital	$240,981	$272,871	$292,097	$311,000	$312,000
B. Other Hospitals					
1. Number of carry-over cases	7	7	7	7	7
(a) Patient years of care	6.0	4.3	5.9	5.9	5.9
(b) Average months of care per patient	10.4	7.4	10.3	10.3	10.3
(c) Average daily rate	$8.57	$11.27	$11.39	$11.75	$12.39
(d) Cost	$18,697	$18,545	$24,576	$25,300	$26,500
2. Number of new cases	14	22	13	18	18
(a) Patient years of care	2.8	1.5	3.9	5.2	5.3
(b) Average months of care per patient	2.4	.8	3.6	3.6	3.6
(c) Average daily rate	$13.67	$14.92	$18.08	$19.08	$20.00
(d) Cost	$13,824	$8,343	$25,613	$36,200	$39,000
Total, Other Hospitals	$32,521	$26,888	$50,189	$61,500	$65,500
C. Transportation and Other Services	$5,469	$5,247	$4,904	$6,500	$6,500
Total, Mentally Ill	$278,971	$305,006	$347,190	$379,000	$384,000

Saint Elizabeths Hospital

The estimated increase of $1,000 in 1970 is based on a projected increase in the per diem rate from $19.95 in 1969 to $21.92 in 1970. Partially offsetting the increase due to the change in the per diem rates are decreases in caseload and in average length of stay in St. Elizabeths Hospital. The decrease in the average length of hospitalization is due to increased instances where (1) relatives and/or States where patients formerly resided assume responsibility, and (2) rehabilitative measures prove successful.

Other Hospital/Nursing Homes

The increase of $4,000 in 1970 is based on projected increase in per diem rates. The caseload in 1970 assumes a leveling off in new cases aided in hospitals other than Saint Elizabeths.

Transportation and other services

In addition to hospital costs, there are incidental costs for the program such as transportation charges from port of entry to hospital or from one hospital to another; attendants' fees when required, miscellaneous medical or other expenses; fees for psychiatrist examinations, etc. The estimate remains the same as for 1969.

2. Other Repatriates

	1969 Estimate 1/	1970 Estimate	Increase or Decrease
Repatriates returned from countries other than Cuba	$157,000	$157,000	-0-
Repatriates returned from Cuba	109,000	109,000	-0-
Total	266,000	266,000	-0-

1/ Includes proposed supplemental of $100,000.

Under section 1113 of the Social Security Act, the Department of State refers to the Social and Rehabilitation Service United States citizens and their dependents who have returned or been brought back to this country because of destitution or illness; or war, threat of war, invasion, or similar crisis; and who are without available resources. The Social and Rehabilitation Service arranges with appropriate State-local welfare agency for temporary assistance and services to be provided at port of entry or debarkation. Temporary assistance may be furnished in the form of money payments, medical care, temporary billeting, transportation, or other goods and services necessary for health and welfare of individuals (including guidance, counseling, and other welfare services). This also includes assisting such persons to reach their destination elsewhere in the United States where they can reestablish themselves or otherwise obtain resources not readily accessible upon return to this country.

This program provides for reimbursement to State agencies for temporary assistance and any extra identifiable costs incurred in providing such assistance, including cost of services purchased from other agencies. Temporary assistance may be provided an individual up to one year; it may be extended for six additional months for handicapped persons.

Upon notification by the Department of State that an international crisis exists, the Social and Rehabilitation Service is responsible for working with the appropriate State-local welfare agency(ies) to provide temporary assistance and other services that are necessary in making arrangements for resettlement of large numbers of repatriates returning to this country through one port of entry.

Since 1961, the program has also assisted persons repatriated from two countries because of international crises--Cuba and the Dominican Republic. This request assumes there will not be a new international crisis in 1969 or 1970.

Repatriates from Countries Other than Cuba

All referrals by the Department of State of destitute or ill persons under this program do not result in expenditures, largely due to the Social and Rehabilitation Service efforts to locate other resources. Some cases require reception services only, some require hospital or nursing home care, and some require temporary financial assistance until permanent plans can be made for them. Most of the costs are incurred to provide financial assistance. Based on 1968 actual expenditures, fiscal year 1969 requirements for this segment of the program are now expected to be $157,000--$50,000 more than the original 1969 estimate.

It is estimated that the number requiring financial aid in 1970 and the cost will remain about the same as in 1969. Increase in living costs and hospital rates is offset by a decrease in patient years of hospital care in 1970.

Miscellaneous costs.--In addition to costs for subsistence and for hospital or nursing home care, incidental costs are incurred for the repatriates. These include reception costs such as meals and overnight lodging, transportation costs from port of entry to State of residence, and miscellaneous medical and other incidental expenses. Costs of this nature are estimated at $20,000 for fiscal year 1969 and $21,000 for fiscal year 1970.

Repatriates from Cuba

At the beginning of fiscal year 1968, a large number of persons with American citizenship remained in Cuba to be repatriated. Negotiations since December 1965 between Cuba and the Swiss Embassy, representing the United States, for return of these Americans had been unsuccessful, so that there was no basis for expecting that they would be permitted to return to this country. In December 1967, however, the Cuban Government, on short notice, permitted return of a number of the Americans and agreed that one plane per month, beginning February 1968, could repatriate U.S. citizens and their dependents, stipulating that they must enter the United States via Brownsville, Texas. Based on an average of 25 persons per flight a total of 300 persons are expected to arrive from Cuba in 1969. Costs include maintenance, transportation, medical care, and other miscellaneous items. This has resulted in a proposed supplemental request of $100,000 for this segment of the program in 1969 as reflected herein. These flights are expected to continue in fiscal year 1970.

The following table presents actual and projected trends in caseload and cost data for other than mentally ill repatriates.

2. Other Repatriates

	1966 Actual	1967 Actual	1968 Actual	1969 Revised Estimate	1970 Estimate
I. U.S. citizens returned from Cuba	$14,643	$35,288	$44,333	$109,000	$109,000
II. U.S. citizens returned from Dominican Republic (in Puerto Rico)	20,392	...	...	...	...
III. U.S. citizens returned from other countries 1/	72,013	78,431	131,368	157,000	157,000
Total, other Repatriates	$107,048	$113,719	$175,701	$266,000	$266,000
1/ Details on hospital/nursing home care, other assistance, and miscellaneous costs for item III above:					
A. Financial assistance:					
1. Total number of cases	124	144	153	190	191
2. Average monthly number	39	31	37	44	44
3. Average monthly amount	$144	$167	$169	$170	$171
4. Cost	$67,613	$62,233	$74,979	$90,000	$91,000
B. Hospital/Nursing Home Care Cases (number):	5	6	9	10	9
1. Patient years of care	.4	.9	4.1	4.6	4.1
2. Average months per person	.7	1.8	5.6	5.5	5.5
3. Average daily rate ...	$17	$18	$26	$28	$30
4. Cost	$2,800	$6,241	$38,725	$47,000	$45,000
Miscellaneous	$1,600	$9,957	$17,664	$20,000	$21,000

3. Contingency Reserve

	1966 Author ization	1967 Authori- ization	1968 Author- ization	1969 Author- ization	1970 Request
Contingency Reserve	$40,000	$40,000	$50,000	$50,000	$50,000

The contingency fund is necessary because of the difficulty in making precise estimates in the caseloads and costs for this program. There are a number of circumstances beyond the control of the Social and Rehabilitation Service such as increasing costs of hospitalization, increases in caseloads due to more referrals by the Department of State, or international incidents, which can affect the variety of activities financed by this appropriation. The contingency will provide a flexibility necessary to deal with unanticipated changes that otherwise could not be met within this relatively small appropriation. The revised estimate for 1969 assumes that the $50,000 contingency originally authorized for 1969 will be required for repatriates from countries other than Cuba. Restoration of the contingency is requested for 1970.

WEDNESDAY, APRIL 23, 1969.

GRANTS FOR REHABILITATION SERVICES AND FACILITIES

WITNESSES

JOSEPH HUNT, COMMISSIONER, REHABILITATION SERVICES ADMINISTRATION
MISS MARY E. SWITZER, ADMINISTRATOR, SOCIAL AND REHABILITATION SERVICE
R. KENNETH BARNES, CHIEF, DIVISION OF REHABILITATION FACILITIES AND WORKSHOPS, REHABILITATION SERVICES ADMINISTRATION
JOHN A. LAVAN, EXECUTIVE OFFICER, REHABILITATION SERVICES ADMINISTRATION
WOODROW E. TOWNSEND, CHIEF, DIVISION OF BUDGET, REHABILITATION SERVICES ADMINISTRATION
RANDOLPH W. LEE, DIRECTOR, BUDGET DIVISION, SOCIAL AND REHABILITATION SERVICE
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

GRANTS FOR REHABILITATION SERVICES AND FACILITIES

PROGRAM AND FINANCING (In thousands of dollars)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Vocational rehabilitation services:			
(a) Basic support	272,486	345,900	524,000
(b) Innovation	2,080	3,200	3,200
(c) Expansion of services	6,517	8,832	11,000
(d) Vocational evaluation and work adjustment			10,000
(e) Services for migratory agricultural workers			3,500
(f) Statewide planning	2,242	352	
2. Rehabilitation facilities:			
(a) Project development and construction	2,347	2,763	1,340
(b) Initial staffing	80	550	550
(c) Facility improvement	9,030	10,000	10,533
Total program costs, funded	294,782	371,597	564,123
Change in selected resources [1]	14,432		
Obligations (object class 41.0)	309,214	371,597	564,123
Financing:			
Unobligated balance available, start of year	−949	−2,607	
Unobligated balance available, end of year	2,607		
Unobligated balance lapsing	678		
Budget authority (appropriation)	311,550	368,990	564,123
Relation of obligations to outlays:			
Obligations incurred, net	309,214	371,597	564,123
Obligated balance, start of year	46,207	60,276	62,456
Obligated balance, end of year	−60,276	−62,456	−117,279
Adjustments in expired accounts	−14,432		
Outlays	280,713	369,417	509,300

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1967, $0 (1968 adjustments, −$14,432,000); 1968, $0; 1969, $0; 1970, $0.

Mr. FLOOD. Now we have the "Grants for rehabilitation services and facilities."

The presentation will be made by Mr. Joseph Hunt, the Commissioner for the Rehabilitation Services Administration. I see you have a statement. How do you wish to proceed?

Mr. HUNT. I should like too read it, Mr. Chairman.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Mr. FLOOD. We will put Mr. Hunt's biographical sketch in the record.

(Biographical sketch follows:)

BIOGRAPHICAL SKETCH OF JOSEPH HUNT

Position.—Commissioner.

Birthplace.—Philadelphia, Pa.

Education.—Mr. Hunt took his undergraduate degree from St. Joseph's College, Philadelphia, and his graduate degree in political economy from the Wharton School of the University of Pennsylvania.

Experience.—Mr. Hunt was appointed Commissioner of the Rehabilitation Services Administration in August 1967.

Since 1944, Mr. Hunt has appeared each year before congressional committees on behalf of the vocational rehabilitation program and was a member of the administration teams which developed the Vocational Rehabilitation Act of 1954, 1965, and 1967.

He has served as consultant to the States in program administration and public policy; to several agencies of the Federal Government; and to voluntary health and welfare agencies. He served for several years as a trustee of the American Cancer Society and as vice chairman of its U.S. Government division.

He was a member of the U.S. delegation to the Fourth Inter-American Conference on Rehabilitation in San Juan, P.R., in 1959, the Fifth Pan-American Conference on Rehabilitation in Mexico City in 1962 and the XI International Conference on Social Work in Rio de Janeiro in the same year. He was made an honorary citizen of the Republic of Korea for assistance rendered Korean Relief's hunger and sickness campaign.

Mr. Hunt came into Government service in 1941 as senior business economist with the Office of Price Administration. Later he headed the Office of Administrative Management of the Social Security Administration. He came to the RSA (VRA) (OVR) in 1943 shortly after the enactment of the Barden-LaFollette Act.

Prior to his Government service, Mr. Hunt served as chairman of the Department of Business Administration, St. Joseph's College, Philadelphia, and was lecturer in social economics in its school of industrial relations.

Association memberships.—Mr. Hunt is a member of Pi Gamma Mu, National Social Science Honor Society, Alpha Sigma Nu, Jesuit Honor Fraternity, the John Carroll Society and the National Press Club.

Professional memberships.—National Rehabilitation Association, American Public Health Association, American Public Welfare Association, American Association of Workers for the Blind, International Society for the Rehabilitation of the Disabled, Catholic Association for International Peace.

Special awards, citations, or publications.—In 1953, he was given the Christophers' National Award for his article, "One Person's Influence in the Nation's Capital." In 1958, he received from Secretary Marion Folsom the Health, Education, and Welfare Departmental Award for Superior Service. In 1961, Secretary Abraham Ribicoff conferred upon him the Department's highest honor, the Distinguished Service Award, "for outstanding contributions in developing the national program of vocational rehabilitation and for demonstrated leadership in strengthening Federal-State relations."

In 1962, he was named Washington Alumnus of the Year by St. Joseph's College. In 1966, he received the NRA President's Award for "outstanding contributions to the field of rehabilitation." In 1968, he received the National Goodwill Award for "outstanding goodwill toward the handicapped" from the Goodwill Industries of America. He is married with three children and resides in Arlington, Va.

Biographical listing.—A. N. Marguis, publishers of "Who's Who in America" and Who's Who in the South and Southwest."

Mr. FLOOD. Please proceed.

General Statement

Mr. Hunt. Mr. Chairman and members of the committee. I am pleased to appear before you today and to present the 1970 appropriation request of the Social and Rehabilitation Service for "Grants for rehabilitation services and facilities."

The strong appeal of the needs of the disabled and the amazing results of rehabilitation have drawn together in this country a strong team in support of the national program. This includes the State vocational rehabilitation agencies and their comprehensive rehabilitation facilities, the whole spectrum of private agencies, hundreds of workshops and rehabilitation facilities, over 80 university programs, the comprehensive program of research and demonstration, mental retardation and other programs in the public schools, correctional agencies, and others.

The significant place given to rehabilitation within the social and rehabilitation service serves to reinforce its mission by placing the programs in close association with other organzed efforts directed toward the reduction of disability and dependency. For example, the rehabilitation of public assistance clients has been given top priority. Rehabilitation is also making a substantial contribution to the work incentive program in the sense that we have agreed to participate in the evaluation of referrals by the welfare agencies before they go to the Employment Service.

People who have rehabilitated themselves through the comprehensive services offered by the State programs earn money, pay taxes, need less public support, and live more constructive lives. The public rehabilitation program reached an historical landmark in 1968 when it rehabilitated over 200,000 handicapped people. In 1970, 241,000 people, we estimate, will be rehabilitated under the budget request as amended. The original budget request would have rehabilitated 265,000 people.

In rehabilitation a great number of public and private resources are being invested. Rehabilitation programs are often found joined with other public programs—school, welfare, health, poverty, and manpower programs. All of these associations have enhanced our opportunities to provide rehabilitation services to handicapped persons.

A summary of our appropriation requests for 1970 follows:

THE 1970 ESTIMATE

The total appropriation request as amended for grants to support the vocational rehabilitation program is $499,783,000. The original budget request was $564,123,000.

Mr. Flood. There is quite a difference?

Mr. Hunt. Yes, there is, but it is a very substantial amount too, and we can do a tremendous number of things with the revised amount. We could have done more naturally with a larger amount.

The amended budget request comprises the following activities:

Grants to States, basic support program (section 2)—$471 million.

This is our basic support program which allots Federal matching funds to States to provide rehabilitation services to handicapped people. The budget request as amended will match available State funds of $126,694,070 with an allotment authorization of $500 million.

The original budget request of $524 million would match available State funds of $132.5 million with an allotment authorization of $600 million, which is the provision in the act.

The 1970 request as amended is an increase of $125.1 million over 1969, reflecting strong financial support which the States are giving to vocational rehabilitation and the change in matching rate from 75 to 80 percent.

As you know, when the Congress passed the Rehabilitation Act and provided the jump from 75 to 80, they put in a provision that this matching can be earned provided the State spent at least as much money in 1970 as it did in 1969. This is to prevent a simple transfer of funds. The Congress wanted the program for the handicapped to reach new highs.

Our request as amended is to provide service to approximately 900,000 disabled individuals and to rehabilitate 241,000 into gainful occupations.

Yesterday, Mr. Michel, you remember this question came up, and Miss Switzer referred to an old rule still in effect of 3.5 to 1. You have to have about three to four times as many in service as there will be rehabilitated in any given year. The others will come through. Some of them are 1-year cases, some 2, some 3, even 4.

The original budget request would provide service to approximately 1 million disabled individuals and rehabilitate 265,000. Approximately 37,500 of the rehabilitants will be applicants and recipients of Social Security Disability Insurance benefits, of whom some 10,500 will be rehabilitated through the use of trust funds.

AGE POLICY IN REHABILITATION

Mr. FLOOD. I think you should put in the record at this point the policy on age requirement for rehabilitation cases. This is not very well known.

(The following information was submitted:)

AGE POLICY IN REHABILITATION

The basic policy as to age requirements in this program is expressed in the regulations issued pursuant to the Vocational Rehabilitation Act as amended:

> No upper or lower age limit will be established which will, in and of itself, result in a finding of ineligibility for any handicapped individual who otherwise meets the basic eligibility requirements for the program.

In other words, no person otherwise eligible for the program's services will be excluded because of failure to come within a specified age range. A key point here, however, is that the act and the program it authorizes are directed to the rehabilitation of handicapped individuals to employment.

The objective of the policy is to maintain and encourage maximum flexibility within the framework and objective of the law. At the lower end of the age range, for example, there are some handicapped youngsters entering their teens or junior high school training for whom preparation for employment would be appropriate. The aim is to develop rehabilitation services to fit in as appropriate, sometimes at an earlier and sometimes at a later age, depending on what is needed. Programs may dovetail, and the young person may receive concurrently special services from one or more State agencies and complementary services as a vocational rehabilitation client.

The central element is that each client must have an individual plan of vocational rehabilitation, specifying at least a tentative vocational rehabilitation objective and providing for a continuum of services to accomplish this objective.

Handicapped young people continue to comprise an increasing number of those

disabled persons rehabilitated by the State rehabilitation agencies. In 1968 there were some 46,000 in this age group, about 22 percent of the total.

Similarly the number in the group of rehabilitants aged 45 and over continues to increase, representing in 1969 nearly 29 percent of the total.

Mr. FLOOD. Are you restricted by age?

Mr. HUNT. No, we are not. Our regulations, as a matter of fact, do not have any reference to age. This has been true for many years.

Mr. FLOOD. It is misunderstood. A lot of people think you must be a certain age.

Mr. HUNT. No. We have cases above 65 years of age who have been rehabilitated.

Miss SWITZER. You recall the rehabilitation amendment in 1964 and perhaps even before that used the phrase "at or near a working age." I think this was put in primarily to govern the younger spectrum rather than the older. We have paid no attention to age for a long time now.

Mr. HUNT. It has permitted us to go down the age line and treat a lot of younger cases.

PROGRAMS FOR THE BLIND

Mr. HUNT. The Randolph-Sheppard Vending Stand program for the blind reports average earnings of $5,570 in 1968 compared to $5,244 in 1967. In 1968, these earnings were achieved by 3,259 blind operators. A total of 19,600 blind and visually handicapped were rehabilitated in 1968, 7,100 of whom were blind in both eyes. In 1970, we estimate that 12,000 blind and visually impaired persons will be rehabilitated.

Mr. MICHEL. What is the total blind population of the country, do you know?

Mr. HUNT. Mr. Michel, may I ask Dr. McFarland, Chief of our Services for the Blind, who is quite an authority in this subject. What is the blind population? My guess is 400,000.

Dr. MCFARLAND. It is estimated to be between 425,000 and 450,000. This is blind, now.

More than 80 percent of our agencies for the blind, however, also serve the severely visually disabled—a population in excess of one million. Total rehabilitations for 1968—7,100 blind, 12,000 severely visually limited.

Mr. FLOOD. Are you blind yourself?

Dr. MCFARLAND. Yes, sir.

Mr. FLOOD. Were you born blind?

Dr. MCFARLAND. No, sir.

Mr. FLOOD. How did you lose your sight?

Dr. MCFARLAND. An accident when I was 9 years old.

Mr. FLOOD. Doctor of what? Are you a medic?

Dr. MCFARLAND. Ph. D.

Mr. HUNT. He is quite an authority on the Randolph-Sheppard program.

Vocational rehabilitation services are being provided to more people in such disability categories as heart disease, cancer, stroke, kidney disease, spinal cord injury, the mentally ill, alcoholics, and the mentally retarded and others as a result of new techniques and specialized services.

INCREASED EARNINGS OF REHABILITANTS

The 208,000 individuals rehabilitated in 1968 will add an estimated 230 million man-hours of work per year to the Nation's productive efforts and thereby increase their annual earnings rate by $435 million.

The States are utilizing more special facilities, and they are helping to develop resources through the use of section 2 funds and donor funds to improve and develop facilities.

You may remember, it was Mr. Laird who got the amendment in the Appropriation Act to permit donor funds to be matched. Before this it was illegal. Now that has been taken out and placed in the 1968 amendments. It is no longer in the Appropriation Act.

GRANTS FOR INNOVATION PROJECTS UNDER SECTION 3, $3,200,000

The 1970 request will fund 107 projects of which 27 will be new. The innovation project activity has the purpose of providing more help to those with catastrophic or very severe disabilities through the use of specialized counselors, new techniques, and patterns of services. The Federal matching rate for these grants is 90 percent of the project cost for the first 3 years and 75 percent for the next 2 years.

Of course, this is designed to have the agencies continue what they have innovated rather than drop it at the end of the period, and we have been very successful in having that done.

SPECIAL PROJECTS UNDER SECTION 4(a)(2), $11,000,000

Expansion project grants: $9,500,000—Authorized in 1965 these grants pay up to 90 percent of the cost of special 3-year programs to expand services and increase the number of people rehabilitated. In 1968, 47 States, the District of Columbia and Puerto Rico participated in a total of 161 projects. A majority of the projects serve those with severe and multiple disabilities. Thirty projects were directed toward serving persons in urban and rural poverty areas. Our budget request for 1970 includes $9,500,000 to support 122 continuing and 13 new expansion projects.

Then under our 1968 legislation we have been given authority for contracts with industry.

Contracts with industry: $500,000—This program will include approximately three contracts or other working arrangements where employing organizations provide training and other services in a competitive employment situation to approximately 200 handicapped individuals, and provide for their continuing and permanent employment in the industry.

Projects to develop new career opportunities in rehabilitation: $500,000—This program has the purpose of providing appropriate additional manpower in programs serving the handicapped and to upgrade or expand these services. This request will fund approximately seven projects to recruit and train approximately 250 individuals for new career opportunities in rehabilitation.

Projects to develop new career opportunities for handicapped individuals: $500,000—This program will serve to develop new careers for handicapped individuals in the fields of rehabilitation, health, welfare, public safety and law enforcement, and other public service

employment. The request will fund approximately four projects to recruit and train approximately 250 handicapped individuals in public service employment under the new careers concept.

VOCATIONAL EVALUATION AND WORK ADJUSTMENT (SEC. 15)

The budget as amended will postpone the initiation of this program until a later year.

Mr. FLOOD. A later year?

Mr. HUNT. A later year.

Mr. FLOOD. How late?

Mr. HUNT. A later year.

Mr. FLOOD. Do you have a target date?

Mr. HUNT. No; we do not have.

Miss SWITZER. I do. I certainly hope we will have it in 1971 if we cannot have it in 1970. Nobody said we could not, did they?

Mr. CARDWELL. No, ma'am.

Miss SWITZER. Not yet.

Mr. HUNT. We will certainly try.

The original budget request would have provided $10 million to initiate this program on a project basis.

MIGRATORY WORKERS PROGRAM

Services for disabled migratory agricultural workers under section 17—$3,500,000.

Our request will implement the provision of the 1967 amendments for pilot and demonstration projects and provide for rehabilitation of 1,500 families, including 4,500 individuals. Migratory workers, with their high incidence of disability, have long been among the most neglected group in society.

Mr. FLOOD. Do you have an average income for the migrant worker? Is it about $900 a year?

Mr. HUNT. From my readings, I think it is $700 to $900. In these days that is almost nothing.

There are a lot of disabled among them and we have found this out through the years in California and other places, but we were never able to do much for them because, as you know, they move around a lot, have very temporary work, and we had to take care of those who were disabled.

Mr. FLOOD. I understand they are very difficult to deal with, they resent you people.

Mr. HUNT. They think they are being investigated and they are fearful, and they have bilingual problems and they just want to know why you suddenly came to help them after all these years.

Mr. FLOOD. A padrone system.

Mr. HUNT. Of course, in their own countries they were poorly treated too. You know this is one of the problems in welfare—all the forms they have to fill out, the questions they are asked, very personal ones indeed. They feel this will be put in the record and this is going to harm them.

We have the same problem with household help. For a number of years our girls begged my wife not to turn them in for social security. We do make the returns because you violate the law if you do not.

They have fear they are going to be put on record somewhere and something will happen to them.

But the migratory worker is certainly the bereft of the Nation. We have written about it for years, but not a whole lot has been done.

Under this special program, rehabilitation services will be provided to disabled workers and members of their families without regard to residence requirements. There will be close coordination with other agencies involved with migratory workers.

There are not really that many in this activity to get working with—that is people who are working with migratory workers. The work is not highly financed. I think a lot of the work being done with migratory workers is done by voluntary agencies, religious organizations.

Mr. FLOOD. In my district we have the Council of the Protestant Churches who for years have been doing a first-class job on it.

Mr. HUNT. But they have taken the initiative.

Mr. FLOOD. Yes, for years.

Mr. MICHEL. This requires a very special kind of operation with these mobile people, which must make the cost increase because you can only deal with them a certain period of time in one community and you have no authority to hold them.

Mr. HUNT. That is right. One of the reasons, under the regular operating program, we could never do anything for the families of disabled people. We have authority to do something for the families now when it is necessary to help the person get rehabilitated.

Mr. FLOOD. Do you have a ball park figure for the number of migratory workers in continental United States?

Mr. HUNT. Two million.

Mr. FLOOD. That is a lot of people for a thing like this.

Mr. HUNT. It is a lot of people that are not being taken care of.

Mr. LAVAN. Two million workers and you multiply that by family members would bring it up to about 10 million.

Mr. SHRIVER. They do not all have to be taken care of, do they?

Mr. LAVAN. No. We take care of the disabled.

Mr. SHRIVER. Which amounts to no where near that number?

Mr. HUNT. We estimate about 40,000 now, but we really do not know. We feel there is at least that many we have to do something with.

One of the points I would like to make, and I have heard even people in rehabilitation ask is, what are you going to do for them with any sum of money. After all, these people just roam away, it is said. The real answer is, we would like to do something about getting some of these disabled people out of the line of the migratory worker and get them in a community and settle them and train them and get them started in another kind of life.

I think I would be misleading myself and the committee if I were to indicate we know how to go about this, but somebody has to start it. We feel that we can help greatly, and we can, of course, report to the committee again as to what success we seem to think we have or tell you that it is too much for us.

Mr. FLOOD. Do you have any idea in recent years the extent to which mechanization has eliminated the need for migrant labor?

Mr. HUNT. I have read articles on it, but I could not give a guess.

Mr. FLOOD. I thought you would know.

Mr. HUNT. Let me tell you about a hearing I attended one time in the Senate.

The Senators brought in delegations from their States and I heard lectures on what you do to an apple with a machine and what you do to an apple and its value if you do not know how to pick it off, what you do to an apple that drops and just exactly how you pick the grapes and the cherry and how you ruin the value. I was amazed myself. Of course this was a plea for bringing in the migratory worker from outside the United States against the rule that had been adopted by the Labor Department of having us to go to our own disadvantaged and unemployed and get them into this kind of work.

They described this really at great length and mentioned what happens up on that ladder.

Mr. MICHEL. We are funding some of the research for the sophisticated machines for harvesting in our agriculture subcommittee, and while we are making some progress, I think we are still a long way from solving all of these things. I happen to take the view that we are going to need migratory workers for a good long time to come.

On that premise, I would surely want to do everything we could to improve their conditions and keep them healthy and productive because I think there is a real need for them.

Mr. FLOOD. There is a need?

Mr. MICHEL. Yes.

They come up through our way for the asparagus, tomatoes, you name it. We want to keep these commodities at the price level where everybody can buy them. It should not be only fresh fruit and vegetables for the elite. Everybody in the spectrum ought to be able to have them, but you run into a cost factor.

As you said, some of the things are damaged some way or another.

Mr. HUNT. Even picking the cherry. If something happens to the stem you are in trouble. They spoke about a lot of domestic workers that had no feeling for this and did not care about it. They estimated the loss in the millions of dollars.

CONSTRUCTION AND STAFFING OF FACILITIES

Project development, construction, and staffing of rehabilitation facilities under section 12—$550,000.

The budget as amended will provide for 23 initial staffing grants at a cost of $550,000. No construction funds are being requested. The original budget request would have provided $1,340,000 for project development and construction.

Mr. FLOOD. By original request, you meant the so-called Johnson budget?

Mr. HUNT. That is right.

Mr. MICHEL. What was in there in 1969?

Mr. HUNT. The same amount in 1969, $1,340,000.

TRAINING SERVICE PROJECTS

Training services projects under section 13(a)—$6,333,000.

This grant program pays up to 90 percent of the cost of projects conducted in facilities with capability for evaluating and training

handicapped people for available employment. Emphasis is placed on the severely handicapped and difficult-to-place client. A full range of services is made available, and also a training allowance. Each facility must meet standards established by the Secretary with the advice of the National Policy and Performance Council. The entire amount recommended will be used to support the continuation of 36 existing projects.

Mr. MICHEL. But no new ones?

Mr. HUNT. No new ones.

We have a lot of details we can put in the record as to how many trainees.

Mr. FLOOD. Put them in the record.

Mr. HUNT. This has been a very, very excellent program.

(The information follows:)

TRAINING SERVICE PROJECTS

The first grants under the training services program were awarded in June, 1967. Thirteen projects in 11 States were funded. During the first full year of operation, 1,250 clients were referred to these projects by the State vocational rehabilitation agencies.

At present, there are 36 projects in 25 States. During fiscal year 1969, approximately 4,000 handicapped persons will be referred for services, including work testing, work evaluation, training in occupational skills, and training allowances. A substantial number have never been gainfully employed.

Twenty-five percent of the referrals were on welfare rolls. These projects have demonstrated success in removing individuals from welfare rolls as a result of the provision of training services.

The training allowance, which includes stipends for dependents of the trainee, has been most helpful in encouraging individuals to undertake and complete training.

All applicants for a training services grant must meet the standards developed by the National Policy and Performance Council, an advisory body appointed by the Secretary of Health, Education, and Welfare. Survey teams, composed of persons knowledgeable in the operation of facilities and training programs, make an onsite visit to determine whether the proposed facility, in fact, meets the standards. This grant procedure assures that funding will be limited to facilities that are prepared to provide quality services.

A wide variety of types of job skill training are represented in the projects. Flexibility in programing is constantly stressed so the facility will be sensitive to changes in the labor market. New training areas are being introduced when there is a need, and specific job skill training areas are being discontinued when demand changes.

FACILITIES IMPROVEMENT

Facilities improvement under section 13 (b) and (c)—$4,200,000.

These grants are made to rehabilitation facilities for up to 3 years to pay 90 percent of the costs of projects to improve and increase their professional services to handicapped people. Primarily, the assistance involves staffing, but in some cases equipment is required.

Of the requested amount, $1 million is budgeted for 40 new projects, $3 million for continuation of 120 existing projects, and $200,000 for technical assistance to approximately 500 facilities by experts in all phases of rehabilitation center and workshop operations.

I might make a special comment on the technical assistance. We found in many of these workshops which have been built throughout the years——

Mr. FLOOD. Off the record.

(Discussion held off the record.)

Mr. HUNT. Having money for technical assistance to select people from various parts of the country who are skilled in going in to show workshop managers and facilities people how they can correct certain situations. It is cheap and it has certainly paid dividends.

A number of these workshops need good records, for instance.

Mr. FLOOD. The general public has become very strong for this program in the last few years.

MULTIYEAR AVAILABILITY OF FUNDS

Take a look at page 129 of your justifications. You are requesting appropriation language providing for the funds to remain available for 3 years, and in one case I see 4 years. Why so long, Mr. Commissioner? Do you have difficulty obligating your funds?

Mr. HUNT. These are the provisions in the Rehabilitation Act itself.

Mr. FLOOD. I know what the provisions are, but do you have trouble?

Mr. LAVAN. No, sir; we do not have any trouble.

Mr. FLOOD. Why 3 and 4 years, then? There is a 4-year case here.

Mr. LAVAN. The Congress wished to give special consideration to projects containing construction elements requiring longer periods of time for developing and consummating specific project activities.

Mr. HUNT. It takes that long many times to pick up from the time the obligation is first made or the plan is first made for the construction and the time we finally get the thing completed.

They go into a planning stage and then they progress.

Dr. Barnes is in charge of the facilities section. He has to live with this.

Mr. FLOOD. I am talking about obligation, not expenditure. There is quite a difference.

Dr. BARNES. The need for these facilities is substantially greater than we requested in any particular year. We have no trouble, as Mr. Lavan mentioned, obligating the funds. We already have something like $180 million known needs among the States, but it takes in the planning stage about a year for an architect to design the plans and then it takes another 3 to 4 months to get it under contract and a year and a half or thereabouts on any of the large rehabilitation centers.

Mr. FLOOD. It is a rather long period of time.

FINANCIAL RETURN FROM REHABILITATION PROGRAM

You have been coming up here for some time. You certainly are not new. You used to talk a lot about the financial return of this program. Quite a thing was made of this. All of a sudden you stopped doing that. You have said nothing today.

What do you calculate the return is? You used to make quite a speech about this.

Mr. HUNT. Mr. Fogarty always made that speech, too. He said it paid 10 to 1. Then it worked its way down. It is about 6 to 1 now because of the changes in the price structure, changes in average salaries, and so forth.

I did mention in my opening statement, however, the $400 million-plus earnings.

Mr. FLOOD. But you are not beating your breast as you did for some time.

Mr. HUNT. Maybe I have mellowed on that.

Mr. FLOOD. I wish you would place a statement on this in the record.

(The statement follows:)

COST BENEFIT ANALYSIS OF VOCATIONAL REHABILITATION

One of the most important ways in which disabled persons benefit from rehabilitation services is in terms of increased earnings.

RSA has projected this increase over the expected working lifetimes of more than 200,000 persons whose cases were closed by State VR agencies during fiscal year 1966.

As a result of this study, it is estimated that every dollar expended on vocational rehabilitation services produces a lifetime increase in earnings or value of work activity to the client of $35, excluding collateral benefits that may accrue to the individual, his family, the community or the economy at large.

Source: "An Exploratory Cost-Benefits Analysis of Vocational Rehabilitation." Rehabilitation Services Administration (formerly Vocational Rehabilitation Administration) August 1967.

EFFECT ON WELFARE ROLLS

Mr. FLOOD. Do you have any figures to show the number removed from the welfare rolls?

Mr. HUNT. Yes; we have that. In the year near closing it will be almost 30,000.

I think Miss Switzer mentioned yesterday the letters she sent to the Welfare and Rehabilitation Directors and her own regional commissioners announcing a special campaign to see to what extent we can work this number up.

Mr. FLOOD. Put some more detail on this in the record.

(The information requested follows:)

REHABILITATION OF PUBLIC ASSISTANCE CLIENTS

The number of disabled public assistance clients rehabilitated by State vocational agencies, a major concern of the Rehabilitation Services Administration and the Social and Rehabilitation Service, has been rising over the years. The number of public assistance recipients rehabilitated in 1968 was approximately 26,000 persons.

We firmly believe that intensified, coordinated effort on the part of the State public welfare and the State vocational rehabilitation agencies in each State applying available knowledge and resources, will yield very good results in increasing the removal of disabled public assistance recipients from the rolls and reduction of assistance payments for some who must continue on public assistance.

We have issued to the States a call for joint action to raise the level of the nationwide achievement through concerted planning and effort. Regional staff of the Social and Rehabilitation Service are now working with both the State Welfare and Rehabilitation agencies in each State to assist in this effort. Guidelines have been issued to assure direction of efforts to such operations as prereferral identification of any disabled person who may be considered for referral to the WIN-Work incentive program and provision of appropriate services for them. These and other supportive measures are dirtced to giving the States every possible assistance and encouragement to increase significantly the rehabilitation of disabled public assistance recipients.

REHABILITATION OF ALCOHOLICS

Mr. FLOOD. What progress are you making with rehabilitation of alcoholics? Everybody is concerned—television shows, news media, all of the churches. This and narcotics are in the limelight. Let us take the alcoholic first.

Mr. HUNT. The progress being made now is beyond some of our expectations.

Mr. FLOOD. What about the halfway houses?

Mr. HUNT. Halfway houses. Iowa, for example, has an outstanding alcoholic rehabilitation program.

Mr. FLOOD. Is that so, Mr. Smith?

Mr. SMITH. Yes, but there has been some dissatisfaction with the money available for local work.

Mr. HUNT. On the conduct of it?

Mr. SMITH. Not on the conduct of that but on the idea, at least, that it took money that was needed for the local projects. In other words the State project did not leave as much money for the local projects as they wanted.

Mr. FLOOD. Are you aware of this?

Mr. HUNT. No, I am not personally.

Mr. FLOOD. You mentioned Iowa and Mr. Smith is unhappy. What about it?

Mr. SMITH. I would not really say I am unhappy. When there is a ceiling on funds, then there is disagreement on how much should be spent at the local level or the State level.

Mr. HUNT. Did this happen in this present fiscal year as a result of the tightening of funds?

Mr. SMITH. No, there never was enough money for both.

Miss SWITZER. This started out as a State's program, did it not?

Mr. SMITH. Yes.

Miss SWITZER. Then attempted to bring it down to a local level.

Mr. SMITH. Iowa was the first one to have a State level program, but that absorbed the money, you see. Therefore some local groups felt they needed more of the money.

Mr. HUNT. Of course, this is the story. We hope it is a correct one. This was the story we printed in the Rehabilitation Record in August of 1968, "Iowa Attacks Alcoholism."

Mr. FLOOD. Did you not have a leading public figure in your State who was concerned with this?

Mr. SMITH. Yes, he is a Senator now. He was very much concerned.

Mr. FLOOD. The former Governor.

I saw in the Post or in the Star during the past week where he was going to address a local organization, AA. This is very commendable.

Mr. SMITH. There is certainly no substitute for people working with people in this kind of a program. Just having a big State office solves nothing. You have to have some people locally working with the individual on an individual basis.

Mr. HUNT. You have to have a clinical setting.

Just speaking of numbers now, Mr. Chairman, in 1968——

Mr. FLOOD. I want to hear about the progress.

Mr. HUNT. We rehabilitated 4,500 cases. In 1969 we are running another thousand, up to 5,500. Our prediction for 1970 is about 7,400.

I had been much impressed with individual alcoholics I have met who have been rehabilitated.

We had a man on one of our NBC shows from Utah. He came from a very good family but lost everything including his family and finally ended up, they thought, dead in a hospital in Salt Lake City. He was a CPA, having come from a banking family.

He tells the story in the show, "Alcohol." There was an intern at the hospital there who said to the police, "Take him out of here. You know this is not the place. This is a hospital. The man is dead."

A resident physician overheard this and came down and said, "He seems to be dead but we have to find out whether he is or not." Today this "dead" man is running a big credit agency. He is 50 years of age.

He was apparently so far gone that he lost his family and everything and he had to fight his way back, but he did it through the help of an understanding counselor and social worker attached to the clinic. He was guided back into his present happy situation.

Mrs. REID. Do you coordinate with Alcoholics Anonymous?

Mr. HUNT. Yes, and locally in the rehabilitation of alcoholics. We cooperate closely with them.

Miss SWITZER. The counselors who have been most successful in helping alcoholics come back have been themselves alcoholics and oftentimes they are members of Alcoholics Anonymous.

I saw a report the other day from Arkansas which told the story of what they have there and how they always give their alcoholic cases to a counselor who has been through the mill.

I think I mentioned this in connection with the program for correctional rehabilitation and the importance of this.

FEMALE ALCOHOLIC ADDICTION

Mr. FLOOD. The most startling thing we have heard here in the last several years is the increased incidence of female alcoholics.

Miss SWITZER. Yes, this is very true.

Mr. FLOOD. Especially the suburban 40-50-year-old wives.

Mr. HUNT. The lonely suburban wife married to the successful businessman.

Miss SWITZER. It is a very tragic development.

Mr. FLOOD. Are you putting a rifle on that? You know about it now.

Miss SWITZER. That is not one of my major concerns. It is somebody else's business.

Mr. FLOOD. We have been hearing about this for 5 years.

Miss SWITZER. The only way I deal with this is in my local work at home where we have a very good alcoholics clinic at the board of health.

Mr. FLOOD. I meant in your official capacity.

Miss SWITZER. I have not taken any special view of this up to now. Perhaps I should.

Mr. FLOOD. We have been badly shook in the last 4 or 5 years about this matter of the lonely, middle-aged suburban housewife turning to alcohol. We understand it is very bad.

Miss SWITZER. I think one of the best ways to get at this problem, at least we found this to be true in Virginia, is to get at it through the health department and through the mental health clinics because these

women by and large, and we are speaking now of the suburban housewife——

Mr. FLOOD. It is a really big problem.

Miss SWITZER. This is where the big problem is actually. I think these are not people who are, generally speaking, beneficiaries of any of the programs we are discussing. They are not eligible for various of these services, but they would be very much involved in health services.

It seems to me that the responsibility of the Public Health Department and the Public Health Service——

Mr. FLOOD. You mean local?

Miss SWITZER. Local, State, and National.

Mr. FLOOD. I am talking National.

Miss SWITZER. I think it is the responsibility of the Public Health Service to design ways in which general public health funds can be used to help in this very critical area.

Mr. FLOOD. Are you the right guy?

Mr. HUNT. I think so and I am highly interested.

Miss SWITZER. One guy but not the only one.

Mr. FLOOD. Well, you are here.

Mr. SMITH. Alcoholics Anonymous fits this group prefectly, too.

Miss SWITZER. Yes; they do.

Mr. SMITH. Many have gotten this way from social drinking, and so forth. If a group of them can drink coffee together——

Mrs. REID. It is difficult to identify these people because they do not want to admit they are alcoholics.

Mr. HUNT. The drinking surburban wife will not submit herself. She is living in a good community, living in a good home, has income, and she will not submit herself to a public agency saying she is an alcoholic. The others are easier to find and they are brought in by all kinds of welfare and health agencies as Miss Switzer pointed out.

However, the interest is high and we shall make a special——

Mr. FLOOD. I raised the question and you admit there is this problem. There are others interested by you are here.

Miss SWITZER. Put this question to the Public Health people, also.

Mr. FLOOD. We have done that before. I happen to think of him now. What do you have in mind?

Mr. HUNT. I must be frank that I did not have in mind any special program——

Mr. FLOOD. Why not?

Mr. HUNT. Because I have not had these special kinds of cases.

Mr. FLOOD. It is 20 minutes after 12 and you have been notified now.

Mr. HUNT. We are committed to a total program to rehabilitate every alcoholic we can find.

Mr. FLOOD. But you have no program for this special problem.

Mr. HUNT. Not that special problem; no.

Mr. FLOOD. Obviously it is a problem. You cannot brush it under the rug.

Mr. HUNT. That is right.

Mr. FLOOD. This is a serious problem in this country and it is quite widespread. We do not propose to have you gloss over it.

Mr. HUNT. I will not, Mr. Chairman. I would not want to give that

impression at all. I have seen too many of my friends who are in this shape.

Mr. FLOOD. So have I.

Mr. HUNT. And I do not want that to happen.

All I said was, and it was a truthful answer, that I have not designed a special program for that kind of alcoholic.

Mr. FLOOD. I am sure you can.

REHABILITATION OF THE MENTALLY RETARDED

Regarding the mentally retarded, any special report or any special progress?

Mr. HUNT. Yes, in the regular rehabilitation program we have made tremendous progress w th this group.

Mr. FLOOD. I am not speaking of the mentally ill but the mentally retarded.

Mr. HUNT. Yes; in 1968 we had 19,000 of them who were actually placed into employment.

Mr. FLOOD. That is very good, is it not?

Mr. HUNT. Indeed, and we are going up further. Before this year is over it will be 25,700.

Of course, these are the more mildly retarded cases. Most mentally retarded are, thank God, mildly retarded.

When we have our hearing on the mental retardation appropriation Dr. Jaslow will have many more things to say.

However, this particular rise of even 19,000 goes back just a few years when it was only 200 or 300 and even zero. This has been one of the very great successes in rehabilitation.

(The following supplementary statement was submitted:)

EMPLOYMENT OPPORTUNITIES FOR THE MENTALLY RETARDED

Little more than a decade ago, the number of mentally retarded individuals rehabilitated through the State-Federal program of vocational rehabilitation was counted in the hundreds. Today, they comprise 10 percent of the rehabilitants from all categories of disability, with 19,100 retardates rehabilitated in fiscal year 1968, and 25,700 projected for fiscal year 1969. With this tremendous expansion has come a greatly increased public awareness of the retardate's potential for a satisfactory vocational adjustment, and a concomitant willingness on the part of employers to hire him.

State rehabilitation agencies have found three basic approaches particularly helpful in preparing the retarded for gainful employment: (1) the training and utilization of specialized counselors who work exclusively with a mentally retarded clientele: (2) the development of cooperative vocational rehabilitation-special education programs designed to assist the youthful retardate in making the transition from school to work; and (3) the establishment of special facilities for serving the retarded, such as occupational training centers and workshops.

The Federal Government, itself, has been a leader in opening up job opportunities for the retarded. In the past few years since its inception, the special program for Federal employment of the retarded has succeeded in placing some 6,000 retardates in more than 60 different occupations across the country. State and local governments have followed this example, modifying merit system requirements as necessary, to take advantage of this new-found manpower resource.

Today, the retarded are accepted by private industry in a broad spectrum of jobs, and, although most retarded workers are in service jobs or are performing unskilled labor, many are in clerical or sales positions, agricultural, and semi-skilled positions. The retarded have proven themselves capable of perfroming many tasks which were previously felt to be too difficult for them. Retarded men and women are, for example, currently employed as office machine opera-

tors, mail clerks, food service helpers, gas station attendants, warehousemen, messengers, and laundry workers.

To reward employer acceptance of the retarded, the National Association for Retarded Children has, since 1964, made an Employer of the Year Award to the firm or Government agency contributing most to the hiring of the retarded. In previous years, the award has been made to the W. T. Grant Co., Hutzler Bros. Department Store (Maryland), the Iona Manufacturing Co., (Connecticut), and the Chicago post office. Giving national recognition to employers who hire the mentally retarded has focused public attention on the fact that the retarded can, with proper preparation, perform successfully in competitive employment.

REHABILITATION OF THE MENTALLY ILL

Mr. FLOOD. As distinguished from the mentally retarded what is the program for the mentaly ill?

Mr. HUNT. We have placed units in 20, 25, or 30 mental institutions in the country.

Mr. FLOOD. I have never seen anything in the last 10 years which has swept this country from the crossroads to the Bronx as has this interest in the mentally ill. The public now is so aware and so concerned and so alert to the problem.

Mr. HUNT. The volunteers have strong feelings about it.

Miss SWITZER. It shows what can be done.

Mr. HUNT. We put counselors in the mental institutions. This was not true 10 or 12 years ago. Superintendents of mental institutions at that time would let nobody in. They felt nothing could be done about rehabilitating mentally ill people.

Mr. FLOOD. And your institutional population is going down and down?

Mr. HUNT. That is right. We are moving them out, some to halfway houses, and then into their communities.

Mr. FLOOD. You no longer take them upstairs and tie them to an old bed with a rope?

Mr. HUNT. Not at all.

Mrs. REID. Do you use the Montessori method of treating mental retardation?

Mr. HUNT. I cannot speak on that. Dr. Jaslow may be able to.

Miss SWITZER. All kinds of methods are used.

Mr. HUNT. Mental illness in 1968 showed 38,500 cases. That was 18½ percent of all our rehabilitations. It is increasing this year to 45,300.

We hope to cross the 20-percent mark, 20 percent of the total rehabilitations, in 1970.

Mr. FLOOD. This is good?

Mr. HUNT. Excellent, we believe.

NARCOTIC ADDICTION

Mr. FLOOD. By the way, you surprised me in your statement. You said nothing at all about narcotic addiction. Why did you hide that one?

Mr. HUNT. I don't think it was hidden.

Mr. FLOOD. You didn't mention it. This has spread across the whole spectrum.

Mr. HUNT. It has been on my mind all the time. I have a teenager,

you know, and she is in high school, and I live in Virginia, and I know all the stories.

Mr. FLOOD. You are the boss. Do you have any programs? What are your programs on narcotic addiction?

Mr. HUNT. We have special counselors working with drug addicts. We have helped to finance halfway houses for them. We have increased the number of rehabilitations of drug addicts in the last several years in what I consider to be a very good, if not dramatic, fashion.

We have people appearing on television discussing this kind of thing. We work with people involved in narcotics.

In the correctional cases you have a lot of drug addicts. We also have a program in rehabilitation throughout the country in this field of corrections.

Mr. FLOOD. We shall resume at 2 o'clock and continue on the subject of narcotics.

AFTERNOON SESSION

Mr. FLOOD. Mr. Commissioner, I feel dutybound to beat you over the head about this narcotic business. I cannot understand why in your statement you failed to mention narcotics because from what we read and from what we hear, this has gone far beyond the realm of reason or understanding for people of my generation.

We have had testimony here about the use of drugs in the secondary schools, and then just about the time that we were beginning to appreciate that it was a desperate problem in the secondary schools, we hear it is in what we call the grade schools.

Mr. HUNT. Right.

Mr. FLOOD. Of course this knocks the breath out of our body. I would think you would make much more of a point out of it than you have.

Mr. HUNT. May I respond this way. My personal interest is tremendous. As I mentioned earlier this morning, I have a son coming out of college, and a teenager going into third year of high school.

Mr. FLOOD. What about the eighth and ninth grades?

Mr. HUNT. It is showing in the sixth and seventh, it is showing in children 8 years of age. There are all kinds of stories as to where it comes from, but nobody seems to be able to run the stuff and the pushers down.

I was told by a good person the other day that there are deliveries from Georgetown everyday. I do not mean the university, but the Georgetown area of Washington. The stuff is delivered regularly like milk in the morning to the schools, both in Maryland and in Virginia. This is on the mind of all of the parents in these communities.

Mr. FLOOD. In the eighth and ninth grade?

Mr. HUNT. And below that.

Mr. FLOOD. What about your program? You never even mentioned this in your statement.

Mr. HUNT. We had a longer statement and I am sure it was mentioned along with the other disability groups. It was cut down to make it brief and something happened to the drugs part. It is on our mind all the time. It is a very important part of our program. It is discussed constantly in our office and amongst State directors.

I am sorry about the fact it was not in the statement.

Mr. FLOOD. It should have been.

Mr. HUNT. I agree with you

Mr. FLOOD. We are very alarmed.

Mr. HUNT. It does not represent our lack of alarm nor Miss Switzer's.

For example, while we were at lunch I found in my papers a piece that appeared in the Washington Post recently. "Suburbs Act to Curb the Drug Problem." This paragraph is very, very serious, it is ironic. It is by a good staff writer:

> For the past couple of years the drug issue in the Washington suburbs has been like the weather, everybody talking but nobody doing anything, and now everybody is at work in this great activity.

Mr. FLOOD. What I am concerned about with you—what are your programs for addiction regardless of age, class, and what not?

Mr. HUNT. One of the important things we did about 3 years ago in February 1966, was the sponsoring of probably one of the first of national conferences concerning the rehabilitation of the narcotic addict. We brought from all over the country the best people we could find.

We also invited to the conference in Fort Worth about 60 or 75 knowledgeable persons, those working down in the programs of rehabilitation of drug cases, special counselors, psychiatrists, psychologists, some directors of rehabilitation, in order to——

Mr. FLOOD. What is your opinion about the moral philosophy of using a drug to counteract a drug?

Mr. HUNT. Like methadone?

Mr. FLOOD. Yes.

Mr. HUNT. My own view is the other thing, heroin for example, is so destructive. I personally would want to have whatever was available, methadone or other medication to start a phase of withdrawing the addict from the more serious narcotic. This is very controversial, as you know.

I think it is morally sound to me. There are people who say it is not. I think it is. Because if there is no way known, no science of taking a serious drug addict away from his addiction except with the use of a medicine that can become in a lighter form, also habit forming——

Mr. FLOOD. What is methadone. A chemical composition?

Mr. HUNT. Yes.

Dr. BRINKLEY. It is a synthetic drug which is similar to morphine, but does not have the mind-affecting effect.

Mr. FLOOD. Is it addictive?

Dr. BRINKLEY. One is addicted to it, but not in the way that it distorts the mind. In other words, you are physiologically conditioned so if you went off methadone you would have quite a severe——

Mr. FLOOD. It would not produce any aberrations?

Dr. BRINKLEY. Apparently not. A reasonably normal behavior.

Mr. FLOOD. What do you think about it?

Dr. BRINKLEY. I think the experiments going on in Europe now for over 5 years have been accepted by the majority of the medical profession.

Mr. FLOOD. Are you a doctor of medicine?

Dr. BRINKLEY. Yes, sir. I am Mr. Hunt's chief medical consultant.

Mr. FLOOD. Did you ever administer it?

Dr. BRINKLEY. No.

Mr. FLOOD. Do you have a specialty?

Dr. BRINKLEY. I am the public health type—an internist.

Mr. FLOOD. Go ahead, you had better make a record on this.

Mr. HUNT. The number of rehabilitations that have come out of this program, which has not been in existence very long, are not great. If we think of big numbers——

Mr. FLOOD. You are the Commissioner. I want to know about your programs on the treatment of confirmed narcotic addicts, regardless of age.

Mr. HUNT. We get the addicts when they are released from the in-hospital programs and we have relationships in cooperation with the Department of Mental Hygiene that get a number of these cases for us. When they are off the drug, we take them over and give them after care.

Mr. FLOOD. What does that mean?

Mr. HUNT. Counseling, specialized kinds of counseling to help them with the psychological problem they face, the tendency to go back. We train them, send them to school and keep them under psychiatric care until we think they are in fairly safe shape. But we have not done thousands of them.

Mr. FLOOD. Why not?

Mr. HUNT. They are very, very difficult. And the program has not been of long standing.

Mr. FLOOD. Why not?

Mr. HUNT. I think this is the case with all the programs. I think this is true in the health program. I do not think there have been programs for drug addiction that have extended over a long period of years back. We had the Lexington Hospital and Forth Worth.

Mr. FLOOD. You are not very proud of those, are you?

Mr. HUNT. I cannot speak for them because they are not subject to my direction. They were the places. So there have not been drug addiction rehabilitation programs I am familiar with that go back very far. It is only recently, that Dr. Yolles began a new program under a new law, a narcotic addict rehabilitation program. That program is only beginning to go.

But we have put funds in halfway houses, we have a program——

Mr. FLOOD. What is a halfway house?

Mr. HUNT. It is a residence where drug addicts and some mental cases and others can live under what purports to be normal living conditions before they return from their institutional life back into the community. It is a phasing-out process. I think drug addiction is worse than alcoholism.

Mr. FLOOD. There is no doubt about that.

Mr. HUNT. We spent money to extend a place in New York called Exodus House, which has done wonderful work with drug addiction. I have met some of these addicts. I have talked to the people there. The New York agency has about 300 or 400 cases there now out of New York City. That does not sound like a large quantity, but it is.

Mr. FLOOD. You can be sure the members here are deeply disturbed and alarmed and shocked about this narcotics thing.

Are you aware how upset we are?

Mr. HUNT. Yes, I am.

(The following supplementary statement was submitted:)

Probably no disability area presents a greater challenge to the rehabilitation worker than narcotic addiction. Because the addict is comfortable with his deeply ingrained pattern of addiction and generally disinterested in attempts at self improvement, his lack of motivation constitutes a basic barrier to rehabilitation which must be overcome through patient, time-consuming efforts to help him unlearn old behavioral patterns and acquire new, positive attitudes and values. While some State rehabilitation agencies have been attempting to serve the addict for the past 25 years, progress has been slow, even tortuous with quantifiable results in terms of rehabilitations minimal.

Various grant authorities of the Rehabilitation Services Administration have been used to develop special projects to expand services for the alcoholic. The California Department of Rehabilitation, for example, has a grant to develop a rehabilitation program for addicts at the California Rehabilitation Center, a State correctional facility, and to provide a continuity of services when the addicts are released to their homes in Los Angeles. Another special project in California has brought about a cooperative arrangement between the State rehabilitation agency and Synanon, Inc., for the provision of rehabilitation services within the Synanon setting, and it is expected that some 150 addicts will be helped this year through the project. To our knowledge, this marks the first time that a governmental agency has been permitted to develop a working relationship with Synanon, a voluntary group which has traditionally resisted any participation in its activities by nonmembers of the organization.

Since 1963 the New York State rehabilitation agency has had a steadily expanding program in cooperation with the Department of Mental Hygiene, which affords rehabilitation services at both in-hospital and after-care units for the addict. Now developing is another coordinated program with the State Narcotic Addict Control Commission, which will involve the establishment of special vocational rehabilitation units under the supervision of the New York Division of Vocational Rehabilitation at the numerous treatment centers operated by the commission. The State rehabilitation agency is also engaged in cooperative programing with such facilities for the addict as Exodus House and Phoenix House in New York City, and with more than 25 other public and voluntary community agencies concerned with rehabilitation of the addict.

The Rehabilitation Services Administration is collaborating closely with the National Institute of Mental Health's Division of Narcotic Addiction and Drug Abuse in the development of community programs for rehabilitation of the addict. The Narcotic Addict Rehabilitation Branch in that Division has, under the authority contained in the Narcotic Addict Rehabilitation Act of 1966, contracted with 83 community agencies across the country to provide comprehensive care for court-referred addicts on their return from the Public Health Service hospitals at Fort Worth and Lexington. State vocational rehabilitation agencies are playing a vital and ever-expanding role in these programs by providing complementary services such as specialized vocational counseling and training to assist the recovering addict in making a satisfactory job adjustment. These cooperative, inter-agency efforts to provide continuing treatment and supportive follow-up in the community hold strong promise of reducing substantially the high rate of recidivism among court-referred addicts.

WOOD COUNTY, WIS., PROJECT

Mr. FLOOD. What about this Wisconsin project? Mel Laird is not here now, but you know Wood County. What about that? Is that proving successful?

Mr. HUNT. Yes; that was a very wonderful project which we are trying to duplicate in the other parts of the United States. This is the saturation project which determines what the needs are and what community services can be brought to bear on the problems of the disabled.

Mr. FLOOD. Will you give us a memorandum of a few paragraphs about its status?

Mr. HUNT. Yes.

(The information follows:)

DESCRIPTION OF WOOD COUNTY, WIS. PROJECT

A most interesting project for the rural poor has been conducted in Wood County, Wis., as a demonstration of results of saturating an entire county with vocational rehabilitation services and comparing it with counties receiving no such services. This was begun in 1965 and is nearing termination. The study population of the Wood County project included all individuals traditionally eligible as well as the socially and culturally disadvantaged.

It was found that reaching all eligible individuals did not lead to inclusion of cases more difficult to rehabilitate, as had been expected. Culturally disadvantaged persons were somewhat more feasible for services than handicapped individuals of other types and required no more counseling time. In fact, cost-benefit studies showed that the cost of rehabilitation of the culturally disadvantaged was considerably less than for other handicaps.

It is expected that the Wood County project can serve as a model for projects in other rural areas, especially those with a large concentration of welfare clients. Some of the methods could also be used in saturation studies of urban neighborhoods. Such an approach may constitute a breakthrough in the effort to broaden services to the poor.

KIDNEY DIALYSIS CENTERS

Mr. FLOOD. What are the regulations with regard to use of funds for hemodialysis of patients with kidney disease? Are you handcuffed?

Mr. HUNT. No; no. We are handcuffed by money but not by regulation or law. They are very costly cases. Dr. Brinkley, for example, has done quite a lot of that work.

Mr. FLOOD. Go ahead, Doctor.

Dr. BRINKLEY. Yes.

Mr. FLOOD. We know you need money. What about the use of these funds?

Dr. BRINKLEY. In the past 2 years our States have increasingly involved themselves in chronic hemodialysis programs and now approximately 28 States have had some experience in this field.

Mr. FLOOD. It is really expensive, is it not?

Dr. BRINKLEY. It really is. It runs, roughly, $10,000 a year per case for the first year, and then down about $5,000 a year thereafter.

Mr. FLOOD. What are we going to do about that?

Dr. BRINKLEY. There have been two studies on this and there is another study going on now by the Arthur D. Little Co. of Boston.

Mr. FLOOD. Are they paying for the study?

Dr. BRINKLEY. The Public Health Service is paying for it. I think we have to consider all possibilities, including the Blues, major medical insurance, Medicaid, and the vocational rehabilitation program.

Mr. FLOOD. What do you mean by "Blues"?

Dr. BRINKLEY. Blue Cross and Blue Shield. In the past period, our program has sponsored some 500 cases throughout the country.

Mr. FLOOD. This is no trick or stunt?

Dr. BRINKLEY. No, sir. More than 80 percent of these people are back at work and living a reasonably normal life. In other words, 3 nights a week, 2 to 3 nights a week they have to be hooked up to a washing machine, they call it sometimes.

Mr. FLOOD. What about the mental attitude?

Dr. BRINKLEY. They look into this pretty carefully in selecting the people; the selection process aims at picking people who will be glad they are alive.

Mr. FLOOD. Did you ever work on a patient yourself?

Dr. BRINKLEY. No, I have not, personally. I have talked with the personnel that have.

Mr. FLOOD. Of course, that is not your business.

Dr. BRINKLEY. No.

Mr. FLOOD. The cost is appalling.

Mr. HUNT. Yes; it is. The problem in taking care of these cases is there comes a time when by law we have to close a case. We cannot help them open forever because we are not in that kind of business. Unfortunately, nobody else is really doing much about them.

Dr. BRINKLEY. Medicaid in some States is paying for both the dialysis and transplant.

Mr. FLOOD. Pretty brutal to start them out and then say "Sorry, Mac, we have to quit."

Mr. HUNT. I got a call the other day from Seattle which has a Dialysis Center. They were fearful that several people would die unless someone found the money. We managed to get funding together to do it, but you cannot continuously run a show on that basis.

Mr. FLOOD. Where are we going to go?

Mr. HUNT. My own view is there ought to be special legislation for these cases.

Mr. FLOOD. To do what?

Mr. HUNT. To take care of this kind of case.

Mr. FLOOD. Just mere dollars or how?

Mr. HUNT. Of course you need research to develop less costly machines.

Mr. FLOOD. Miniaturization and so on?

Mr. HUNT. That is right.

Mr. FLOOD. That would be NIH.

Mr. HUNT. Yes. There is going to be a demonstration here on the Senate side of the Capitol Building on Wednesday or Thursday of one of these machines.

Mr. FLOOD. That is right.

Mr. CARDWELL. We were talking about a matter of public policy and public policy has only provided for experimentation and demonstration.

Mr. FLOOD. It is a good statement.

Mr. CARDWELL. We have not decided as a society that we want to use taxpayers' dollars to take care of all of these patients if we could. We are barely touching the surface.

Mr. FLOOD. That is a very important statement.

Dr. BRINKLEY. There are thought to be about 30,000 people die each year because of kidney failure and of that group it is estimated that approximately 10,000 persons a year would be suitable candidates for hemodialysis and by that we mean people who would live what was in their own mind and the mind of their family a reasonably satisfactory life.

Mr. FLOOD. I think Mr. Cardwell put his finger on the Achilles heel of this thing. What is the public policy?

SPINAL CORD INJURIES

Now Mr. Michel, you probably want to take this. I was going to ask about spinal cord injuries.

Mr. MICHEL. Earlier I had brought up the matter with the Secretary as a result of a communication I received from Dr. Busey out at Northwestern University, who suggested a couple of pilot projects or centers that would take care of maybe 50 patients each. Obviously, if this worked out well we would need more later on. He would like to see us get started on at least one or two projects.

We also note, in response to a question, Miss Switzer told us what the folks are doing in Arizona, and apparently very competent people.

What do we have in this budget for spinal cord injury cases?

Dr. BRINKLEY. I believe I am correct in saying that the approach that SRS has adopted is that our work would be under the research and demonstration and research facilities, under our research and training centers. We would suggest that these centers be considered as a bull's-eye for setting up spinal cord injury centers.

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

Dr. BRINKLEY. Five years.

Last year there were some 886 persons who had spinal cord injury treated at these research and training centers; 886 paraplegia and quadraplegia.

Mr. FLOOD. Do you include the VA cases?

Dr. BRINKLEY. No, sir, these are all civilians.

In addition to that, the State program in Virginia as an example has the Woodrow Wilson Rehabilitation Center.

In the past 3 years they have served 193 cord injury patients. Most of these patients are sent there after a period of 6 to 8 months of other care. They find that the quicker they get the patient the better they are able to handle them.

Mr. FLOOD. Are automobile accidents the cause of a high percentage of them?

Dr. BRINKLEY. Forty-eight percent of these cases were caused by automobile accidents; 18 percent by injuries; and gunshot wounds accounted for 14 percent. If they got the cases quickly after the accident, some 20 percent developed complications. If they had to wait six months or so, 80 percent developed major complications, such as decubiti, ulcers of the skin, which eat away over the bones and they have a foul smelling ulceration, particularly near the hip joint.

Mr. FLOOD. Are these conditions progressively worse without exception.

Dr. BRINKLEY. Not if properly managed. If they are properly managed, you have reached bottom and from then on you learn how to get along with what you have left in the way of ability. We have working in our office three or four people with paraplegia doing a beautiful job every day. They are some of the most valued employees. They need training as to how to manage paralysis from the waist down and how to protect themselves from kidney infection, which is the greatest

killer and how to manipulate things like public transportation, flying, all of the things that one must do, how to go about doing that.

Mr. MICHEL. Would you say we are making headway or falling behind?

Dr. BRINKLEY. This is not a reportable condition, so it is anybody's guess as to how many new cases there are every year. I am afraid we are not making headway.

In other words, the automobile accidents and others types of home injuries are not decreasing. Football injuries, skiing accidents. We live in a very violent world.

Mr. HUNT. Trampolines. I have had my daughter excused from going on those. We get broken backs from them.

Mr. FLOOD. It is not the exercise; they hit the iron.

Mr. HUNT. It is not the exercise; the exercise is good for them.

Mr. MICHEL. I am sorry to hear that about the trampolines.

Mr. HUNT. Everyone is, because they are very good.

Mr. MICHEL. At the University of Illinois, the folks down there perform on occasion. They are very entertaining and interesting. I did not realize this.

Mr. HUNT. I am afraid my teenager is on them, but I tried arranging for her not to be.

Mr. FLOOD. A girl?

Mr. HUNT. Yes. She used to go with her friend, when younger, over to the Marine barracks where they had access to the gymnastic equipment. Diving also causes broken backs. Also the suicide seat in the front of an automobile, usually the girl on the right side who does not use the seat belt.

Mr. FLOOD. In diving, what happens?

Mr. HUNT. Hitting the bottom of the pool frequently.

Dr. BRINKLEY. Some of the motels have rather shallow pools.

Mr. FLOOD. I have hit the board and it is tough.

Mr. MICHEL. Comparatively speaking, for this type of spinal cord injury rehabilitation, what did we spend in 1969 and what is budgeted for 1970?

Dr. BRINKLEY. I would have to put those figures in the record.

Mr. HUNT. You are referring to spinal cord center or spinal cord injuries?

Mr. MICHEL. Put it two ways. What are we doing. If we are not doing enough, what we ought to be doing.

Can we have comparative figures as to what we did in 1969 and what we are thinking of spending in 1970? Further than that, if you want, what has been done if anything to establish a spinal cord injury center?

Dr. BRINKLEY. One of the convictions some of us have who have been studying the problem, it is not a one-department problem. It covers the Department of Transportation, for example, HUD, Department of Commerce, Small Business, Department of Education, a whole lot of these activities.

(The information follows:)

SPINAL CORD INJURY PROGRAM

It is estimated that more than 8,000 clients with spinal cord injuries were served under the vocational rehabilitation program in 1968.

Opportunities to evaluate persons with spinal cord injuries for a period up to 18 months to determine their potential for vocational rehabilitation (established by the 1965 Vocational Rehabilitation Act) has permitted agencies to more adequately serve persons with these handicaps.

Under section 3 and 4(a)(2)(A), States have developed projects to more adequately serve spinal cord injury clients at medical and vocational rehabilitation centers.

A notable example of a vocational rehabilitation center serving spinal cord injury clients is the Woodrow Wilson Rehabilitation Center at Fishersville, Va. This center provides vocational training together with medical maintenance and conditioning to approximately 200 spinal cord injury clients a year. The cost per case at this center is $5,773. The average stay for paraplegia clients is 12 months, for quadriplegic clients 24 months. The charges are $20 for infirmary cases, $14 for clients receiving active restoration services while living in dormitories and $10 for dormitory living while undertaking vocational training. They find that spinal cord injury was caused by automobile accidents in 48 percent of those served, industrial accidents in 18 percent, gunshot wounds, 14 percent. In 1968, this center received $235,535 in Federal funds matched by $26,170 in State funds to strengthen this program.

A notable example of a medical center program for the rehabilitation of spinal cord injury patients is the Rancho Los Amigos Hospital in Downey, Calif. This center has a 75-bed unit for spinal cord injuries. Paraplegic patients stay an average of 100 days, quadriplegic patients an average of 185 days. During the past 3 years, over 300 new patients have been served. The cost per day is now $87. In 1968 this center received $225,000 in Federal funds matched by $75,000 in State funds to strengthen this program.

Research and training centers (11 of them are an integral part of medical centers) served 886 patients with spinal cord injuries.

At the Texas Institute for Rehabilitation and Research (Houston, Tex.), a study of costs of service for quadriplegic patients which was based on 219 patients showed that the average cost per admission was $9,404 (the highest $50,325). Although State programs assisted 50 percent of these patients, they were able to pay for only 13 percent of the cost of serving this group. It was necessary to seek help from a variety of resources. The number of sources of funds per patient averaged 26.

At the Institute of Rehabilitation Medicine in New York City, a followup study covering 143 quadriplegics discharged from the institute between 1962 and 1967 showed that of the 131 persons contacted, 34 percent were in competitive employment, 2 percent homemakers, and 47 percent in school. Of those employed, all but two were in occupations requiring intellectual skills, and up to 80 percent of the quadriplegics who had completed a college program would eventually enter into employment.

During 1968, RSA has helped support three professional meetings concerned with spinal cord injury. A meeting at Rancho Los Amigos attended by outstanding specialists in this field will have its proceedings published and widely distributed.

Continuing efforts are being undertaken by SRS to bring together the various forces concerned with the less than optimum care of spinal cord injury patients to develop a coordinated approach so that optimum care will become available when needed at accessible facilities.

HEART, CANCER, AND STROKE

Mr. FLOOD. Mr. Hunt, how about heart, cancer, and stroke insofar as your shop is concerned. What is your relationship to the original heart, cancer, and stroke program? I know, as the doctor said, a number of agencies are in this but what about you?

Mr. HUNT. Even before the program was in existence, we rehabilitated heart cases. Those cases were referred to us by doctors. They were under treatment. We had a diagnosis on them and gave them specialist examinations as needed. This included the cardiologist's judgment as to how much strain the person could stand, what kind of work he could do, and so on.

Mr. FLOOD. How do you reach the public? You are the Commissioner. What is your participation in the heart, cancer, and stroke program. How do you get to Wilkes-Barre, my hometown?

Mr. HUNT. I think we depend upon the Pennsylvania program to get to Wilkes-Barre. The Pennsylvania program has many, many relationships with the people involved in heart disease, cancer, and stroke.

Mr. FLOOD. That is true of any State?

Mr. HUNT. Right. Some better than others. I think your State is a very good one.

Mr. FLOOD. But you work with the State people?

Mr. HUNT. That is right. They have their own medical staff; they have all kinds of professional people.

Mr. FLOOD. Are you a service agency, do you provide advice or write letters? What do you do?

Mr. HUNT. We make grants and we develop policies and we put on seminars for people in the field, and we generally propagandize that way.

Mr. FLOOD. Do you do it through the news media?

Mr. HUNT. And through the news media, too. Of course, we keep in touch with the news media in the State capitals.

Mr. FLOOD. You said something this morning about an NBC show. Did you finance the show?

Mr. HUNT. We did not pay anything for the shows. The tapes are about to be released by NBC. They put on 10 one-half hour shows in a series called "To Live Again." They have now let us have the tapes in order to have 16-millimeter color film made so we can send the shows to any station for telecast and make them available to the universities and other training institutions.

Mr. FLOOD. You are now an active participant; is that right? You are concerned about this?

Mr. HUNT. Deeply.

Mr. FLOOD. Tell me how you do this.

Mr. HUNT. From Washington we have established good relationships with the people in the Public Health Service working on the stroke problem. We have very good working relationships with the American Heart Association. We have good relationships with the American Cancer Society.

Mr. FLOOD. That is what I mean.

Mr. HUNT. We frequent each other's company, we exchange documents, we put on meetings together so that everybody will know in the heart, stroke, and cancer field what rehabilitation can do. And when I use the word "propaganda" this is the kind of propagandizing we do. We keep things stirred up.

Mr. FLOOD. That is not a bad word.

Mr. HUNT. I think it is a good word. Dr. Brinkley may want to add something on cancer.

Mr. MICHEL. A hypothetical case. I have a stroke or heart attack, either one, and I have a lot of life I thought I was going to live, but I am going to be seriously handicapped now. At my age I would surely get a mental problem, I would think in conjunction with that after the medics have done their chore as best they can. How do you get in the act to see that I get back to work again? Maybe not down here as a Member, but at least something so I do not go to pieces.

Mr. HUNT. First of all, we have relationships with hospitals, we have relationships with doctors, we have relationships with State and county medical societies, we have relationships with universities, we have relationships with this regional program and the people in it. We know what they can do, what we can do. Our counselors are trained in a variety of ways to know what these are.

Mr. FLOOD. What are the counselors?

Mr. HUNT. The rehabilitation counselor is the one that takes charge of the case.

Mr. FLOOD. How do you create him?

Mr. HUNT. The rehabilitation counselor is the principal person working in the State rehabilitation agency that takes the handicapped person's case.

Mrs. REID. How does a person find out about this and know it is available?

Mr. HUNT. We are on the same wave length because the problem is a referral problem, and in his case, his own doctor could refer him. If insurance is involved, the insurance company may refer him. The hospital staff itself may refer him. Sometimes we find them so referred because we have pamphlets of all kinds in all principal places, clinics and hospitals and so on.

Social service people may get involved in the hospital and make a recommendation and bring the case and the problem to us.

Mr. FLOOD. We are talking about heart, cancer, and stroke.

Mr. HUNT. That is right. Then your case would be assigned to a counselor to investigate and make up the necessary information, find out your condition, talk to your doctor, get any re-examinations that are necessary.

Mrs. REID. Anyone can do this?

Mr. HUNT. Yes.

Mrs. REID. I have never heard of anybody who did it.

Mr. MICHEL. We are a little better informed in Peoria because we have what we call the Forest Park Foundation in conjunction with the St. Francis Hospital.

Mr. FLOOD. And particularly because they have you on the subcommittee.

Mr. MICHEL. Some very far-sighted people and forward-looking people, the source of the foundation really, which is a rehabilitation center widely known in Central Illinois. Whenever this happens, it is a well-known fact that the doctors and hospitals are going to refer these people to that particular center. They run the gamut.

Mr. HUNT. What would happen to this case you cite, is that when the counselor got the assignment he would end up in the center arranging for special care, especially in the stroke case. The necessary

work cannot be done in a doctor's office and cannot be done very well in his home, in the beginning, and cannot usually be done in the general hospital, unless there is a special facility there.

In the stroke case you need a physiotherapist, constant attendance, and care and to see what can be done with some prosthetic devices.

Mr. CARDWELL. At the risk of confusing things—I think we still have some confusion—it sems to me if we used Mr. Michel as an exhibit, if he were to have a heart attack, come under medical care from his own physician and other physicians whom his physician might call in, and his physician decided his case was not totally debilitating, he had a potential for self-rehabilitation with the assistance of his own private physician, he would never really come to the attention of the State rehabilitation agency because he would not need that special kind of attention. His mental attitude and his physical capacity being such, his own physician's opinion would be he could resume, if not his old work, some other work, maybe going into business.

In other words, if the prospects are that the individual could help himself without the aid of special rehabilitation counseling or other special services, he would never come to this program.

Mr. FLOOD. Of course that is most desirable.

Mr. CARDWELL. That is right. The regional medical program on the other hand has as its objective the dissemination of the newest and the best approaches to all aspects of treatment and care, including rehabilitation, to your physician. They want him to have the benefit of the new techniques.

Mr. FLOOD. Mr. Cardwell, what happened to my heart, cancer, and stroke program? I had it one day and came back the next year and it disappeared.

Mr. CARDWELL. I have a hard time keeping track of it myself. It is a part of the regional medical program.

Mr. FLOOD. So I must look at the regional medical program?

Mr. CARDWELL. Right. That does not mean the State Rehabilitation Agency does not link with the local program as it might or might not exist at the local level, but it does mean there are two different approaches to the same program, they are coming at it from different directions.

Mr. HUNT. Many cases do not go through the medical regional program. Hopefully, they will eventually.

I just got a little note that the Wilkes-Barre General Hospital has an evaluation unit operated by the Pennsylvania Rehabilitation Service. Out of there would come referrals.

Mr. FLOOD. I know.

REHABILITATIONS BY TYPE OF DISABILITY

Mr. MICHEL. Do we have in the record the numbers of rehabilitated persons?

Mr. HUNT. Orthopedic, amputations——

Mr. FLOOD. Are these in the record?

Mr. HUNT. I usually put them in. That is the statement that includes mental illness, alcoholism, cancer, and so on.

Mr. FLOOD. We must have that in the record.

(The information follows:)

REHABILITATIONS—FISCAL YEAR 1968 [1]

Of the 207,918 individuals rehabilitated in 1968 the following is a tabulation of selected categories of disabilty

Disability:	Number	Disability:	Number
Orthopedic	39,100	Mental illness	38,500
Amputations	10,200	Alcoholism	4,500
Tuberculosis	3,300	Multiple sclerosis	400
Epilepsy	3,300	Cerebral Spastic Infantile Paralysis	1,400
Speech	2,000	Cancer	800
Mental retardation	19,000	Arthritis and Rheumatism	3,500
Cardiac	6,700	PA recipients [2]	26,000
Hearing	12,100	Stroke	1,500
Visual	19,600		

[1] Fiscal year 1968 estimates based on computer tabulation of ⅛ of all rehabilitations.
[2] Estimate based on 5 years' experience (fiscal year 1963–fiscal year 1967).

VOCATIONAL EVALUATION AND WORK ADJUSTMENT

Mr. FLOOD. You are dropping a program called "Vocational evaluation and work adjustment." The so-called Johnson budget had $10 million for it.

Mr. HUNT. That is right.

Mr. FLOOD. Briefly, what is this proposal? By the way, what matching would be required?

Mr. HUNT. Ninety-ten, and it is section 15 of the Vocational Rehabilitation Act of 1968.

Mr. FLOOD. How long is the section?

Mr. HUNT. It is not very long.

Mr. FLOOD. I would suggest you place it at this point in the record because we are concerned about this, as you can see.

Mr. HUNT. Yes.

(The information follows:)

"VOCATIONAL EVALUATION AND WORK ADJUSTMENT PROGRAM

"SEC. 15. (a)(1) For each fiscal year each State shall be entitled to an allotment of an amount bearing the same ratio to the amount authorized to be appropriated by paragraph (2) of this subsection for meeting the costs described in paragraph (3) of this subsection, as the product of (A) the population of the State, and (B) its allotment percentage (as defined in section 11(h)) bears to the sum of the corresponding products for all the States. The allotment to any State under the preceding sentence for any fiscal year which is less than $50,000 (or such amount as may be specified as a minimum allotment in the Act appropriating sums for such year) shall be increased to that amount, the total of the increases thereby required being derived by proportionately reducing the allotments to each of the remaining States under the preceding sentence, but with such adjustments as may be necessary to prevent the allotment of any of such remaining States from being thereby reduced to less than that amount.

"(2) There is authorized to be appropriated for carrying out this section $50,000,000 for the fiscal year ending June 30, 1969, $75,000,000 for the fiscal year ending June 30, 1970, $100,000,000 for the fiscal year ending June 30, 1971, and for each succeeding fiscal year only such sums may be appropriated as the Congress may hereafter authorize by law.

"(3) The Secretary shall pay to each State an amount equal to 90 per centum of the cost of evaluation and work adjustment services furnished to disadvantaged persons under a plan of such State approved under subsection (d), including the cost of any evaluation and work adjustment services furnished by the designated State vocational rehabilitation agency or agencies for other agencies providing services to disadvantaged individuals under another evaluation program of the State, except that the total of such payments to such State for such fiscal year may not exceed its allotment under paragraph (1) for such

year. The cost of evaluation and work adjustment services shall not include any amounts paid by another public or private agency for the provision of evaluation or work adjustment services.

"(4) 'Evaluation and work adjustment services' include, as appropriate in each case, such services as—

"(A) a preliminary diagnostic study to determine that the individual is disadvantaged, has an employment handicap, and that services are needed;

"(B) a thorough diagnostic study consisting of a comprehensive evaluation of pertinent medical, psychological, vocational, educational, cultural, social, and environmental factors which bear on the individual's handicap to employment and rehabilitation potential, including, to the degree needed, an evaluation of the individual's personality, intelligence level, educational achievements, work experience, vocational aptitudes and interests, personal and social adjustments, employment opportunities, and other pertinent data helpful in determining the nature and scope of services needed;

"(C) services to appraise the individual's patterns of work behavior and ability to acquire occupational skills, and to develop work attitudes, work habits, work tolerance, and social and behavior patterns suitable for successful job performance, including the utilization of work, simulated or real, to assess and develop the individual's capacities to perform adequately in a work environment;

"(D) any other goods or services provided to a disadvantaged individual, determined (in accordance with regulations of the Secretary) to be necessary for, and which are provided for the purpose of, ascertaining the nature of the handicap to employment and whether it may reasonably be expected the individual can benefit from vocational rehabilitation services or other services available to disadvantaged individuals;

"(E) outreach, referral, and advocacy; and

"(F) the administration of these evaluation and work adjustment services. As used in this section, the term 'disadvantaged individuals' means (i) handicapped individuals as defined in section 11(b) of this Act, (ii) individuals disadvantaged by reason of their youth or advanced age, low educational attainments, ethnic or cultural factors, prison or delinquency records, or other conditions which constitutes a barrier to employment, and (iii) other members of their families when the provision of vocational rehabilitaton servces to family members is necessary for the rehabilitation of an individual described in clause (i) or (ii).

"(b) No payment may be made from an allotment under this section with respect to any cost with respect to which any payment is made under any other section of this Act.

"(c) The Secretary shall approve a State evaluation and work adjustment plan which:

"(1) Designates as the State evaluation and work adjustment agency the same agency designated under section 5(a) of this Act (other than the State blind commission or other agency providing assistance or services to the adult blind).

"(2) Provides for financial participation by the State, which may include non-Federal funds donated to the State.

"(3) Shows the plan, policies, and methods to be followed in providing services under the State evaluation and work adjustment plan and in its administration and supervision, and, in case evaluation and work adjustment services cannot be provided all disadvantaged individuals who apply for such services, shows the order to be followed in selecting those to whom evaluation and work adjustment services will be provided.

"(4) Provides such methods of administration, other than methods relating to the establishment and maintenance of personnel standards, as are found by the Secretary to be necessary for the proper and efficient administration of the plan.

"(5) Contains provisions relating to the establishment and maintenance of personnel standards and the establishment and maintenance of minimum standards governing the facilities and personnel utilized in the provision of evaluation and work adjustment services consistent with the provisions of the State plan for vocational rehabilitation services.

"(6) Provides that evaluation and work adjustment services will be provided without regard to whether or not the disadvantaged individual is in financial need, except to the extent provided for under paragraph (3).

"(7) Provides that the State agency will make such reports, in such form and containing such information, as the Secretary may from time to time reasonably require to carry out his functions under this section, and comply with such provisions as he may from time to time find necessary to assure the correctness and vertification of such reports.

"(8) Provides for cooperation by the State agency with other public and private agencies concerned with disadvantaged individuals and joint undertaking to further the effectiveness of evaluation and work adjustment services for such individuals.

"(d) The Secretary shall discontinue payments under this section in the same manner and on the same basis as he is required by section 5(c) to discontinue payments under sections 2 and 3, and judicial review of such action shall be had in the same manner as is provided in section 5(d) for similar action taken by him under section 5(c).

"(e) Payments under this section may be made (after necessary adjustments on account of previously made overpayments or underpayments) in advance or by way of reimbursement, and in such installment and on such conditions, as the Secretary may determine."

SHORTAGE OF STATE GRANT FUNDS IN FISCAL YEAR 1969

Mr. FLOOD. I have in my hand an excerpt from the New York Times, dated March 23, 1969.

Mr. HUNT. Is that Dr. Rusk?

Mr. FLOOD. Yes.

Mr. HUNT. Would you like me to explain the story?

Mr. FLOOD. Suppose you do. He says:

Unfortunately, as a result of an unexpected turn of events, hundreds of handicapped people being served by public programs of vocational rehabilitation are now being eliminated from the program.

When Congress appropriated funds for the fiscal year ending June 30, 1969, the amount was established at $345.9 million.

This amount was established on the basis of the expected appropriations by the States since the Federal Government matches state appropriations through a somewhat complicated formula.

What about that?

Mr. HUNT. The $345 million was what the Congress appropriated. There was no cut made by the Congress. That was the request of the Department. But the amount was based upon estimates made by the States in July of 1967 for the 1969 fiscal year. During the many months of this long process they have a way of accumulating more matching funds from a variety of public sources.

At the time we received the money, which was in October 1968, the program had really spun up to a new level which required $66 million more to actually match the funds the States had accumulated. They were going ahead on the basis that somehow or other this money would be forthcoming. The only way it could come would be through a supplemental and——

Mr. FLOOD. They received none.

Mr. HUNT. That is right. A lot of protests were made in New York where there are many voluntary agencies. These agencies then began to complain quite bitterly that the New York agency was cutting off the cases and they were depending upon the program to keep their places going at normal schedules.

Mr. FLOOD. If there is no objection, I will place this in the record.

(The article follows:)

[From the New York Times, Mar. 23, 1969]

REHABILITATION CUTBACK

HUNDREDS OF HANDICAPPED ELIMINATED FROM PROGRAMFS BY FUND SHORTAGES

(By Howard A. Rusk, M.D.)

Unfortunately, as a result of an unexpected turn of events, hundreds of handicapped people being served by public programs of vocational rehabilitation are now being eliminated from the program.

When Congress appropriated funds for the fiscal year ending June 30, 1969, the amount was established at $345.9 million.

This amount was established on the basis of the expected appropriations by the States since the Federal Government matches State appropriations through a somewhat complicated formula.

With the increased interest, however, in rehabilitation services for the handicapped, the States increased their appropriations and as a result the need for Federal funds was increased by $66 million.

However, because of the tight fiscal situation and the enactment of the Revenue and Expenditure Control Act of 1968, a supplemental appropriation was not permitted.

The State vocational rehabilitation agencies are affected in varying degrees in New York State, for example, the Federal allocation for services to disabled clients was expected to be $22,880,000. The State appropriated $7,808,000 for this purpose.

A CUT OF $3.28 MILLION

The actual Federal allocation, however, was $19.6 million, a cut of $3.28 million. The State, however, had been spending according to its original budget. This means the funds have run out and no new cases can be accepted.

This is particularly ironical as it comes at a time when the advertising council, with the aid of funds from the Federal Government, has just begun a major program through radio, television, car cards, and display advertising advising the disabled to seek out vocational rehabilitation services by writing HELP, Box 1200, Washington, D.C.

The theme of the program is "You have nothing to lose but your disability." Although the campaign is just getting underway, more than 1,000 requests are pouring in to Washington each week.

In some States that have been able to weather the current financial storm, disabled persons responding to this campaign can be served. In many States like New York services will be postponed.

This is particularly disconcerting as many disabled persons motivated to seek assistance by the advertising council's campaign will once again suffer frustration and disappointment.

Even more tragic is the fact that some persons now receiving services will have to be discharged and services discontinued. How would you feel if you were a teenager with both arms and legs paralyzed and your rehabilitation program was suddenly discontinued? You had planned to return to college in the fall and had every reason to believe this was possible. Now all of your plans are shattered for there are no funds available.

This is happening all over the country. A cruel and disillusioning action.

The New York State Division of Vocational Rehabilitation and other States similarly affected simply cannot authorize expenditures of funds that they do not have.

A few of the larger agencies providing rehabilitation services have sufficient private resources to continue the treatment and vocational training for a short time. However, this makes it impossible to use these same funds to provide services for those who do not qualify for State and federally supported programs.

Many of the smaller agencies, however, simply do not have sufficient or private resources to absorb the cost of the training they are giving.

There is also an unfortunate tendency by the State agencies to hold back on the most costly cases, the severely disabled who are in greatest need of care and training.

REQUEST IN NEW YORK

The New York State Division of Vocational Rehabilitation is submitting a request for an additional $2.5 million of State funds to keep it going until the beginning of the new fiscal year on July 1, 1969.

The legislature should give prompt attention to this request. There is a real moral obligation at stake.

Aside from taxes and other contributions our disabled make to society there is an average increase of $35 in lifetime earnings after rehabilitation for every $1 spent in rehabilitating them.

Mr. CARDWELL. I am not familiar with the article but I think to balance the scale, I think it is fair to say the State could spend that additional money if they wanted to without the Federal matching.

REVISED BUDGET REQUEST FOR BASIC STATE GRANTS

Mr. FLOOD. I have before me the "Department of Health, Education, and Welfare 1970 Budget Amendments, a Summary of Changes." This is dated April 15, 1969.

I see on page 21 thereof arabic 3, the title "Rehabilitation Services and Facilities," minus $64.3 million. I am going to read part of it.

The Johnson budget provided $524 million in Federal matching funds for basic rehabilitation grants to States, an increase of $125 million over 1969. It assumed—

As you just indicated—

higher State matching at an 80-percent Federal matching rate in 1970.

You indicated that.

The 80-percent matching rate was authorized for 1970 by the Vocational Rehabilitation Amendment of 1968.

We agree so far.

Although the new administration believes this is an important and effective program, such a sharp rise within a constrained budget is out of line. The revised budget proposes the use of a so-called "allotment base" which would distribute $471 million among the States under the 80-percent Federal matching rate prescribed by the new law. This means—

And here is the nub—

that the States will receive increased Federal support in 1970 without increasing their own matching requirements. The new budget would finance a national rehabilitation caseload of about 900,000 persons. It is estimated that 241,000 individuals will be rehabilitated in 1970. This accounts for $53 million of the total reduction.

How do you feel about that reduction?

Mr. HUNT. It is only natural that operators always like to have, when there is a great need, as much money as possible. But I think we have to take into consideration that we have fiscal problems facing the administration. We have problems of inflation, and it was their judgment this was one of the programs that could go ahead, and go ahead at an increased rate, but that some things could be deferred. That is the reason why the amount of money was reduced.

Mr. FLOOD. Is this a realinement of priorities again?

Mr. HUNT. All I know is that everyone in the Department, certainly from the Secretary down, speaks in the highest terms of this program and the need to support it. I think that the Secretary——

Mr. FLOOD. The girl you would not marry, but you hate to see her go. Did you ever hear that song?

Mr. HUNT. Maybe Mr. Cardwell has a statement in response.

Mr. FLOOD. Is this some more "realinement of priorities?"

Mr. CARDWELL. I am not sure in this case it is as much a matter of realining priorities as it is a new look at what was a very, very large increase in the last budget. As this quote you entered in the record from page 21 says, the new administration still views this as a very important and very effective program, one that does reach appropriately a part of our population that depends on Federal assistance. But the whole issue here was perspective, could we have such a large increase in 1 year. This increase really occurred because of two events. One, the 1968 amendment increased the matching ratio. And the second was that this occurred at a time when the State's ability to match was on the upsweep.

And both of these conditions would have produced actually what turned out to be about $178 million increase in 1 year. In other words, the program would have gone from about $346 million to $524 million.

What the new administration has done is peeled down the increase but there is still a significant increase of $125 million that will be allowed. It is about 35 percent. It is not a matter of saying it is a low priority program, it is still a high priority program.

Mr. FLOOD. You are not gutting the program?

Mr. CARDWELL. Absolutely not. It is one of the largest increases left in the budget.

MIGRATORY AGRICULTURAL WORKERS

Mr. FLOOD. We talked about this this morning.

You are asking $3.5 million to start a new program for migratory agricultural workers.

The Congress last year turned down exactly the same thing. This year things are even tougher. What else has changed since last year?

We are advised that the number of migratory workers is decreasing. Now you come back with the same thing.

Mr. HUNT. When it comes to migratory workers, I have been reading about their plight for 25 years. I just think it is a pity that something more is not being done for them. This is not a lot of money. If we could do something for some of them——

Mr. FLOOD. What is the new program?

Mr. HUNT. What we are going to do?

Mr. FLOOD. Yes.

Mr. HUNT. I want to be truthful with you and say we do not know the exact methodology we will use. That is a bad word, I will withdraw it.

Mr. FLOOD. It is beautiful.

Mr. HUNT. The procedures we will use. We do know that if we have these funds and authority we can begin something worthwhile. We have a description in the Federal Register describing proposed activities.

If you will permit me, I can read a very excellent statement into the record, or have it put in the record.

Mr. FLOOD. Tell me about it briefly and then put it in the record.

Mr. HUNT. We have a description here of the various project activities as we are able to analyze them at this time. We want to go among

these people, do everything we can to find the disabled ones among them and do what we can to work out a new life pattern with them.

(The statement follows:)

PROPOSED PROJECT ACTIVITIES FOR SERVING MIGRATORY AGRICULTURAL WORKERS

Implementation of this project authority would emphasize flexibility in design and delivery of services; innovative techniques in the provision of services such as family unit rehabilitation, planning and outreach; provisions for continuity of services, both intrastate and interstate; and utilization of other groups including migratory agricultural workers, their representatives and employers, voluntary and religious groups, and other Federal, State, and local agencies in planning, developing, and operating projects.

Projects would include services for handicapped migratory agricultural workers and their families such as:

Case finding and referral systems at migrant agricultural worker labor centers and migrant health centers with appropriate linkage with State vocational rehabilitation agencies, schools, and other agencies. Such systems would involve workers, worker and community leaders, health, labor, and other public and voluntary agency people in identifying and referring potential clients for vocational rehabilitation services.

Rehabilitation units in close cooperation with and proximity to migrant health centers to provide the necessary early coordinated and specialized evaluation and rehabilitation services.

Cadres of indigenous worker aides, and camp ministers or other recognized spokesmen, to assist in casefinding, interpretive, and other supportive services.

Comprehensive training and placement programs to provide prevocational, vocational, and adjustment training, literacy and basic adult education, and job placement.

Additional staff to provide services, possibly including a social service staff. This could include loan of staff from regular caseloads during peak periods.

Mobile evaluation and service teams, intrastate and interstate, to function independently where other appropriate resources are not available, or in cooperation with other permanent or mobile resources. Individuals for whom evaluations and other services could not readily be provided by mobile teams could be transferred to service centers.

Special cooperative service programs and business enterprises. Programs would be coordinated with other resources to provide comprehensive services. Business enterprises and industrial contracts would be developed.

Services which could be best characterized as "instant" to facilitate prompt diagnosis, evaluation, and provision of services in shortest period of time.

Special service programs and teams for family unit rehabilitation, including vocational, social, psychological, and medical services and other disciplines, as appropriate.

Cooperative referral and service programs involving two or more State vocational rehabilitation agencies.

Mr. FLOOD. Mr. Michel?

Mr. MICHEL. You said in your statement that these demonstration projects or pilot projects would provide for rehabilitation of 1,500 families or 4,500 individuals. When you divide that into $3.5 million that gets to be a little expensive; does it not?

Mr. HUNT. That is less than $1,000 per person.

Mr. MICHEL. You say a family. Does that assume every member of the family needs some kind of rehabilitation?

Mr. HUNT. No; but when you get inside them there probably will be a number that needs some kind of restorative services necessary in order to get the handicapped person on his feet and toward restoration. It may be small things only.

Mr. MICHEL. What are the disabilities, what is the most frequent disability among migrant workers?

Mr. HUNT. The same variety you find in a ghetto group. You find legal blindness.

Mr. FLOOD. What does that mean?

Mr. HUNT. I will explain in my own way.

You are legally blind. You have 20/200 or less vision in the better eye and so on.

Mr. FLOOD. I understand.

Mr. HUNT. They have hearing problems.

Mr. FLOOD. It is a question of degree?

Mr. HUNT. That is right. And all kinds of things among these people. You find some of these kids working in the field with these crippling conditions.

Mr. MICHEL. Do you think it is possible to be able to rehabilitate those constantly on the move?

Mr. HUNT. As we say, in these activities here the chairman has asked be put in the record, we may be able to work out mobile units to follow some of these. I think one of our thrusts is going to be to see what can be done with the agreement of the family to try to restore a disabled person to an active life.

RESPONSIBILITY OF STATES FOR MIGRATORY WORKERS

Mr. MICHEL. Do we assume migrant workers have no legal residence? The point I am getting at is obviously some, and I would guess, most do have a legal residence, whether Texas or down South, or someplace else—maybe in my own State of Illinois.

What obligation is there upon the State to take care of their legal residents who may spend 6 months a year elsewhere as migrant workers?

Mr. FLOOD. Mr. Michel, we turned this down last year. What do you think about it? You are somewhat expert in the field of agriculture and I am not. We turned this down cold last year.

Mr. MICHEL. We were taking pretty much of a flat position against anything new. That will be something we have to decide this year, I guess.

Mr. CARDWELL. The whole concept of the law that authorizes the program is that for one reason or another the bulk of the migrant farmworkers will not be taken care of by any State and that they are not now being taken care of by any State and their needs are the same as those of other residents, and that is the problem and the reason the program was authorized.

Mr. HUNT. We have had residence requirements removed from the program next July in accordance with the 1968 amendments. We have some protective language in the regulations so that people near the State border would not take advantage of the State across the way.

STATE DISTRIBUTION OF MIGRATORY WORKERS

Mrs. REID. Are there any figures on how many migrant workers are in the various States?

Mr. HUNT. Mr. Eshelman is chief of the division that would direct this particular program, and he helped to get together the guide-

lines and regulations, and also had quite a few dealings with the Departments of Labor and Agriculture on this.

Do you remember any of those figures in the six, seven, or eight States?

Mrs. Reid. I was interested in Illinois.

Mr. Eshelman. I do not have the figures by State in mind.

Mrs. Reid. Will you provide it for the record?

Mr. Eshelman. Yes. We have had many contacts in the Department of Agriculture as well as the Department of Labor with Public Health Service and the Office of Education, all of which have had a number of project activities and programs with respect to migratory workers. They have all been enthusiastic actually with the idea of including a vocational rehabilitation component in some of the joint programs they have developed.

(The information follows:)

ESTIMATED PEAK EMPLOYMENT AND PERIOD OF EMPLOYMENT OF DOMESTIC MIGRATORY WORKERS [1] IN AGRICULTURE, STATES WHICH USED MIGRATORY WORKERS, 1968

State	Peak number of migrants employed	Periods in which migrants were employed	Date of peak employment
California	62,500	January to December	September.
Michigan	40,000	April to November	August.
Florida	21,500	January to December	February.
Texas	19,800	do	July.
Ohio	18,500	May to October	September.
New York	14,800	May to November	Do.
Oregon	13,300	January to December	August.
Oklahoma	13,000	do	June.
Washington	12,500	do	Do.
New Jersey	12,100	April to November	August.
Indiana	8,900	May to October	Septenber.
North Carolina	8,700	January to December	July.
Colorado	7,900	April to November	June.
Wisconsin	6,900	May to October	August.
Montana	6,400	January to December	Do.
Idaho	6,400	March to November	June.
Minnesota	6,300	May to November	Do.
Pennsylvania	5,800	do	September.
Connecticut	5,700	January to December	July.
North Dakota	5,600	April to October	August.
Virginia	4,400	May to November	July.
Arizona	4,200	January to December	April.
South Carolina	4,100	do	June.
Illinois	4,000	May to October	September.
Nebraska	3,800	June to October	July.
Kansas	3,300	April to November	June.
Wyoming	2,900	May to August	Do.
Massachusetts	2,900	May to December	August.
Utah	2,700	May to October	July.
Maryland	2,600	April to November	August.
Delaware	2,000	May to October	Do.
Alabama	1,700	May to November	June.
Arkansas	1,500	May to December	May.
New Mexico	1,100	January to December	June.
Louisiana	800	do	April.
Iowa	700	June to November	August.
West Virginia	700	July to November	October.
Kentucky	600	May to November	May.
Georgia	500	May to October	Do.
Maine	400	do	September.
Tennessee	400	May to November	May.
Missouri	200	May to December	September.
New Hampshire	200	July to November	Do.
Vermont	100	June to October	October.
Rhode Island	100	August to September	September.

[1] Migrants include intrastate and interstate workers.

Source: Bureau of Employment Security, In-Season Farm Labor Reports for the 15th day of each month.

NEW CAREERS FOR THE HANDICAPPED

Mr. MICHEL. Is this the only new thing you are proposing in your shop?

Mr. HUNT. No; we have one on new careers for the handicapped in public service.

Mr. MICHEL. How much money is involved in that?

Mr. HUNT. $500,000.

ALLOTMENT BASE FOR SECTION 2 OF THE VOCATIONAL REHABILITATION ACT

Mr. MICHEL. I note here on page 131 of the new budget document new language which reads as follows:

> Provided that allotments under section 2 of said act to the State for the current fiscal year shall be made on the basis of $500 million, and this amount shall be considered the sum available for allotments under such section for such fiscal year.

Does the basic legislation authorize this?

Mr. HUNT. $600 million is the basic authorization. It has been changed to $500 million.

Mr. CARDWELL. The history of this program is that it used to work under an allotment base contained in the appropriation. And the 1965 amendment set up a formula with an authorization in the basic act authorizing appropriations and allotments to be made against the amount specified in the basic authorization legislation. For 1969, $500 million was the level against which the formula was applied. In 1970, it was to have been $600 million in the Johnson budget and the estimate would have implemented that $600 million level.

We are proposing now that you go back to the old system of having an allotment base at least for 1970 in the appropriation language and we think it is bona fide appropriation language and restricts the use of the appropriation. And the formula would then be applied against this $500 million allotment base. It happens to be the same level as is in existence this year.

What would give the States additional money in 1970 is that the law authorizes a higher Federal matching rate and the fact that it also requires a maintenance of effort on the part of the States, and the matching State funds would go up slightly.

The combination of higher State funds and higher matching rate gives them a larger rate with the same amount of money.

Mr. MICHEL. The authorization is $600 million.

Mr. CARDWELL. Yes.

Mr. MICHEL. Is this subject to a point of order?

Mr. CARDWELL. I am not a parliamentarian. A point of order could be used against it. I do not know how the Chair would rule. We thought it was bona fide language and that is why we recommended it.

I would say this language is necessary to make the formula work effectively with an appropriation of $471 million.

Mr. HUNT. If you go back to the $600 million, I think you may have to restore the $524 million.

REHABILITATION UNDER SOCIAL SECURITY DISABILITY INSURANCE

Mr. MICHEL. Commissioner, you said in your statement that approximately 37,500 of the rehabilitants will be applicants and recipients of Social Security disability insurance benefits, of whom some 10,500 will be rehabilitated through the use of trust funds?

Mr. HUNT. Yes.

Mr. MICHEL. Why the 10,500 through that mechanism and the balance——

Mr. HUNT. The 10,500 pretty well uses the amount of funds made available through the trust funds. There are cases which the agencies want to take care of under regular section 2 funds anyhow. The Wilbur Mills amendment to the Social Security Act provided for the payment of rehabilitation services to trust fund cases on a selective basis, hoping it would save some dollars for the trust fund and restore people to working lives.

It is 1 percent of the benefits paid the previous year. Only so much therefore can be used each year by the States.

The record now as you have read it is that 10,500 rehabilitated beneficiaries would be paid for out of the trust funds and 8,600 out of the regular section 2 funds. In addition, 18,400 applicants for disability insurance benefits will also be rehabilitated through section 2 funds.

The present year 1969 runs 6,800 rehabilitated beneficiaries from section 2 funds and 8,200 from trust funds. Incidentally, if I may say some good things about this, I think both the Social Security Administration and our office are really surprised at the progress we have made. It had problems in the beginning. I think it has worked out very successfully.

GRANTS FOR INNOVATION PROJECTS

Mr. MICHEL. On page 4 you talk about grants for innovation projects under section 3, you will fund 107 projects, of which 27 will be new. What are we talking about here? They are 90 percent federally funded for the first 3 years, and then 75 percent for the next 2 years.

It is expected from that point on the State or community picks up the program?

Mr. HUNT. That is right. These projects were first put in the 1954 act and were not designed to have large sums of money. The item is only $3 million and has been for some time. In effect, we say to the State agency, we know you are busy with regular cases but there are certain innovations you could do that will produce better rehabilitations in the future. If you can work out a project over and above what you are doing we will approve it if it is within the allotment made to you under the law.

I have here on page 170 the disability served or purpose of these projects during 1968. There is quite a distribution of disabilities and of problems. Many of them started their regular operating programs on the way toward doing things they probably would not have done at all.

Mr. MICHEL. Are these listed any place by title?

Mr. HUNT. Just by disability. We could get the listing for you.

On 170 it shows orthopedic; heart, stroke, pulmonary; kidney dialysis. Blind or visually handicapped, mental illness, and so on.

Mr. MICHEL. These applications come from where?

Mr. HUNT. From the State agency. The allotment is to the State agency, not a voluntary agency. Both sections 2 and 3 are State agency allotments.

Mr. MICHEL. And then within a given State, if there are a number of applications it is up to the State agency to determine who gets the nod?

Mr. HUNT. And what they really want to do and what they can continue with as a regular program. In the project itself, they make this decision.

Mr. LAVAN. The State agency picks these up at the end of the cycle as ongoing programs.

Mr. MICHEL. Does it mean that once the State has approved it there is an automatic approval from your shop?

Mr. HUNT. No, we have to review it. We have turned projects down.

Mr. MICHEL. What percentage actually get approved of those who apply?

Mr. HUNT. I think in the end it is reasonably high. You get first of all the proposal. You say it is not written up properly or does not develop what they have in mind, our regional office people work with them and something worthwhile emerges, and it gets funded. Sometimes they throw up their hands and say, I only thought I had a new idea. They are reviewed by the regional office and post reviewed later.

GRANTS FOR SPECIAL PROJECTS

Mr. MICHEL. In special projects under section 4(a)(2) there is a considerably bigger amount of money you are talking about, $11 million.

Would you put in the record the programs you were talking about?

Mr. HUNT. Yes.

(The information follows:)

EXPANSION OF SERVICES (SECTION 4(a)(2))

EXPANSION—SECTION 4(a)(2)(A)

Project grants to State rehabilitation agencies, and to other public and private nonprofit organizations, are intended to expand services for disabled persons in order to increase the number of persons rehabilitated. Grants have provided for such activities as evaluation units and additional staff in rehabilitation facilities, and new approaches to cooperative programs between State rehabilitation agencies, schools, and private and public hospitals.

CONTRACTS OR COOPERATIVE ARRANGEMENTS—SECTION 4(a)(2)(B)

Section 4(a)(2)(B) of the Vocational Rehabilitation Act as amended, provides for a program to contract or jointly finance cooperative arrangements with employers or organizations for the establishment of projects designed to prepare handicapped individuals for gainful employment in the competitive labor market under which handicapped individuals are provided training and employment in a realistic work setting an such other sources (determined in accordance with regulations of the Secretary) as may be necessary for such individuals to continue to engage in such employment.

CAREER OPPORTUNITIES—SERVING HANDICAPPED INDIVIDUALS—SECTION 4(a)(2)(C)

Project grants may be made to State vocational rehabilitation agencies and other public and private nonprofit agencies to help finance the costs of developing new programs to recruit and train individuals for new career opportunities

in order to provide appropriate manpower in programs serving handicapped individuals and to upgrade or expand these services.

NEW CAREER OPPORTUNITIES FOR HANDICAPPED INDIVIDUALS—SECTION 4(a)(2)(D)

Project grants may be made to State vocational rehabilitation agencies and other public and private nonprofit agencies to help finance the costs of developing new programs to recruit and train handicapped individuals to provide them with new career opportunities in the fields of rehabilitation, health, welfare, public safety, and law enforcement, and other appropriate public service employment.

EXPANSION GRANTS

Mr. MICHEL. What is the difference between that program and this next item?

Mr. HUNT. The expansion grant proviso was introduced in order to give special push to expanding certain kinds of activities that would not be expanded in the ordinary course of program operations.

Mr. MICHEL. Give me an example or two.

Mr. HUNT. For example, we could use an expansion grant in some spot with respect to drugs. Where we see that somebody is doing something over in New York, for example, or out in Chicago, we could move in there and help to finance them to move the thing fairly fast to get more addicts into service and get working on them.

We could do the same thing with alcoholics or any particular special group in order to expand the effort in that particular area. It is not given and cannot be given legally just to have them have extra money in their operating budgets. If that is done, the auditors will take an exception because the activity must be over and above the regular section 2 program.

This is a matter of judgment, but in our reviews this is a very important part to keep in mind.

CONTRACTS WITH INDUSTRY

Mr. MICHEL. In the contracts with industry of a half million, you say the program will include approximately three contracts or other working arrangements. From your testimony, it would appear we are talking about helping 200 handicapped individuals here with a half million dollars.

Mr. HUNT. That is right.

Mr. MICHEL. How do you determine which industries are going to get the nod to do this?

Mr. HUNT. This, again, is exploratory work to find out the particular industries that can, and want to first of all, do a good job of taking a special group of disabled people, train them, and finally place them. This, of course, would not be the first time this has been done in the Government.

But the congressional committees in 1968 felt we should have in here as a starter something like this. They felt in rehabilitating handicapped people by this particular method of dealing with industry, that industry has a lot to give. We had not organized ourselves before in this way and it would be a good thing to do it. It has been done other places.

Some of them have been successful and some have been unsuccessful. It is the job of promotion really on the part of rehabilitation

people in our own office and in the region to find industries that will do it and can do it. The thing you have to avoid is to see to it that it is not used just as something that looks like a do-good thing in which the handicapped people do not get the proper supervision, do not get the proper training, and do not get turned out right.

When industry understands what it is doing, we have faith they will give them the proper kind of supervision. This amount cannot go too far, but it is just as well to have an amount like this than a very large amount you cannot spend properly. We think we can spend this kind of money properly.

Mr. MICHEL. Is this something new?

Mr. HUNT. For us this is brand new. This was one of the 1968 amendments.

Mr. MICHEL. If this kind of thing works out, what information you gain from the trial project you would want to get out around the country.

Mr. HUNT. And we will keep the committee informed as to whether it is working or not. We do not know. I never want to predict that everything we try is going to come out right. I have seen some done by the Department of Labor that worked out well. I think they would say they have not all worked out well. I have seen one with the mentally retarded that worked out very well, and this is a difficult one.

ALLIED AGENCIES PROJECT IN PEORIA, ILL.

Mr. MICHEL. I am reminded of our allied agenices project out in Peoria that is funded two-thirds by Public Health Service and we raised a third of the money at home, and brought together for the first time the mentally retarded, crippled children, cerebral palsy, mental health, cystic fibrosis, arthritis, alcoholism, and workshops training groups, all under one roof. We hope to dedicate it in about a month.

We also have a workshop in the basement and I have seen the mentally retarded and physically handicapped working in the shop, on just little things. For instance, Caterpillar Tractor Co. has need of some little springs or little tags or attachments, and these people can perform those tasks and they have a going operation there. It is an interesting thing to see these people put to work doing something meaningful and getting remuneration for it. It is a real good thing.

NEW CAREER OPPORTUNITIES

On the project to develop new career opportunities in rehabilitation, you have another half-million dollars. How do we do this?

Mr. HUNT. This is to train the handicapped for public service?

There was strong feeling on our own part and the committee's part that we have an obligation to see what we can do to prepare handicapped people for the public service everywhere, in the State, local, and Federal Governments.

Mr. MICHEL. Who will be making applications for these seven projects?

Mr. LAVAN. The State agencies, or other public or private nonprofit organizations will be eligible.

Mr. MICHEL. You have nothing going yet?

Mr. HUNT. This is new and no appropriation has been made for it. I think it can be a very exciting thing.

Mr. MICHEL. Have you had any people express an interest in filing an application for this program?

Mr. HUNT. Do I think whether or not there would be a number of disabled people who would?

Mr. MICHEL. Yes.

Mr. HUNT. By all means, yes. Consider some of the disabled workers who have been placed in the Federal Government. The Commission's program is a real success. A handicapped person would have the opportunity to build up a public career, going up the ladder step-by-step.

We need so many good people in the public service. The disabled people we know in the public service are very excellent performers.

Miss SWITZER. Would it be something like the blind tax assistants in Internal Revenue Service? I think this is the smartest thing the IRS ever did and as a Treasury alumni, I felt very proud. They surely have done a wonderful job in training young blind people in cooperation with the center in Little Rock. It is a marvelous way in which they are trained to answer questions for the public.

I find the blind people have some tremendous memories. When they master something, they can give it back accurately and technically.

TRAINING SERVICES

Mr. MICHEL. Under the training services project under section 13, you speak of a training allowance. What is that training allowance? That varies, I suppose.

Mr. HUNT. First of all, under that appropriation we set up a training situation in the workshop and then make a training allowance for each of the disabled persons that are put in there for evaluation for work adjustment and for training. There is a training allowance up to not more than $65 a week. It has various steps depending upon dependents. It starts at $25.

Mr. MICHEL. How long have these 36 existing projects been going?

Mr. HUNT. Two years.

Mr. MICHEL. Since there would not be any new ones, these same projects are going to be continued for how much longer?

Mr. HUNT. The projects will be continued, but the trainees are not continued. The trainees have a terminal point.

Mr. BARNES. Originally the concept was to do these on the pilot project base of 3 years and see what the results are. So far, the results have been excellent—25 percent of all the ones that have gone through the program who had been on welfare were taken off welfare. Ninety-some percent have been rehabilitated into employment from the training service grant project.

The results you get are that married men with families can enter this program because of the family allowance feature. The general State program provides only for the individual maintenance whereas this is an effort to study on a pilot basis what happens when you can put a handicapped person in a position so he can support his family.

Mr. MICHEL. Will you put in the record where the 36 projects are?

Mr. HUNT. And we can give you the number of trainees. I think earlier I mentioned putting that into the record.

(The information follows:)

LIST OF TRAINING SERVICES PROJECTS (SEC. 13a OF VR ACT) OCTOBER 15, 1968

Atlanta Employment Evaluation and Service Center, 599 Memorial Drive SE., Atlanta, Ga.; project director: S. Cantey Gordon; phone (404) 378–7591.

Altro Work Shops, Inc., 1021 Jennings Street, Bronx, N.Y.; project director: Harold M. Kase; phone (212) 542–1550.

Community Rehabilitation Industries, 1409–21 East Anaheim Street, Long Beach, Calif.; project director: Ted Pezman; phone (212) 591–0539.

Community Workshops of Rhode Island, Inc., 77 Westfield Street, Providence, R.I.; project director: Otho F. Smith; phone (401) 861–2080.

Cumberland Sheltered Workshop, 218 Winslow Street, Fayetteville, N.C.; project director: J. Milton Bass; phone (919) 485–4131.

Curative Workshop of Milwuakee, 750 North 18th Street, Milwaukee, Wis.; project director: Vernon L. Beedy; phone (414) 342–2181.

Detroit League for the Handicapped, 1401 Ash Street, Detroit, Mich.; project director: Russell G. Albrecht; phone (313) 833–2700.

Elwyn Institute, 111 Elwyn Road, Elwyn, Pa.; project director: Marvin S. Kivitz; phone (215) 566–8800.

Federation of the Handicapped; 211 West 14th Street, New York, N.Y.; project director: Nathan M. Slater; phone (212) 242–9050.

Goodwill Industries of Central Ohio, 1331 Edgehill Road, Columbus, Ohio; project director: Earl O. Freeman; phone (614) 294–5181.

Goodwill Industries of Des Moines, Inc., 2550 East Euclid, Box 3022, Des Moines, Iowa; project director: O. R. Hibbeler; phone (515) 265–5321.

Goodwill Industries of Philadelphia and Vicinity, Inc., 1705 West Allegheny Avenue, Philadelphia, Pa.; project director: Mrs. Aline J. Colgate; phone (215) 228–7700.

Goodwill Industries of Santa Clara County, Inc., 46 Race Street, San Jose, Calif.; project director: Joseph Klier, Jr.; phone (408) 287–1400.

Goodwill Industries, Suncoast, Inc., 10596 Gandy Boulevard, St. Petersburg, Fla.; project director: Frank Greenberg; phone (813) 526–9171.

Goodwill Industries of Wisconsin, Inc., 6055 North 91st Street, Milwaukee, Wis.; project director: Alan Anderson; phone 1–414–353–6400.

Hot springs Rehabilitation Center, Hot Springs, Ark.; project director: Ervin H. Hodges; phone (501) 624–4411.

Houston-Harris County Lighthouse for the Blind, 3530 West Dallas, Houston, Tex.; project director: J. N. Moneyhon; phone (713) 529–4781.

Indianapolis Goodwill Industries, Inc., 1635 W. Michigan Street, Indianapolis, Ind.; project director: Paul Schmidt; phone (317) 636–2541.

Jewish Employment and Vocational Service, 1905 Kianlen Avenue, St. Louis, Mo.; project director: D. Jean Younce; phone (314) 241–5457.

Nebraska Goodwill Industries, 1111 South 41 Street, Omaha, Nebr.; project director: Leland C. Whipp; phone (402) 341–4609.

New Haven Area Rehabilitation Center, 20 Brookside Avenue, New Haven, Conn.; project director: George Tutaj; phone (203) 389–4561.

Niagara Frontier Vocational Rehabilitation Center, Inc., 100 Leroy Avenue, Buffalo, N.Y.; project director: Ellsworth L. Brown; phone (716) 833–3231.

Opportunity Center, Inc., 3030 Bowers Street, Wilmington, Dela.; project director: John D. Zimmerman; phone (302) 762–0300.

Opportunity Workshop of Lexington, Inc., 650 Kennedy Road, Lexington, Ky.; project director: R. G. Hampton; phone (606) 254–0576.

Opportunity Workshop, Inc., 512 W. 78th Street, Minneapolis, Minn.; project director: Mervin J. Healy; phone (612) 866–3311.

Palm Beach Habilitation Center, 4522 S. Congress Avenue, Lake Worth, Fla.; project director: Robert R. Benedict; phone (305) 965–8500.

San Antonio Goodwill Industries, 3822 Pleasanton Road, P.O. Box 21340, San Antonio, Tex.; project director: A. J. Bob Blase; phone (512) 923–7793.

Sheltered Workshops of San Diego, Inc., 4821 Kearney Mesa Road, San Diego, Calif.; project director: Keith Humphrey; phone (714) 279–1400.

South Carolina Vocational Rehabilitation Agency, 400 Wade Hampton, Columbia, S.C.; project director: Henry F. Watts; phone (803) 758–2338.

Springfield Goodwill Industries, Inc., 285 Dorset Street, Springfield, Mass.; project director: William DiTullio; phone (417) 736–7277.
State Technical Institute and Rehabilitation Center, Route #3, Pine Lake, Plainwell, Mich.; project director: James L. Shearin; phone (616) 664–4461.
Vocational Guidance and Rehabilitation Services, 2239 East 44th Street, Cleveland, Ohio; project director: Mrs. Olive K. Banister; phone (216) 431–7800.
Vocational Rehabilitation Unit, 3107 West 21st, Topeka, Kans.; project director: Richard A. Schutz; phone (913) 354–8581.
West Virginia Rehabilitation Center Institute, W. Va.; project director: Joseph E. Lobuts; phone (304) 768–8861.
Grant went to: State Board of Vocational Education, Division of Vocational Rehabilitation, State Capitol Building, Charleston, W. Va.
Winston-Salem Goodwill Industries Rehabilitation Center, Inc., 2701 N. Cherry Street, Winston-Salem, N.C.; project director: Francis W. Mulcahy; phone (919) 734–3621.
Woodrow Wilson Rehabilitation Center, Fishersville, Va.; project director: Otho H. Smith; phone (703) 86–3437.

REHABILITATED ALCOHOLICS

Mr. MICHEL. Is this figure accurate that there is an increase in rehabilitated alcoholics of 67 percent between 1967 and 1968?

Mr. HUNT. I have the figures here. I do not know the percentage now. It was a large change. Alcoholics in 1968 were 4,500, 1969 we estimate 5,500 and in 1970 7,400.

Mr. MICHEL. When you say rehabilitated, that means you have them back to work?

Mr. HUNT. We give a lot of rehabilitation services in preparation for the final placement. We continue a good followup to see that the person is rehabilitated and seems to be under control and doing well.

Mr. MITCHELL. Have you had any record or figures to show how many of them down the road have gone back again?

Mr. HUNT. I would have to look that up. I would not be able to get it from these figures.

Mr. MICHEL. I would be curious to know. If a very insignificant amount, I would say it is a good job well done.

Mr. HUNT. When it comes to drugs, we have that problem too.

(The following additional information was submitted).

VOCATIONAL REHIBILITATION OF THE ALCOHOLIC

The past few years have seen a marked upswing in the provision of services to the alcoholic by State vocational rehabilitation agencies. In 1968, approximately 4,500 alcoholics were restored to gainful employment by these State agencies; this year the figure is expected to rise to 5,500; and it is projected that there will be 7,400 alcoholics rehabilitated in 1970.

Despite these encouraging statistics, it is recognized that rehabilitation of the alcoholic is often a frustrating, time-consuming process, which has only begun when the alcoholic stops drinking. There is no realistic set of guidelines for rehabilitating the alcoholic that is applicable to all individual cases, in all States, and that may serve as a model for all rehabilitation counselors. The sober alcoholic is still an alcoholic, and requires individualized counseling as well as continuing followup to assist him in making a satisfactory life adjustment within the community.

Those studies which have been conducted to assess the results of rehabilitation services for the alcoholic provided by the State-Federal program of vocational rehabilitation indicate that these services play a substantial role in assisting the alcoholic to overcome the handicapping effects of his disability. For example, the Florida alcoholic rehabilitation program collaborated with the Florida Division of Vocational Rehabilitation in a study to evaluate the adjustment of alcoholic referrals for vocational rehabilitation. The project, conducted under

a research and demonstration grant from the Social and Rehabilitation Service, involved a followup survey in 1964–65 of a sampling of 110 alcoholics who had been rehabilitated by the Florida Division of Vocational Rehabilitation during a consecutive 16-month period in 1962–63. The survey showed that 80 percent of the rehabilitated alcoholics were still working 2 to 3 years after rehabilitation.

A 1966 report of a research and demonstration project conducted by the Salvation Army in San Francisco, working in close cooperation with the California Department of Rehabilitation, showed through followup interviews with 400 alcoholics that 50 percent of them improved in abstinence after rehabilitation services had been provided, and that 43 percent improved in their work patterns. A second followup 2 years later showed that nearly all of these men had been able to retain their gains and were doing as well as or better than in the earlier survey. It should be noted that most of these alcoholics were homeless, had no immediate family ties, and showed recent, impaired social functioning. Another interesting outcome of this study was the indication that involvement in vocational rehabilitation counseling appeared to be more strongly associated with the alcoholic's successful rehabilitation than was participation in either individual or group psychotherapy.

Mr. MICHEL. I have a copy here of summary of recommendations of an interim report by the National Advisory Committee on Alcoholism. Are you working with that particular group?

Mr. HUNT. We have a representative with them. I am going to appear at their next meeting and talk to that group.

SERVICES TO THE BLIND

Mr. MICHEL. I note you have in the planning stage several comprehensive rehabilitation centers to provide services to the blind. How many of those do you have in the planning stage, or actually in being?

Mr. HUNT. Are you referring to the research and training centers?

Dr. MCFARLAND. There are 23 right now. These are comprehensive adjustment to blindness centers.

Mr. MICHEL. How many in being?

Dr. MCFARLAND. Twenty-three, sir. I would have to guess at the number under construction.

Mr. MICHEL. Supply it for the record. And the amount of money going into that particular area.

(The information follows:)

COMPREHENSIVE REHABILITATION CENTERS

There are 23 comprehensive rehabilitation centers to provide services to the blind. There are three under construction.

The annual operating cost per center ranges from $400,000 to $1 million and construction costs averages $7,700,000 per center.

Mr. MICHEL. I think that is all, Mr. Chairman.

Mr. FLOOD. Mrs. Reid?

CASES CLOSED BUT NOT REHABILITATED

Mrs. REID. Mr. Commissioner, I notice in your workload summary set out on page 143 of the justifications, you list under the category "Cases Closed Not Rehabilitated After Services Initiated" an estimated number of 48,900 for fiscal 1970. Are these cases determined not suitable for rehabilitation in the last analysis or those who for some reason withdraw from training?

Mr. HUNT. There is a variety of reasons.

I might say as background, this is not new. It has been true in the caseload for 30 years. Some give up, some get quite ill, some die, some move and discontinue the services. Some suddenly develop a void in motivation and decide it is too hard or that they did not know there was this much in it. Some of them, fortunately not many, become awfully hard to deal with and counselors find it almost impossible to keep up the contact. They develop behavioral problems.

Mrs. REID. In some cases would it be the decision of the counselor rather than the decision of the person under treatment?

Mr. HUNT. The counselor would finally make the decision and make the record, but he would be a bad counselor if he made the decision without having the consent of the client. Carrying a plan through when you are very disabled and you have not been to school for years and you are back in there again, and are expected to perform, sometimes is very difficult for the individual. First-class counseling and first-class psychological services can many times restore a good adjustment in a person but they have failures too.

LENGTH OF TRAINING AND COST PER REHABILITANT

Mrs. REID. I do not know if you can set an actual basis for an average case, but if you could, could you say about how long the average case is under rehabilitation training before he is ready for employment?

Mr. HUNT. A little over a year and its cost will run a little under a $2,000 average. Some cases cost $10,000 or $12,000. Some cost only $200 or $300. It depends on what you have to do with them.

Mr. MICHEL. Which ones cost the most?

Mr. HUNT. I guess the quadraplegic and paraplegic.

Dr. BRINKLEY. One person was $50,000.

Mr. MICHEL. That is unusual?

Dr. BRINKLEY. In this particular case it was $7,000 average cost per case, but it went up to $50,000.

Mr. HUNT. These hemodialysis cases run $10,000 and more. I think maybe it is not premature to say we might get a machine in the next couple of years that may reduce the cost of each case.

I saw a machine that was supposed to reduce it to $1,500 although it was not quite dependable.

Mr. FLOOD. I heard about that.

JOB PLACEMENT OF REHABILITANTS

Mr. MICHEL. How long does the average case wait for employment after receiving training?

Mr. HUNT. Not very long. Let me explain why.

Most cases that are placed in the program are really placed through the activities of the rehabilitation counselor, who finds the work. It is true the employment service places some of them, but always with the counselor's cooperation to see it is the right kind of job. A good counselor, when seeing the handicapped person through the months of secretarial school, accounting school or trade school, is looking around the town for various places of employment, seeing employers

Mr. HUNT. That is right. He may be up to the $200 mark I think. We know that a little later in high school prostitution is one of the outlets.

Mr. FLOOD. What about a boy? Where is he getting 200 bucks for three shots a day?

Mr. HUNT. We know where he is getting it among the ghetto kids. That is why we have so many hold-ups. Over in the affluent society, I do not know where he gets it.

For example, in Virginia there is widespread shoplifting in the shopping centers. But that is a dangerous thing and easy to detect. I do not know and I do not think anybody does. They guess at it.

Mrs. REID. It seems to me there must be some way we can get to these young children. We discussed this a couple of weeks ago. What concerns me is that so many of the young people take this lightly—even in the report it states that the use of marihuana is not any more dangerous than alcohol.

Mr. HUNT. Three martinis is what they usually say.

There is this girl from New York who is in Exodus House. Since she has done this on the NBC show and also publicly she would not mind my saying it here. She came from Michigan. She is a girl about 30 years of age. She came in to New York to get a job and she fell in love with a boy and married him. Then found out he was an addict. She was not. She did not drink and she did not take drugs. But she became an addict with him and finally she got away from him and became an alcoholic.

After 6 years of alcoholism, she gave it up—a strong girl—but afterward she found she was forced back to drugs again. It was then when the prices kept going up that the turning point came. She became a prostitute to pay for the drugs and this is the thing that started her on the way back.

She said, "my family in Michigan might understand my taking alcohol and might understand my taking drugs under some conditions, but they would not understand this."

She went to Lexington first and now Exodus, and she fought her way back. She is a staff member of Exodus House.

Mr. FLOOD. I understand there is an aversion between alcoholics and drugs, anybody on the hard stuff is not alcoholic and vice versa.

Mr. HUNT. The man who was on the show with us, also from Exodus House, came over recently to do a Panorama show with me, and the master of ceremonies asked this question: "Did you go from pot to heroin?"

"No, straight into heroin."

"You said you were a drinker."

"I did both at one time. I was both a drunk and heroin taker."

"I thought this never happened."

He said, "You have not known enough people."

What statistics he has in mind I do not know, but this boy was brought up in Harlem and got around an awful lot. So they do run together in some people.

Mrs. REID. To get back to the young children, how do you get to these young people? Do you have any real plan?

Mr. HUNT. Over in Fairfax County the campaign is to educate parents in a variety of ways to try to detect when certain things are

happening to their children, as to whether or not they might be taking drugs. A urinalysis tells much but this is hard to arrange regularly. Sometimes they black out or complain about visual problems——

Mr. FLOOD. Suppose you get an idea next weekend that a child of yours was on this stuff. What would be the first thing you would do? You are an old pro. What do you do first?

Mr. HUNT. First—and I do not mean to be funny—a daddy is never an old pro with a 16-year-old daughter. That is the first thing.

Secondly, I think after fighting the worry through, I think I would sit down with her and probably ask her if she is taking drugs. I might eventually be told. I think in her case I would be. But I do not think every kid will tell. I think she would. I think she might break and say she has only started.

Mr. FLOOD. Four o'clock Sunday afternoon and she says yes. What do you do now?

Mr. HUNT. The only honest thing I can say is I do not know, but I would certainly go for help.

Mrs. REID. Where would you go?

Mr. HUNT. I have friends I would ask. I suppose we all tend to lean toward psychiatrists, some kind of analysis or some kind of consultation. I do not think I would walk her up to church although we are regular members. I think that is the wrong thing to do at a moment like that for these kids. I do not think they would respond. I do not think she would respond. I think it would be too authoritarian for her.

I think I would try her myself for a while, for a week. I would talk with her, maybe take her out and try to find out why and how she started to do this.

(Off the record.)

Mrs. REID. I think we all agree it is a serious problem we cannot ignore.

Mr. HUNT. It is.

Mrs. REID. That is all, Mr. Chairman.

Mr. FLOOD. Thank you.

Mr. HUNT. Thank you.

and saying to himself "This would be a good one for Charlie or a good one for Joe." The counselors know many employers.

As a result, he can open up all kinds of outlets. It is a customized sort of thing. Of course the preparation is customized. I think this is the reason why so many clients stick after they are rehabilitated.

Incidentally, they are not counted as a rehabilitation until they are placed and until there is at least a 60-day follow-up. We are trying to increase that to 90 days and we can under the law increase it beyond that, but there has been a practice among the State counselors and directors to fix a 60-day limit.

Mr. FLOOD. They are not a statistic until they actually get placed?

Mr. HUNT. Placed and followed up. When we give you statistics on rehabilitations here, there is an amount over and above, that represents actual employment but not yet counted in the figures.

Mrs. REID. How long does the average trainee remain employed after rehabilitation? Is the record better or worse than for the population in general?

Mr. HUNT. It is good. I do not know how many studies I could cite. I do not think there have been that many. But the observations of people who have been in the program for years, as the chairman calls them, the old pros, will tell you that most of these disabled people stay put for a great length of time. And our observation inside the Government is that.

Mr. FLOOD. Do they not exert themselves a good bit more, really try?

Mr. HUNT. They get disciplined. They recognize this is it and I must make it. An awful lot of persons rehabilitated are the kinds of cases that could occur in our own homes. A lot of girls who are secretaries, have injured backs and so forth, from automobile accidents, residual polio or the like. They are sent to good schools. They cannot be sent to ordinary schools. The job has to be done right in order to put them over in life. The same is true when they are sent to accounting schools or computer schools.

Mr. FLOOD. The civil service people who are taking care of this new program tell me that they are really gung ho employees in the Government.

Mr. HUNT. That is right.

Mrs. REID. I imagine they would be.

Mr. HUNT. They are well behaved, save their money, and are sensible about taking care of insurance and hospitalization. It is quite an experience when you grow up if you have a congenital disability and discover you are quite different from others and you have to be on your own in a world that is a little rough.

INNOVATION PROJECTS FOR INDIANS

Mrs. REID. I notice you made reference to innovation projects begun in fiscal 1968 for Indians.

Mr. HUNT. Yes, I did somewhere.

Mrs. REID. This is on page 169.

Mr. HUNT. That is right. Here is page 169:

Innovation funds are provided for the establishment of a VR district office in the Pine Ridge Indian Reservation, S. Dak. An Indian counselor, who devotes

most of his efforts to the disabled on the reservation and with Indians residing in Rapid City, has been assigned to this office.

This is an example of something that just would not ordinarily have been done by the operating program. It is a toughie. They need a kind of special investment to get it going. That is what those funds are used for.

Mrs. REID. How is this working out? Do you feel this will be expanded?

Mr. HUNT. I think when you get a model like this of having an Indian counselor work out of an office taking care of the people on the reservation——

Mrs. REID. Do you have statistics about people who have been rehabilitated in this particular project?

Mr. HUNT. We could get them for you. This is the first year. We could find out the story in the first year and keep the committee informed.

Mrs. REID. I think that would be interesting.

(The information referred to follows:)

STATUS OF INNOVATION PROJECT FOR INDIANS, PINE RIDGE, S. DAK.

This is a 5-year innovation project. In 1968 they received a Federal grant in the amount of $10,884 and in 1969, $14,186, for a total of $25,070.

The purpose of the project was to employ a South Dakota Indian as a vocational rehabilitation counselor to better serve the Indian population on the Pine Ridge Reservation and in Rapid City, S. Dak. During the first project year, there were 18 clients who met the eligibility requirements and were served under the project. Of this group, seven have been closed as rehabilitated. The progress report for fiscal year 1969 and the project application for fiscal year 1970 are due July 1, 1969.

DRUG ADDICTION

Mrs. REID. Right before we adjourned this morning, we were discussing the very serious problem of drug addiction. I imagine you pursued this further, Mr. Chairman.

Mr. FLOOD. Yes. I wish you would touch on it.

Mrs. REID. I feel this is such a serious problem, particularly with the young children.

Mr. HUNT. You mean the ones 8 and 9 years of age.

Mr. FLOOD. I am simply stunned.

Mrs. REID. It is astounding.

Mr. HUNT. Let me give you one little case that frightens me.

Only a couple of weeks ago I was told about a west coast high school which in one year and a half had the following statistics:

Pot users, as they call it, 20 percent of the student body. Narcotic addiction, 4 percent.

Mr. FLOOD. Hard drugs?

Mr. HUNT. Hard drugs, mostly heroin. In a year and a half narcotic addicts had moved up from that 2 or 3 percent in the population of the school to 29 in a year and a half. This is a terrible condition. The pot moved up to 59. How the study was made or whether the kids told the truth or not, we do not know.

Mr. FLOOD. Where is a kid in the eighth or ninth grade getting the money for heroin? Where does an eighth or ninth grade kid get money for three shots a day of heroin? He has to have three shots like he has three meals.

JUSTIFICATION MATERIAL

Grants for Rehabilitation Services and Facilities

Amounts Available for Obligation

	1969	1970
Appropriation	$368,990,000	$564,123,000
Unobligated balance brought forward	2,607,072	---
Total obligations	371,597,072	564,123,000

Obligations by Activity

Page Ref.	Activity	1969 Estimate	1970 Estimate	Increase or Decrease Amount
	1. Vocational rehabilitation services:			
144	(a) Basic support	$345,900,000	$524,000,000	+$178,100,000
168	(b) Innovation	3,200,000	3,200,000	---
171	(c) Expansion of services	8,832,594	11,000,000	+2,167,406
176	(d) Vocational evaluation and work adjustment	---	10,000,000	+10,000,000
181	(e) Services for migratory agricultural workers	---	3,500,000	+3,500,000
183	(f) Statewide planning	351,693	---	-351,693
	2. Rehabilitation facilities:			
184	(a) Project development and construction	2,762,785	1,340,000	-1,422,785
184	(b) Initial staffing	550,000	550,000	---
186	(c) Facility improvement	10,000,000	10,533,000	+533,000
	Total obligations	371,597,072	564,123,000	+192,525,928

Oblications by Object

	1969 Estimate	1970 Estimate	Increase or Decrease
Grants, subsidies and contributions (Total obligations)	$371,597,072	$564,123,000	+$192,525,928

Summary of Changes

1969 estimated obligations		$371,597,072
1970 requested appropriation		564,123,000
Net change		+ 192,525,928
	1969 Base Amount	Change from Base Amount
A. Program increases:		
1. Vocational rehabilitation services:		
(a) Basic support	$345,900,000	+$178,100,000
(c) Expansion of services	8,832,594	+ 2,167,406
(d) Vocational evaluation and work adjustment	---	+ 10,000,000
(e) Services of migratory agricultural workers	---	+ 3,500,000
2. Rehabilitation facilities:		
(c) Facility improvement	10,000,000	+ 533,000
Total increases		+ 194,300,406
B. Program decreases:		
1. Vocational rehabilitation services:		
(e) Statewide planning	351,693	- 351,693
2. Rehabilitation facilities:		
(a) Project development and construction	2,762,785	- 1,422,785
Total decreases		- 1,774,478
Net change		+ 192,525,928

Explanation of Changes

Program increases

1. Vocational rehabilitation services:

(a) Basic support. The 1970 request for the Federal-State basic support program under Section 2 amounts to $524,000,000, an increase of $178,100,000 above the 1969 level of $345,900,000, and provides for an allotment base of $600,000,000, the amount authorized in the Vocational Rehabilitation Amendments of 1967. It is estimated that 265,000 disabled individuals will be rehabilitated in 1970 as a result of the rehabilitation services provided under this program. This is an increase of 35,000 over the 230,000 estimated to be rehabilitated in 1969.

(c) Expansion of services. An increase of $2,167,406 is requested over the 1969 estimated obligations of $8,832,594. This consists of $667,406 for expansion grants under Section 4(a)(2)(A) making a total of $9,500,000 available. This will support 135 projects, a decrease of 38 projects under the 173 provided in 1969. In addition to the 9.5 million, $500,000 is provided to support 3 projects for Contracts with Industry under Section 4(a)(2)(B), $500,000 to support 7 projects for new career opportunities for Vocational Rehabilitation under Section 4(a)(2)(C), and $500,000 to support 4 projects for grants for New Career Opportunities for the Handicapped under Section 4(a)(2)(D).

(d) Vocational evaluation and work adjustment. Authority for this new program was incorporated as Section 15 into the Vocational Rehabilitation Act by the 1968 Amendments. This program, to be administered by the same State agency as administers the States' general program of vocational rehabilitation services, provides for the following types of services to those who are disadvantaged educationally or culturally: diagnosis of factors bearing on the individual's handicap to employment, appraisal of his work behavior and abilities, development of work patterns and capacities for successful job performance, and other necessary goods and services.

The focal point for the program will be a vocationally-oriented rehabilitation facility, whether the State agencies or one from which it purchases services.

The 1970 request of $10,000,000 provides the first year of funds for this program (The authorization in the Vocational Rehabilitation Act is $75,000,000). Approximately 10,000 individuals are expected to be served in 1970.

(e) Services for migratory agricultural workers. This new program is authorized by Section 17 of the Vocational Rehabilitation Amendments of 1967. The 1970 request for $3,500,000 provides the first year of funds to initiate approximately 45 projects to provide vocational rehabilitation services to handicapped migratory agricultural workers and members of their families. Approximately 1,500 such persons will be served in 1970 under this program.

2. Rehabilitation facilities:

(c) Facility improvement. An increase of $533,000 is requested for this subactivity. This consists of $333,000 for training service grants and $200,000 for technical assistance to rehabilitation facilities. The total of $10,533,000 will support 36 training grants, the same level as 1969, and will support 160 facility improvement grants, the same level as 1969.

Program decreases

1. Vocational rehabilitation services:

(f) Statewide planning. Grants were made to States to pay the cost of planning for the development of comprehensive vocational rehabilitation programs in each State. The decrease of $351,693 represents a program level that expires in 1969.

2. Rehabilitation facilities:

(a) Project development and construction. The 1969 level of $1,340,000 is requested in budget authority but a decrease of $1,422,785 in obligations. This will provide funds for 60 projects in 1970 as compared with 69 projects in 1970.

Authorizing Legislation

Legislation	1970 Authorization
Vocational Rehabilitation Act as amended through 1965 and Vocational Rehabilitation Amendments of 1967 and 1968	
Section 2--Vocational Rehabilitation Services.....	$600,000,000

VOCATIONAL REHABILITATION ACT

Section 2--Grants to States for Vocational Rehabilitation Services

Appropriation

Section 1(b)(1). For the purpose of making grants to States under Section 2 of the Vocational Rehabilitation Act, as amended, to assist them in meeting the costs of vocational rehabilitation services, there is authorized to be appropriated for the fiscal year ending June 30, 1966, the sum of $300,000,000, for the fiscal year ending June 30, 1967, the sum of $350,000,000, for the fiscal year ending June 30, 1968, the sum of $400,000,000 for the fiscal year ending June 30, 1969, the sum of $500,000,000, and for the fiscal year ending June 30, 1970, the sum of $600,000,000, and for the fiscal year ending June 30, 1971, the sum of $700,000,000.

Section 3--Grants to States for Innovation of Vocational Rehabilitation Services

Appropriation

Section 1(b)(2). For the purpose of making grants under Section 3, relating to grants to States to assist them in meeting the costs of projects for innovation of vocational rehabilitation services, there is authorized to be appropriated for the fiscal year ending June 30, 1966, the sum of $5,000,000, for the fiscal year ending June 30, 1967, the sum of $7,000,000, for the fiscal year ending June 30, 1968, the sum of $9,000,000, for the fiscal year ending June 30, 1969, the sum of $3,200,000, for the fiscal year ending June 30, 1970, the sum of $6,000,000, and for the fiscal year ending June 30, 1971, the sum of $10,000,000.

Section 4--Grants for Special Projects

Appropriation

Section 1(b)(3). For the purpose of (A) making grants under section 4(a)(1) for research, demonstrations, training, and traineeships; (b) making grants under clause (2)(A) of section 4(a) for planning, preparing for, and initiating special programs to expand State vocational rehabilitation services; (c) making contracts and jointly financed cooperative arrangements under clause (2)(B) of section 4(a) for projects for providing jobs to handicapped individuals; and (D) making grants under clauses (2)(C) and (D) of section 4(a) to develop new programs to recruit and train individuals for new career opportunities, there is authorized to be appropriated for the fiscal year ending June 30, 1966, the sum of $80,000,000, for the fiscal year ending June 30, 1967, the sum of $104,000,000, for the fiscal year ending June 30, 1968, the sum of $117,000,000, for the fiscal year ending June 30, 1969, the sum of $80,000,000, for the fiscal year ending June 30, 1970, the sum of $115,000,000, and for the fiscal year ending June 30, 1971, the sum of $140,000,000.

Sec. 4. (a) From the sums available therefor for any fiscal year, the Secretary shall--(2)(A) make grants to States and public and other nonprofit organizations and agencies for paying part of the cost of planning, preparing for, and initiating special programs to expand vocational rehabilitation services in those States where, in the judgement of the Secretary, such action holds promise of yielding a substantial increase in the number of persons vocationally rehabilitated, and any sums appropriated for grants under this clause shall remain available for such grants through the close of June 30, 1972.

Section 12--Grants for Construction and Staffing of Rehabilitation Facilities

Appropriation

Section 12(i). There is authorized to be appropriated for carrying out this section $1,500,000 for the fiscal year ending June 30, 1966, $7,000,000 for the fiscal year ending June 30, 1967, $9,000,000 for the fiscal year ending June 30, 1968, $10,000,000 for the fiscal year ending June 30, 1969, $20,000,000 for the fiscal year ending June 30, 1970 and $30,000,000 for the fiscal year ending June 30, 1971; and for each of the two succeeding fiscal years only such sums may be appropriated for carrying out this section as the Congress may hereafter authorize by law. Sums so appropriated shall remain available for payment with respect to construction projects approved or initial staffing grants made under this section prior to July 1, 1973.

Section 13--Rehabilitation Facility Improvement

Appropriation

Section 13(f). There is authorized to be appropriated for making grants under subsection (a), subsection (b), and subsection (c) of this section $1,500,000 for the fiscal year ending June 30, 1966, $9,000,000 for the fiscal year ending June 30, 1967, $14,000,000 for the fiscal year ending June 30, 1968, $10,000,000 for the fiscal year ending June 30, 1969, $20,000,000 for the fiscal year ending June 30, 1970, and $30,000,000 for the fiscal year ending June 30, 1971, and for each of the three succeeding fiscal years only such sums may be appropriated for making grants under subsection (a), subsection (b), and subsection (c) of this section as the Congress may hereafter authorize by law.

Section 15--Vocational Evaluation and Work Adjustment Program

Appropriation

Section 15(a)(2). There is authorized to be appropriated for carrying out this section $50,000,000 for the fiscal year ending June 30, 1969, $75,000,000 for the fiscal year ending June 30, 1970, $100,000,000 for the fiscal year ending June 30, 1971, and for each succeeding fiscal year only such sums may be appropriated as the Congress may hereafter authorize by law.

Significant Items in House and Senate
Appropriations Committee Reports

Item	Action taken or to be taken
1969 House Report	
Grants for Rehabilitation Services and Facilities	
1. The Committee notes that action has been taken for planning a rehabilitation center in Chicago area, as provided for by the statement of the managers on the part of the House, in connection with the Conference report on the Labor-HEW Appropriation Bill. The Committee expects that funds will be made available in such amount, consistent with other program objectives, as the agency may find necessary for the second stage of the construction of such a center, and that the Service will continue to give its attention to expediting subsequent stages and completion of this Center at the earliest feasible date.	1. A Project Development grant was issued in June 1968 to the Rehabilitation Institute of Chicago in the amount of $182,170 to plan such a facility, with a grant period of June 30, 1968 to June 29, 1969. Recent contact with the grantee indicates we might expect an application for a construction grant for substantial sums in time for inclusion in the 1971 budget request. Social and Rehabilitation Service will continue to give its attention to expedite this project.

Grants for Rehabilitation Services and Facilities

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1960	$51,900,000	$51,900,000	$51,900,000	$51,900,000
1961	54,500,000	54,500,000	57,500,000	56,200,000
1962	64,450,000	64,450,000	64,450,000	64,450,000
1963	72,940,000	72,940,000	72,940,000	72,940,000
1964	88,700,000	88,700,000	88,700,000	88,700,000
1965	100,100,000	100,100,000	100,100,000	100,100,000
1966	171,310,000	163,000,000 1/	171,310,000	171,310,000
1967	259,060,000	259,060,000	258,560,000	258,560,000
1968	312,790,000	311,550,000	312,550,000	311,550,000
1969	375,490,000	345,900,000	375,490,000	368,990,000
1970	564,123,000			

1/ Excludes supplemental of $8,310,000 for Vocational Rehabilitation Act Amendments of 1965 not considered by the House.

Grants for
Rehabilitation Services and Facilities

General Statement

For purposes of conducting the activities of the vocational rehabilitation program, an appropriation of $564,123,000 is requested for 1970. This includes $524 million for the basic support program under Section 2; $3.2 million for Innovation services under Section 3; $9.5 million for Expansion grants under Section 4(a)(2)(A); $.5 million for Contracts with Industry under Section 4(a)(2)(B); $.5 million for New Career Programs in Vocational Rehabilitation under Section 4(a)(2)(C); and $.5 million for New Career Opportunities for the handicapped under Section 4(a)(2)(D).

The request also includes $1.3 million for Construction under Section 12; $10 million for Vocational Evaluation and Work Adjustment under Section 15; $3.5 million for Services to Migratory Agricultural Workers under Section 17; and $10.5 million for Facility Improvement under Section 13. Grants for initial staffing of rehabilitation facilities are proposed at a level of $.5 million.

The 207,918 persons successfully rehabilitated in 1968 accomplished for the State vocational rehabilitation agencies a step beyond the goal of rehabilitating 200,000 disabled persons per year set earlier by the Rehabilitation Services Administration. With this achievement, State agencies are now striving to double that goal by 1973. The rate of rehabilitations to the general population rose from 87 persons rehabilitated per 100,000 people in the United States in 1967 to 104 per 100,000 in 1968. This significant increase continues to move to the goal of providing vocational rehabilitation services to all those disabled individuals who need and want them.

The 1968 Amendments will present to the State agencies the tools to meet the needs of the disabled individuals more fully and also aid in furnishing needed services to the socially and economically deprived. New provisions have been initiated that will make it possible to establish contracts with business, industry or commerce to place handicapped persons in competitive work situations. This will allow for large-scale agreements to accommodate greatly-increased numbers of disabled persons in training programs which will later phase them into permanent employment. New career opportunities will be available through the recruitment and training of handicapped individuals.

We can measure past accomplishments and know how they were achieved. The size and task ahead is an even greater one and must be met, not with just the tried and true methods of the past, but with the new patterns of services, new methods and new techniques. In the 1969 base we have, both in Rehabilitation Services Administration and in the greatly expanded State agencies, the close working relations with health, welfare, and education agencies at all levels of government. The tested Rehabilitation Services Administration programs now in effect and those recently authorized by Congress will give us the wherewithal to greatly expand our overall program in the next five years.

A summary of the program workload, reflecting numbers of rehabilitation referrals, and other selected data, follows:

GRANTS FOR REHABILITATION SERVICES AND FACILITIES

SUMMARY OF PROGRAM WORKLOAD

	1968 ACTUAL 1/	1969 ESTIMATE	1970 ESTIMATE
REFERRALS			
On hand July 1	282,789	382,800	413,600
Received during year	715,000	819,100	965,800
Total referrals	997,789	1,201,900	1,379,400
Accepted for services during year	328,000	396,000	460,800
Accepted for Extended Evaluation during year	16,000	22,300	34,700
Closed (not accepted for services)	325,000	370,000	414,300
On hand June 30	382,789	413,600	469,600
CASES			
Extended Evaluation cases			
On hand July 1	8,145	12,100	16,000
Accepted for Extended Evaluation Services during year	19,842	22,300	34,700
Total Receiving Extended Evaluation Services during year	27,987	34,400	50,700
Accepted for VR services during year	8,650	12,400	18,300
Closed (not accepted for VR services)	5,384	6,000	8,600
On hand June 30	13,953	16,000	23,800
Active Cases			
On hand July 1	350,732	411,500	519,300
Accepted during year	329,683	408,400	479,100
Total received VR Services during year	680,415	819,900	998,400
Closed, Rehabilitated	207,918	230,000	265,000
Closed, Not rehabilitated:			
After services initiated	34,551	40,000	48,900
Before services initiated	26,496	30,600	37,400
On hand June 30	411,450	519,300	647,100
Distribution of June 30 caseload, by Stage of Rehabilitation reached			
Not ready for employment	345,374	432,900	542,400
Ready for employment	25,433	33,500	41,500
In employment	40,643	52,900	63,200

1/ Preliminary based on actual data from 85 agencies and estimated data from 5 agencies.

1. Vocational Rehabilitation Services

(a) Basic Support (Section 2)

	1969 Estimate	1970 Estimate	Increase or Decrease
Grants to States	$345,900,000	$524,000,000	+$178,100,000

Method of Allotment (Support Program)

In order to assist the States in providing basic vocational rehabilitation services, the Vocational Rehabilitation Act provides for support of such services through allotments to the States. Funds are allotted on the basis of need, as measured by a State's population, and fiscal capacity, as measured by its per capita income.

These provisions were designed to reflect the differences in income and population among the States, with the objective that vocationally handicapped persons have access to needed services regardless of whether they reside in a State with a low or high per capita income or in a sparsely or thickly populated State.

The States' estimates of funds available for 1970 reflect the overwhelmingly enthusiastic support which the States are giving to vocational rehabilitation and to the possibilities for program expansion and improved quality of services incorporated in the Vocational Rehabilitation Act.

In 1968, the second full year of operation under the 1965 Amendments to the Vocational Rehabilitation Act, a total of 207,918 disabled State agency clientele were rehabilitated, an increase of more than 34,000 over 1967. Another 3,329 disabled persons who were not clients of the State rehabilitation agencies were rehabilitated as a result of Rehabilitation Services Administration-sponsored research and demonstration projects. In total, 211,247 disabled persons were rehabilitated in 1968 compared to 176,540 in 1967. Another 42,000 State agency clients were in employment at the end of the year and were within a few months of rehabilitation.

During 1968, over 686,000 clients of the State vocational rehabilitation agencies received rehabilitation services and another 11,000 received services through projects sponsored by the Social and Rehabilitation Service Research and Demonstration Grant Program. This is an increase of 75,000 over the 622,000 persons who received services during 1967, an increase of 10%.

The 1968 Amendments to the Vocational Rehabilitation Act will provide added incentive to the State agencies, and as a result all categories of the disabled, the severely disabled as well as the socially and economically deprived, will receive more and better services. The following table shows the estimated number of persons rehabilitated in selected categories of disability compared to program accomplishments in 1967.

Disability	Number Rehabilitated 1967	Number Rehabilitated 1968	Percent Increase 1968 over 1967
Mentally Retarded	17,700	19,100	8
Mentally Ill	27,900	38,500	38
Deaf, Hard of Hearing and Speech Impaired	12,300	14,200	15
Alcoholics	2,700	4,500	67

About 60,000, over 29% of the total persons rehabilitated, were 45 years and over. About 4,000 were 65 years or more. About 46,000, or 22% of total rehabilitants, were under 20 years.

The number of public assistance recipients rehabilitated increased to almost 26,000 -- nearly 5,000 more than in the year before.

Professional occupations, such as engineering, teaching, medicine, and related health activities absorbed over 9,000 of the persons rehabilitated in 1968. Around 17,000 went into the skilled trades and nearly 10,000 into agriculture.

The persons rehabilitated in 1968 will add an estimated 230 million man-hours of work per year to the Nation's productive efforts, and thereby increase their annual earning rate from $115,000,000 before rehabilitation to $550,000,000. Over 71% of the 207,918 rehabilitants were not working at the time they were accepted for services; others were in marginal or otherwise unsatisfactory employment.

The State vocational rehabilitation agencies are developing initial resources, such as rehabilitation facilities and workshops, through the combined efforts of the Federal and State governments. These resources will enable them to meet the goal of rehabilitating the disabled persons in their respecitve States. State agencies sent over 25,000 clients to workshops for evaluation and training services and over 50,000 clients to rehabilitation facilities in 1968.

A little over $2,200,000 in contributions from private sources were used in fiscal 1968, to match $6,660,000 Federal funds under Section 2 for the establishment of rehabilitation facilities and workshops. A proviso first contained in the 1965 Appropriation language and now made a part of the Vocational Rehabilitation Act by the 1968 Amendments authorizes Federal matching of private contributions earmarked for a particular facility. A limitation of $10,000,000 in Federal funds was set within the States' Section 2 allotment for this purpose in 1968. In 1967 these funds were used by 168 public and private nonprofit agencies in 33 States for either expansion or renovation of existing buildings, purchase of equipment, and in the case of rehabilitation facilities, for initial staffing for a one-year period. All of these facilities play an important role in the State vocational rehabilitation programs in providing evaluation and training services for disabled clients. Out of the 168 projects, 111 served multi-disability groups; 16 were specifically geared to serve the mentally retarded; 9 to serve the mentally ill; 12 were for the blind and visually handicapped; 11 were for speech and hearing; 4 for the cerebral palsied; 2 for the alcoholics and drug addicts; 2 for the public offender; and 1 for the cardiac disabled.

The State agencies' staff has increased 18% in 1968 over 1967, and will continue to increase to meet the challenge of the new program opportunities.

Estimates of employees which the State agencies will employ for the basic support program, including an extended evaluation services program, the increased workload of OASDI cases as a result of the transfer of Trust Fund money to be used for rehabilitation services, the innovation project program and the expansion of vocational rehabilitation services projects, follow:

Average Employment of State Agency Staff

Type	1968 Actual	1969 Estimate	1970 Estimate
Counseling	6,900	7,400	9,000
Medical	306	320	380
Other Professions	4,800	6,100	6,500
Clerical	7,061	8,800	10,500
Total Man-Years	19,067	22,620	26,380

The vocational rehabilitation man-years worked by State agency employees in 1968 totaled 19,067, including those under Sections 2, 3, 4, and in the Disability Determination Units. About 2,800 of the staff were engaged in disability determination operation. Of the 16,267 employees engaged in activities under the Vocational Rehabilitation Act, about 3,200 were located in rehabilitation facilities operated by State agencies.

The Vocational Rehabilitation program is continuing the trend toward specialization of staff. About 32% of 6,900 counselors in the State program carry specialized caseloads of work primarily in institutions or State-operated facilities. In addition many persons are assisting the program, such as interviewers, counseling aides, and placement specialists. Many counselors are assigned to disability groups where rehabilitation requires unique and special skills. The use of medical consultation by rehabilitation counselors continued to increase in 1968, when 306 man-years were devoted to such consultation. Specialists are also used in the development and use of rehabilitation facilities and workshops.

Program Trends

When the Congress was reviewing the V. R. Act in 1965, it placed great emphasis upon proposals which would make it possible for program administrators to extend the rehabilitation approach to serve greater numbers of handicapped people. Among the major provisions of the 1965 Amendments to the Vocational Rehabilitation Act was that of providing authority for extended evaluation of the vocational potential of persons whose rehabilitation was previously not considered feasible because of the nature or severity of the disability. This has enabled State agencies to serve persons who had previously been passed over - often left with no recourse except to ask for public charity.

Specialized and concentrated services are being provided in localities under Waiver of Statewideness provisions whose local or privately contributed funds are used for Federal matching purposes. This has made it possible for hundreds of communities to offer help otherwise not available to their people. This provision

has been and will continue to be of vast importance in such areas as services to alcoholics, special education programs in school districts and use of funds contributed to the Easter Seal Program to provide special services to the ortheopedically impaired.

The Act has been amended to include a provision that is certain to have widespread impact on the program. This is: State residence as a requirement for vocation rehabilitation services, a provision that has excluded thousands of persons in poverty areas and engaged in transitory occupations, will be removed from eligibility criteria effective in meeting a key objective of the Social and Rehabilitation Service - provision of counseling and other rehabilitative services to more low-income disabled people to keep them from having to resort to public assistance.

The Act was further amended in 1968, again to extend and expand the program, and make it more responsive to the priority needs outlined in program planning by the Social and Rehabilitation Service. Authority has been granted to the States to expend up to ten percent of their basic support allotments for construction of new rehabilitation facilities or to expand or alter existing facilities. An annual minimum allotment of $1 million per State (excluding Guam, Virgin Islands, and Puerto Rico) has been established. This will allow States with low population density and high per capita income to increase efficiency, expand types and coverage of rehabilitation services and reach a greater number of clients. Federal share of the basic support program will increase from 75 to 80 percent with the proviso that State expenditures shall not fall below that of Fiscal Year 1969.

To attain the program goals of the Social and Rehabilitation Service in behalf of youth and older people clearly requires a high degree of inter-agency planning. Emphasis has been and will continue to be on cooperative agreements among agencies. This is especially true in programs designed to rehabilitate the public offender where agreements among correctional institutions, parole boards, the Department of Labor and the Vocational Rehabilitation Agency are essential to attain goals. The 1967 Amendments to the Social Security Act which established the Work Incentive Program for rehabilitation of public assistance recipients specifically require cooperative agreements among Welfare manpower agencies. In the implementation of this program, the Vocational Rehabilitation Agencies and other appropriate programs will be involved. In addition, legislation that established the program of services to migratory agricultural workers expressly calls for agreements among agencies that serve this client group.

Heart Disease, Cancer, and Stroke

Rehabilitation Services Administration involvement in the area of heart disease, cancer, and stroke is extensive and varied, and has been experiencing steady progress and growth in recent years. The number of rehabilitants from among these three catastrophic diseases has been steadily rising with the most pronounced increase in the cardiac grouping. In 1968, 8,300 persons suffering from heart disease, stroke, or cancer were rehabilitated. In 1969, 9,200 persons are expected to be rehabilitated, and in 1970 the number of rehabilitants in these categories is estimated to be 10,600. The growth being witnessed, to a great extent, has been an outgrowth of intensive training programs in heart disease, cancer, and stroke recently conducted for State agency personnel by Social and Rehabilitation Service at its Research and Training Centers during 1966 and 1967. These training programs have done much to stimulate program development in this area. Of even greater significance, however, has been the development of such training into ongoing training activities within the State agencies themselves, resulting, hopefully, in even more dramatic gains in the years ahead.

Three highly significant conferences on Rehabilitation Research Needs in Heart Disease, Cancer and Stroke were sponsored by RSA in collaboration with University Medical Schools; one on cancer at the New York University Medical Center, the next in cooperation with Baylor University College of Medicine on Stroke, and one on Heart disease at Tufts University School of Medicine. Generating from these conferences have been increased interest and activities in research and demonstration proposals. Furthermore, the publications stemming from these conferences should prove invaluable as resources for understanding the rehabilitation potential of these clients and as authoritative training aides in the field.

The Social and Rehabilitation Service has challenged its constituent programs to produce more and better services to fight this trio of killers. RSA is focusing its full range of grant resources on programs to meet the needs of increased number of clients with heart disease, cancer and stroke. Using Basic Support (Section 2) Funds, the South Carolina rehabilitation agency has established, for example, a cardio-vascular diagnostic facility and work classification unit within the Medical College Hospital. This facility provides the state agency with modern diagnostic and treatment facilities for all of its cardio-vascular impaired clients. In addition, a similar facility is being developed in conjunction with a large general hospital in Greenville, South Carolina.

An Expansion grant to the Easter Seal Rehabilitation Center, Tallahassee, Florida, is being used to develop improved services to stroke victims. In Rhode Island, an Innovation grant is partially supporting a comprehensive vocational unit for cardiac and stroke victims at Our Lady of Fatima Hospital. This project is starting its fourth year with the number of clients receiving services increasing each year. The New Hampshire Division of Vocational Rehabilitation, along with the New Hampshire Heart Association and Mary Hitchcock Memorial Hospital, have jointly planned and financed the first Cardiac Evaluation Unit in New Hampshire at the Mary Hitchcock Memorial Hospital. This unit will provide comprehensive evaluations to persons with cardiac disability and assist them in their restoration to productive living and self-sufficiency by determining their capacities and limitations for employment.

Under the stimulus of these and numerous other project activities, the State-Federal program of vocational rehabilitation is rapidly expanding its service to meet the rehabilitation needs of heart disease cancer and stroke clients.

Cord Injuries

The Social and Rehabilitation Service has been advised by groups such as the Paralyzed Veterans of America and the National Paraplegia Foundation to anticipate growing insistence by their young members for a more agressive governmental effort to meet the needs of people with cord injuries. Paraplegia and quadriplegia are of particular concern to the Rehabilitation Services Administration because of the Multiple service needs of persons with these impairments and because of their increasing incidence. Cord injuries may be caused by automobile and motorcycle accidents, accidents incurred during recreational activities such as diving, trampoline and contact sports, and injuries incurred by workers in the lumbering, mining and heavy construction industries. It is estimated that there are more than 5,000 new cases each year.

The State-Federal vocational rehabilitation program has served persons disabled by cord injuries since 1943 when the provision of restorative services was made possible by Congress. Additional numbers of cord injured clients have been served within the past year because of the Amendments to the Vocational Rehabilitation Act of 1965 permitting agencies to provide services to determine the Vocational potential of persons disabled by paraplegia and quadriplegia.

Typically, clients are served at medical centers which provide the comprehensive services required; when such centers are not available within States, clients referred out-of-State to receive the necessary care. Vocational rehabilitation centers, such as those at Fishersville, Virginia (Woodrow Wilson), Johnston, Pennsylvania, Hot Springs, Arkansas and Warm Springs, Georgia, are providing vocational rehabilitation services for an increasing number of these clients.

The Social and Rehabilitation Service is now engaged in planning ways and means to develop and strengthen a national network of spinal cord injury centers, both medical and vocational, to serve these individuals more efficiently and to establish treatment at an earlier and more optimum time.

Hemodialysis

Each year about 20,000 people in the United States develop renal (kidney) failure. The majority of these, if untreated, or if treated by conservative methods will die within a short period of time. Kidney transplant, or chronic hemodialysis by means of an artificial kidney, may be medically indicated in about 7,000 of these patients of whom many will be able to continue or to return to work. The Social and Rehabilitation Service expects to give increasing attention to this group through development of less expensive methods of providing these services to individuals so that generally greater numbers who need such services can be helped.

A rehabilitation Service Series issued in December 1966 spelled out in detail the role which the State agency can take in dealing with chronic dialysis for end-stage renal disease. As of August 1968, all but about five State agencies have been, or are about to be, involved with clients in this disease category. A few State agencies have been approached with requests for kidney transplants but more are concerned with dialysis. In many States this is a cooperative effort between Vocational Rehabilitation and one or more other Federal agencies - Public Health Service, Medical Services Administration, Social Security Administration, Veteran's Administration - frequently with the added involvement of local, State or private agencies and health insurance companies.

Vocational rehabilitation involvement is manifested in a number of different ways. Many agencies have provided services to individual clients, including one or all of the following: diagnostic work-up, purchase and installment of home units and disposable supplies for a given period of time, training of patient and family member to run home unit, vocational training and placement where indicated. Other agencies concentrate on helping to establish centers where patients may go for treatment.

Blind and Visually Impaired

Several programs within the Social and Rehabilitation Service family of services focus upon the needs of people who are blind or visually impaired. The State VR agencies are continuing to expand their programs in line with our goal to develop a long-range program that will ultimately provide a capability of rehabilitating at least 12,000 blind and 18,000 visually impaired persons annually by 1971.

Progress is noteworthy in many areas and may be illustrated by the following:

(1) Architectural plans have been drawn and initial construction begun on several comprehensive rehabilitation centers that will provide adjustment training, as well as other basic services so necessary to the rehabilitation of blind clients and to develop special adjustment services needed for persons with severe visual limitations. In an effort to alleviate critical personnel shortages, the number of mobility instructors obtaining degrees through the graduate programs has been doubled, as well as the addition of one new program which began operation a year ago last January. In spite of these efforts, there is still a substantial need for additional instructors. This is especially true if the instructors are to address their attention to the unique adjustment problems posed by the severely visually limited. It is hoped that by the end of fiscal year 1970 at least two new schools will have been opened in the southern and southwestern parts of the United States.

(2) A three-year demonstration project has been launched to provide training and employment for severely multihandicapped blind persons of special concern to the Social and Rehabilitation Service. The project will involve a number of large workshops for the blind strategically located throughout the country. Items to be produced are those purchased by the Government under the provisions of the Wagner-O'Day Act such as mops, brooms, army neck ties, and ball point pens. It is our hope that the project will provide a minimum of 2,000 jobs at the minimum wage level for persons who have heretofore been considered unemployable.

(3) As a result of extensive groundwork in 1967 and 1968, State agencies are now in a position to launch a significant program for employment of blind and visually handicapped workers in service occupations, particularly in jobs resulting from burgeoning recreational facilities. Experimental training facilities will be opened in New York City in 1969 for preparing hospital and other service workers. With experience, this training will be expanded to other areas of the country. The Social and Rehabilitation Service expects to utilize such pilot efforts in developing new careers for the disabled in public service.

(4) Concurrent with the development of service occupations, efforts are also continuing to expand employment opportunities in professional areas. Two significant advances are a joint program by educators and rehabilitation personnel to open teaching opportunities for blind persons in the public school systems and a continuing growth of special facilities for the training of blind computer programmers. At present, there are eight such facilities throughout the United States with others under consideration for spring enrollment in FY 1969.

(5) As a result of relationships developed with Federal agencies, Civil Service opportunities for blind persons throughout the country have increased considerably during the past year. Cooperation in this area is exemplified by a joint program which was sponsored by the Internal Revenue Service and the Rehabilitation Services Administration to train tax representatives and other personnel for work in IRS district offices. The training program as now established will operate for a three-year period and is considered a pilot demonstration for planning similar training facilities throughout the country for preparing blind and visually handicapped workers to fill other job opportunities in Federal, State, and local government agencies.

(6) Reports to the Social and Rehabilitation Service indicate that the Randolph-Sheppard program is expanding in spite of greatly increased competition. This year the gross volume of business was $77,000,000, an increase of $6,000,000 over the past year. Average earnings have also increased from $5,244 in 1967 to $5,570 in 1968. Vending stands on Federal properties continue to increase and to

provide substantial livelihoods for blind operators. The most encouraging facet of this program, however, is its phenomenal growth in private industry. At present, at least two-thirds of the vending stands are located on other than Federal properties.

The following action is planned to implement programs for rehabilitating the blind and visually handicapped:

(1) Continued evaluation of trends in the labor market, pinpointing those jobs which have long-range possibilities and developing training facilities to prepare blind persons to meet the competition.

(2) In cooperation with other programs within the Social and Rehabilitation Service, development of additional training techniques and workshop settings for the employment of severely multi-handicapped blind individuals, including the older blind citizen.

(3) Intensification of efforts to increase employment opportunities in Federal agencies and to extend these activities to State and local governments.

(4) Active support of States in the construction of comprehensive rehabilitation centers for the blind and partially sighted and introduction of a broader spectrum of services for the severely visually limited through the judicious use of optical aids clinics.

(5) Continuation of efforts to increase quality and quantity of services to blind persons through State and regional studies--using data compiled from the studies to develop curricula for training State directors and other supervisory personnel.

(6) In keeping with the basic policy of the Social and Rehabilitation Service to reach more who could benefit from Vocational Rehabilitation Services, we should work with State and national voluntary agencies in strengthening programs for maximum use of volunteers. To accomplish this, we must greatly expand our relationships with private voluntary agencies in order to develop cooperative training programs for volunteers and sub-professional workers. With the current responsibility for providing social services for all blind persons who may be eligible for such services, a vast increase in personnel is essential. In order to begin filling the requirements, we must rely heavily on the use of subprofessionals and highly trained volunteers. The success of the present plan will rest on adequate supervision being provided by the voluntary agencies from whom services will be purchased by our State agencies.

The Deaf, The Hard Of Hearing, And The Impaired

In 1968, 14,200 deaf, hard of hearing, and speech impaired persons were rehabilitated, a gain of 1,900 over the previous year. A breakdown of this figure reveals that 5,400 were deaf, 6,700 were hard of hearing, and 2,100 were speech impaired. The substantive increase of 788 rehabilitated deaf persons over the 1967 record is attributed to their growing response to improved services and to greater outreach by an expanding network of diagnostic, evaluation, prevocational and adjustment training centers for the deaf.

The Social and Rehabilitation Service expects that more and better services to hard of hearing persons are in prospect as the result of a working agreement made in 1968 between the RSA and the National Hearing Aid Society which will increase the number of hard of hearing referrals to vocational rehabilitation agencies. The service needs of hard of hearing persons which center around provision

of and fitting for hearing aids, surgery and other medical intervention, counseling and speech conservation, will henceforth be more adequately met.

Expanded hearing and speech services at speech and hearing centers in Louisiana, Montana, South Carolina, New Hampshire, Florida, and New York, are helping to widen considerably the range of available services to speech, hearing, and language impaired persons in those States. Speech therapy for persons who have lost their larnyx due to cancer, and language therapy for stroke victims incapacitated by aphasia, are receiving increasing attention as vocational rehabilitation services.

Of special interest to several service programs under the Social and Rehabilitation Service is an innovative summer project in Minnesota which is providing hearing impaired teenagers still in school with needed vocational knowledge. The aim is to encourage early planning and thinking leading to a better vocational choice.

Opportunity is given to deaf and hard of hearing youth to develop job-finding skills, needed work-related vocabulary, and to have actual job experience.

The concept of a communication center to provide service to all those in need of adjustment to a communication handicap is broadening the traditional limited service base of speech and hearing centers to include referral, evaluation and supportive counseling services and adjustment training to deaf people. Comprehensive communication centers will become more numerous as the National Association of Hearing and Speech Agencies get underway a national program of rehabilitation services for deaf people, thus helping to reduce their need for public assistance.

Currently developing Regional meetings to follow-up a large national conference at Las Cruces, New Mexico in 1967 on closer coordination between education of the deaf and vocational rehabilitation will bring into sharp focus and availability service opportunities for many deaf people who have either never been served adequately or not served at all.

More States are responding to the need of deaf people for special manually-trained communications counselors stationed at agency offices and at schools for the deaf. Approximately 125 counselors are now exclusively serving deaf people compared to fewer than 25 a decade or two ago. Ohio has seven specially-trained counselors and a consultant for its program for deaf people. Eleven counselors in Illinois are providing services for hearing impaired people in that State. In some States, counselors aides are relieving the heavy work load of special counselors by handling office routines and intake interviews.

New diagnostic, evaluation and adjustment training centers for the deaf in Pennsylvania, California, North Carolina, Ohio, and Missouri have increased to 22 the number of centers that are providing these needed services to deaf youth and adults. Deaf youth in particular are being helped by these centers whose services aid them in their difficult transition from school to employment. The strategic placement of many of these service centers at schools for the deaf enables vocational rehabilitation counselors to begin working earlier with their deaf clients to effect better rehabilitation. This is an important goal of program planning being encouraged by the Social and Rehabilitation Service.

Vocational training programs to provide deaf people with more training choices for greater fulfillment of their vocational potential has been a long standing need. The Office of Education is jointly funding with RSA a pioneer vocational training program for deaf people at Delgado College in New Orleans that now provides vocational rehabilitation counselors with a new training outlet for their qualified deaf clients. Integration of deaf students with hearing students is made possible by specially-trained staff who provide needed supportive services

such as coordinating, interpreting, tutoring, and counseling. Two similar vocational training programs are expected to open in 1969 to serve deaf people in the Northwest and in the Midwest. Vocational rehabilitation counselors are also now able to send qualified deaf clients to the National Institute for the Deaf at the Rochester Institute of Technology. Thus the vocational training needs of deaf people are being much more adequately met.

Facilities that are able to serve severely handicapped deaf people are in short supply. Agencies interested in serving these people who number in the thousands will be aided in planning and establishing programs with guidelines developed from three prototype research and demonstration programs supported by the Social and Rehabilitation Service.

A manual of guidelines on comprehensive vocational rehabilitation services to severely-handicapped deaf people is being prepared also.

The program for severely-handicapped deaf men at the Michigan Rehabilitation Institute operated by the State of Michigan, continues to use the innovative service techniques developed at the Lansing research and demonstration project that was completed in 1965. Michigan is also operating a demonstration activity at Lapeer on the habilitation of institutionalized mentally-retarded deaf patients. Severely-handicapped deaf people are receiving rehabilitation services at the New York City Society for the Deaf that are enabling them, for the first time, to find employment.

Reducing the main handicapping aspect of deafness --communication-- is a continuing challenge for deaf persons and for those who serve them. More and more deaf people are benefiting from adult education programs that provide them with needed language training for better employment opportunities and for better community living.

Interpreting for deaf people is a burgeoning service that is profoundly affecting their rehabilitation. The Social and Rehabilitation Service sponsored Registry of Interpreters for the Deaf has been helpful to States in establishing chapters that are providing State agencies with this needed service. Interpreters will become more available as universities begin to conduct training programs in interpreting for qualified people.

Community counseling centers in Pittsburgh, Kansas City, and Seattle, demonstrating the need of referral, evaluative, and supportive counseling services for deaf people, are stimulating national awareness of the importance of these services to the rehabilitation of all hearing impaired persons. Vocational rehabilitation counselors in these areas are greatly aided in their work by the availability of special services for the hearing-impaired. Guidelines and directions are being provided by RSA to communities that wish to establish these vital centers so that individuals with communication disorders may have better service and make full use of community services that they may not now use at all because of poor experience or unawareness. Under the leadership of the Social and Rehabilitation Service there will be greater emphasis upon centers of service in neighborhood areas where the people live.

Mental health services for deaf people are improving but continue to be unavailable in many areas. Guidelines for psychiatrists in service to deaf people, the product of a national institute for psychiatrists, will be helpful in stimulating interest in the specialty of deafness and suggest service programs to meet more fully the mental health needs of all hearing-impaired people. The distribution of guidelines to nonmedical professional and lay workers in the mental health care of hearing-impaired people will also help to bring them more and better service.

The State of Illinois, now in the process of taking over operation of a mental health program that was supported as a demonstration project by SRS, is the second State to take this important step. New York State had previously assumed responsibility of a similar program.

The Office of Education is cooperating with RSA in the development and procurement of appropriate instructional media and equipment for vocational rehabilitation programs for deaf people. Demonstrations in the use of visual aids, specially-designed texts, and improved methods of communication indicate that they greatly facilitate the vocational rehabilitation of severely language-handicapped deaf persons. Regional depositories for training media for vocational rehabilitation centers serving deaf people are planned for future development.

Mentally Ill

Reports to the Social and Rehabilitation Service show that State vocational rehabilitation agencies are making substantial progress in the rehabilitation of the mentally ill. 38,500 persons disabled by mental illness were rehabilitated in 1968 and the mentally ill represented 19 percent of the total number of rehabilitants under the State-Federal program. It is estimated that 43,700 will be rehabilitated in 1969 and 50,300 in 1970. State rehabilitation agencies continue to provide necessary services to both hospitalized and discharged mental patients in order that they may resume or enter employment and assume productive roles within their communities. Services are also provided to the emotionally disturbed who are not and have not been hospitalized but who need help in order to continue to maintain themselves in the community and stay out of the hospital. Considerable activity has been generated in the State agencies in relation to the new programs of the Comprehensive Community Mental Health Centers, where the major objective is to keep the emotionally disturbed able to function in the community. A number of State rehabilitation agencies have counselors assigned full-time to these Centers.

The rapidly growing numbers of psychiatric rehabilitants is due in part to the emphasis on and concern for this disability category and also the increased availability of specially trained staff. Many of the counselors have been able to take advantage of the six months counselor internship training programs in psychiatric settings, located at Harvard University Medical School, Nebraska College of Medicine and the University of Oregon Medical School. These courses and traineeships are supported through grants from the Rehabilitation Services Administration. This emphasis has been encouraged by the Social and Rehabilitation Service.

Short-term training courses for rehabilitation counselors working with the mentally ill are conducted at both the State and regional level. In the fall of 1967 a regional workshop was held at the University of Wisconsin with special emphasis on the role of the rehabilitation counselor as a member of the team in the Comprehensive Community Mental Health Center.

During 1967 a number of additional rehabilitation facilities were established by the State vocational rehabilitation agencies on the grounds of State mental hospitals. These units offer pre-vocational and vocational training, with professional staffs representative of a variety of disciplines providing the necessary services. One of the newer programs of this type is at the Eastern State hospital in Vinita, Oklahoma, where one of the buildings on the grounds of the hospital is being renovated as a Rehabilitation Service Building to be staffed and operated by the State agency through an Expansion grant (Section 4(a)(2)(A)). Other examples of State agency activities for the mentally ill are both numerous and varied. During 1967-68, the California Department of Rehabilitation operated comprehensive vocational rehabilitation units in eight State hospitals and two community mental health programs. The community programs are of particular significance in light

of new State legislation which is expected to accelerate the trend toward community care of the mentally ill, a program approach supported by the Social and Rehabilitation Service.

In the biennium 1966-68 as these programs were initiated and developed, the number of clients served and rehabilitated has shown a steady increase. The number of rehabilitations is expected to increase as programs mature and staff becomes more experienced.

During the first 8 months of 1967-68, the vocational rehabilitation units in State mental hospitals received 2179 referrals and accepted 951 individuals for service. In this same period 287 people were rehabilitated as the result of these programs.

As part of the cooperative programs for services to the mentally ill, the Department developed contracts for community mental health programs in San Francisco and Ventura which have local financing. The Department also operates in a contract agreement with Rancho Los Amigos Hospital serving Los Angeles County, under which two counselors serve in the county rehabilitation facility located at the hospital.

The South Carolina Psychiatric Rehabilitation Facility is a 40-bed unit located at the Medical College Hospital and a rehabilitation team of counselor, psychologist, social worker, recreational therapist, and occupational therapist work with the doctors in providing the latest and most progressive rehabilitation techniques for these rehabilitation clients.

Of significant interest in Texas is the continued expansion and increased coordination of services for the mentally ill to be provided jointly by Vocational Rehabilitation and the Department of Mental Health and Mental Retardation. This joint effort will be focused essentially upon:

(1) assuring the availability of referral systems which will result in the involvement of the client in the vocational rehabilitation process as soon as feasible following the presence of the vocation disablement,

(2) improving and expanding existing, and establishing, vocational evaluation facilities and programs,

(3) improving and establishing pre-vocational and vocational training programs, and

(4) improving and expanding community based services such as halfway houses.

The Office of Statewide Planning of the Texas Education Agency estimates that a minimum of 14,000 individuals suffering from the mental illnesses could profit from vocational rehabilitation services this coming fiscal year if adequate comprehensive services are available.

The Utah rehabilitation agency has completed an inter-agency third party working agreement with the State Division of Mental Health to expand and improve services at the State Mental Hospital.

A Youth Center Program at the State Hospital, unique in many respects, is the only inpatient facility for mentally disturbed youth in the State. Between 70 and 80 youth are served in this facility, which conducts a program emphasizing the "therapeutic community" concept and practice. These youth are under close therapeutic regimes that include accredited academic public school education. The facility is proving inadequate in areas of vocational exploration, speech and hearing services,

and recreational-psycho-motor therapy. To meet a demonstrated need for expanded vocational, speech and hearing, and recreational therapy services, the State Agency has been working with the Division of Mental Health, the Commissioner of Health and Welfare Services, the Governor's Office and the Office of the State Building Board to plan an expansion of the present youth center facility with Section 2 funding. This project is of special interest to the Social and Rehabilitation Service because of its potential for demonstrating effective interagency planning to bring more comprehensive services to mentally disturbed young people.

In serving the mentally ill, the Tennessee Division of Vocational Rehabilitation has for a number of years maintained cooperative working relationships with the Department of Mental Health. For the past two years, the State agency has operated a rehabilitation center for the mentally ill, the Central State Hospital.

The unit has recently undergone an expansion of building and will be in a position to serve approximately twice the number of patients during the coming year as previously. During fiscal 1967, the unit closed as rehabilitated 70 and expects to close 100 during the current fiscal year. Closures should increase substantially in 1969 with the additional staff and space.

The agency expects to establish this year an additional rehabilitation center for the mentally ill at Western State Hospital, which will be similar to the Central State Hospital Rehabilitation Center.

Mentally Retarded

People with this disability are served by several agencies and programs within the Social and Rehabilitation Service. Those designed to rehabilitate the mentally retarded continue to demonstrate the dramatic progress made during the past decade in ameliorating the effects of this disability. The number of mentally retarded persons vocationally rehabilitated has increased in recent years from 14,300 in 1966 and 17,700 in 1967 to 19,100 in 1968.

State vocational rehabilitation agencies have been emphasizing three general patterns of service to the mentally retarded. First, there has been the development of cooperative vocational rehabilitation-special education programs which have ensured that vocational rehabilitation services are provided to mentally retarded young people at an early age when they can most benefit from them.

Next has been the establishment of rehabilitation facilities of all types primarily serving the mentally retarded. These include sheltered workshops, evaluation centers, occupational training centers and halfway houses. In most States rehabilitation units have been established on the campus of State schools for the mentally retarded to serve more effectively the institutionalized retardate and make possible his discharge to independent living within the community.

A third general emphasis has been the assignment by State rehabilitation agencies of specially trained counselors and other staff to work with the mentally retarded. This special staff may work either in local agency offices or in special programs or facilities developed for the mentally retarded.

The availability of counselors with a specialization in mental retardation facilitates vocational rehabilitation participation in a variety of multi-agency programs. The program of Federal employment of the retarded had placed approximately 5000 retarded persons at Federal installations throughout the country at the close of 1967. State vocational rehabilitation agencies are responsible, under a cooperative agreement with the Civil Service Commission, for certifying retarded job applicants as suitable for specific job vacancies. The Social and Rehabilitation Service is encouraging State governments to make greater use of such young people in suitable jobs in their public programs.

As broad and effective Statewide service programs for the mentally retarded become organized, vocational rehabilitation agencies anticipate both an expanding role as a referral resource for greater numbers of mentally retarded persons and a growing participation in resolving the problems of those who are more severely retarded. State rehabilitation agencies are utilizing all of the grant resources available to them to maintain a broad level of rehabilitation services to the mentally retarded and to expand services where necessary.

Alcoholism

In March 1966, in his Health Message to Congress, President Johnson called for a new program on alcoholism. He said: "The alcoholic suffers from a disease which will yield eventually to scientific research and adequate treatment. Even with the present limited state of our knowledge, much can be done to reduce the untold suffering and uncounted waste caused by this affliction. I have instructed the Secretary of Health, Education and Welfare to appoint an Advisory Committee on Alcoholism; establish in the Public Health Service a center for research on the cause, prevention, control and treatment of alcoholism; develop an education program in order to foster public understanding based on scientific fact; and work with public and private agencies on the State and local level to include this disease in comprehensive health programs."

The Center for the Prevention and Control of Alcoholism was opened in October of that year and the Secretary's Departmental Committee on Alcoholism which had been created in 1964, began intensifying its operations and established informal liaison with other Federal agencies and Departments. The Social and Rehabilitation Service has placed this difficult challenging problem high on its list of priorities needing greater consideration by agencies and groups in all parts of the country.

Although over the years an increasing number of State vocational rehabilitation agencies had already been giving special attention to the alcoholic, particularly following the 1965 Vocational Rehabilitation Amendments, they responded promptly to this new impetus.

Many State agencies have taken advantage of Section 3 (Innovation) and 4(a)(2)(A) (Expansion), while others have developed programs with the use of Section 2 (Basic Support) funds.

To give some examples of varied State activity in this area: In 1967 the Texas Division of Vocational Rehabilitation developed a program for alcoholics, purchasing services from the Houston Psychiatric Institute and has now embarked on a State-wide alcoholism rehabilitation program. Involved in the total program is an Inter-Agency Agreement between the Texas Commission on Alcoholism and the Texas vocational rehabilitation agency, whereby the Alcoholism Commission has transferred a sufficient amount of State funds to the rehabilitation agency to make possible a one-half million dollar program. These funds provide for rehabilitation counselors and case service funds for a comprehensive program throughout the State.

In California State funds are provided by a direct contract between the Departments of Public Health and Rehabilitation for a program of services to alcoholics. The California Department of Rehabilitation operates an Alcoholism Center in Sacramento and provides vocational rehabilitation staff to ten community alcoholism programs. All patients of the community clinics are clients of the Department of Rehabilitation. The clinics are reimbursed for the services they provide and case service funds are used to purchase other necessary vocational rehabilitation services from the community. During the first eight months of 1967-68, 1,871 alcoholics were accepted for service and 413 of these clients have been successfully rehabilitated to gainful employment.

In Arizona a program for alcoholics including those who were public offenders, was initiated in 1967 and since that time, two hundred and thirty-five referrals have been made to the Arizona rehabilitation agency. Using as referral sources, the State, County, Municipal, judicial, police and hospitals, private agencies and individuals, a sizeable increase is anticipated in referrals for fiscal year 1969. The Alcohol and Drug Abuse Section of the Arizona Department of Health plans to transfer frunds to the State rehabilitation agency in 1969 to be used for the rehabilitation of this group. During 1969 the State agency will also accept twenty Navajo Indians from their reservations in Northn Arizona whose primary disability is alcoholism. It is anticipated that the total State program will require at least $100,000 of case service funds for 1969.

In Pennsylvania the Bureau of Rehabilitation together with the Governor's Office recently adopted a program on alcoholism for State employees handicapped by this condition. The vocational rehabilitation services available from the Bureau will be offered to each State employee who admits to a drinking problem and who wants to correct this condition. To provide prompt and efficient services for all applicants with a drinking problem, the Bureau has assigned in all twelve district offices a special counselor who is knowledgeable and informed about the problem of alcoholism. In-service training is being provided on a continuing basis and newly assigned counselors for this program attend the Summer School for Alcohol Study at Rutgers University. Thirteen referrals were made in 1967; estimated referrals in 1968 are 35 and for 1970, 60.

Approximately half of the State vocational rehabilitation agencies have programs similar to those cited above. It is anticipated that at least three fourth of the State agencies will have such programs by FY-1970. The State agencies rehabilitated 4,500 alcoholics in FY-1968. It is estimated that 5,500 will be rehabilitated in 1969 and 7,400 in 1970.

As programs for the rehabilitation of alcoholics expand, there is an increasing urgency for improving staff skills in working with the alcoholic. Summer schools providing this specialized training in alcoholism are held regularly at a number of State Universities and many of the States make this opportunity available to counselor working in this field. The Rehabilitation Services Administration supports in part the Summer Schools at the Universities of Georgia and Utah . The oldest and most intensive course is held at Rutgers University and an increasing number of State rehabilitation agencies utilize this experience as basic training for counselors who will work exclusively with alcoholics.

The subject of Alcoholism is given some attention by most of the universities receiving grants for graduate counselor training. Some of the hospital field work programs afford an opportunity for some extnesive study of the problem.

The six months internship courses for vocational rehabilitation counselors working with psychiatric cases located at Harvard University School of Medicine; University of Nebraska College of Medicine; and the University of Oregon School of Medicine, include lectures on alcoholism and the assignment of cases presenting this problem. These courses and traineeships are supported by the Rehabilitation Services Administration.

A large regional workshop on alcoholism was held in San Francisco in the spring of 1968.

Two planning meetings will be held in 1969 to prepare for a National Conference on Alcoholism Among American Indians in 1970. The Tribal leaders recognize alcoholism as a problem and have asked for assistance in dealing with it.

Drug Addiction

The State vocational rehabilitation agencies have reported to the Social and Rehabilitation Service that they are beginning to show progress in developing their programs on drug addiction, particularly in the more densely populated areas. The more ambitious programs are found in New York and California, undoubtedly because of the legislation enacted in these two States. 200 drug addicts were rehabilitated in 1968. It is estimated that 300 will be rehabilitated in 1969 and 400 in 1970.

During the past year the New York Division of Vocational Rehabilitation initiated a special program for Narcotic Addicts with the Department of Mental Hygiene. This program has grown more rapidly than anticipated and almost 150 clients have been involved in the In-Hospital Program. In addition, the agency has now moved to pick up addicts who have been released from the hospital and who are now in an After-care Unit in New York City. Approximately 100 such after-care clients are now included in the case load. Many of these clients are continuing their training in regular community Trade Schools and some few have been placed in employment but are still followed up.

This special program when considered in conjunction with on-going State agency programs for narcotic addicts in special hospitals and institutions in New York City and Buffalo, results in a caseload of approximately 600 narcotics addicts with special counselors assigned to provide counseling services in these facilities. Plans are now being developed with the New York Department of Mental Hygiene for extending these services in other of their institutions in other locations in the State.

Exemplifying what can be done with forward looking legislation, the California Department of Rehabilitation supports two projects under Section 3 (Innovation) program. One project is designed to provide vocational rehabilitation services to narcotics addicts who are institutionalized at the California Rehabilitation Center, a State correctional facility, and to extend these services after the clients are released to the communities of South Central and East Los Angeles. The current caseload consists of approximately 200 clients in both the institution and the community.

The vocational rehabilitation program in the institution operates dormitories which are organized on a therapeutic community basis to enable daily group meetings with the institutional staff and the project counselor. Since the institution staff of six psychologists and two psychiatrists is not large enough to provide more than evaluation to the 2400 inmates, the vocational rehabilitation counselor plays a vital role in the therapeutic milieu for the rehabilitation clients.

Another dynamic project activity in California involves the use of Synanon techniques to vocationally rehabilitate narcotic addicts. The present project caseload consists of 36 clients, most of whom have a history of narcotics addiction although several have histories of alcoholism or character disorders. Twenty-four clients are in on-the-job training programs at Synanon, one is ready for employment, five are in employment, and three have had service interrupted.

The total population of this Synanon location is well over 200 individuals. It is anticipated that in 1968-69 at least 150 of these people will have been served by the project in some way.

In 1967-68, 34 individuals were rehabilitated to suitable employment, in most cases within the Synanon organization. Generally these individuals had developed vocational skills and an overall adjustment which would be consistent with expectations of an employer outside of Synanon and could therefore secure other employment if they chose to do so. The Synanon environment provides many social as well as vocational benefits which would often be denied to former drug users in the community.

In New Jersey the New Jersey Rehabilitation Commission, continues to support a project in three counties to study methods and techniques which could improve the self-image of persons who have been addicted to narcotics. The problems of the narcotic addict are most involved, affecting the individual, his family, the community, and law and other, and the New Jersey agency is exploring ways to expand its continued involvement in this area.

Services to Handicapped Youth

A primary objective of the Social and Rehabilitation Service is to reach handicapped young people with services as soon as possible to help them achieve transition from school to employment suited to their capabilities and potential. The combined resources and experiences of programs with Social and Rehabilitation Service that focus on disabled children and youth can be focussed to this end. Handicapped young people continue to comprise an increasing number of those disabled persons rehabilitated by the State vocational rehabilitation agencies. In 1968 there were an estimated 46,000 rehabilitants in this age group representing 22 percent of the total. This growth reflects both the growing number of young people in the population who ar approaching working age and the fact that State vocational rehabilitation agencies have developed programs and activities designed primarily to serve the younger handicapped person. The fact that State plans for vocational rehabilitation have now been amended to ensure that no lower age limit may be established which, in and of itself, can preclude eligibility for service, indicates continuing attention in this area.

Agency experience has demonstrated time and time again that the younger the handicapped person is at the time vocational rehabilitation services are initiated the more likely he is to achieve a satisfying and successful rehabilitation. For this reason, State agencies have shown special interest in programs within schools, institutions and community rehabilitation facilities and workshops which provide the handicapped person with the medical services and the pre-vocational and vocational training and experiences necessary for him to take his place effectively within the competitive labor market.

Cooperative In-School Vocational Rehabilitation Programs

As an expression of the Social and Rehabilitation Service philosophy of interagency cooperation, the articulation of vocational rehabilitation and education programming within a coordinated effort for in-school handicapped youth has marked one of the most significant advances in the public rehabilitation program in recent years. Programs of this type, primarily designed for the mentally retarded, have been developed in virtually every State, and although, the nature of agency responsibility may vary from school district to school district, all programs are characterized by an essential goal of assisting the handicapped young person to bridge the gap from school to work.

The basic program structure easily lends itself to a variety of situations. In Texas, for example, special education classes for the high school age educable mentally retarded in more than one hundred school districts receive vocational preparatory experiences under the guidance of special education teachers who are performing vocational rehabilitation functions. In Wisconsin, work-study programs for the mentally retarded include opportunities for vocational evaluation and training within community sheltered workshops. In South Carolina, extensive rehabilitation facilities are being established on the school campus in affiliation with the work-study program. A statewide program in Rhode Island ensures that school based rehabilitation staff can make available vocational rehabilitation services to all the handicapped young attending the public high schools in the State. A program in an Ohio high school serves disadvantaged youngsters from a high delinquency central city neighborhood.

Throughout the country, new programs of this type are being developed in previously unserved school districts and State vocational rehabilitation agencies are directing their attention towards strengthening and improving existing programs both by broadening their content and enlarging their scope to serve youngsters handicapped by the full range of disabling conditions. Current agency emphasis is being directed towards integrating vocational education, as well as special education, resources into these cooperative efforts.

Services to the Aged

The establishment of the Social and Rehabilitation Service has placed primary services to the aging in an organizational grouping which should help to improve both the quality and quantity of help for this group of citizens. The number of disabled persons aged 45 and over rehabilitated into gainful employment under the State-Federal rehabilitation program continues to increase.

In 1968, this figure reached 60,000, or nearly 29% of all people rehabilitated through the public program that year. It is estimated that 64,100 people aged 45 and over will be rehabilitated in 1969, and 74,000 in 1970.

The Rehabilitation Services Administration coordinates with the Social Security Administration in utilizing the Social Security disability applicant load as an important referral source of older disabled persons for vocational rehabilitation services. Over the past several years, more than one-half million persons have applied annually for disability benefits and have been considered for rehabilitation services. The number of disabled workers receiving Social Security disability benefits reached 1 million in 1966. In recent years, the median age of such beneficiaries has been 57.

Major elements of the vocational rehabilitation program for the disabled aging, in addition to the basic services for the rehabilitation of disabled individuals, are the research and demonstration program and the short-term training courses.

An example of successful research focused on the aging is a recently completed comprehensive six-phase program, of 5 years' duration, which featured a unique working relationship between a centrally-based service and two neighborhood-based facilities through which vocationally motivated clients 55 years of age and over with varying degrees of disability received the assistance they needed to return to some level of employment. This project demonstrated that such a program could restore vocational fitness even to clients who were so limited that they were confined to neighborhood areas, private residences, hospitals and homes for the aged.

In addition, three short-term courses on the aging were held during 1967. The Rehabilitation Services Administration co-sponsored with the Division of Chronic Diseases, Public Health Service, the American Orthopaedic Association and the Orthopaedic Research and Education Foundation, a seminar on Orthopaedics and Gerontology in Washington, D. C. A Regional Institute on Rehabilitation of the Aging was sponsored in cooperation with University of Tennessee in Knoxville and a conference on Dynamic Programming in the Rehabilitation of the Aging was conducted in cooperation with Northeastern University in Boston.

Increased emphasis will be placed on the Rehabilitation Services Administration program for the aging, as the 1968 Amendments to the Vocational Rehabilitation Act propose to aid individuals disadvantaged by advanced age, or other factors, through the Vocational Evaluation and Work Adjustment Program. Also, it is anticipated that the Rehabilitation Services Administration will be involved in the organization and development of plans for the White House Conference on Aging.

The Rehabilitation Services Administration plans to continue its cooperation with the Administration on Aging, and other public and private organizations interested in serving the older American.

Correctional Rehabilitation

One of the most dynamically expanding rehabilitation activities in the public vocational rehabilitation program is the development of programs and projects designed to serve the adult and juvenile public offender. The growth in this area has been impressive and continues to accelerate with each successive year. This trend has direct relevance to a change in public philosophy from an emphasis on confinement and punishment to one of rehabilitation and restoration of the public offender to the mainstream of society.

The vocational rehabilitation program is concentrating on expanding rehabilitation services to meet the needs of greatly increased numbers of disabled public offenders. These extended and expanded services have been developed generally under the basic support (Section 2) program and in cooperation with State and Federal correctional agencies and probation offices as well as with State training schools and municipal courts. In over 40 States cooperative agreements and/or cooperative programs have been developed for the establishment and operation of vocational rehabilitation units or programs for the rehabilitation of public offenders. Such programs have varied in scope from the assignment of part-time counselors to correctional institutions, to the installation in reformatories of comprehensive vocational rehabilitation units, including a full array of personnel, equipment, and services. One of the more extensive programs is one, recently begun in Kentudky, titled "Operation Restore." This is an interdepartmental cooperative program providing a comprehensive correctional rehabilitation program which intergrates services of the Bureau of Rehabilitation Services, Bureau of Vocational Education, Department of Corrections and the State of Kentucky Employment Service. In a similar cooperative program in South Carolina; special vocational rehabilitation counselors trained to work with the public offenders are stationed in various field offices throughout the State and work exclusively with public offender clients. This program has succeeded in evaluating and screening between 8 and 10 thousand public offenders per year. Over 2,000 of these have been accepted for vocational rehabilitation services and several hundred have already been rehabilitated through this cooperative effort, which is only in its second year of operation. In Arizona, Colorado, District of Columbia, Texas, and the majority of other States, vocational rehabilitation counselors have also been working closely with the appropriate correctional agencies to establish the vocational rehabilitation agency as a referral resource. Throughout the country State agencies are extending and improving existing correctional programs and developing new ones.

The growth of the correctional rehabilitation activities has been greatly facilitated by the Social and Rehabilitation Service research and demonstration projects concerned with various aspects of rehabilitating the offender. There are presently over 30 such projects being supported. Eight of these are being conducted under a cooperative agreement and effort involving Rehabilitation Services Administration and the United States Bureau of Prisons and Probation Service. These projects are designed to demonstrate the effectiveness of vocational rehabilitation services for Federal offenders on probation or parole, and in institutions.

The diverse and flexible grant programs under the vocational rehabilitation program, coupled with close working relationships with correctional agencies holds great promise for meeting the challenge of rehabilitating the public offender.

National Interagency Cooperative Programs

Social and Rehabilitation Service efforts to encourage inter-program planning are exemplified by recent developments within the vocational rehabilitation program. The State-Federal program is participating in major poverty and manpower programs involving multi-agency approaches for more effective delivery of services. Service-oriented agreements with voluntary agencies are also being developed, and cooperative projects involving employers and industry associations have been initiaced.

The eight Federal agencies whose manpower-related programs are involved in the Cooperative Area Manpower Planning System (CAMPS) recognize that the focal point for joint action is at the local level where manpower services and clients come together. The Rehabilitation Services Administration and the State vocational rehabilitation agencies are working with CAMPS committees which operates at all levels of government to establish more effective interagency program linkages. The 1969 State CAMPS plans already approved by the Regional CAMPS committees show a significant contribution by State vocational rehabilitation programs.

Recent legislation has recognized that the vocational rehabilitation program is the most effective way of providing minor medical services to MDTA applicants and trainees, vocational rehabilitation services for migratory workers and their families, projects with industry to place handicapped persons in competitive work situations, a new careers program for handicapped individuals, and vocational evaluation and work adjustment services for disadvantaged persons. These new responsibilities require revisions in existing agreements with government and non-profit agencies and the development of new cooperative programs with public and private organizations and employers. The success of these new approaches to serving the handicapped and the disadvantaged depends in a large measure on the effectiveness of the cooperative arrangements developed. Guidelines on the minor medical services program were released to State employment security, vocational education, and vocational rehabilitation agencies late in FY 1968, and arrangements are now being worked out to provide these services to MDTA referrals. In Arkansas, for example, agreement has been reached with the Little Rock Opportunities Industrialization Center, which holds a national MDTA contract, to conduct a pilot project to determine the scope of medical care and services required by such MDTA applicants and trainees and to provide such care and services.

Agreements with voluntary agencies such as the American Cancer Society, the Heart Association, and the Arthritis Foundation have been developed to promote full understanding of what is available to serve person with such disabilities, to develop informational bulletins to be made available to both organizations, and to supplement programs of service. Formal letters of agreement with additional voluntary agencies are being developed.

Cooperative projects involving industry associations and staffs of Federal and State vocational rehabilitation and employment service agencies, the Bureau of Work Training Programs, and the President's Committee on Employment of the Handicapped are being initiated to determine the degree of acceptance that can be developed within a single industry on the matter of hiring the handicapped to fill critical labor shortages. "Operation Labor Tap" with the National Association of Bedding Manufacturers has been successfully launched in Chicago and Los Angeles, with Boston scheduled for the next project.

Multi-agency efforts such as those channeled through the Concentrated Employment Program operating in 67 areas, the Model Cities Program, the Neighborhood Centers Pilot Program, the Work Expansion and Training Program and its successor the Work Incentive Program will continue to require substantial involvement of Re-

habilitation Services Administration and State vocational rehabilitation agency staffs and resources at the national, regional, State and local levels.

Cooperative Programs with Organized Labor

Since 1959 the Rehabilitation Services Administration has sought to stimulate the interest of organized labor in the concept of rehabilitation in the early referral of work-incurred and other disabilities among workers and their families. These cooperative and educational efforts have been encouraged through Federal support of demonstrations and State conferences which have resulted in significant changes in attitudes of organized labor resulting in increased referrals to rehabilitation services. They now recognize rehabilitation to be one of the answers to preventing permanent serious loss of income by workers and their families, and an important tool in the national movement to eradicate poverty.

During this period approximately 50 State conferences were held involving organized labor, rehabilitation agencies and other related public and private programs including workmens' compensation programs.

The Social and Rehabilitation Service through its rehabilitation research program has supported a five year research and demonstration project to rehabilitate mentally disabled workers under a program sponsored by the Sidney Hillman Health Center (New York City) of the Amalgamated Clothing Workers of America and the Clothing Manufacturers Association. Currently this experience is being extended to other union groups. The Community Services Committee, of the Iowa Federation of Labor, AFL-CIO, under a research and demonstration grant is conducting a Statewide program of using trained union counselors to provide outreach and referral of disabled workers. This program features cooperative relationships established with the State rehabilitation agency and the Workmens' Compensation Service. The New York City Central Labor Council, AFL-CIO, which has received support in the conduct of a union-counselor labor rehabilitation referral project, is continuing this utilizing union contributions. Recently they have received support to demonstrate a job development program for the disabled.

Organized labor has been increasingly concerned with the provision of rehabilitation and related referral services to the disabled and disadvantaged populations in the "ghettos." It is expected that projected cooperative demonstration and training programs involving organized labor will focus very sharply on selected target populations in the inner city.

Rehabilitation of Public Assistance Clients

An estimated 26,000 disabled welfare clients were rehabilitated through State vocational rehabilitation agencies in 1968.

State vocational rehabilitation agencies are intensifying their services to disabled people who receive public assistance. Some States, such as Texas and Pennsylvania, are conducting special programs for welfare clients under their basic support program.

The advent of the Work Incentive Program under the Social Security Amendments of 1967 brings new circumstances, opportunities, and necessities for intensive cooperative action by welfare departments, manpower agencies, and State vocational rehabilitation programs. In this program, welfare departments must refer all appropriate recipients of Aid to Families with Dependent Children to the Work Incentive Program for employment, training, or work in each community where the Work Incentive Program is operative. The Rehabilitation Services Administration has

consulted with other agencies in Social and Rehabilitation Service in the development of policies to assure (1) pre-referral identification of any disabled persons who may be considered for referral to the Work Incentive Program and (2) provision of appropriate services for them. The State vocational rehabilitation agencies can and should make a key contribution in working with welfare departments in evaluating whether individuals are appropriate for referral to the WIN program, in providing services to those who are eligible for vocational rehabilitation, and in participating in community planning and activities in relation to the Work Incentive Program. State vocational rehabilitation agencies and welfare departments are also urged to develop active collaborative programs in communities where the WIN program is not in existence or is insufficient to meet the need.

Guidelines for the Social and Rehabilitation Service have been drafted for release to State vocational rehabilitation agencies and State public welfare departments. These guidelines are directed to development of effective collaboration in the Work Incentive Program as well as to improvement, intensification, and increase of ongoing cooperative efforts in State agencies.

In short-term training grants, emphasis is being given in 1969 to preparation of State agency staff to function effectively in serving the disadvantaged, including high priority to rehabilitation of persons who recieve or apply for public assistance.

Program Directed to Combat Urban and Rural Poverty

Over the past several years, the State-Federal vocational rehabilitation program while serving the disabled population gave increasing attention and priority to public assistance recipients and "target" population groups among the disadvantaged. Through the Social and Rehabilitation Service supported research and demonstration grants, and Rehabilitation Services Administration's innovation, and expansion and facility grant programs, rehabilitation services were directed to both urban and rural disabled disadvantaged persons.

In rural areas, State programs and projects are serving the disabled in the rural South, Appalachia, the Indians, and migrants. In Wood County, Wisconsin a five-year "saturation" of services is providing services to meet the needs of all disabled people in the County as well as those with handicaps resulting from sociocultural, economic and educational factors. This has lowered assistance roles and provided for a better cost factor in the provision of rehabilitation services. In the Mississippi Delta area, the Mississippi rehabilitation agency with Ford Foundation assistance is supporting, under the sponsorship of the Mississippi Research and Development Corporation, a rehabilitation center to serve disabled and disadvantaged from six rural counties.

In urban areas extensive programs have been directed toward the disadvantaged dealing with school drop-outs, public offenders, deaf, those with spinal injuries, alcoholics, narcotic addicts, the mentally ill, and the aged. Through expansion grants States have expanded programs to target population groups in cities including Negroes, Mexican-Americans, and Puerto Ricans. There have been concerted services in public housing, and 26 selected cooperative demonstrations between vocational rehabilitation and public assistance agencies for the rehabilitation of applicants and recipients. A number of projects were initiated to determine the effectiveness of providing rehabilitation services to selective service rejectees. Currently and for 1970, the State-Federal vocational rehabilitation program is focusing more specifically on the rural and urban disadvantaged.

A number of current and projected programs are related to Model Cities and Neighborhood Service programs on an inter-agency basis. Some examples are: In Minneapolis, a Social and Rehabilitation Service grant of nearly $250,000 to the Minnesota rehabilitation agency is bring rehabilitation services into the "ghetto" neighborhoods. This program includes participation by Department of Labor, Housing and Urban Development, and Office of Equal Opportunity. In Atlanta an expansion grant to the Georgia Division of Vocational Rehabilitation is providing rehabilitation services to disadvantaged persons, especially with those with dental, visual and related impairments who live in or near the Atlanta Model Cities target area. This program is coordinated with the Concentrated Employment Program and other agencies supporting job development and placement. In a number of States, programs have been developed with Welfare Departments for the State rehabilitation agency to screen welfare recipients for the Work Incentive program and to provide vocational rehabilitation services to eligible recipients.

Among the current and projected programs for the disadvantaged in urban and rural areas provided by State agencies and some municipalities are Social and Rehabilitation Service supported demonstrations to utilize special rehabilitation techniques. The city of Cleveland is demonstrating the coordination of a rehabilitation program for its hard-core unemployed. The Georgia rehabilitation agency is providing comprehensive evaluation services to rehabilitate the culturally and socially deprived in the Atlanta area. The Illinois agency is accelerating the provision of rehabilitation services in three densely populated ghetto areas of East St. Louis designed to place substantial numbers of clients in gainful employment. The Arkansas rehabilitation agency is providing a program of behavior modification to the hard-core welfare client for sustained competitive employment. This will fully utilize the comprehensive facilities and staff of the 435 bed comprehensive Hot Springs Rehabilitation Center and serve welfare clients from 14 Arkansas counties.

The Vocational Rehabilitation Amendments of 1968 has given the State-Federal program further impetus in directing its programs more effectively in serving the disabled and disadvantaged populations, especially in the inner-city urban areas. One of the most significant of these new provisions is Vocational Evaluation and Work Adjustment. Formula grants to State rehabilitation agencies will enable them to provide such services to the disadvantaged including youth of school age with mental or physical disabilities as well as those who have behavioral problems, gross underachievers, socially maladjusted, as a result of environmental deprivation. These diagnostic and work adjustment services will appraise individuals' patterns of work behavior, work habits, work tolerance, and the various social and behavior patterns suitable for successful job performance.

Projects are authorized with industry and business to place handicapped persons in competitive work situations at regular pay rates in training programs that will later phase them into permanent employment. Grants to State vocational rehabilitation agencies and other public and private non-profit agencies are enabling them to develop new programs, to recruit and train people for new career opportunities in order to provide needed manpower in programs serving handicapped people, and to upgrade or expand those services. Another similar provision enables these same agencies to recruit and train handicapped individuals to provide them with new career opportunities in the fields of rehabilitation health, welfare, public safety, and law enforcement and other appropriate public service employment.

One new provision which includes follow-up after job placement will enable the State rehabilitation agency to provide special and supporting services for many of the disadvantaged disabled who require special and sustained efforts to assist them after placement.

Rehabilitation of Social Security Disability Insurance Beneficiaries

Section 222 of the Social Security Act, as amended in 1965 and 1968, provides for payment from Trust Funds for costs of vocational rehabilitation services to selected disability beneficiaries up to a maximum of 1 percent of the total of the benefits under Section 202(d) for children who have attained age 18 and are under a disability, the benefits under Section 202(e) for widows and surviving divorced wives who have not attained age 60 and are under a disability, the benefits under Section 202(f) for widowers who have not attained age 62, and the benefits under Section 223, which were certified for payment in the preceding year.

To pay the cost of rehabilitation services from trust fund monies, the State agency must amend its State Plan to provide authority for carrying out the program. By 1968 all agencies had amended their State Plans and were actively engaged in the program. The State agencies are also required to receive from the Social Security Administration verification of the individual's entitlement to disability benefits prior to using trust funds to pay for his services under a rehabilitation plan. The Social Security Administration, at the request of the State agencies, has furnished such verification for 68,594 beneficiaries as of June 30, 1968.

Of the 207,918 rehabilitations reported during 1968, 24,200 were identified as Social Security Disability Insurance (SSDI) applicants (both those allowed and denied benefits). This is an increase of 29 percent over the comparable figure for 1967. It is indicative of the continuing increase of activity and funds available for working with all SSDI applicants.

Trust fund monies were used for all or part of the rehabilitation cost of 6,000 SSDI selected beneficiaries. This represents a 200 percent increase over the 2,000 rehabilitations with the aid of trust funds in 1967. This increase is attributable, at least in part, to the opportunity that the State agencies have had to implement the program by developing operational procedures and providing supporting staff.

The entire $16.0 million available from the Trust Funds was expended by the States during 1968 compared to $9.8 million expended during 1967. The agencies were able to provide rehabilitation services to 25,500 selected beneficiaries in 1968 compared to 12,000 during 1967. All 89 agencies reported trust fund expenditures for 1968 compared to 79 agencies for 1967.

In estimating the impact of this specific program on the general rehabilitation program, based on program growth and past experience, substantial increases are anticipated not only in the number of SSDI beneficiaries rehabilitated with the aid of Trust Funds, but also those beneficiaries and denied applicants rehabilitated with the use of regular program (Section 2) funds. Of the 230,000 rehabilitations projected for 1969 under the general program, 30,000 will be SSDI applicants. It is estimated that 15,000 of these rehabilitated applicants will be beneficiaries and 8,000 of them will have been rehabilitated with the aid of trust fund monies.

Estimates for 1970 show that of the 265,000 individuals who will be rehabilitated, about 37,500 will be SSDI applicants. Of the 37,500 applicants, about 19,000 will be beneficiaries of whom 10,500 will have some or all of their rehabilitation costs paid from the Trust Funds.

1. Vocational Rehabilitation Services

(b) Innovation grants (Section 3)

	1969 Estimate		1970 Estimate		Increase (+) or Decrease (-)	
	No.	Amount	No.	Amount	No.	Amount
New Grants----------	39	$1,025,000	27	$ 800,000	-12	-225,000
Continuation----------	66	2,175,000	80	2,400,000	+14	+225,000
Total----------	105	3,200,000	107	3,200,000	+ 2	---

The primary purpose of the Innovation Grants program is to encourage States to try new and experimental rehabilitation methods and procedures. This program is especially designed to provide services to those who would not otherwise be served such as those with catastrophic or particularly severe disabilities.

Amendments to the VR Act in 1965 changed the emphasis of Section 3 from extension and improvement of services to the present Innovation Grant Program. The underlying assumption of the Innovation program is that methods and procedures tried under the program and determined to be of value will be incorporated into the basic support program of the agency (Section 2).

Special emphasis is placed upon projects designed to serve the multi-disabled such as the blind-deaf or the mentally retarded-blind. Among activities conducted under the provisions of this Section are special programs to serve persons with spinal cord injuries and those who require renal dialysis services.

With the most favorable matching rate of 90%-10%, Innovation Grant Funds are being utilized to an increasing degree to allow States to experiment in areas that financial pressure for Section 2 funds would preclude. In New Mexico, for example, a grant has been made to the Regional Medical Advisory Board (in conjunction with the School of Medicine, University of New Mexico), to assist in the training of para-medical personnel. In Nevada, a new program has been funded to establish a procedure whereby new clients may obtain a general medical review, work sample, evaluation and psycho-metric testing immediately upon completion of the intake interview all in the same rehabilitation facility.

Key-punch training is being provided at the Indiana School for the Deaf. Deaf girls have proven to be especially adaptable in the skill, have demonstrated their capability and are in demand. The VR agency believes that clients can be better trained at the School and at a lower cost than if training were conducted by a commercial school.

Under the provisions of an Innovation Grant, the Mississippi Agency has undertaken a program of employment of counselor aides designed to determine the effectiveness of such aides to counselor in performing non-professional duties. Aides selected are usually college seniors employed during the months of June, July and August. An important aspect of the program is that many of the young persons employed become interested in vocational rehabilitation as a career. Also, the program allows the agency to evaluate the potential value of the aides to the agency.

The State of California operates two programs under Section 3 for drug addicts, one in cooperation with Synonon, Inc. and the second in association with the California Rehabilitation Center, a state correctional facility. The latter program provides one counselor to work in the institution and two to provide continuation of services when clients return to their communities.

In Ohio the Bureau of Vocational Rehabilitation is designing an innovation project to develop structures and methods that will strengthen the Agency's ability to find and serve welfare clients in association with the State welfare agency. Tennessee utilizes Innovation funds to finance the Job Placement Laboratory in Memphis. The Center works with the hard core unemployed and provides them with an intensive two-week orientation on how to get and hold employment. A mixture of lectures, film presentations, and group interaction is utilized to develop appropriate personal habits, grooming and approach to job seeking.

Innovation funds have provided for the establishment of a VR district office in the Pine Ridge Indian Reservation, South Dakota. An Indian counselor, who devotes most of his efforts to the disabled on the Reservation and with Indians residing in Rapid City, has been assigned to the office.

The allotment of funds to the States under Section 3 is computed on a formula, based upon population, with each State being guaranteed a minimum of $25,000. In view of the fact that many of the States have not fully utilized their Section 3 allotments, the 1968 Amendments to the Vocational Rehabilitation Act allow for reallocation of funds to States in need.

SUMMARY OF INNOVATION PROJECTS BY DISABILITY OR PURPOSE SERVED

FISCAL YEAR 1968

Disability Served or Purpose	New Projects	Continuation Projects	Total
Orthopedic	1	1	2
Heart, Stroke, Pulmonary	0	2	2
Severely Disabled	2	0	2
Kidney, Dialysis	0	1	1
Blind or Visually Handicapped	10	7	17
Deaf or Hard of Hearing	1	1	2
Mental Illness	3	3	6
Mental Retardation	2	0	2
Alcoholism	2	3	5
Drugs	0	3	3
Multi-Disabilities	2	2	4
Special Education	0	1	1
Corrections	3	5	8
Poverty	1	2	3
Training of Clients	2	0	2
Placement of Clients	1	2	3
Indians	1	0	1
Administration	2	7	9
Subtotal	33	40	73

1. Vocational Rehabilitation Services

(c) Expansion of Services (Section 4(a)(2)(A), (B), (C), (D))

Expansion Grants - Section 4(a)(2)(A)

Activity	1969 Estimate No.	1969 Estimate Amount	1970 Estimate No.	1970 Estimate Amount	Increase or Decrease No.	Increase or Decrease Amount
New Grants.....	47	$3,332,594	13	$1,000,000	-34	-$2,332,594
Continuation.....	126	5,500,000	122	8,500,000	- 4	+ 3,000,000
Total.....	173	8,832,594	135	9,500,000	-38	+ 667,406

A major accomplishment of the 1965 Amendments to the Vocational Rehabilitation Act was the enactment of the Expansion Grant Program. Under terms of this program, Federal funds are provided to State agencies or private, non-profit agencies to provide incentive and financial support to projects aimed at the expansion of numbers and types of persons rehabilitated. Under this program Federal funds are available for a three year period at a 90%-10% rate. Because of its flexibility and adaptability in meeting changing needs within the rehabilitation program, the Expansion Grant is the most widely utilized of the project grant programs.

In fiscal year 1968, a total of forty-seven States, the District of Columbia and Puerto Rico participated in the program in comparison to forty-one States in fiscal year 1967. Expansion grants may be expected to be of increasing importance especially in programs directed to combat poverty, mental illness and to expand the rehabilitation of the disabled. Expansion projects tailored to meet the specific needs of model cities and multi-service Neighborhood Service Centers are certain to be utilized in outreach services in rural areas as well as in large metropolitan areas.

The Social and Rehabilitation Service is encouraging the development of new patterns of cooperation with a variety of groups in rural and city ghettos. Similarly, work with industry groups, employers and others who can offer new channels for training and employment for the handicapped must be stressed in order to open new career opportunities both for the disabled and for individuals who wish to participate in meaningful efforts to combat disability and poverty.

Accordingly, Section 4 of the Vocational Rehabilitation Act was further amended and expanded by P.L. 90-391 (1968) by the authorization of three new programs designed to increase the number of persons rehabilitated. These are:

Contracts with Industry - Section 4(a)(2)(B)

An appropriation of $500,000 is proposed for the purpose of providing Federal funds to finance approximately 3 contracts with industry "for the establishment of projects designed to prepare handicapped individuals for gainful employment in the competitive labor market under which handicapped individuals are provided training and employment in a realistic work setting and such other services (determined in accordance with regulations of the Secretary) as may be necessary for such individuals to continue to engage in such employment." Under this program unemployed or underemployed persons (particularly from large urban areas) would be trained in skills needed by a particular industry, trained by that industry, and upon completion of training, obtain employment within that industry.

New Career Opportunities in Vocational Rehabilitation - Section 4(a)(2)(C)

The purpose of this program is to provide grants to State vocational rehabilitation agencies and other non-profit agencies to enable them "to develop new programs to recruit and train individuals for new career opportunities in order to provide appropriate manpower in programs serving handicapped individuals and to upgrade or expand these services." The sum of $500,000 is proposed to fund about 7 grants.

New Career Opportunities for the Handicapped - Section 4(a)(2)(D)

For 1970, $500,000 is proposed to finance 4 grants to State agencies and to private non-profit agencies "to enable them to develop new programs to recruit and train handicapped individuals to provide them with new career opportunities in the fields of rehabilitation, health, welfare, public safety and law enforcement and other appropriate public service employment."

Implementation of the foregoing programs is expected to greatly expand the number of persons rehabilitated and to be of great value in the development of techniques to serve the hard core unemployed. These new programs are indicative of the trend within the program, that of providing services to the disabled who are culturally, socially and economically disadvantaged.

Provisions of the expansion grant program have been and will continue to be utilized in a wide variety of ways that cover the broad spectrum of rehabilitation.

With the intention of improving general administration of the program in mind, the Oregon agency has submitted an Expansion Grant proposal entitled "Program Information and Evaluation Project" whose purpose is to develop a comprehensive planning system. Statewide Planning Commission recommendations would be incorporated into this in-depth planning system to maximize utilization of services and methods and to develop the optimum program with the choices available.

The Colorado agency will expand and improve the Jefferson County Community Center workshop operation through the acquisition of a business manager by utilization of an Expansion Grant. A program to expand services in the rural areas of Northern Wisconsin and the Upper Peninsula of Michigan will be provided by an Expansion Grant to the Goodwill Industries of Northern Wisconsin and Upper Michigan.

Expansion projects will continue their importance in the provision of services to the blind and the visually impaired. The Community Center for the Blind, Stockton, California, provides orientation and mobility training through utilization of sub-professional technicians. Experience gained by this agency in use of technicians is certain to be of value nationwide. In the William Brennan Center, St. Louis, Missouri, expansion grant funds are being utilized for diagnostic and evaluation services to blind and visually impaired persons. Staff for personal adjustment training is provided for by an Expansion Grant to the Vision Center, Blind Association of Central Ohio.

Services geared to rehabilitation of the deaf and hard of hearing command a great deal of attention under the Expansion Grant program. In Illinois, the Institute of Physical Medicine and Rehabilitation has been awarded an expansion grant to initiate a program of speech pathology and audiology services. Under the jurisdiction of the Greater Kansas City Hearing and Speech Center, a referral, coordination, evaluating, and supportive counseling office for the deaf of metropolitan Kansas City has been established. The New York Society for the deaf has been involved in the development of a comprehensive vocational rehabilitation facility for the deaf under an Expansion Grant. A program of expanded rehabilitation services for the deaf has been instituted at the Vocational Rehabilitation Center of Allegheny County, Pittsburgh, Pennsylvania.

Rehabilitation of persons disabled by mental illness is a special concern of the Expansion Grant Program of particular importance in the focus being placed upon the "halfway house", a traditional facility to assist a disabled person by providing a partially supportive setting prior to his return to independent living. A total of seven half-way houses for the mentally ill are supported by Expansion Grant funds. In addition to these seven, eleven other half-way houses are supported by Expansion Grants to serve public offenders, alcoholics and the multi-handicapped.

In the District of Columbia, a home arts program for the mentally ill has established at St. Elizabeths Hospital under provisions of an Expansion Grant. A re-employment readiness training program in a State hospital sheltered workshop setting has been operational in Jacksonville, Florida. An inner city Community Mental Health Services Program has been established in Baltimore. In Kansas City, Missouri, the Halfway House Foundation has been engaged in a program of integration of daily living and vocational objectives in a transitional facility. Under the provisions of an expansion grant, Fairview Hospital in Minneapolis has been assigned a vocational rehabilitation counselor to serve needs of clients of this private hospital. An intensive vocational program for patients of the maximum security hospital population is being conducted with Expansion Grant support at the Mankato Rehabilitation Center, Minnesota.

Now that several of the key service programs for mentally retarded children, youth and adults are closely associated in the Social and Rehabilitation Service, increasing attention can be paid to maximum efforts to rehabilitate greater numbers of these disabled persons. This is a population group that has proven itself extremely responsive to vocational rehabilitation services especially in preparation for service type occupations within the mental and physical limitation of the individuals concerned.

The Indiana agency, in cooperation with the Hawaiian Orange County Association for Retarded Children, Inc., in Palmara, has instituted a program to improve and expand services under an expansion grant. Similar expansion programs are being conducted in two programs in New Orleans, the New Orleans Association for Retarded Children and the Dr. Russell L. Holman Vocational Center for Mentally Retarded Girls. In North Dakota the Svee Rehabilitation Home of Lutheran Welfare Society has established a program designed expressly to serving the needs of the mentally retarded. In Pennsylvania the State agency has entered into an agreement with the School Board of Delaware County to conduct a work-study program for the mentally retarded at the Elwyn School, Media.

An Expansion Grant is being utilized in the State of Washington to underwrite expansion of a Yakima workshop into a box factory to provide employment for mentally retarded persons. In Bellevue, Washington, Services, Inc., is providing training in janitorial services to mentally retarded clients.

Perhaps the most creative use of expansion grants planned by voluntary groups cooperating with the Social and Rehabilitation Service will be in those program areas associated with the eradication of poverty and the scaling down of public assistance roles. Projects are designed to combat urban and rural poverty primarily in association with State departments of welfare and labor. The rehabilitation of public assistance recipients to gainful employment is of prime importance. Research data have revealed that a high percentage of the hard core unemployed have a physical, mental or social handicap that, with proper remedial services can be overcome, and the individual and his family restored to a proper place in society. Emphasis will be placed to an increasing degree on meeting needs of inner city residents of large metropolitan areas through outreach and other techniques developed in serving the needs of population groups not previously served to any great degree by the vocational rehabilitation program.

In Texas, the Dallas Work Opportunity and Retraining Center is engaged in the development of a work experience and training program for disadvantaged and disabled clients. The Wisconsin agency is conducting an expansion grant program designed to bring services to the inner core city of Racine. The Washington agency is conducting an evaluation project to determine in specific terms disabilities and services needed to rehabilitate public assistance recipients. Approval has been granted for implementation of rehabilitation services to disadvantaged persons in and around model cities areas of Athens and Gainesville, Georgia, and in East St. Louis, Illinois and Portland, Oregon. A concentrated Employment Project to provide intensive services to the unemployed in Cincinnati, Ohio, is being supported by an Expansion Grant. The Kentucky agency will provide services to clients in the Park-Duvalle Neighborhood Center Project in Louisville. In Detroit, an attack against poverty is being conducted by the Inner City Client Service Project. A major project designed to reach and serve the disabled in California poverty areas is being funded by an Expansion Grant.

In Tennessee, the Chattanooga Pilot City program is a vital part of the total effort to attack hard core unemployment; three Neighborhood Service Centers are located in or adjacent to the target area. Vocational Rehabilitation has assigned a counselor to each of these centers in order that concentration may be placed on serving the hard core unemployed. A basic feature of these centers is the maintenance of a job readiness laboratory to assist the unemployed in orientation to work.

Several Expansion projects are operational in the attack against rural poverty in coordination with other Federal and State programs. A joint vocational rehabilitation-public welfare project has been enacted to serve the Monroe, Louisiana area. In Michigan, a program to expand the operations and services of Copper County Sheltered Workshop in Hancock is serving the rural poor. Expanded rehabilitation services to residents of twenty-four rural Mississippi River Counties is proving to be of great value in the rehabilitation of persons displaced from agricultural pursuits because of mechanization. The West Virginia agency has initiated a project for the expansion of services in rural hospitals in cooperation with the welfare medical assistance program.

In the area of evaluation and placement of clients, the State of Wyoming has established a centralized comprehensive evaluation center to provide vocational rehabilitation services at the Gottshe Rehabilitation Center. An Expansion Grant has provided for a vocational evaluation, adjustment and placement facility to serve needs of the Oklahoma City Area. Expansion of placement and follow-up services by the Delaware County Council for Retarded Children, Inc., Muncie, Indiana, have been provided by Expansion Grant Funds. Illinois has utilized an Expansion Grant to provide vocational counseling, training, placement and follow-up services in the Chicago House of Corrections.

Summary of Expansion Projects by Disability Served or Purpose

Fiscal Year 1968

Disability Served or Purpose	New Projects	Continuation Projects	Total
Orthopedic	1	2	3
Heart, Stroke, Pulmonary	1	2	3
Severely Disabled	10	14	24
Blind or Visually Handicapped	4	11	15
Deaf or Hard of Hearing	3	5	8
Epilespy		1	1
Mental Illness	4	19	23
Mental Retardation	4	5	9
Alcoholism	4	3	7
Special Education		1	1
Disadvantaged Youth	1	3	4
Poverty	18	6	24
Corrections	2	3	5
Training of Clients	7	8	15
Placement of Clients		2	2
Administration Projects	6	11	17
Total	65	96	161

1. Vocational Rehabilitation Services

(d) Vocational Evaluation and Work Adjustment (Section 15)

Activity	1969 Estimate	1970 Estimate	Increase or Decrease
Grants to States	---	$10,000,000	+$10,000,000

Under Section 15 of the Vocational Rehabilitation Amendments of 1968, the Congress authorized a new service program for the disadvantaged, the poor people of the Nation, whether they reside in urban congestion or rural isolation. This section authorizes a new distinct State program to provide vocational evaluation and work adjustment services to socially and culturally disadvantaged persons. Funds to support the State vocational evaluation and work adjustment programs, both for the provision of services and the administration of the program, will be provided through formula grants-in-aid to the States under a State Evaluation and Work Adjustment plan. The Congress authorized appropriations to carry out this program of $50 million in fiscal year 1969; $75 million in fiscal year 1970; and $100 million in fiscal year 1971. The sum authorized to be appropriated in each fiscal year will be allotted to the States based on population with a minimum allotment of $50 thousand. Federal financial participation in the cost of evaluation and work adjustment services provided under a State plan will be at the rate of 90 percent. State funds may include non-federal donated funds. Evaluation and work adjustment services include as appropriate in each case such services as --

A. A preliminary diagnostic study to determine that the individual is disadvantaged, has an employment handicap, and that services are needed;

B. A thorough diagnostic study consisting of a comprehensive evaluation of pertinent medical, psychological, vocational, educational, cultural, social, and environmental factors which bear on the individual's handicap to employment and rehabilitation potential including, to the degree needed, an evaluation of the individual's personality, intelligence level, educational achievements, work experience, vocational aptitudes and interests, personal and social adjustments, employment opportunities, and other pertinent data helpful in determining the nature and scope of services needed;

C. Appraisal of the individual's patterns of work behavior and ability to acquire occupational skills, and to develop work attitudes, work habits, work tolerance, and social and behavior patterns suitable for successful job performance, including the utilization of work, simulated or real, to assess and develop the individual's capacities to perform adequately in a work environment;

D. Any other goods or services provided to a disadvantaged individual, determined (in accordance with regulations of the Secretary) to be necessary for, and which are provided for the purpose of ascertaining the nature of the handicap to employment and whether it may reasonably be expected the individual can benefit from vocational rehabilitation services or other services available to disadvantaged individuals.

The State agency will also provide outreach, referral, and advocacy services in connection with the vocational evaluation and work adjustment service program.

The clientele of the new program includes those disadvantaged because of low educational attainment, ethnic or cultural factors, prison or delinquency records, youth or advanced age, physical or mental handicaps, or other conditions, especially in association with poverty, which constitute a barrier to employment. Appropriate services are also to be provided to members of the families of disadvantaged persons undergoing evaluation when such family services are necessary for the evaluation or rehabilitation of the disadvantaged individual.

In authorizing this new program, Congress moved toward the solution of one of the recognized and often reported shortcomings of existing manpower programs -- lack of pre-planning and evaluation of clientele the various programs.

In a report of a study of vocational rehabilitation and the lessons it may have for manpower policy undertaken by Garth L. Mangum and Lowell M. Glenn, it was stated that one of the major lessons was "the nature and value of a comprehensive, individualized approach to the delivery of manpower services." Evaluation services were noted as the key element in several interagency cooperative programs that were visited, and the authors conclude, "Indeed, some observers suggest that if a coordinated manpower program were ever established, vocational rehabilitation could make a unique contribution in this area. Its experience in evaluating client eligibility has broader ramifications in the determination of individual potential of the competitively disadvantaged and the techniques required to bring these people into the mainstream of society."

The Congress has recognized the success of the traditional vocational rehabilitation services program for the disabled and has singled out that group of services described as evaluation and work adjustment services as holding promise of great benefit if made available to all disadvantaged persons. Vocational rehabilitation services to the disabled have been built around the needs of the individual and the methods of providing these services and have assured the dignity of the individual served. These principles will be the underpinning of this new service program. The SRS expects to encourage all appropriate State-Federal service programs for employable adults and youth to use to the fullest these new evaluation and work adjustment services.

The law provides a leadership role for the State agency. The State agency will be responsibile for organizing the program within the State and will be responsible for the direction of the program. In some instances the State agency will itself directly provide the evaluation and work adjustment services; in other situations it will contract for the services. The State agency will set the standards of services which will prevail throughout the State. The State agency will also establish the criteria for providing services to clients. The criteria will determine the clients to be served and the program of services to be provided to an individual client.

Policies of the SRS will assure that the program will be community-oriented in its delivery of services. Evaluation and work adjustment services will most often be provided in a facility. In fiscal year 1967, rehabilitation facilities served 62,230 vocational rehabilitation clients. Based on utilization data reported by the States, it is estimated that existing rehabilitation facilities, supported by the necessary funds, could increase their present client load by 15 to 30 percent, extending services to an additional 9,300 to 18,669 disabled or otherwise disadvantaged individuals. Assuming that a large part of this estimated potential for increased capacity can be utilized to provide evaluation services, lack of facility space will not forestall the initial implementation of this program.

However, more facility capacity and other resources for providing services must be developed for the near future. In view of both the deficiencies in facility resources in some States, and the disparity in the number and quality of facilities between different communities in a State, a marked degree of flexibility will have to be exercised by State and community operators especially in the early "tooling-up period."

Existing services will have to be augmented and expanded to provide the additional capacity required to serve the new clientele. Satellite operations, mobile units, and operations beyond the regular eight-hour day will be encouraged. In some communities a program of services may be offered in a consortium of rehabilitation facilities and workshops, each providing one or more of the special services. However, it is expected that optimum operating efficiency and maximum convenience to the recipient of the services can be obtained if all of the services are provided under one roof. Furthermore, the term "rehabilitation facility" as it is presently understood in the traditional vocational rehabilitation program sense may well be broadened in the vocational evaluation and work adjustment program to characterize a "setting" or a "place of delivery" of organized services; for example, a community vocational education school which has other elements added to it may well be a community facility. Where cooperating manpower programs have buildings evaluation procedures may sometimes be implemented with appropriate alterations and addition of staff and equipment. Information already available to the Social and Rehabilitation Service indicates the essentiality of strong evaluation and work adjustment elements in any program designed to work with people suffering severe employment problems. People with multiple disabilities such as a combination of low-educational attainment, physical impairments and cultural deprivation are especially in need of such services.

Evaluations will require only 2 or 3 days in some cases, several weeks or longer in others. The exact time will vary under the different operating arrangements as well as determined by the nature and severity of a client's problem. At the conclusion of an evaluation period, a report will be made by the rehabilitation agency to the referring agency. The rehabilitation agency in cooperation with the other participating and referring agencies will then decide the next steps to be taken.

The major target group for this program will initially, by administrative decision, be poor people living in ghettos and the deprived areas of the countryside. The major referral source will be the Concentrated Employment Programs, WIN and other manpower programs, poverty programs, and Welfare programs. These will be more than "referral source." We shall actively seek to join in cooperative programs and supply the new service program to the clients or selected clients of these other agencies. This is already being done in many instances, but it is often limited by small special project grant funds and the restriction in the general program to a disabled clientele.

In effect, the Social and Rehabilitation Services expects that the vocational evaluation and work adjustment program will extend some of the techniques and processes which have proved so successful in rehabilitating the mentally and physically handicapped in the communities throughout the country. The one-by-one individualized approach to client needs will be basic to the program. A plan of services will be developed for each client.

A trained staff will develop the vocational evaluation and work adjustment program of services for the client, adjust the plan as necessary during its course, and guide and reinforce the client throughout his program. The staffing plan of the "community facility" will be an important factor in program success. In addition

to the experienced professional staff, State agencies will be inaugurating a wide-scale extension of their successes in other projects and programs in which they have utilized services of sub-professionals and community aides to augment professional staff; another feature will be the employment of community residents as facility operating personnel. Employment opportunities for community residents will do much to further local acceptance of the services available.

They are particularly valuable in the outreach and advocacy services which are also authorized as part of the vocational evaluation and work adjustment program. These services were wisely included by the Congress as essential to a service program for poor people. Poverty produces in poor people self defeating attitudes, frustrations, and general anomie which in turn produces high "drop out" rates in many programs. Through outreach services, the State agency will be able to attract and encourage clientele to enter and to complete the service plan; also to retrieve the "drop out". Outreach may include the use of idigenous aides and the establishment of relationships with community groups and institutions. In some specific cooperative programs, the outreach function will have been established already or become a major responsibility of the other cooperating agencies.

Advocacy or activities of intercession on behalf of the disadvantaged will be provided. In all matters relating to the client's effective utilization of this and related programs, the client's interests will be supported by such activities as explaining the program to third parties seeking our resources to assist the client in legal matters, problems relating to housing, timely services from other community agencies, etc.

In this new program the Social and Rehabilitation Service will underscore the development of cooperative agreements, and, when feasible, joint undertakings for the purpose of extending vocational rehabilitation in working partnership with other public and voluntary organizations. The strength of the vocational evaluation and work adjustment service program will be the cooperative agreements with other agencies to provide, as the initial step in a continuum of services, vocational evaluation and work adjustment services on a referral-for-service basis to clients of other agencies without disrupting existing client-agency relationships. Vocational evaluation and work adjustment services, it is believed, will permit other agencies to deliver their services to their clients more efficaciously. This referral-for-service approach will build on the experience gained in such programs as the Evaluation Center in Atlanta which serves clients of some 33 cooperating agencies; the program for the disadvantaged populations of Los Angeles County (Watts); the Vocational Guidance and Rehabilitation Center in Cleveland; and the evaluation program, with special emphasis on public assistance recipients, at the Hot Springs (Arkansas) Rehabilitation Center.

State agency directors are enthusiastic in their support and report that a high level of receptivity for this new program is already developing in their States. California, immediately after passage of this legislation, rushed through the State Legislature a bill patterned after Section 15 of the Vocational Rehabilitation Amendments to authorize the new program and appropriate State funds for it.

Recently, a selected group of representative State Directors met with the Administrator, Social and Rehabilitation Services, and the Commissioner, Rehabilitation Services Administration, and key members of his policy and planning staff to discuss program development and in general to establish a timetable to ensure initiating of State programs at the earliest possible time. Among the courses of action to be explored are interim draft regulations covering the requirements for the State plan. The States are anxious to move ahead on the basis of draft regulations to develop their state plans, since the plan is the key to a State's acceptance and participation in the Federal program. Another possibility will be the development of a set of program guidelines which will propose tentative criteria for services and offer several "models" of community delivery systems. Negotiations must also be initiated at all levels which will lead to cooperative agreements and joint undertakings with other agencies as discussed above. Approximately 10,000 individuals will be served in 1970.

1. Vocational Rehabilitation Services.

(e) Services for Migratory Agricultural Workers (Section 17)

	1969 Estimate		1970 Estimate		Increase or Decrease	
	No.	Amount	No.	Amount	No.	Amount
Total grants.....	--	--	45	$3,500,000	+45	+$3,500,000

For decades the migratory worker and his family have been among the most vulnerable in the nation to disease, disability and despair.

The Social and Rehabilitation Service strongly urged the Congress to bring the benefits of rehabilitation to this group of hard to reach and hard to help Americans.

The 1967 Amendments to the Vocational Rehabilitation Act authorized a special program of grants to State Vocational Rehabilitation Agencies to pay 90 percent of the costs of pilot and demonstration projects to provide rehabilitation services for disabled migratory agricultural workers and members of their families. Under this legislation authorization was granted for the first time to provide services to members of the family if this were necessary to achieve the vocational rehabilitation of the worker. State residence, a factor that has excluded most migratory agricultural workers from vocational rehabilitation services, has been removed as a condition for eligibility.

In addition to the removal of residence requirements, it is the hope and anticipation of this project grant program that an effective attack may be made on other problems that have formerly made rehabilitation services to this population group extremely difficult. Among the major problems affecting the rehabilitation of this group include (1) Seasonality and migratory pattern of their employment resulting in a short period of residence in any particular area and general failure to become an integral part of any community; (2) Most of the migratory workers are members of minority ethnic, racial and language groups that are outside the mainstream of American life and by nature skeptical of governmental agencies. Techniques for determination of needs and for delivery of services to meet these needs remain to be developed; (3) Low educational attainments, limited occupational experience and potential, and lack of motivation caused by years of poverty and exploitation make these persons extremely difficult rehabilitation clients.

Migratory agricultural workers have been among the most neglected and underprivileged groups in American society. Incidence of physical and mental disability is far above that of the general population. If rehabilitation services are to be successful, an outreach program designed to reach persons not formerly served must be implemented. In full recognition of this, the legislation specifically requires coordination among agencies serving the migrant population. Included are those agencies administering Title I of the Elementary and Secondary Education Act of 1965, Section 311 of the Economic Opportunity Act of 1964, and the Farm Labor Contractor Registration Act of 1963. Experience of these agencies with migratory workers will be of tremendous value to the vocational rehabilitation agencies in the development of its program.

As in all other vocational rehabilitation programs, the basic approach of the rehabilitation process is to first evaluate the client's type and degree of disability and to determine the feasibility of rehabilitation. In cases where rehabilitation is considered probable, a course of action expressly made to fit the needs of a particular migratory agricultural worker and his family is decided

upon. Dependent upon the motivation, capability and reasonableness of success, rehabilitation may be to a placement outside the migratory stream or the return of the client to the migratory stream.

The estimated migratory population in the United States is 2,000,000. No reliable data exists concerning the number needing vocational rehabilitation services and able to benefit from them. From fragmentary information available it is estimated that 40,000 could be considered eligible and feasible for services.

In 1970, the rehabilitation goal is 1,500 families including 4,500 individuals. Federal funds of $3,500,000 will be necessary to attain this goal.

1. Vocational Rehabilitation Services

(f) Statewide Planning
(Section 4(a)(2)(B) (old))

	1969 Estimate	1970 Estimate	Increase or Decrease
Statewide Planning	$351,693	---	-$351,693

Section 4(a)(2)(B) of the Vocational Rehabilitation Act provides for a two year program of grants to States to pay the cost of planning for the development of comprehensive vocational rehabilitation programs in each State. The program authority for this activity expired on June 30, 1967. Appropriation authority expired on June 30, 1968. The decrease shown above for this activity represents termination of the appropriation authority for Statewide planning after 1968.

Due to the delay in getting their programs started most States were unable to complete their two year Statewide planning projects in the time allowed. A supplemental appropriation (PL 90-392) authorized $1,900,000 additional funds, available through June 30, 1969. $351,693 of this will be obligated in 1969.

2. Rehabilitation Facilities

(a) and (b) Project Development, Construction, and Initial Staffing
(Section 12)

	1969 Estimate		1970 Estimate		Increase or Decrease	
	No.	Amount	No.	Amount	No.	Amount
Project development grants	50	$250,000	50	$250,000	--	---
Construction grants	19	2,512,785	10	1,090,000	-9	-$1,422,785
Initial staffing grants	23	550,000	23	550,000	--	---
Total	92	3,312,785	813	1,890,000	-9	-1,433,785

A total of $1,890,000 is requested for 1970 to assist in the cost of project development grants, construction of rehabilitation facilities, and to provide support for initial staffing of rehabilitation facilities.

Project development grants

In 1970, $250,000 is requested for Project development grants. These are local planning efforts by agencies, institutions, or organizations which are studying the feasibility of developing a rehabilitation facility. These local planning grants are designed to insure strong community support and stability for the individual facilities by emphasizing sound program planning. Such planning maximizes the potential of the facility to deliver effective social and rehabilitation services. With an estimated average of $5,000 Federal cost, about 50 local planning grants can be funded during 1970 to improve the quality of the construction projects in 1971 and to expand existing programs into new areas of service to handicapped and other disadvantaged people.

In 1968, 58% of total project monies was spent for personnel services, 10% for travel of staff and consultants, 9% for consultants and 23% for other expenses including schematic drawings.

Construction

A total of $1,090,000 is requested in 1970 to enable the Social and Rehabilitation Service to carry out the program authorized in Section 12 of the Act, as amended, to assist public and other non-profit organizations in the cost of constructing rehabilitation facilities. Grants are available for the construction of new buildings, and the acquisition, expansion, remodeling, alteration, renovation of existing buildings, and for initial equipment. Projects must comply with regulations relating to minimum standards of construction and fair labor practices. The matching rate ranges between 33-1/3 - 66-2/3 (the same as in the Medical Facilities Survey and Construction Act).

Services to the disabled, the aged, welfare clients, and the disadvantaged are frequently housed in facilities that are makeshift in nature, and originally designed for other purposes. Often they are structurally unsound, with safety hazards, architectural barriers and other impediments that impose restrictions on the availability and implementation of services. In addition to the many unsuitable structures that need to be replaced, remodeled and renovated, the growing need for new facilities, particularly in areas of the country heretofore without such services, indicates a substantial backlog of need.

Considerable planning has already been completed for the development of new facilities, which will offer a broad range of social and rehabilitation services. Many communities are now ready to proceed. Some of these completed plans are the direct result of Project Development grants awarded by the Social and Rehabilitation Service under this section of the Act specifically for the purpose of developing and planning new rehabilitation facilities. Community interest in these programs is high. Generally there is good citizen support, and often the applicant is willing to invest a much greater financial share than is required by law. Therefore, a relatively modest investment in government funds will attract private expenditures and save taxpayer dollars.

Within the 1970 request of $1,090,000 it is estimated that 10 new construction grants will be provided.

During 1968, 22 rehabilitation facility construction grants were awarded totaling $2,139,263. Of this number 11 projects were for the construction of workshops; 11 for the construction of comprehensive rehabilitation centers; of which 1 was placed in a vocational rehabilitation unit in a correctional institution; and 1 for a rehabilitation center for the deaf.

In 1969, it is anticipated that 19 construction grants will be awarded that will provide services for 4,000 disabled persons. In 1970, it is anticipated that 10 construction grants will be awarded that will provide services for 2,000 persons.

Initail Staffing Grants

Initial staffing grants cover part of the cost of compensating professional and technical personnel employed during the initial period following construction (construction includes acquisition, renovation and remodeling). These grants are available to insure that facilities, once constructed, will be adequately staffed to provide quality social and rehabilitation services.

Activated in April 1968, 8 initial staffing grants funded with 1968 and 1969 funds totaling $196,000 were awarded through December 15, 1968. These grants supported 36 new positions in rehabilitation facilities including floor supervisors, vocational instructors, nurses, physical therapists, vocational evaluators, and other professional and administrative personnel. Approximately 345 clients are receiving social and rehabilitation services as a direct result of support during the emerging stages of this new program. In the remaining months of 1969, 19 more initial staffing grants will be awarded. Approximately 700 additional persons will receive social and rehabilitation services.

It is estimated that in 1970, 23 grants will be issued or continued by SRS at a cost of $550,000. Federal participation in these grants may not exceed 75% of the cost for the first 15 months, declining annually over the next three years to 60%, 45% and 30% respectively. The declining rate encourages final assumption of all costs by the grantee.

2. Rehabilitation Facilities

(c) Facility improvement--Training Services (Section 13(a))

	1969 Estimate		1970 Estimate		Increase or Decrease	
	No.	Amount	No.	Amount	No.	Amount
Continuation grants.....	36	$6,000,000	36	$6,333,000	---	+$333,000

Grants for projects for training services may be made by SRS to States and public and other nonprofit organizations and agencies to pay 90% of the costs of projects for providing training services to handicapped persons in public or other nonprofit rehabilitation facilities. The services include training in occupational skills, work evaluation, work testing, tools, and equipment required by the trainee as well as job tryouts. The payment of training allowances is authorized for individuals receiving training. Allowances may not be paid to any individual for any period in excess of two years, and for any week may not exceed $25, plus $10 for each of the individual's dependents, or $65, whichever is less.

The primary objective of the training services program is to prepare the handicapped person for placement, whenever possible, in competitive employment. Additionally, the training services projects are an important tool for rehabilitation facilities in (1) expanding existing training programs; (2) developing new dimensions in the area of occupational skill; (3) training with much greater flexibility to meet the rapidly changing community labor market; (4) reaching for greater numbers of the "hard core" severely handicapped; and (5) providing the full range of services required by each individual client.

The 1970 request of $6,333,000 is a slight increase over 1969 to allow for increased costs. This entire amount is required for continuation of 36 projects. It is expected that most of these grants will be made to multi-disability rehabilitation facilities. In order to qualify for a training service grant, the rehabilitation facility must give evidence of its ability to achieve a high quality of training services, and must meet standards established by the Secretary of Health, Education, and Welfare with the advice of the National Policy and Performance Council.

In 1968, 36 training projects were awarded totaling $5,730,115. These projects are located in 25 States with many situated in Model cities. Over 50 different types of courses were offered which ranged from service occupations such as custodial work to highly skilled work in the electronics field. Approximately 3,000 handicapped individuals received services from 1968 grants. The 36 approved projects have resulted in the addition of new full-time project staff to work in the participating workshops. A total of 43% for project personnel; 5% for institutional equipment; 5% for indirect costs, and 5% for other expenses.

2. Rehabilitation Facilities

(c) Facility improvement--Improvement grants and technical assistance to workshops (Section 13(b) and (c))

	1969 Estimate		1970 Estimate		Increase or Decrease	
	No.	Amount	No.	Amount	No.	Amount
New grants	40	$1,690,000	40	$1,000,000	---	-$690,000
Continuations	120	2,310,000	120	3,000,000	---	+ 690,000
Subtotal	160	4,000,000	160	4,000,000	---	---
Technical Assistance to Workshops			---	200,000	---	+ 200,000
Total				4,200,000		+ 200,000

This Section of the Act, as amended, authorizes the Social and Rehabilitation Service to provide a program of project grants to rehabilitation facilities to pay 90% of the costs of projects to improve and increase their professional services to the handicapped, their business management, or any other part of their operation affecting their capacity to provide employment and services for the handicapped. These grants with a three year limit, are designed to meet the needs of currently operating rehabilitation facilities serving handicapped throughout the country. Reports to the Social and Rehabilitation Services clearly indicate that many of these facilities are inadequately staffed and inadequately equipped. The quality of training, evaluation, and employment frequently does not measure up to the standards of the vocational rehabilitation agencies. The overwhelming majority of facilities currently in operation are too small to be efficient and are so poorly financed that they are unable to employ the staff necessary to provide desirable social and rehabilitation services. Because these facilities are so financially unstable, they are unable to bid effectively for subcontract awards available to them. Frequently, State vocational rehabilitation agencies and other purchasers of services are unwilling to utilize a facility because one or more key professional rehabilitation disciplines are not available. An especially pressing need is the employment of competent business management staff. Facilities today frequently are not awarded lucrative contracts simply because they are not able to maintain necessary accounts and records. The demands for services, on the other hand, have been increasing steadily as State rehabilitation agencies regularly attempt the rehabilitation of the more severely physically disabled clients, the mentally ill, the mentally retarded, and the victims of heart disease, stroke and cancer. They are often ill-prepared to serve as work evaluation and work adjustment centers for which there is a growing community need in many parts of the country.

The 1970 estimate of $4,000,000 is requested to provide for improvement grants to about 160 rehabilitation facilities. These grants will be used to improve effectiveness and to meet the criteria and standards of the National Policy and Performance Council. These grants will primarily involve assistance in hiring additional personnel necessary to provide a full complement of services or to extend existing services. Salary grants will be made only when there have been assurances that the facility has made maximum use of its present personnel. Equipment purchase and rental will often be necessary to assist those facilities which are primarily workshops to compete for industrial subcontracts, to perform contract work efficiently, and to train the handicapped on the type of equipment they will find in competitive employment.

During 1968, 171 facility improvement grants were made for a total expenditure of $4,422,180, the entire sum available for this purpose. Additionally, facilities of this type have been located in the inner city. Grants were made to facilities most urgently in need of staff and equipment. Forty-seven grants were awarded for new projects to improve the quality of services offered in facilities; 124 were continuation grants awarded to improve existing operations. Personnel services accounted for 65% of total new project monies; 26% for badly needed specialized equipment; and the other 9% for consultant services, staff development, and other expenses necessary for the improvement of facility operations.

Under this program, the applicant ordinarily is expected to assume an increasing share of the total project cost. For 1968, the applicant support of the total project cost for continuation grants averaged 47% as contrasted with the legal minimum of 10%. This indicates sound planning and a reasonable expectation that the applicant will be able to assume the full cost of the improvement after the end of Federal support.

The resulting improvement in professional and technical services has stimulated greater State agency utilization of facilities and a corresponding increase in the number of handicapped served, with individual workshops reporting over 100% increases in DVR free income and in the number of State agency clients served.

Technical Assistance

The 1968 Vocational Rehabilitation Amendments authorize SRS to provide technical assistance to rehabilitation facilities. The large number of requests on hand indicates a great need for the expansion of this service. The demand for Technical Assistance will be further accelerated by the 1968 Vocational Rehabilitation Amendments which will permit SRS to provide Technical Assistance to a broad range of rehabilitation facilities including sheltered workshops. Appropriation of $200,000 will permit much needed improvement in the rehabilitation efforts in approximately 500 facilities throughout the nation. The average cost of these short-term technical assistance consultations will approximate $400. Areas of consultation include general administration, industrial engineering, safety, accounting, architectural design, and other professional rehabilitation services. This unique program has the capacity, through the assistance of experts from private industry and at a relatively modest cost, to achieve dramatic results in the private and public rehabilitation facility field.

Federal Allotments and State Funds Required to Match Full Allotments for the Basic Support Program Under Section 2 of the Vocational Rehabilitation Act

State or Territory	1968 Actual		1969 Estimate		1970 Estimate	
	Federal Allotment	State Funds Required	Federal Allotment	State Funds Required	Federal Allotment	State Funds Required
Total	$400,000,000	$133,709,982	$500,000,000	$166,666,650	$600,000,000	$150,000,000
Alabama	11,614,438	3,871,479	14,333,796	4,777,932	17,189,547	4,297,387
Alaska	356,955	126,474	1,000,000	333,333	1,000,000	250,000
Arizona	3,889,497	1,296,499	4,816,140	1,605,380	6,061,029	1,515,257
Arkansas	6,653,142	2,217,714	8,211,779	2,737,259	9,995,081	2,498,770
California	22,891,217	7,630,405	28,415,976	9,471,991	37,311,929	9,327,982
Colorado	3,827,849	1,275,950	4,688,645	1,562,882	5,920,208	1,480,052
Connecticut	3,078,520	1,026,173	3,840,274	1,280,091	4,639,152	1,159,788
Delaware	592,356	248,419	1,000,000	333,333	1,019,188	254,797
Dist. of Columbia	690,542	538,688	4,292,082	1,430,694	5,118,020	1,279,505
Florida	14,313,513	4,771,171	17,709,569	5,903,189	21,213,720	5,303,430
Georgia	12,831,875	4,277,291	15,909,810	5,303,270	18,700,040	4,675,010
Guam	346,160	115,387	419,128	139,709	594,677	148,669
Hawaii	1,201,292	400,431	1,516,005	505,335	1,989,762	497,440
Idaho	1,780,411	593,470	2,198,721	732,907	2,707,764	676,941
Illinois	13,575,961	4,525,320	16,911,199	5,637,066	20,154,966	5,038,741
Indiana	9,124,956	3,041,652	11,374,815	3,791,605	13,580,191	3,395,048
Iowa	5,851,222	1,950,407	7,189,956	2,396,651	7,772,946	1,943,236
Kansas	4,616,050	1,538,683	5,722,706	1,907,569	6,887,209	1,721,802
Kentucky	9,693,644	3,231,214	11,907,952	3,969,317	14,057,955	3,514,489
Louisiana	10,798,120	3,599,373	13,456,569	4,485,523	15,966,623	3,991,657
Maine	2,642,808	880,936	3,207,429	1,069,143	3,711,695	927,924
Maryland	5,711,428	1,903,809	7,136,622	2,378,874	8,784,693	2,196,173
Massachusetts	8,033,246	2,677,748	9,919,235	3,306,411	12,040,263	3,010,066
Michigan	13,746,506	4,582,168	17,277,511	5,759,170	20,219,791	5,054,948
Minnesota	7,418,966	2,472,988	9,111,787	3,037,262	10,706,671	2,676,668
Mississippi	8,993,132	2,997,710	11,126,146	3,708,715	13,043,630	3,260,908
Missouri	9,352,545	3,117,515	11,708,978	3,902,992	14,310,774	3,577,694
Montana	1,650,272	550,091	2,020,545	673,515	2,420,837	605,209
Nebraska	3,162,940	1,054,313	3,822,202	1,274,067	4,247,301	1,061,825
Nevada	480,551	169,881	1,000,000	333,333	1,000,000	250,000

Federal Allotments and State Funds Required to Match Full Allotments for the Basic Support Program Under Section 2 of the Vocational Rehabilitation Act - continued

State or Territory	1968 Actual		1969 Estimate		1970 Estimate	
	Federal Allotment	State Funds Required	Federal Allotment	State Funds Required	Federal Allotment	State Funds Required
New Hampshire	1,467,845	489,282	1,812,964	604,321	2,166,468	541,617
New Jersey	8,670,421	2,890,140	10,792,777	3,597,592	13,779,662	3,444,916
New Mexico	2,761,811	920,604	3,323,350	1,107,783	4,136,996	1,034,249
New York	22,120,692	7,373,563	27,238,438	9,079,478	33,572,101	8,393,025
North Carolina	15,246,445	5,082,148	18,802,359	6,267,452	22,171,215	5,542,804
North Dakora	1,781,034	593,678	2,146,802	715,601	2,488,365	622,091
Ohio	18,810,948	6,270,315	23,406,875	7,802,291	28,111,234	7,027,809
Oklahoma	6,561,095	2,187,031	8,165,768	2,721,922	9,654,142	2,413,535
Oregon	3,707,052	1,235,684	4,647,579	1,549,193	5,817,555	1,454,389
Pennsylvania	22,291,321	7,430,440	27,442,693	9,147,563	32,640,989	8,160,247
Puerto Rico	11,544,451	3,848,150	14,308,711	4,769,570	17,062,175	4,265,544
Rhode Island	1,637,845	545,948	2,012,663	670,888	2,385,344	596,336
South Carolina	8,951,709	2,983,903	11,031,024	3,677,008	13,024,960	3,256,240
South Dakota	1,980,986	660,329	2,400,429	800,143	2,582,519	645,630
Tennessee	12,079,348	4,026,449	14,845,028	4,948,342	17,439,816	4,359,954
Texas	27,112,099	9,037,365	33,604,356	11,201,451	40,031,105	10,007,776
Utah	2,436,305	812,102	3,034,612	1,011,537	3,910,914	977,728
Vermont	1,066,105	355,368	1,345,901	448,634	1,481,754	370,438
Virginia	11,042,361	3,680,787	13,626,350	4,542,116	16,172,315	4,043,079
Virgin Islands	199,042	66,347	265,271	88,424	354,276	88,569
Washington	5,070,681	1,690,227	6,440,488	2,146,829	7,619,481	1,904,870
West Virginia	5,539,426	1,846,475	6,807,131	2,269,043	8,128,346	2,032,087
Wisconsin	8,306,155	2,768,718	10,252,854	3,417,618	11,902,606	2,975,651
Wyoming	694,709	231,570	1,000,000	333,333	1,000,000	250,000

Federal Grants and State Funds Available for Basic Support Program
Under Section 2 of the Vocational Rehabilitation Act

State or Territory	1968 Actual		1969 Estimate		1970 Estimate	
	Federal Grants	State Funds	Federal Grants	State Funds Required for 75%-25% Matching Rate	Federal Grants	State Funds Required for 80%-20% Matching Rate
Total	$286,861,083	$96,378,306[1]	$345,900,000	$115,299,987	$523,000,000[2]	$132,484,960[3]
Alabama	9,555,000	3,184,997	11,000,000	3,666,666	16,353,915	4,088,479
Alaska	356,955	126,474[1]	700,000	233,333	951,387	237,847
Arizona	2,854,327	951,441	3,207,000	1,069,000	5,211,562	1,302,891
Arkansas	6,553,142	2,184,378	7,490,000	2,496,666	9,509,192	2,496,666
California	21,791,217	7,263,732	25,500,000	8,499,999	35,498,090	8,874,523
Colorado	3,747,849	1,249,282	4,200,000	1,400,000	5,632,410	1,408,103
Connecticut	2,674,958	891,652	3,518,000	1,172,667	4,413,630	1,172,667
Delaware	592,356	248,419[1]	1,000,000	333,333	1,000,000	333,333
Dist. of Col.	690,542	538,688[1]	3,500,000	1,166,667	4,869,219	1,217,305
Florida	10,491,545	3,497,178	12,700,000	4,233,333	20,182,461	5,045,615
Georgia	12,531,875	4,177,287	14,200,000	4,733,333	17,790,978	4,733,333
Guam	279,592	93,197	228,000	76,000	403,389	100,847
Hawaii	1,118,292	372,764	1,470,000	490,000	1,893,034	490,000
Idaho	679,800	226,600	1,048,000	349,333	2,226,886	556,722
Illinois	12,500,000	4,166,663	14,500,000	4,833,333	19,175,176	4,833,333
Indiana	2,645,493	881,830	2,552,000	850,667	4,119,632	1,029,908
Iowa	4,266,300	1,422,099	5,620,000	1,873,333	7,395,082	1,873,333
Kansas	1,544,973	514,990	1,770,000	590,000	4,203,384	1,050,846
Kentucky	4,325,000	1,441,665	5,700,000	1,900,000	9,323,594	2,330,899
Louisiana	6,099,340	2,033,111	7,660,000	2,553,333	15,190,440	3,797,610
Maine	787,170	262,390	1,120,000	373,333	2,938,405	734,601
Maryland	5,711,428	1,903,807	6,500,000	2,166,666	8,357,644	2,166,666
Massachusetts	5,432,412	1,810,802	6,950,000	2,316,666	11,454,952	2,863,738
Michigan	8,899,720	2,966,570	11,525,000	3,841,666	19,236,850	4,809,213
Minnesota	6,399,467	2,133,154	7,880,000	2,626,666	10,186,190	2,626,666
Mississippi	4,485,896	1,495,297	5,110,000	1,703,333	10,712,859	2,678,215
Missouri	6,683,578	2,227,857	8,395,000	2,798,333	13,615,087	3,403,772
Montana	938,363	312,787	1,130,000	376,667	2,072,966	518,242
Nebraska	1,966,600	655,533	2,140,000	713,333	4,040,828	1,010,207
Nevada	480,551	169,881[1]	1,000,000	333,333	1,000,000	333,333

Federal Grants and State Funds Available for Basic Support Program
Under Section 2 of the Vocational Rehabilitation Act - Continued

State or Territory	1968 Actual Federal Grants	1968 Actual State Funds	1969 Estimate Federal Grants	1969 Estimate State Funds Required for 75%-25% Matching Rate	1970 Estimate Federal Grants	1970 Estimate State Funds Required for 80%-20% Matching Rate
New Hampshire	$ 519,335	$ 173,111	$ 662,000	$ 220,667	$ 1,767,312	$ 441,828
New Jersey	7,092,352	2,364,115	8,550,000	2,850,000	13,109,793	3,277,448
New Mexico	912,576	304,192	990,000	330,000	1,449,982	362,496
New York	19,338,972	6,827,698	22,813,000	7,604,333	31,940,066	7,985,017
North Carolina	9,963,518	3,321,169	11,411,000	3,803,666	21,093,409	5,273,352
North Dakota	930,000	310,000	1,300,000	433,333	2,367,398	591,850
Ohio	8,811,641	2,937,211	9,168,000	3,056,000	16,075,531	4,018,883
Oklahoma	5,405,929	1,801,975	6,800,000	2,266,666	9,184,827	2,296,207
Oregon	2,975,682	991,893	3,827,000	1,275,667	5,534,747	1,383,687
Pennsylvania	20,799,680	6,933,220	24,220,000	8,073,333	31,054,218	8,073,333
Puerto Rico	3,100,000	1,033,332	3,124,000	1,041,333	6,418,058	1,604,515
Rhode Island	1,626,845	542,281	1,825,000	608,333	2,269,385	608,333
South Carolina	8,022,973	2,674,322	9,800,000	3,266,666	12,391,779	3,266,666
South Dakota	1,008,960	336,320	1,117,000	372,333	1,766,585	441,646
Tennessee	5,379,300	1,793,098	7,500,000	2,500,000	11,458,507	2,864,627
Texas	14,566,459	4,855,481	18,700,000	6,233,333	38,085,079	9,521,270
Utah	2,220,000	739,999	2,700,000	900,000	3,720,793	930,198
Vermont	962,748	320,916	1,003,000	334,333	1,409,722	352,431
Virginia	7,072,975	2,357,656	9,470,000	3,156,666	15,386,133	3,846,533
Virgin Islands	100,000	33,333	131,000	43,667	251,167	62,792
Washington	4,573,255	1,524,417	5,424,000	1,808,000	7,249,076	1,812,269
West Virginia	5,453,973	1,817,989	6,100,000	2,033,333	7,733,204	2,033,333
Wisconsin	8,270,169	2,756,720	9,151,000	3,050,333	11,323,987	3,050,333
Wyoming	670,000	223,333	801,000	267,000	1,000,000	267,000

1/ Adjusted to reflect the 1965 Level of expenditures of State funds.
2/ Excludes $1,000,000 for Evaluation of Vocational Rehabilitation Program.
3/ Adjusted for maintenance of effort provision. Actual matching funds required may vary as a result of State Funds expended in FY 1969 and the earnable matching rate applicable to construction expenditures in FY 1970.

Federal Grants and Federal Allotments for Innovation of Vocational Rehabilitation Services Under Section 3 of the Vocational Rehabilitation Act

State or Territory	1968 Actual	1969 Estimate*	1970 Estimate*
Total	$2,100,739	$3,200,000	$3,200,000
Alabama	45,211	51,201	51,068
Alaska	-	25,000	25,000
Arizona	25,000	25,000	25,000
Arkansas	26,892	28,465	28,812
California	260,222	277,025	275,256
Colorado	27,193	28,566	29,342
Connecticut	39,431	42,307	42,374
Delaware	25,000	25,000	25,000
Dist. of Columbia	12,375	25,000	25,000
Florida	81,721	86,710	88,215
Georgia	51,670	65,217	65,703
Guam	-	25,000	25,000
Hawaii	-	25,000	25,000
Idaho	25,000	25,000	25,000
Illinois	-	157,554	157,153
Indiana	22,042	72,319	72,562
Iowa	37,786	39,819	39,353
Kansas	30,329	32,905	32,981
Kentucky	43,782	46,126	46,242
Louisiana	-	52,966	53,444
Maine	22,500	25,000	25,000
Maryland	49,699	53,255	53,802
Massachusetts	37,049	78,409	77,861
Michigan	85,677	124,158	125,162
Minnesota	32,221	51,809	52,213
Mississippi	21,600	33,961	33,539
Missouri	36,540	66,577	66,262
Montana	22,500	25,000	25,000
Nebraska	24,999	25,000	25,000
Nevada	25,000	25,000	25,000
New Hampshire	-	25,000	25,000
New Jersey	48,383	101,290	101,361
New Mexico	15,930	25,000	25,000
New York	210,767	265,208	259,388
North Carolina	68,776	72,739	73,536
North Dakota	-	25,000	25,000
Ohio	7,162	151,262	151,669
Oklahoma	9,990	36,087	36,060
Oregon	26,892	28,913	28,755
Pennsylvania	149,687	168,199	167,723

Federal Grants and Federal Allotments for Innovation of Vocational Rehabilitation Services Under Section 3 of the Vocational Rehabilitation Act

State or Territory	1968 Actual*	1969 Estimate*	1970 Estimate*
Puerto Rico	$ -	$ 39,009	$ 38,622
Rhode Island	15,000	25,000	25,000
South Carolina	35,571	37,591	38,552
South Dakota	25,000	25,000	25,000
Tennessee	45,428	56,293	56,938
Texas	147,896	157,207	157,125
Utah	-	25,000	25,000
Vermont	9,378	25,000	25,000
Virginia	55,458	65,607	65,832
Virgin Islands	-	25,000	25,000
Washington	40,991	44,650	46,914
West Virginia	-	26,006	25,849
Wisconsin	51,991	60,590	60,332
Wyoming	25,000	25,000	25,000

* The 1965 Amendments to the Vocational Rehabilitation Act specify that Federal funds within the States' allotments can be available for 90% of the cost of approved projects for the first three years of a project and for 75% of the cost for the remaining two years of a project. Projects approved prior to the passage of the 1965 Amendments may be continued for the period approved and at the rate of Federal participation in the cost in effect at the time of approval (75%).

WEDNESDAY, APRIL 23, 1969.

MENTAL RETARDATION

WITNESSES

JOSEPH HUNT, COMMISSIONER, REHABILITATION SERVICES ADMINISTRATION
MISS MARY E. SWITZER, ADMINISTRATOR, SOCIAL AND REHABILITATION SERVICE
DR. ROBERT I. JASLOW, DIRECTOR, DIVISION OF MENTAL RETARDATION, REHABILITATION SERVICES ADMINISTRATION
JOHN A. LAVAN, EXECUTIVE OFFICER, REHABILITATION SERVICES ADMINISTRATION
WOODROW E. TOWNSEND, CHIEF, DIVISION OF BUDGET, REHABILITATION SERVICES ADMINISTRATION
RANDOLPH W. LEE, DIRECTOR, BUDGET DIVISION, SOCIAL AND REHABILITATION SERVICE
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

MENTAL RETARDATION

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Research	126	126	126
2. Hospital improvement	8,610	8,972	8,972
3. Rehabilitation services projects			4,500
4. Community service facilities:			
(a) Construction	15,998	18,013	13,531
(b) Initial staffing		8,358	12,000
5. Construction of university-affiliated facilities	682	9,100	
6. Mental retardation implementation	1,394		
Total obligations (object class 41.0)	26,810	44,569	39,129
Financing:			
Comparative transfers from other accounts	−26,810	−12,982	
Unobligated balance available, start of year			−6,969
Unobligated balance transferred from other accounts		−6,000	
Unobligated balance available, end of year		6,969	1,469
Budget authority (appropriation)		32,556	33,629
Relation of obligations to outlays:			
Obligations incurred, net		31,587	39,129
Obligated balance, start of year			25,380
Obligated balance, end of year		−25,380	−42,133
Outlays		6,207	22,376

Mr. FLOOD. We now have the budget request for mental retardation. The presentation will be made by Mr. Joseph Hunt, the Commissioner of the Rehabilitation Services Administration.

Mr. Hunt, do you have anybody you would like to introduce?

Mr. HUNT. Dr. Jaslow is here. He is the Director of the Division of Mental Retardation in the Rehabilitation Services Administration, and a very distinguished expert in the field of mental retardation.

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

Dr. JASLOW. Three years.

Mr. FLOOD. You are a specialist in what?

Dr. JASLOW. I am a pediatrician. I was in private practice in Chambersburg, Pa., for about 10 years and got in the area of mental retarda-

tion and juvenile delinquency through working in a rural community where there were not many services.

At that time the Pennsylvania Department of Public Welfare took over part of the Mountain Alto Sanitarium for 500 mentally retarded adult females. In addition, I worked with the State and the parents group in the local community.

Mr. FLOOD. Did you do any graduate work in psychiatry?

Dr. JASLOW. No; growth and development.

Mr. FLOOD. There is a close relationship between pediatrics and mental retardation?

Dr. JASLOW. There has been a considerable change over the past I would say 10 or 15 years, with the appreciation that although many mentally retarded also have emotional problems, the basic problem is one of development during a period of time, over a period of years, mainly during early life.

Mr. FLOOD. Would not your specialty deal mostly with inherited cases?

Dr. JASLOW. It is difficult to tell the difference. Many times it is a combination. We are finding more and more genetic factors and some physical factors but certainly the emotional factors early in life can produce physical changes.

Mr. FLOOD. Mr. Commissioner, you have another statement. Will the doctor say something after you?

Mr. HUNT. Suppose I read the statement and we will depend upon Dr. Jaslow for answering the questions.

BIOGRAPHICAL SKETCH

Mr. FLOOD. Do you have a biographical sketch?

Dr. JASLOW. No, sir.

Mr. FLOOD. Will you prepare one for the record, and do not be modest.

(Biographical sketch follows:)

BIOGRAPHY OF ROBERT I. JASLOW, M.D.

Position: Director, Division of Mental Retardation, Rehabilitation Services Administration, Social and Rehabilitation Service.

Birthplace and date: Reading, Pa.; April 27, 1923.

Education: B.A.: (with honors), 1943, Lehigh University. M.D.: 1947, Jefferson Medical College. Certified American Board of Pediatrics, 1953.

Experience:

Director, Diivsion of Mental Retardation, RSA, SRS, Arlington, Va. August 14, 1967 to ——

Director, Division of Mental Retardation, Bureau of Health Services, PHS, Arlington, Va., January 1, 1967, to August 14, 1967.

Chief, Mental Retardation Branch, Division of Chronic Diseases, PHS, Washington, D.C., September 1965 to December 1967.

Associate pediatrician, department of pediatrics, Childrens Hospital of Detroit, Detroit, Mich., 1964 to September 1965.

Psychiatric clinical director VII, and medical superintendent VIII, Plymouth State Home and Training School, Northville, Mich., April 1960 to September 1965.

Clinical director, Pennhurst State School Annex No. 1, South Mountain, Franklin County, Pa., 1956 to 1960.

Private practice in pediatrics, Chambersburg, Pa., March 1, 1953, to March 1, 1960.

Post pediatrician, U.S. Army, Camp Kilmer, N.J., March 1951 to February, 1953.

Memberships:
Fellow: American Academy of Pediatrics, American Association on Mental Deficiency, American Public Health Association.
Member: Society for Research in Child Development, New York Academy of Sciences.

General Statement

Mr. Hunt. Mr. Chairman and members of the committee, I am pleased to appear before you today to present the 1970 estimate for "Mental retardation."

We were fortunate indeed that in the organizing of the Social and Rehabilitation Service, the mental retardation programs were joined with those of vocational rehabilitation to form the Rehabilitation Services Administration. The VR programs over the years have had a special interest in working with the retarded. Increasing numbers of mentally retarded persons are served and rehabilitated each year. In 1968, over 19,000 were rehabilitated into gainful occupations, an increase of 8 percent over the previous year.

The mental retardation programs serve purposes not always nor necessarily related to vocational problems. The programs provide new facilities, additions to staff, staff training in improved techniques in care and treatment, and new and improved programs of services.

Some of the more recent projects have introduced the rehabilitation approach in the care of institutionalized retardates. Excellent results have already been demonstrated. There has been a marked reduction of dependency in the patients and an accompanying reduction in the amount of care required.

For the first time, we are requesting funds to implement the new authority contained in the VR amendments of 1968—this is under section 4(a)(1), $4.5 million—for projects which hold promise of making a substantial contribution to the rehabilitation of the mentally retarded—projects which will provide improved coordination of services and programs to meet individual needs.

Residential and Day Facilities

State plans and other data indicate there are 211,000 persons currently receiving varying types of services in day and residential facilities in institutions with approximately 31,000 on the waiting list.

Mr. Flood. Most of them would be privately owned, the day facilities?

Dr. Jaslow. They are mixed, the day residential are practically all public.

Mr. Flood. What is the mix?

Dr. Jaslow. In the day activity, more States are beginning to provide various types of day facilities, but many are still provided by religious groups and parent organizations. They are non-profit-making, a few profitmaking, but relatively few. Many more not on the list are also in need of residential services.

Mr. Flood. How do you know that?

Dr. Jaslow. As soon as one opens up a building, you find the waiting list immediately fills because many people feel it is useless to apply when they have to wait from 1 to 4 years. The waiting list is not an accurate determination to use for those that are actually waiting.

Mr. FLOOD. It is a vicious circle?

Dr. JASLOW. Yes, sir.

Mr. HUNT. A far greater number living in the community urgently need help—diagnostic, clinical, special education, training, rehabilitation, and other services. Currently about 250,000 are receiving services in day facilities—services that are, in many instances, inferior in quality. Another estimated 1.5 million retardates who need service in special facilities remain unserved.

RESIDENTIAL CARE

Mr. FLOOD. What is residential care, Doctor?

Dr. JASLOW. Residential care includes a wide variety of facilities, having 24-hour service and/or sleeping accommodations.

At one time we just included the institutions, but today we consider, in addition, such facilities as halfway houses, foster homes, and group living homes.

Mr. FLOOD. Is this good?

Dr. JASLOW. Yes. What we used to call residential programs is confusing, and there is really no such thing. An individual who needs a particular type of service or program needs this whether he is in his home or in an institution. As a result, the institution has to provide the total series or spectrum of services any individual living in the community requires. In other words, if the individual needs speech therapy, he needs it whether in an institution or in a home.

HOSPITAL IMPROVEMENT PROGRAM

Mr. HUNT. The next item is the hospital improvement program.

In 1962, and again in 1967 and 1968, presidential committees reporting on mental retardation, singled out residential care as one area in need of special attention. It was recognized that "the dilemma of how to improve the Nation's institutions for the mentally retarded is a tough and tangled one. The essence of the problem is what to do about buildings, budgets, programs, and populations that have existed in neglect and decay for many years . . ." (MR 68).

Mr. FLOOD. You mean public buildings?

Dr. JASLOW. For the most part, sir.

Mr. HUNT. The hospital improvement program concentrates on improving residential services to the mentally retarded—the only Federal program exclusively for residential care. Support is provided for innovation projects proposed by program superintendents designed to improve methods of care, treatment and rehabilitation of the retarded in State institutions, and the inservice training of personnel employed in such institutions.

The population of most residential facilities is predominately made up of severely and profoundly retarded (57 percent), who are often also multiple handicapped. Therefore, concentration on improved care and strengthened therapeutic programing is needed. The hospital improvement program, through concentration on specific services by better trained staff, is helping the institutionalized retarded attain their maximum potential for mobility and self-care, and it has done

much to increase the potential for community placement of the mild and moderate residents of institutions.

Mr. FLOOD. By mobility, do you mean mobility within the confines of the institution or general mobility?

Dr. JASLOW. Both, sir. I think if we could see pictures of some of the older institutions 20 years ago, we would see row upon row of crib cases, or bed cases, which we call crib cases, although many were adults, and today we find relatively few of these. Of course, in the lessening of dependence and increasing the chance of letting them participate in more normal activities in the community, the first step is permitting them to become mobile.

Mr. HUNT. We are requesting $8,972,000 for hospital improvement grants for 1970, the same amount appropriated in 1969. This will enable us to fund about 79 innovation projects directly serving 28,500 retardates plus a potential carry-over to another 50,000 similar residents. In addition this will fund 97 inservice training grants to assist in the development of 20,000 staff in institutions.

CONSTRUCTION AND INITIAL STAFFING OF COMMUNITY FACILITIES

The budget provides for a total of $25,531,000 for construction and staffing in 1970. Of this amount $13,531,000 will be for construction grants. These funds will provide for 60 new facilities to serve an estimated 16,500 retardates. These facilities consist of one diagnostic and evaluation center, 32 day facilities, 11 residential facilities and 16 facilities combining diagnostic, day care, and residential care.

The budget provides $12 million for initial staffing. This will include $5 million for new projects that will provide staff for new services in facilities serving an estimated 3,320 retardates and $7 million for continuation of projects previously approved serving an estimated 5,000 retardates.

REHABILITATION SERVICE PROJECTS

The vocational rehabilitation amendments of 1968 established grant authority necessary to reach retarded persons lacking vocational potential due to age, severity of handicap, or other reasons. Their special needs sometimes make it difficult to include these handicapped persons in existing programs. Requested funds will be used to promote a continuum of care in communities by supporting projects needed to fill gaps in services, balance existing services, or improve utilization of limited available resources. Emphasis will be placed on the application of new techniques and new approaches to the provision of services, particularly in relation to the retarded with special problems which make them unable to profit from available education and rehabilitation services.

In addition programs will be supported which train professional and nonprofessional personnel for such mental retardation activities. Emphasis will be placed on improved patterns of manpower utilization, improved methods and material for the training of professional and supportive personnel and the development of new types of personnel. This effort will help to alleviate manpower problems

in the provision of services to the urban and rural impoverished, the very young, the aged, and multiple handicapped retardates. Student work experience and training (SWEAT) programs will provide work experience for young people to attract them into mental retardation careers.

STAFFING OF INSTITUTIONS FOR THE MENTALLY RETARDED

Mr. FLOOD. I suppose you have abandoned this concept of the former left tackle with the white pants and the white coat around these places. Is that passe now?

Dr. JASLOW. As far as what?

Mr. FLOOD. Most of these institutions used to have these strong-arm people.

Dr. JASLOW. We would like to be able to say that is entirely in the past. Unfortunately, sometimes, one of the problems is that many of these institutions are still in isolated places. Other times when they are in the urban areas, their rate of pay does not permit them to hire the quality of people that might be a bit more sensitive and more sophisticated. That is one of the major reasons for the in-service training program. I would say it has improved. There has been an increased tendency of younger people to come into the field, people more concerned with problems of people.

STUDENT WORK EXPERIENCE AND TRAINING PROGRAM

Mr. HUNT. $4.5 million is being requested in 1970. This will support approximately 146 projects serving 5,000 retardates, training 800 professional and nonprofessional personnel and employing 850 SWEAT students.

Miss SWITZER. I do not like the term SWEAT.

Mr. FLOOD. What is that?

Mr. HUNT. It is the student work experience and training program. It is a summer program for college students and some from high school. It does attract young people.

Finally, our appropriation request also includes $126,000 to continue our research in mental retardation at the same level as 1969.

SUMMARY OF BUDGET REQUEST

In summary the budget request for 1970 of $33,629,000 is an increase of $1,073,000 over the $32,556,000 appropriated in 1969.

UNOBLIGATED BALANCES

Mr. FLOOD. You estimate an unobligated balance of $6,969,000 carried forward from 1969 to 1970. What accounts for that?

Dr. JASLOW. This is primarily the construction program. The money is allowed to be held for 2 years for the simple reason it takes a while before plans can be developed and approved. This is a State formula grant program which means the applicant has to work through the State through a State construction plan, and this takes usually longer than 1 year.

Mr. FLOOD. You expect a balance of $1.469 million to carry forward from 1970 to 1971. Why do you have this much smaller amount than the 1969 carryover to 1970?

Dr. JASLOW. I think as the program is developed that the projects are coming along a lot faster and we are developing a backlog of projects. Projects are no longer ideas, but much further along in planning. I think this is one reason there will be less of carryover. There is knowledge of at least 318 potential construction projects.

Mr. FLOOD. Carryovers are a pet hate around here on this side of the table, and always were.

Mr. LAVAN. The reduced carryover is by reason of the reduced appropriation, and an increase in the number of ready-to-be-funded projects.

Mr. TOWNSEND. The $1.469 million is a carryover from a program in which there is no money requested for 1970.

Mr. FLOOD. What about the carryover from 1970 to 1971, then? Where does it come from?

Mr. TOWNSEND. It is also part of 1969 to 1970. There is not enough for a complete project.

Mr. CARDWELL. The 1970 carryover is on page 199 of the justification materials.

Mr. FLOOD. That is where we got the figures. I think Mr. Townsend has answered the question.

Mr. CARDWELL. The Bureau of the Budget has asked that that particular program be reevaluated before any additional appropriations are requested.

Mr. FLOOD. That is bad news.

Mr. CARDWELL. But the unobligated balance carried forward of $6,969,000 would be obligated in 1970.

Mr. FLOOD. You see why I had to ask you that?

Mr. CARDWELL. Yes.

REHABILITATION SERVICE PROJECTS

Mr. FLOOD. Now you have "rehabilitation service projects." That is a new activity. You are asking $4.5 million. Suppose you give us some detail.

How will this differ from the rehabilitation services for the mentally retarded under the regular program for rehabilitation services?

Dr. JASLOW. In one sense this really is not new money. This is to cover a void in funding certain types of projects.

Mr. FLOOD. To fill a void?

Dr. JASLOW. Yes, that formerly was funded under public health service authority when we were in PHS, which they no longer do.

These rehabilitation projects will be those that are not of a vocational nature, such as the adolescent retardate who cannot participate in school activity.

TRAINING

Mr. FLOOD. Look at page 216. You say that some of these funds will be used to support manpower activities. What will those projects be?

Dr. JASLOW. That was just some of the types of manpower activities which have not been or cannot be covered by the other programs presently in existence. It would be such projects as the coordination of training across universities and colleges where the type of person going into mental retardation can pick up a couple of courses in one place and a couple in another.

Also, within a university or college, the idea is to train people across disciplinary lines, since most training is geared to a degree and is of a simple disciplinary nature. Many times we do not need this, particularly in a junior college when we are developing the attendants who work with the individual. These people need training in different fields, for example, training in language development, some basic psychology, and other behavioral sciences. They need a little bit of special education, growth, and development. They need some knowledge of the physical factors likely to be present. This is an across-the-board type of training.

TRAINING FOR ARCHITECTS

There are other areas which have not been covered and should be, training for architects which does not have to be necessarily full time—part time.

Mr. FLOOD. Training for architects under the appropriation "Mental retardation"?

Dr. JASLOW. I do not think we are talking about a matriculated type of training. We may be talking about 6 months or 3 months or part of the formalized training course, something like this. We are spending money for construction for mental retardation facilities, not just the Federal Government but many public and private agencies.

One of the best ways of getting the optimal advantage of your money is to have the architects who develop the structure be knowledgeable of the program. This is one of the basic requirements. I think we can do a great deal better.

The President's Committee Report stated the average age of the institution building today is about 44 years. About 50 percent of them are not adequately functional for the programs that they need.

PROGRAMS CROSSING AGENCY LINES

Mr. FLOOD. Take a look at the next to last paragraph on page 216. I read that two or three times but I don't know any more about what activities this is referring to than I did before I read it.

Read the paragraph into the record.

Dr. JASLOW. "Support will also be made available to State and local agencies for collaborative services which cut across traditional agency lines in areas of special SRS concern, such as cultural deprivation, rural problems, urban programs, and multistate and regional concerns."

Mr. FLOOD. What does this mean?

Dr. JASLOW. This is a major problem in mental retardation in that it is part of many different agencies.

If we go back to the beginning of the governmental mental retardation program, it was begun with a comprehensive State planning program followed by the implementation planning program which finished this past year. One of the basic intentions was to encourage the different pieces which are in different agencies within a State to cross agency and State lines, to plan together so that an individual can move from one service to another. An example of fragmentation in planning and providing services is a diagnostic and evaluation center without services for the individual to go into.

Mr. FLOOD. Are you concerned about the regional concept in your approach?

Dr. JASLOW. Very much.

Mr. FLOOD. Everything is regional, highways, medical programs, transportation. Everything is no longer parochial but regional. That is the new thing. What about you? Do you have a geographic problem?

Dr. JASLOW. Yes; I would say so, and the appreciation that the resources and the approach to the problem will vary in each region is something that many States are taking into consideration by subdividing the States into regions and combining these regions with certain other types of groups which vary in different States.

In Iowa, Minnesota, they are talking about regional, sometimes multicounty areas for personal services. In Michigan they have a mental health separate from mental retardation. Both regions are the same, but they have separate boards. In Pennsylvania they have the same board for each region.

Mr. FLOOD. That Pennsylvania system is pretty good, I think.

Dr. JASLOW. They are still, I think, in the process of implementing it.

Mr. FLOOD. It sounds good.

STUDENT WORK EXPERIENCE AND TRAINING PROGRAM

This student work experience and training grants program, How much do you have budgeted for that?

Dr. JASLOW. About $500,000, which is the level we previously had in Public Health Service.

Mr. FLOOD. This shows as being new, but did you not have money for operating a similar program in the past?

Dr. JASLOW. Similar types of activities can be done by other groups but not necessarily with the particular type of individual we are talking about.

For example, in vocational rehabilitation last year they did pick up some of these projects, but they did it primarily in the areas where there was an indication, or an attempt——

Mr. FLOOD. We are going through the same thing now with the proposed realinement of the Job Corps.

Dr. JASLOW. What I meant to say was that the projects they supported only related to vocational rehabilitation. We are talking about recruiting a group of people for the most part who are not eligible for vocational rehabilitation. These are not eligible for educational services.

Mr. FLOOD. That is clear.

Mr. HUNT. They are severely and profoundly retarded.

EFFECT OF NOT FUNDING REHABILITATION SERVICES PROJECTS

Mr. FLOOD. Under all of the circumstances which you and I have just outlined, why could not this $4.5 million for rehabilitation service projects be deferred? Would the stars fall, or what?

Dr. JASLOW. In some cases they would in my judgment—there are training projects we intend to pick up that had been carried on by the Public Health Service. They no longer have the authority to do this.

Mr. HUNT. In that sense, this is not a new request. This is a transfer of functions that the Public Health Service used to finance, but cannot finance any longer as a result of changes in their laws. Whether or not this is true of the total $4.5 million, I would have to have the others look up for you, but it is true of a lot of it.

Mr. FLOYD. That could be, but I am talking about money. Was the activity transferred, and they did not give you any money?

Mr. HUNT. That is exactly what happened when it was taken away from them last year. We had to go begging. When the 1968 law was up, this provision was put in so we could get support for the things we had before.

Dr. JASLOW. Of the original amount of money, $5.5 million, $4.1 amounts to continuation of assistance at last year's level.

Mr. FLOOD. Since there was no transfer of money, it looks like the Department didn't give it very high priority, so I wondered whether that could not be deferred.

RESEARCH

Take a look at page 212. Only two research projects this year. One on metabolism, and one on day care centers.

Dr. JASLOW. Right.

Mr. FLOOD. Both of these very clearly are in areas of concern to other agencies in HEW. Could not this little bit of research be absorbed by these other agencies? Would it break your heart?

Dr. JASLOW. If you put it that way, I would say yes, sir.

Let me explain the metabolic project. This is a holdover from our previous role in the Public Health Service. Actually, the architectural grant is the first one in the area of applied design of construction. The difficulty is to try to see whether a particular type of architecture is more conducive to better programs. This is the type of research we would be moving into in the future, not the metabolic type. You are right in this regard. That type of research belongs to others. The metabolic project will be finished this year. This is a continuation of previous responsibility.

I agree that the $126,000 is not much, but it should be a bit more if we are going to study design and do a better job as far as trying to evaluate what we are doing.

Mr. FLOOD. Is this not relatively inefficient to have a research program like this with just two or three projects? Is that not inefficient even for a scientist?

Dr. JASLOW. No, because it is being carried as part of a workload of other people, not a special group, who are also participating in evaluation of research going on in mental retardation in other parts of DHEW, particularly the Social and Rehabilitation Service.

I agree it is a very small amount, but there would be areas that would not receive our priorities in other programs. Even though there is only one or two projects under this program, they are necessary, and hopefully some day would prove very well justified. I am sure they will.

INNOVATION PROJECTS IN HOSPITAL IMPROVEMENT

Mr. FLOOD. On the hospital improvement program, the greater part of that is what you call "innovation projects," $6,790,000. Where is that money spent, how is it spent? Let's have an example of these projects.

Dr. JASLOW. It is a competitive project grant approach that permits——

Mr. FLOOD. Competitive. What does that mean?

Dr. JASLOW. It means each institution's projects compete against all of the others. They have a top limit of $100,000 per year for the institution, which may be two projects or one, whatever they wish to do. We have it broken down into about three or four major areas, specialized services, self-help skills, prevocational training and behavior modification.

One example would be in the area of self-help skills for the mentally retarded who require a great deal of time and attention as far as feeding and dressing. In this area we have been very successful in being able to reduce the amount of dependency as far as self-help skills are concerned and enabled many to participate in sheltered workshops, educational, recreational, and other types of activities.

In the area of prevocational development, one of the projects comes to mind——

Mr. FLOOD. The area of what?

Dr. JASLOW. Prevocational.

Mr. FLOOD. What is that?

Dr. JASLOW. Those individuals not considered eligible for vocational training frequently are multiple handicapped and more severely retarded. The difficulty in many of these situations is that they are very difficult to diagnose as far as potential is concerned, and to be absolutely sure, you have to work with them.

We have been able to salvage a certain number and make them ready to be able to utilize vocational services. There is one HIP project in Hawaii doing just this. I can give you an example in the specialized services area of plastic surgery or reconstructive surgery which is enabling those who are not too severely mentally affected to be able to face the world and gain the confidence necessary to go back to a community as well as help those who are unable to become mobile or unable to feed themselves, to be able to do some of these types of activities. These are three examples. There are many variations.

Mr. FLOOD. Mr. Michel?

PEORIA ADULT COMMUNITY LIVING CENTER

Mr. MICHEL. Doctor, under construction and initial staffing of the community facilities item, you say the budget provides for $25,531,000. Out in my hometown of Peoria I have personally subscribed, as have

a great many other people in our community, to a pledge for local contribution to the Peoria Adult Community Living Center. There will be a residence for 50 over the age of 16. I just checked the figures here to find out that it is going to be about a $593,500 project, of which $311,595 apparently came from your shop. That would have to have been in the 1969 appropriation for construction of residential facilities, would it not?

Dr. JASLOW. That is right.

Mr. MICHEL. And then to that the State is making a contribution of $84,975. So we are going to have to come up apparently with about $197,000 of local money to complete that project.

Is there any set formula on what the Federal contribution is toward residences of this kind?

Dr. JASLOW. The formula is set by each State on an allotment basis. However, sometimes an agency does not come in for the full project, they come in for part of the project. The allotment is based upon three figures, the extent of need, the population, and the per capita income. It varies anywhere between 33⅓ and 66⅔. It has be within those figures. But many times the local participation may be greater than that.

Mr. MICHEL. I am happy to report that the zoning committee out there OK'd the site for this. It is a beautiful wooded bluff area overlooking the river. When people first heard there was going to be a residential center for mentally retarded there was some criticism raised, but when they found out what it was going to be and the type of construction and type thing it was going to be, the ways were greased for zoing to be approved.

We originally had in mind putting this in the Allied Agency Center. The Center, incidentally, will be employing in the workshop the people who will then be residing in this residence and making money, as I indicated earlier, to provide for their own keep at the residence. For those who are unable to work, their families, if they are able, will be paying a fee commensurate with what the family is able to pay, and for those that cannot do it, the community will do it.

I think this eventually will be another real good step forward for our community, and if you get any new ideas of what we ought to be doing out there, let us know about it.

Dr. JASLOW. I know one of the people.

Mr. MICHEL. Mrs. Barbara Smiley.

Dr. JASLOW. Yes sir. We used this project at the last meeting of the National Association for Retarded Children to show, first of all, the relationship that could be developed between our program and vocational rehabilitation, and also with regard to the fact you did not have to put everything together and perhaps it was a good idea not to. There could be a back-and-forth joint involvement with benefits to both.

Mr. MICHEL. The only objection, being out in a very nice area far removed from the actual working area, is the transportation problem.

Dr. JASLOW. This is something the clients should learn to do, too, wherever possible, as part of their training.

REDUCTION IN HOSPITAL IMPROVEMENT PROJECTS

Mr. MICHEL. You have the same amount of money in 1969 as in 1968 in the area of hospital improvement, but the number of grants has dropped from 91 to 78. How do we account for this? I hope that is not all increase in costs?

Dr. JASLOW. No; the top figure remains about the same. The number of hospital improvement projects are expected to increase slightly from 169 to 176 in the 1970 request. I would say that the average amount of money per grant probably will be closer to the maximum, plus the fact that as we have been working with these institutions and agencies, we have noticed a much better, or there has been a remarkable improvement as far as their budgeting of project funds with less available to recapture. That is the only way that we increased the number of grants last year since the same amount of money was available as the previous year.

INITIAL STAFFING GRANTS

Mr. MICHEL. I failed to inquire, on this initial staffing provision here, what is involved? Would this cover this kind of residential thing we are constructing out home?

Dr. JASLOW. Yes, it would. It would be eligible. Let me put it that way.

Mr. MICHEL. What is involved? When they get ready to staff this, they can come in for an assist here or what are we talking about?

Dr. JASLOW. Or even before. There are some construction projects that are coming in now after the staffing legislation became available, which are combined in the sense they are coming in for staffing at the same time to see if they will be likely for funding consideration in the future when the facility is completed. In existing mental retardation facilities, both new and old, any new service is eligible.

Mr. MICHEL. For what length of time?

Dr. JASLOW. This is a 15-month grant, 75 percent from Federal share and not for the complete operation. It is just for the professional and technical staff which is roughly, we feel, about three-quarters of the operational costs.

The 75 percent matching of the professional and technical part of the operational costs is available for 15 months, and then it drops 15 percent per year. It goes to 60 percent for the next 12 months and drops 15 percent at 12-month intervals for a total of 51 months. There is not enough money to cover all of the facilities constructed in this program.

Mr. MICHEL. That raises a question. Would the approval hang more on the strength of the date on which the application was received or would it be predicated in part upon need as equated or developed by this formula?

Are the same factors taken into account on the staffing as on the construction?

Dr. JASLOW. The preliminary allotment of money is not in the form of a grant. This is a project grant, but the money is tentatively earmarked for each State.

However, 50 percent of the money will be used in model cities grants, and if not, the rest of the applications that are not in this area will be approved first on the basis of their tie-in to a comprehensive system, second, on the basis of their linking at least two or three parts of a system so there is some continuity developed, and last and the least priority will be on single service.

Again the applicant will have to demonstrate need, evidence of lack of duplication and things of this nature including support.

Mr. MICHEL. I am glad to have that for the record.

CHILDREN'S HOSPITAL AT CINCINNATI

I have a communication here from our good friend Congressman Bob Taft of Ohio with regard to the situation at Cincinnati and he talks about——

Mr. CARDWELL. The Children's Hospital.

Mr. MICHEL. Yes. What is the situation on that item?

Their point is that the 1969 budget funded only three of the four approved applications and made no provision for the facility of the Children's Hospital at Cincinnati.

Mr. CARDWELL. That is correct.

Congressman Taft also approached the Secretary and discussed this problem with him and the Secretary gave him a letter, I would say almost a month ago. The Secretary described in that letter the evolution of this year's budget and the fact that Secretary Cohen had proposed additional funding for the university-affiliated projects. He went on to say that the Bureau of the Budget had taken the position that they were concerned that this particular program was not really carrying out its original mission and was becoming a general child health program rather than one that was working effectively in the area of mental retardation. And they wanted a study made before any additional funding would be authorized.

The Secretary indicated to Congressman Taft at that time that he had raised the issue with the Bureau of the Budget himself and had received essentially the same answer.

About a week ago—10 days ago—the Director of the Children's Hospital wrote to the Secretary, having been advised by Congressman Taft of the Secretary's answer, and asked the Secretary to reconsider his position. So the Secretary asked us to go one more time over to the Bureau of the Budget, which we have done, and we are writing to the director of Children's Hospital this week reiterating the Secretary's earlier position, but indicating that if the study does vindicate the program as it were, we would come to this committee with a reprograming proposal in an attempt to fund this particular project in some other way.

We also have told both Congressman Taft and the Director of the Children's Hospital that whether or not the study is completed in time, we will recommend extension legislation, assuming that the study will vindicate the program.

You might want to discuss this with the Secretary when he comes up next Tuesday, but that is the story as it stands today.

Mr. MICHEL. Thank you. I am glad to have that for the record.

Mr. FLOOD. Mrs. Reid?

VOCATIONAL REHABILITATION VERSUS MENTAL RETARDATION THERAPY

Mrs. REID. Mr. Hunt, I have a little difficulty distinguishing between what is considered therapy and what is rehabilitation as it involves the mentally retarded. It would seem perhaps that in some aspects the service your agency performs might overlap or duplicate what is done by those institutions giving therapeutic services.

How do we distinguish whether it is therapy or rehabilitation in this situation?

Mr. HUNT. Rehabilitation as defined in the Vocational Rehabilitation Act is a complex of services. It is a very comprehensive thing which includes all kinds of therapy, all kinds of training, all kinds of service, surgery, hospitalization, placing a disabled person on a job, putting him in business. All of these things are encompassed in the definition of the word "rehabilitation."

So if the person is eligible for rehabilitation services under the Vocational Rehabilitation Act, which means that person has a substantial handicap to employment as a result of a physical or mental or emotional disability, he can get any of the services that are mentioned in the law.

When you get into addressing yourself, if you are, to the situation in mental retardation and those institutions which care for the very seriously and profoundly retarded, you are dealing mostly with people who would never get into the rehabilitation program because they have no substantial handicap to employment in the sense they have no potentiality for employment. Hopefully, there are some cases there that could eventually get into the regular rehab program, but not the majority.

All the therapy given them in an institution would not be a duplication because when we do take people into the rehab program, they can come after their medical examinations have been done, and with surgery already done. I do not know whether I have answered your question.

Mrs. REID. Do you coordinate with NIH?

Mr. HUNT. In all kinds of matters.

RELATION TO ST. ELIZABETHS HOSPITAL

Mrs. REID. Is there any overlap between your rehabilitation activities for the mentally ill and the activities of St. Elizabeths Hospital?

Mr. HUNT. We take cases out of St. Elizabeths and take them back into the community after giving them additional rehabilitation services.

Mrs. REID. I felt that there could be overlapping in this area. You think there could not?

Dr. JASLOW. I think that you need a certain amount of overlapping for continuation. I don't think it is excessive. I do not think there is enough being done in this area. I would see relatively little overlapping.

Mr. HUNT. We have a rehabilitation unit in St. Elizabeths. That is how we manage to get the cases out. Some of them are in the Government service and receive counseling, guidance, and certain kinds of outpatient therapy.

DISTINCTION BETWEEN MENTAL ILLNESS AND MENTAL RETARDATION

Mrs. REID. We have been talking about mental retardation and mental illness at several points in these hearings and many people think of these as being almost synonymous terms. Would you place in the record a brief statement setting forth the distinction between these two conditions?

Mr. HUNT. We will be happy to do that.

(The information follows:)

Mental retardation and mental illness are separate and distinct disorders. Mental illness is often temporary and reversible, and may strike at any time during the life of the individual. Mental illness can be treated and often cured.

Mental retardation, on the other hand, occurs during the period of development, or is present from birth or early childhood. It is a chronic and lifelong condition, although it may be alleviated through special education, training, rehabilitation, and proper care.

When the mentally retarded have difficulty adjusting to the demands of society, the problem is usually related to limited intellectual capacity, and the lack of understanding of what society expects of its members. When the mentally ill fail to adjust to society's demands, it is often because their mental disorders have caused them to lose touch with reality, or their emotions interfere with so-called normal response.

However, the mentally retarded can also have emotional problems and can become mentally ill. But these difficulties would be superimposed, in a manner of speaking, on the mental retardation condition.

EMPLOYMENT OF RETARDATES

Mrs. REID. What have you found to be the most effective channels for finding jobs for these individuals?

Mr. HUNT. Are you speaking of mental retardation?

Mrs. REID. Yes.

Dr. JASLOW. Again, similar to what was said before in regard to the vocational rehabilitation units in mentally ill hospitals, there are some in mental retardation institutions as well as the fact that there is a relationship in some school systems with vocational rehabilitation services so that there is a continuity between the school and the training that is provided in the school with job placement and follow-through and counseling thereafter.

Our particular role is to reduce as many as possible of the ancillary handicaps so that this person is more likely to be able to participate in the vocational program or placement.

Sometimes through the construction program we provide independent group homes. Sometimes very specialized services, behavioral, self-skills, and personal skills are provided for girls and boys which are necessary to social adjustment. Sometimes they are given by the institution or by the community service through the day activity programs. Other times the development of social skills is provided later by the vocational rehabilitation. If these can be done earlier, they can be done quicker usually, which permits the vocational counselor to spend more of his time in the area of job skills, job adjustments, and things like that.

Mr. HUNT. Let me tell you about a series of programs we have in public schools throughout the country. They are financed in part by public school funds and in part by rehabilitation funds.

We take the mentally retarded boy or girl out of the school, say in the middle of the day, after the child has had a certain amount of

training in the regular subjects. These are mildly retarded, now. They are taken out into vocational situations. They are taken, for example, to gas stations. They are put at gas pumps, shown how to run the Coca-Cola machines, how to make change, fix tires, how to look inside the hood and see what the condition of things is there with regard to water, oil, and so forth.

Some of the highly mentally retarded do forms of office work because they can learn to read fairly well and count fairly well and prepare forms. We have had some mentally retarded who are acceptable typists and acceptable officeworkers. Some become messengers in banks and other places. They work in nurseries, also. I am referring to the green nurseries. They can do certain lighter forms of mechanical work. There are a variety of jobs open to them.

REHABILITATION OF THE MENTALLY RETARDED

Mrs. REID. Do you have any figures on the percentage of the mentally retarded who are not suitable for rehabilitation?

Dr. JASLOW. I think generally it is felt most of the mildly retarded, which make up the great bulk, 89 percent of this group, are eligible or potentially can take advantage of and can enter into vocational rehabilitation services, and be able to participate in community life, which means some sort of work situation.

Of those that are remaining—the other 11 percent—we are beginning to find more and more who can perhaps not become independent but become partially self-sufficient. The figures are changing constantly, with new techniques and better expectations. I can give you examples. In an institution in Connecticut—as a matter of fact, one of the grants permitted them to work with moderately and severely retarded—not all, but many of whom ordinarily would not have been thought to be able to participate in sheltered-work situations are doing a fairly creditable job. This activity has since been picked up by vocational rehabilitation. I think that we are finding again that the problem of determination of degree of disability due to the handicap is very difficult to do without actually trying to work with each individual.

With new techniques and skills, working with the blind, deaf, and motor handicapped, we are finding that many of these were arbitrarily placed, to the best of our knowledge, at lower levels of function than they really had to be. That does not mean to say we are going to have everybody going back to an independent community life, but there are fewer that have to be completely dependent.

Mr. HUNT. Joe DiMaggio, I am told, was put on the slow learner track in San Francisco. He didn't like books and schools much. He didn't seem to care much about book learning but must have been very smart.

Mrs. REID. I asked about the Montessori method the other day. Do you use this or similar methods in your work?

Dr. JASLOW. That is just one of a number of techniques that many of the agencies that we support use. There are many adaptations of this technique, depending on the level of the individual, the ability of the teacher, and the group they are working with.

Mrs. REID. That is all.

Mr. FLOOD. Thank you, gentlemen. The committee stands adjourned.

JUSTIFICATION MATERIAL

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE

Mental Retardation

Amounts Available for Obligation

	1969	1970
Appropriation	$ 32,556,000	$ 33,629,000
Comparative transfer from "Community Health Services," Health Services, Public Health Service	11,513,085	---
Comparative transfer from "Hospital Construction Activities," Public Health Service	1,469,045	---
Unobligated balance transferred from "Community Health Services," Health Service, Public Health Service	6,000,000	---
Unobligated balance brought forward	---	6,969,045
Unobligated balance carried forward	- 6,969,045	- 1,469,045
Total obligations	44,569,085	39,129,000

Obligations by Activity

Page Ref.		1969 Estimate	1970 Estimate	Increase or Decrease Amount
212	Research	$ 126,000	$ 126,000	$ ---
213	Hospital improvement	8,972,000	8,972,000	---
216	Rehabilitation services projects	---	4,500,000	+ 4,500,000
217	Community service facilities:			
217	(a) Construction	18,013,085	13,531,000	- 4,482,085
219	(b) Initial staffing	8,358,000	12,000,000	+ 3,642,000
221	Construction of university-affiliated facilities	9,100,000	---	- 9,100,000
	Total obligations	44,569,085	39,129,000	- 5,440,085

Obligations by Object

	1969 Estimate	1970 Estimate	Increase or Decrease
Grants, subsidies and contributions (Total obligations)	44,569,085	39,129,000	- 5,440,085

Summary of Changes

1969 estimated obligations	$ 44,569,085
1970 estimated obligations	39,129,000
Net change	- 5,440,085

	Base Amount	Change from Base Amount
A. Program increases:		
1. Rehabilitation services projects	---	$ 4,500,000
2. Community service facilities:		
(a) Initial staffing	8,358,000	3,642,000
Total increases	---	8,142,000
B. Program decreases:		
1. Community service facilities:		
(a) Construction	18,013,085	- 4,482,085
2. Construction of university-affiliated facilities	9,100,000	- 9,100,000
Total decreases	---	-13,582,085
Total net change requested	---	- 5,440,085

Explanation of Changes

Program increases

1. Rehabilitation services projects. An increase of $4,500,000 is requested for 1970 for a program of grants to support projects related to the rehabilitation of the mentally retarded. The funds requested would provide for approximately 146 projects providing services to about 5,000 retardates, training of about 800 professional and non-professional personnel, and about 850 students.

2. Community service facilities: Initial staffing. An increase of $3,642,000 is requested for grants to assist in the initial staffing of community service facilities. The funds requested in 1970 will provide support for the continuation of approximately 40 projects initiated in 1969 and approximately 24 new projects. These 64 projects will serve an estimated 8,320 retardates, an increase of 3,120 retardates served.

Program decreases

1. Community service facilities: Construction. The 1970 obligation request of $13,531,000 is a decrease of $4,482,085 below the funds available for obligation in 1969. These funds will provide for the construction of approximately 60 additional projects which will serve an estimated 16,500 retarded individuals.

2. Construction of university-affiliated facilities. The decrease of $9,100,000 discontinues funding of this program.

Authorizing Legislation

Legislation	1970 Authorization
Public Health Service Act	
Section 301--Research and investigations	Indefinite
Mental Retardation Facilities Construction Act as amended:	
Section 121--Part B-Grants for Construction of University-affiliated Mental Retardation Clinical Facilities	$20,000,000
Section 131--Part C-Grants for Construction of Facilities for the Mentally Retarded	50,000,000
Section 145--Part D-Initial Grants for the cost of Professional and Technical personnel of Community Mental Retardation Facilities	14,000,000
-Continuation Grants	As necessary
Vocational Rehabilitation Act	
Section 4--Grants for Special Projects	115,000,000

PUBLIC HEALTH SERVICE ACT

Title III -- General Powers and Duties of Public Health Service

PART A -- RESEARCH AND INVESTIGATION

In General — 42 USC 241

Sec. 301. The Surgeon General shall conduct in the Service, and encourage, cooperate with, and render assistance to other appropriate public authorities, scientific institutions, and scientists in the conduct of, and promote the coordination of, research, investigations, experiments, demonstrations, and studies relating to the causes, diagnosis, treatment, control, and prevention of physical and mental diseases and impairments of man, including water purification, sewage treatment, and pollution of lakes and streams. In carrying out the foregoing the Surgeon General is authorized to--....

(c) Establish and maintain research fellowships in the Service with such stipends and allowances, including traveling and subsistence expenses, as he may deem necessary to procure the assistance of the most brilliant and promising research fellows from the United States and abroad;

(d) Make grants-in-aid to universities, hospitals, laboratories, and other public or private institutions, and to individuals for such research or research training projects as are recommended by the National Advisory Health Council, or, with respect to cancer, recommended by the National Advisory Cancer Council, or, with respect to mental health, recommended by the National Advisory Mental Health Council, or with respect to heart diseases, recommended by the National Advisory Heart Council, or, with respect to dental diseases and conditions, recommended by the National Advisory Dental Research Council, and include in the grants for any such project grants of penicillin and other antibiotic compounds for use in such project; and make, upon recommendation of the National Advisory Health Council, grants-in-aid to public or nonprofit universities, hospitals, laboratories, and other institutions for the general support of their research and research training programs: PROVIDED, That such uniform percentage, not to exceed 15 per centum, as the Surgeon General may determine, of the amounts provided for grants for

research or research training projects for any fiscal year through the appropriations for the National Institutes of Health may be transferred from such appropriations to a separate account to be available for such research and research training program grants-in-aid for such fiscal year;....

Appropriation

Section 303. (a) in carrying out the purposes of Section 301 with respect to mental health, the Surgeon General is authorized--

(1) to provide training and instruction and to establish and maintain traineeships, in accordance with the provisions of Section 433 (a);

(2) to make grants to State or local agencies, laboratories, and other public or nonprofit agencies and institutions and to individuals for investigations, experiments, demonstrations, studies, and research projects with respect to the development of improved methods of diagnosing mental illness, and of care, treatment, and rehabilitation of the mentally ill, including grants to State agencies responsible for administration of State institutions for care, or care and treatment, of mentally ill persons for developing and establishing improved methods of operation and administration of such institutions. (b) Grants under paragraph (2) of subsection (2) may be made only upon recommendation of the National Advisory Mental Health Council. Such grants may be paid in advance or by way of reimbursement, as may be determined by the Surgeon General; and shall be made on such conditions as the Surgeon General finds necessary.

Public Law 88-164
As amended by Public Law 90-170
Title I - Facilities For The Mentally Retarded

PART B-GRANTS FOR CONSTRUCTION OF UNIVERSITY-AFFILIATED MENTAL RETARDATION CLINICAL FACILITIES

AUTHORIZATION OF APPROPRIATIONS

Sec. 121. (a) For the purpose of assisting in the construction and the planning for the construction of clinical facilities providing, as nearly as practicable, a full range of inpatient and outpatient services for the mentally retarded which, for purposes of this part, includes other neurological handicapping conditions found by the Secretary to be sufficiently related to mental retardation to warrant inclusion in this part, and facilities which will aid in demonstrating provision of specialized services for the diagnosis and treatment, education, training, or care of the mentally retarded or in the clinical training of physicians and other specialized personnel needed for research, diagnosis and treatment, education, training, or care of the mentally retarded including research incidental or related to any of the foregoing activities, there are authorized to be appropriated $5,000,000 for the fiscal year ending June 30, 1964, $7,500,000 for the fiscal year ending June 30, 1965, and $10,000,000 each for the fiscal year ending June 30, 1966, the fiscal year ending June 30, 1967, and the fiscal year ending June 30, 1968, and $20,000,000 each for the fiscal year ending June 30, 1969, and the fiscal year ending June 30, 1970. Except as provided in subsection (b), the sums so appropriated shall be used for project grants for construction of public and other nonprofit facilities for the mentally retarded which are associated with a college or university.

(b) (1) Of the sums appropriated pursuant to subsection (a) for any fiscal year, beginning with the fiscal year ending June 30, 1968, an amount equal to 2 per centum thereof (or such smaller amount as the Secretary may determine to be appropriate) shall be available to the Secretary for the purpose of making grants to cover not to exceed 75 per centum of the costs of the planning of projects with respect to the construction of which applications for grants may be made under this part. Not more than $25,000 shall be granted under this subsection with respect to any project.

(2) Planning grants under this subsection shall be made by the Secretary to such applicants and upon such terms and conditions as he shall by regulations prescribe. Payment of grants under this subsection shall be made in advance or by way of reimbursement, as the Secretary may determine.

(3) Whenever, in the succeeding provisions of this part, the term "grant", "grants", or "funds" is employed, such term shall be deemed not to include any grant under this subsection or any of the funds of any such grant.

PART C - GRANTS FOR CONSTRUCTION OF FACILITIES FOR THE MENTALLY RETARDED

AUTHORIZATION OF APPROPRIATIONS

Sec. 131. There are authorized to be appropriated, for grants for construction of public and other nonprofit facilities for the mentally retarded, $10,000,000 for the fiscal year ending June 30, 1965, $12,500,000 for the fiscal year ending June 30, 1966, $15,000,000 for the fiscal year ending June 30, 1967, $30,000,000 each for the fiscal year ending June 30, 1968, and the fiscal year ending June 30, 1969, and $50,000,000 for the fiscal year ending June 30, 1970.

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ALLOTMENTS TO STATES

Sec. 132. (a) For each fiscal year, the Secretary shall, in accordance with regulations, make allotments from the sums appropriated under section 131 to the several States on the basis of (1) the population, (2) the extent of the need for facilities for the mentally retarded, and (3) the financial need of the respective States; except that no such allotment to any State, other than the Virgin Islands, American Samoa, and Guam, for any fiscal year may be less than $100,000. Sums so allotted to a State for a fiscal year for construction and remaining unobligated at the end of such year shall remain available to such State for such purposes for the next fiscal year (and for such year only), in addition to the sums allotted, to such State for such next fiscal year.

State Plan Administration

Sec. 132. (d) (1) At the request of any State, a portion of any allotment or allotments of such State under this part shall be available to pay one-half (or such smaller share as the State may request) of the expenditures found necessary by the Secretary for the proper and efficient administration during such year of the State plan approved under this part; except that not more than 2 per centum of the total of the allotments of such State for a year, or $50,000, whichever is less, shall be available for such purpose for such year. Payments of amounts due under this paragraph may be made in advance or by way of reimbursement, and in installments, as the Secretary may determine.

(2) Any amount paid under paragraph (1) to any State for any fiscal year shall be paid on condition that there shall be expended from State sources for such year for administration of the State plan approved under this part not less than the total amount expended for such purposes from such sources during the fiscal year ending June 30, 1967.

Title II

Community Mental Health Centers Act

Transferrability of funds

202 (c) Upon the request of any State that a specified portion of its allotment under this part be added to the allotment of such State under Part C of Title I and upon (1) the simultaneous certification to the Secretary by the State agency designated as provided in the State plan approved under this part to the effect that it has afforded a reasonable opportunity to make applications for the portion so specified and there have been no approvable applications for such portion or (2) a showing satisfacotry to the Secretary that the need for facilities for the mentally retarded in such State is substantially greater than for community mental health centers, the Secretary shall, subject to such limitations as he may by regulation prescribe, promptly adjust the allotments of such State in accordance with such request and shall notify such State agency and the State agency designated under ths State plan approved under Part C of Title I, and thereafter the allotments as so adjusted shall be deemed the State's allotments for purposes of this part and Part C of Title I.

PART D-GRANTS FOR THE COST OF PROFESSIONAL AND TECHNICAL PERSONNEL OF COMMUNITY MENTAL RETARDATION FACILITIES

Authorization of Grants

Sec. 141. (a) For the purpose of assisting in the establishment and initial operation of facilities for the mentally retarded providing all or part of a program of comprehensive services for the mentally retarded principally designed to serve the needs of the particular community or communities in or near which the facility is situated, the Secretary may, in accordance with the provisions of this part, make grants to meet, for the temporary periods specified in this section, a portion of the costs (determined pursuant to regulations under Section 144) of compensation of professional and technical personnel for the initial operation of new facilities for the mentally retarded or of new services in facilities for the mentally retarded.

(b) Grants for such costs for any facility for the mentally retarded under this part may be made only for the period beginning with the first day of the first month for which such a grant is made and ending with the close of four years and three months after such first day; and such grants with respect to any such facility may not exceed 75 per centum of such costs for the period ending with the close of the fifteenth month following such first day, 60 per centum of such costs for the first year thereafter, 45 per centum of such costs for the second year thereafter, and 30 per centum of such costs for the third year thereafter.

(c) In making such grants, the Secretary shall take into account the relative needs of the several States for services for the mentally retarded, their relative financial needs, and their populations.

Authorization of Appropriations

Section 145. There are authorized to be appropriated $7,000,000 for the fiscal year ending June 30, 1968, $10,000,000 for the fiscal year ending June 30, 1969, and $14,000,000 for the fiscal year ending June 30, 1970, to enable the Secretary to make initial grants to facilities for the mentally retarded under the provisions of this part. For the fiscal year ending June 30, 1969, and each of the next five years, there are authorized to be appropriated such sums as may be necessary to make grants to such facilities which have previously received a grant under this part and are eligible for such a grant for the year for which sums are being appropriated under this sentence.

VOCATIONAL REHABILITATION ACT

Section 4--Grants for Special Projects

Sec. 4 (a) From the sums available therefor for any fiscal year, the Secretary shall (1) make grants to States and public and other nonprofit organizations and agencies for paying part of the cost of projects for research, demonstrations, training, and traineeships, and projects for the establishment of special facilities and services, which, in the judgment of the Secretary, hold promise of making a substantial contribution to the solution of vocational rehabilitation problems common to all or several States, and problems related to the rehabilitation of the mentally retarded.

Authorization of Appropriations for Grants; Purposes for Which Available

Section 1(b)(3). For the purpose of (A) making grants under section 4(a)(1) for research, demonstrations, training, and traineeships; (b) making grants under clause (2)(A) of section 4(a) for planning, preparing for, and initiating special programs to expand State vocational rehabilitation services; (c) making contracts and jointly financed cooperative arrangements under clause (2)(B) of section 4(a) for projects for providing jobs to handicapped individuals; and (D) making grants under clauses (2)(C) and (D) of section 4(a) to develop new programs to recruit and train individuals for new career opportunities, there is authorized to be appropriated for the fiscal year ending June 30, 1966, the sum of $80,000,000, for the fiscal year ending June 30, 1967, the sum of $104,000,000, for the fiscal year ending June 30, 1968, the sum of $117,000,000, for the fiscal year ending June 30, 1969, the sum of $80,000,000, for the fiscal year ending June 30, 1970, the sum of $115,000,000, and for the fiscal year ending June 30, 1971, the sum of $140,000,000.

Explanation of Transfers

	1969 Estimate	1970 Estimate	Purpose
Transfer from:			
"Community Health Services," Health Services, Public Health Service.....	$ 6,000,000	---	Unobligated unallotted balance of item appropriated prior to 1969 for grants for Construction of Facilities for the Mentally Retarded.
Comparative transfer from:			
"Community Health Services," Health Services, Public Health Service.....	11,513,085	---	Unobligated allotted balance of item appropriated prior to 1969 for grants for Construction of Facilities for the Mentally Retarded.
"Hospital Construction Activities," Public Health Service.....	1,469,045	---	Unobligated balance of item appropriated prior to 1969 for Construction of University-affiliated Facilities for the Mentally Retarded.

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964	$10,472,000	$10,472,000	$10,472,000	$10,472,000
1965	23,644,000	23,644,000	23,644,000	23,644,000
1966	34,195,000	34,195,000	34,195,000	34,195,000
1967	36,775,000	36,775,000	36,775,000	36,775,000
1968	34,098,000	24,098,000	34,098,000	27,098,000
1969	30,056,000	30,056,000	32,556,000	32,556,000
1970	33,629,000			

Note: In 1968 this was appropriated in "Community Health Services", Public Health Service. Prior to 1968 it was carried in various appropriations in the Public Health Service. Research not included prior to 1966.

Mental Retardation

General Statement

To carry out the activities of the Division of Mental Retardation, an appropriation of $33,629,000 is proposed for 1970. This includes $126,000 for the Research program under Section 301 of the Public Health Service Act; $8,972,000 for the Hospital Improvement Program under Section 303 of the Public Health Service Act; $4,500,000 for Rehabilitation Services projects under Section 4(a)(1) of the Vocational Rehabilitation Act, as amended; $8,031,000 for Construction of Community Service facilities under Part C of the Mental Retardation Facilities Construction Act; and $12,000,000 for initial staffing of community service facilities under Part D of the Mental Retardation Facilities Construction Act. In addition $5,500,000 of funds previously appropriated are proposed for obligation for construction of community service facilities.

Authorizations for new projects in 1970 under Parts C and D of the Mental Retardation Facilities Construction Act are $50,000,000 and $14,000,000, respectively. Allotments to States under Part C are based on total population as estimated by the Bureau of the Census; facility need, as represented by provisionally estimated population under age 21; and financial need, as represented by average per capita income. All of the States and the District of Columbia will fully utilize the allotment reserved for them, and it is anticipated that the matching ratio will be considerably exceeded by contributions from applicants' financial resources.

With the 1968 appropriation, services were provided to 32,123 retardates, space for services through construction is being provided for 21,500 retardates; and training was provided to 16,116 personnel to better fulfill the needs of the mentally retarded.

The 1968 vocational rehabilitation amendments in which Section 4(a)(1) was added, will enable the Social and Rehabilitation Service to support areas singled out as urgently in need of attention by the President's Committee on Mental Retardation in its reports "MR 67" dated June 30, 1967, and "MR 68 The Edge of Change", namely; the solution of problems related to the rehabilitation of the mentally retarded; more effective and extensive manpower recruitment and training programs in the field of mental retardation; and improved coordination of services and programs to meet individual needs.

Mental retardation affects an estimated six million children and adults in the United States. There is an estimated 1,500,000 retardates who are in need of services in facilities not presently available to them. Through the mental retardation programs, progress has been made in providing additional facilities, but, unfortunately, services for the retarded will not keep pace with demands for many years to come. However, with the Social and Rehabilitation Service mental retardation programs now in effect and those recently authorized by Congress, at least some of these handicapped individuals will be habilitated who would otherwise not have been reached at all.

1. Research

	1969 Estimate		1970 Estimate		Increase or Decrease	
	No.	Amount	No.	Amount	No.	Amount
New grants	--	$ ---	3	$126,000	+3	+$126,000
Continuations	2	126,000	--	---	-2	- 126,000
Total	2	$126,000	3	$126,000	+1	---

The research program supports appropriate research activities designed to discover new techniques and develop new knowledge, and to gather information which will increase the efficiency of services for the mentally retarded. A corollary function is to expedite the translation of this knowledge into new, improved programs. With the increasing emphasis being placed by the Social and Rehabilitation Service on the initiation and coordinated support of services for the "disadvantaged," it is imperative that research activities be undertaken to improve the delivery of services to this particularly needy group.

Being generally of a highly practical or applied nature, continued research and evaluation is needed to plan, conduct, evaluate, and coordinate the most effective and economical ways in which a comprehensive nationwide program of care can be provided to meet existing needs of the mentally retarded.

In 1968, two projects initiated in 1965 were continued and one new project was funded. In 1969, two projects, one initiated in 1965 and one initiated in 1968, are being continued. These projects deal with research into metabolic conditions related to mental retardation and the evaluation of the development of planning and construction of mental retardation day care facilities.

Funds in the amount of $126,000, the same level as 1969, are requested in 1970. This will allow for three new grants.

2. Hospital improvement

	1969 Estimate		1970 Estimate		Increase or Decrease	
	No.	Amount	No.	Amount	No.	Amount
Innovation projects.....	78	$6,790,000	79	$6,790,000	+1	---
Inservice training grants.....	91	2,182,000	97	2,182,000	+6	---
Total.....	169	8,972,000	176	8,972,000	+7	---

This support program is one of the most significant improvement efforts within the galaxy of programs for the mentally retarded in the Social and Rehabilitation Service. This program provides resources for innovation projects designed to improve methods of care, treatment, and habilitation of the mentally retarded and multi-handicapped in State residential institutions. Its basic objectives are two-fold: (1) to improve the quality of patient care within the institutions and, (2) to stimulate the institutions to integrate and coordinate their efforts with the developing comprehensive community mental retardation programs.

In line with the Social and Rehabilitation Service objectives, the hospital improvement program is implemented through projects which focus on the habilitation of patients rather than supporting simple custodial care. As a result, increased numbers of retardates have begun to live useful and rewarding lives, both within institutions and upon their return to the community.

Individual programs have focused on devising techniques to improve self-care skills which facilitate greater personal independence. Other projects have emphasized the development of social skills which enable the residents to participate in group activities. Recreational and leisure-time programs have enriched the quality of life of many residents. New and improved techniques have been devised to assist multi-handicapped retardates in overcoming many of their physical limitations. A great many programs have provided pre-vocational training aimed at eventual community placement and economic independence of the previously institutionalized individual. Thus, as a result of the hospital improvement program, many residential institutions have embarked on reorganizing their entire therapeutic program for their residents. The States and the institutions have enthusiastically accepted hospital improvement and its philosophy of rehabilitation.

Presently, approximately 155 institutions are eligible to receive Federal funding for hospital improvement programs. The current level of funding will assist approximately 55% of these eligible institutions. In 1968, 91 grants were awarded for innovation projects which provided services to 32,123 retardates. In 1969, approximately 78 grants will be awarded, providing services to about 27,534 retardates. In 1970, approximately 79 grants at a cost of $6,790,000 will be awarded to State institutions for the mentally retarded which will provide services to about 27,887 retardates.

The hospital inservice training program, a complementary activity to the hospital improvement program, is designed to effect improvement in patient care through the medium of increasing the knowledge, sensitivity, and effectiveness of the available staff of the State residential institutions for the mentally retarded.

A great variety of educational techniques, both formal and informal, have been utilized. The major effort has focused on continued inservice education of those personnel who have the least formal education and who have the most intimate contacts with the patients, i.e., the ward personnel.

A broad range of new information in the areas of human behavior, growth and development, mental retardation, handicapping conditions, general nursing skills, and rehabilitation has been conveyed to the ward staff in practical fashion so that improved service has resulted. Greater understanding on the part of the institution's staff of the problem of mental retardation in all its ramifications has ensued, which has been reflected in diminished personnel turnover, high employee morale, and, most important, better patient care.

Presently, approximately 155 institutions are eligible to receive Federal funding for hospital inservice training programs. The current level of funding provides assistance for nearly 60% of these eligible institutions. In 1968, 102 grants were awarded for inservice training projects which provided training to 16,116 personnel. In 1969, approximately 91 grants will be awarded, providing services to about 14,378 personnel. In 1970, approximately 97 grants will be awarded to State institutions for the mentally retarded which will provide training for about 15,326 personnel.

Funds in the amount of $8,972,000, the same level as 1969, are requested for this two-pronged program in 1970.

EXAMPLES OF TYPES OF HOSPITAL IMPROVEMENT PROJECTS BY PRIME PURPOSE

Fifty-one projects promote self-help, such as Gracewood.

EXAMPLE: Gracewood State School and Hospital, Gracewood, Georgia

Using operant conditioning techniques, approximately 50 residents were assisted in developing independency in the activities of daily living such as feeding, dressing, toileting, etc. In a group of 60 non-feeders, 40 became independent to a major degree. Forty-one out of 49 residents were taught to dress independently. This included 17 severely retarded individuals who almost obsessively undressed.

Because of the program mealtime was transformed from mass feeding from prepared tray and spoon to cafeteria style, with free choice of table and multiple cutlery.

In 27, such as North Jersey Training School, New Jersey - a specialized service, namely, speech and language development was added to the program and purveyed through the use of professional speech personnel and speech aides. The State has been so impressed by results it has taken steps to enlarge the project to include all mental retardation institutions in the State with State funds.

Thirty-six projects employed multi-disciplinary teams of professionals to intensify programs.

EXAMPLE: "Intensive Socialization Program for Mildly Retarded" (through improved use of volunteers) in Austin State School, Texas

In an attempt to cope with the growing segment of institutionalized mildly retarded manifesting socially inept behavior, this Hospital Improvement grant developed an interdisciplinary professional team to implement socialization programs. These programs were developed for 3 selected groups of 60 mildly retarded residents each, including the following: (1) adolescents manifesting socially disruptive behavior; (2) young adults assigned to an intensive rehabilitation program; and (3) young adults considered to be rehabilitation "failures" and/or "institutionalized." Emphasis is placed on the development of effective working relationships with families and community agencies, with particular focus on admission, pre-discharge and post-discharge contacts.

3. Rehabilitation services projects

	1969 Estimate		1970 Estimate		Increase or Decrease	
	No.	Amount	No.	Amount	No.	Amount
Rehabilitation services projects	--	$ --	146	$4,500,000	+146	+$4,500,000

Of special interest and value in connection with forward planning of the Social and Rehabilitation Service, this program will support projects which hold promise of making a substantial contribution to the rehabilitation of the mentally retarded. Projects will include services to meet the special needs of the mentally retarded in their communities; more effective and extensive manpower recruitment and training programs in the field of mental retardation; and improved coordination of services and programs to meet individual needs. These areas were singled out as urgently in need of attention by the President's Committee on Mental Retardation in its reports, MR 67: "A First Report to the President on the Nation's Progress and Remaining Great Needs in the Campaign to Combat Mental Retardation," dated June 30, 1967; and MR 68: "The Edge of Change."

Existing program goals and the special needs of the mentally retarded sometime make it difficult to include these handicapped persons in presently available comprehensive programs because of age, severity of handicap, or other reasons. This new program will encourage flexibility in meeting the needs of the six million mentally retarded, thus helping to fill the gaps in services. This will also make it possible for communities to balance their services to the mentally retarded, leading to more effective use of the resources available.

The President's Committee on Mental Retardation has again called attention to the chronic shortage of trained persons which hinder every kind of program for the mentally retarded. Rehabilitation services projects will be used selectively to attack this shortage through support of manpower activities expected to have a high yield in the future, for which support is not available elsewhere. Young people will be encouraged to choose one of the many rewarding career opportunities open to them in mental retardation through Student Work Experience and Training grants, which will be restored to the level of 1967 when about 700 students spent their summer in productive work with the retarded. In coordination with related career development efforts of the Social and Rehabilitation Service, specialized training will be supported in a wide variety of professional and supportive fields.

Support will also be made available to State and local agencies for collaborative services which cut across traditional agency lines in areas of special SRS concern, such as cultural deprivation, rural problems, urban programs, and multistate and regional concerns. This will enable mental retardation program staffs, at all levels, to build and coordinate their efforts so that the retarded individual receives the help he needs when and where he needs it.

Funds in the amount of $4,500,000 are proposed for 1970. This would provide for approximately 146 projects, serving about 5,000 retardates, and training about 800 professional and nonprofessional personnel in the field of mental retardation, and about 850 students in the Student Work Experience and Training (SWEAT) Program.

4. Community service facilities

(a) Construction

	1969 Estimate		1970 Estimate		Increase of Decrease	
	No.	Amount	No.	Amount	No.	Amount
Construction projects	80	$18,013,085	60	$13,531,000	-20	-$4,482,085

Construction projects. This program provides for the construction of specially designed public and nonprofit community facilities which are essential to the diagnosis and evaluation, treatment, education, training, care and rehabilitation of the mentally retarded. Support is provided for new construction, acquisition, expansion, remodeling, replacement, and initial equipping of facilities.

It is estimated that 1,500,000 persons need services in facilities not presently available to them, and the Social and Rehabilitation Service is mindful of the strong citizen support for improving this situation. Progress has been made in providing additional facilities. Through 1968, 240 projects have been approved; however, services for the retarded will not keep pace with demands for many years to come. The need for facilities to house essential services is acute in all States and territories. This need becomes more pressing as efforts are intensified at community levels to construct facilities which will serve the mentally retarded from indigent families and those residing in disadvantaged areas.

Through the construction of modern and efficient facilities in appropriate areas of each State, the SRS assists communities in bringing the benefits of modern techniques of diagnosis and evaluation, education, rehabilitation, health care, and training to the mentally retarded. These community facilities will provide a variety of services, although all will not have the same range of service. For example, the Marvin E. Beekman Trainable Center, Lansing, Michigan, is one of the most modern and comprehensive diagnostic and learning facilities constructed to date under the program. Institutional atmosphere and environment were avoided in the design and construction of the Center which provides a school program for trainable children from age three through fourteen.

In Rochester, New York, the Al Sigl Center, sponsored by the Monroe County Center for Rehabilitation Agencies, Inc., consolidated under one roof a number of separate agencies which serve the mentally retarded and persons with other handicapping conditions. These agencies, while continuing to maintain their separate identities, are now conveniently able to provide coordinated services to the handicapped in a logical sequence based on the individual's needs. The need for duplication of services and certain types of equipment and facilities has been eliminated.

The Peoria Association for Retarded Children, Inc., Peoria, Illinois, has expanded its facility to include an Adult Community Living Center for 50 people ranging from 16 to 21 years of age. These individuals will be attending the local public schools or participating in the existing day programs now offered by the Peoria Association for Retarded Children. This project will demonstrate that a comprehensive program of residential care, closely affiliated with a day center program can be effective in meeting the needs of both the retarded person and his family.

The 240 projects approved since the initiation of the program in 1965 through 1968 will have made possible, when completed, the provision of services to 27,500 retarded persons not receiving services and an additional 38,250 individuals will have been benefitted by improved and up-dated services. The total cost of the projects is estimated to be $146,000,000, of which the Federal share is $45,000,000.

In 1969, approximately 80 projects will be funded which can provide services to about 22,000 retardates, of which 11,000 are not now receiving services.

Funds in the amount of $13,531,000 are proposed for obligation in 1970. This would provide for the construction of approximately 60 projects which could serve about 16,500 retarded individuals, of which 8,300 are not now receiving services.

The funds for this activity are available for obligation for two years. The 1969 and 1970 obligations are distributed as follows:

	Appropriation	Obligations from NOA	Obligations from prior years	Total Obligations
1969	$6,000,000	$ 500,000	$17,513,085	$18,013,085
1970	8,031,000	8,031,000	5,500,000	13,531,000

The following table shows selected data for the program since its inception in 1965:

		Projects Funded		
	Appropriation	Number	Total Cost	Federal Share (Obligations)
1965	$10,000,000	-0-	-0-	-0-
1966	12,500,000	89	$72,561,146	$13,481,056 1/
1967	15,000,000	79	35,092,093	16,233,512 1/
1968	18,000,000	73	41,641,000	15,997,618 1/
1969	6,000,000	80	54,039,255	18,013,085
1970 (Est.)	8,031,000	60	40,593,000	13,531,000

1/ Includes funds transferred from Mental Health.

4. Community service facilities

(b) Initial staffing

	1969 Estimate		1970 Estimate		Increase or Decrease	
	No.	Amount	No.	Amount	No.	Amount
New projects	40	$8,358,000	24	$4,895,000	-16	-3,463,000
Continuations	-	--	40	7,105,000	+40	+7,105,000
Total	40	$8,358,000	64	$12,000,000	+24	+3,642,000

Initial staffing grants. This new SRS program, funded for the first time in 1969, was authorized by the Mental Retardation Amendments of 1967. The grants are available to assist in the initial staffing of new community mental retardation facilities and new services in existing facilities.

Local sources of funds to support the operation of community mental retardation facilities are meager and over-burdened. Facilities for the mentally retarded have long waiting lists for services due not only to lack of sufficient space to house additional services, but also to lack of sufficient operating resources to provide for expansion of programs.

The SRS understands that potential sponsors of community facilities in many States are unable to provide the operational support necessary to qualify for a construction grant. This problem is greatest in disadvantaged areas and in areas of low income, thus inhibiting local involvement in the development of community facilities. The availability of assistance for initial staffing costs will help to make it possible for States to construct and operate those facilities determined to be of highest priority.

Services for the retarded vary greatly; therefore, there is no single staffing pattern recommended by SRS for community mental retardation facilities. A wide variety of professional and auxiliary staff are needed. Diagnostic and evaluation clinics will require a core staff, including the disciplines of medicine, nursing, social work, psychology, special education, vocational counseling, and aides. Depending on the range of services offered by the facility, additional staff may be necessary, e.g., speech and hearing, physical therapy and occupational therapy. Day programs for the mentally retarded also will require core staffing, including the disciplines of social work, special education, nursing, aides, consultants in psychology, pediatrics, psychiatry, etc., and other specialties, such as language development and physical therapy. The range of personnel will depend on the service of the facility and the age group and level of retardation which it serves. Residential programs will include essentially the same type of staff as the diagnostic and evaluation facility and day facility combined, with a greater emphasis on therapists and aides than would be in the other two types of programs.

These grants are available for a period of not to exceed four years and three months. The Federal share may not exceed 75 percent for the first 15 months, 60 percent for the next 12 months, 45 percent for the next 12 months, and 30 percent for the last 12 months.

In 1969, the first year for this program, approximately 40 projects will be awarded, providing services to 5,200 retardates.

Funds in the amount of $12,000,000 are requested in 1970. This would allow for the continuation of the 40 projects initiated in 1969 and would support approximately 24 new projects, which together with the continuations would provide services to about 8,320 retardates.

5. Construction of university-affiliated facilities

	1969 Estimate		1970 Estimate		Increase or Decrease	
	No.	Amount	No.	Amount	No.	Amount
Construction projects	3	$9,100,000	0	---	-3	-$9,100,000

This program provides assistance in the planning and construction of public or other non-profit clinical facilities for the mentally retarded which are associated with a college, university, or an affiliated hospital.

The Federal share of such project grants is limited to not more than 75% of the total cost of the projects. These facilities provide physicians and other non-professional personnel with specialized training and utilize a full range of inpatient and outpatient clinical services to demonstrate the advantages of specialized services for diagnosis and treatment, education, and care for the mentally retarded and those with associated handicaps, and to support related research activities.

Through 1968, 15 projects were approved and funded at a total cost of $42,991,684, of which the Federal share amounted to $31,030,955. In 1969, it is estimated that 3 projects will be funded at an estimated cost of $9,100,000 which can serve about 1,500 retardates and train about 1,500 individuals annually.

ALLOCATIONS TO STATES

For Construction of Community Facilities for the Mentally Retarded

	1968 1/ Actual	1969 2/ Estimate	1970 Estimate
Totals	$12,000,000	$12,000,000	$8,031,000
Alabama	$ 247,502	$ 247,101	$ 146,091
Alaska	100,000	100,000	100,000
Arizona	100,000	100,000	100,000
Arkansas	139,159	140,465	100,000
California	908,447	916,026	541,573
Colorado	107,804	109,285	100,000
Connecticut	132,759	132,923	100,000
Delaware	100,000	100,000	100,000
District of Columbia	100,000	100,000	100,000
Florida	341,712	343,335	202,987
Georgia	287,876	287,857	170,187
Hawaii	100,000	100,000	100,000
Idaho	100,000	100,000	100,000
Illinois	512,877	513,046	303,324
Indiana	262,416	264,230	156,218
Iowa	148,805	145,193	100,000
Kansas	123,454	123,314	100,000
Kentucky	210,329	207,763	122,834
Louisiana	242,861	243,088	143,718
Maine	100,000	100,000	100,000
Maryland	187,056	189,237	111,881
Massachusetts	264,395	263,504	155,789
Michigan	435,417	440,252	260,286
Minnesota	198,791	197,153	116,561
Mississippi	188,145	185,147	109,463
Missouri	247,788	248,706	147,040
Montana	100,000	100,000	100,000
Nebraska	100,000	100,000	100,000
Nevada	100,000	100,000	100,000
New Hampshire	100,000	100,000	100,000
New Jersey	328,075	330,780	195,564
New Mexico	100,000	100,000	100,000
New York	844,669	834,557	493,407
North Carolina	330,384	329,988	195,095
North Dakota	100,000	100,000	100,000
Ohio	547,763	549,394	324,813
Oklahoma	148,871	148,469	100,000
Oregon	105,098	105,657	100,000
Pennsylvania	606,647	602,277	356,079
Rhode Island	100,000	100,000	100,000

ALLOCATIONS TO STATES - continued

For Construction of Community Facilities for the Mentally Retarded

	1968 1/ Actual	1969 2/ Estimate	1970 Estimate
South Carolina	$ 188,387	$ 188,434	$ 111,406
South Dakota	100,000	100,000	100,000
Tennessee	255,916	254,368	150,387
Texas	654,236	651,236	385,024
Utah	100,000	100,000	100,000
Vermont	100,000	100,000	100,000
Virginia	266,078	266,517	157,570
Washington	156,350	160,332	100,000
West Virginia	118,703	117,421	100,000
Wisconsin	226,221	224,683	132,838
Wyoming	100,000	100,000	100,000
Guam	6,654	7,971	4,713
Puerto Rico	221,943	222,836	131,745
Virgin Islands	4,069	4,915	2,906
American Samoa	2,343	2,540	1,501

NOTE: 1970 allocations are tentative pending receipt of revised population and per capita income data.

1/ 1968 appropriation $18,000,000, less $6,000,000 cost reduction.

2/ 1969 appropriation $6,000,000 plus $6,000,000 from 1968 cost reduction.

THURSDAY, APRIL 24, 1969.

JUVENILE DELINQUENCY PREVENTION AND CONTROL

WITNESSES

DR. JAMES F. GARRETT, ACTING DIRECTOR, OFFICE OF JUVENILE DELINQUENCY AND YOUTH DEVELOPMENT
RALPH S. MARTINI, ADMINISTRATIVE OFFICER, OFFICE OF JUVENILE DELINQUENCY AND YOUTH DEVELOPMENT
RANDOLPH W. LEE, DIRECTOR, BUDGET DIVISION, SOCIAL AND REHABILITATION SERVICE
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

JUVENILE DELINQUENCY PREVENTION AND CONTROL

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation: Positions other than permanent		100	100
Travel and transportation of persons		50	50
Other services		500	1,000
Grants, subsidies, and contributions		4,350	13,850
Total obligations		5,000	15,000

PERSONNEL SUMMARY

Full-time equivalent of other positions		12	12
Average number of all employees		12	12

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Planning, prevention, and rehabilitation		2,650	11,000
2. Training		1,300	2,600
3. Model programs and technical assistance		1,050	1,400
Total program costs funded (total obligations)		5,000	15,000
Financing: Budget authority (appropriation)		5,000	15,000
Relation of obligations to outlays:			
Obligations incurred, net		5,000	15,000
Obligated balance, start of year	6,338	1,545	2,907
Obligated balance, end of year	−1,545	−2,907	−8,054
Adjustments in expired accounts	−428		
Outlays	4,365	3,638	9,853

Mr. FLOOD. Now we have juvenile delinquency prevention and control. That is quite a title. If you live up to that, you will do very well.

The presentation will be made by Dr. James Garrett, Acting Director, Office of Juvenile Delinquency and Youth Development. That is quite a title and challenge.

Dr. GARRETT. Yes, indeed.

Mr. FLOOD. You have been here before.

Dr. GARRETT. Yes, sir.

Mr. FLOOD. You have been here a long time?

Dr. GARRETT. Yes, sir.

Mr. FLOOD. Any people you want us to meet?

Dr. GARRETT. This is Mr. Martini, who is the executive officer in the Office of Juvenile Delinquency.

This is Mr. Troell in back here.

Mr. FLOOD. We will put your biographical sketch in the record at this point.

(The material referred to follows:)

BIOGRAPHICAL SKETCH OF JAMES F. GARRETT

Position: Assistant Administrator, Office of Research, Demonstrations, and Training.

Birthplace and date: New York, N.Y., March 31, 1916.

Education: Fordham University: B.A., 1937; Fordham University: M.A., 1939; New York University: Ph. D., 1941; clinical psychology.

Experience:

Prior to joining VRA staff in 1951, Dr. Garrett had been, for 3 years, assistant professor of clinical psychology at New York University College of Medicine, and chief, psychosocial and vocational services, at the Institute of Physical Medicine and Rehabilitation in New York City.

From 1944 to 1948, Dr. Garrett was Chief, Special Rehabilitation Procedures, Veterans' Administration, Washington, D.C., and prior to that was assistant educational director, Institute for the Crippled and Disabled, New York City.

Association memberships: American Psychological Association; National Rehabilitation Association; American Personnel and Guidance Association; and United Cerebral Palsy Association.

Special awards, citations or publications:

Superior Service Award (DHEW 1961); Distinguished Service Award (DHEW 1963); W. F. Faulkes Award, National Rehabilitation Association (1963); and Humanitarian Award, National Hemophilia Foundation (1968).

Publications: Psychological Practices With the Physically Disabled (Levine-Garrett) (coeditor); Psychological Aspects of Physical Disability (editor); Cerebral Palsy: Its Individual and Community Problems (contributor); Workshops for the Disabled: A Vocational Rehabilitation Resource (coauthor).

PREPARED STATEMENT

Dr. GARRETT. Mr. Chairman, I have a statement that I will submit for the record and merely give you some highlights. Then I will try to answer any questions.

(The statement follows:)

STATEMENT BY ACTING DIRECTOR, OFFICE OF JUVENILE DELINQUENCY AND YOUTH DEVELOPMENT, ON JUVENILE DELINQUENCY PREVENTION AND CONTROL

Mr. Chairman and members of the committee; I wish to discuss with you now the new SRS program concerned with juvenile delinquency prevention and control. This effort recognized by the 90th Congress in enacting Public Law 90–445, seeks to meet the need of assisting States and local communities in the development of approaches to the perplexing problem of juvenile delinquency.

During the past 7 years, police arrests of persons under 18 years of age have risen 69 percent. What is of particular concern to all of us is the significant increase in youth violence. The statistical analyses of both the FBI and the Children's Bureau show that arrests of young people for violent crimes have increased 54 percent since 1960.

In 1969, with an appropriation of $5 million, emphasis is being placed on the support of projects in States aimed at the development of comprehensive plans. In 1970, we are requesting $15 million, to implement to a somewhat greater degree the provisions of the act.

PROGRAM DESIGN

As provided in the basic legislation, support is provided to States and localities for planning, rehabilitation, and prevention activities, for training, for development of new and innovative program models and treatment modes, and for technical assistance.

PROGRAM OBJECTIVES IN 1969

Funding of projects under the act has been delayed until the fourth quarter of this fiscal year. It is anticipated, however, that approximately 40 State and local communities will receive comprehensive planning grants this year and that six rehabilitative service grants and a similar number of preventive service grants will be awarded. Total support for these projects in 1969 is estimated at $2,650,000. Additionally, it is estimated that 3,500 persons will participate in the training programs funded under title II of the act and that 15 grants will be awarded for the provision of technical services under title III. Training funds are estimated at $1,300,000 while $250,000 has been earmarked for technical assistance activities.

Activities of the Office of Juvenile Delinquency and Youth Development have been concentrated in three main areas this year; gearing up for the new delinquency program, including the development of regulations, guidelines, and conditions governing grants; monitoring of those grants still operative under funds from the Juvenile Delinquency and Youth Offenses Control Act of 1961; and carrying out a comprehensive assessment endeavor of the activities of the office over the past 7 years. The assessment is designed to present a clear picture of the new development, trends, problems, and gaps in areas related to the delinquency control field and to serve as guides for ongoing and developing delinquency programs. Under this latter endeavor, 19 contracts have been let with individuals and/or organizations having specialized knowledge in the field of juvenile delinquency and youth development.

1970 PROGRAM SCOPE AND EMPHASIS

The programs in the States, in many instances are being developed incrementally—leading from comprehensive planning, to submission of the State plan, to implementation of preventive and rehabilitation programs. Training projects and programs are being put into action immediately. It is important that increasing funds be available to support the progress made at each level of development in the States and local communities.

We propose to expand the funding in those categories supported during fiscal 1969, and to initiate grants in new areas. Briefly, it is expected that 35 State and local communities will receive grants to continue their comprehensive delinquency planning, and that 12 new grants for the conduct of planning will be awarded. Similarly, we propose continued support of the six rehabilitative service and the six preventive service grants awarded in 1969 and 30 new projects in rehabilitation and 46 in preventive services. Funds needed are estimated at $11 million. Funds were not available for the construction of community-based rehabilitative facilities in fiscal 1969; it is anticipated that the $1 million earmarked for construction in 1970, will support the renovation or remodeling of about 14 facilities. Training funds are proposed at $2,600,000 in 1970, double the 1969 amount. The number of persons trained in 1970 under the various training projects is expected to approximate 4,000. Approximately 17 new model programs will be initiated, and expanded activity will be available under the technical assistance provisions of the act. Model program funds are estimated at $1 million. No increase in the funding level for technical assistance activities is proposed.

CONCLUSION

In conclusion, Mr. Chairman, I would like to say that if funds are appropriated as requested, it is expected that this legislation will not only serve to reverse current trends in delinquency rates, but, more importantly, will permit a new start for many youths who would otherwise be condemned to lives of chronic dependency and crime.

I will be happy to respond to any questions you may have.

PROGRAM PURPOSES

Dr. GARRETT. I might indicate that I am only the acting director of this program until we secure a permanent one. This is a new program. It started in fiscal year 1969 and this will be the second year. This program has a 3-year authorization so that this will be the second of a 3-year authorization. It is, in a way, a continuation of a previous program under the juvenile delinquency program initiated in 1961. The appropriation for 1969 was $5 million. The authorization in 1969 for this program was $25 million. The request for 1970 is $15 million. The authorization for the program is $50 million. The program has a variety of provisions. It provides, under title I, for planning grants to State, local, and other agencies for the development of programs. It provides for rehabilitation and prevention grants on a project or, potentially, block grant basis.

Title II is an authority for training for the professional preparation of personnel for the field.

Title III makes provision for model programs and for technical assistance. The activities of the Office have largely been in three areas thus far. We are trying to gear up to the new program and this has taken a good deal of time and effort. We are trying to monitor what is already going on from the old program from 1961 and, perhaps most importantly, trying to do a comprehensive assessment of what was accomplished in the past.

The program in the States goes hopefully from planning to the submission of action programs of prevention and rehabilitation. We propose to initiate the program in 1969 and to expand the program in 1970.

GRANTS PROPOSED FOR SUPPORT IN FISCAL YEAR 1970

The request for 1970 would give us 47 planning grants, 36 rehabilitation grants, and 52 prevention grants for an estimated cost of $11 million. Under this law each State is entitled to $100,000. The States are defined to include Puerto Rico and the District of Columbia. There is also provision for $25,000 to go to the Virgin Islands, Guam, American Samoa, and the Trust Territories of the Pacific.

The training grants request for 1970 is double that of 1969. In 1969 we had $1.3 million and in 1970 the request would be for $2.6 million. This would provide for a training program to reach approximately 4,000 individuals.

The model program aspect of this activity was not initiated in 1969 because we did not have enough funds in the appropriation, but it would be envisioned to begin this program in 1970 with roughly 17 grants. The request here is for roughly $1 million.

There is no increase in the request for technical assistance grants which in the past year are roughly $250,000.

What we are asking for here is the opportunity, which Miss Switzer spoke very eloquently to the other day, for a new start for many young people who otherwise would be condemned to lives of dependency and crime.

I would be glad to try to answer any questions.

Mr. FLOOD. How much of your budget is for grants?

Dr. GARRETT. All of these moneys are grants and primarily will probably be project grant funds.

DISTRIBUTION OF GRANT FUNDS AMONG STATES BY FORMULA

Mr. FLOOD. What about formula grants?

Dr. GARRETT. There is provision within this law for making what I suppose we would call block grants to States. The wording of the law is such as to probably be a disincentive to States.

Mr. FLOOD. Disincentive?

Dr. GARRETT. Yes, sir; to come in under a State plan, the State plan must put up half of the non-Federal share and may not use the funds for its own operations, only for administration, and must subgrant the funds to localities so there is——

Mr. FLOOD. Let us talk about formulas.

What formula do you use in distributing program grants?

Dr. GARRETT. Under this program we have to reserve $100,000 per State or $25,000, as I indicated. The matching ratio in these programs varies. On the planning grants it is 90 percent Federal. Under rehabilitation grants it is 60 percent Federal. Under prevention grants it is 75 percent Federal, and under construction grants it is 50 percent Federal.

Those are all under title I of the act.

Under the training grants programs and the technical assistance and the model programs, that can be up to 100 percent.

PROGRAM CONTRACTS

Mr. FLOOD. Now you have, Mr. Martini, $1 million budgeted here for what you call "other services." That is a catchall—other services. What is involved here?

Mr. MARTINI. We are authorized under titles II and III to make contracts. Essentially that is what we are thinking of with respect to those funds.

PLANNING GRANTS

Mr. FLOOD. The main part of your program, title I, $2,650,000. That is for the current fiscal year?

Dr. GARRETT. Yes, sir.

Mr. FLOOD. Over 2 million dollars for planning. How is your planning doing?

Dr. GARRETT. First of all, we have not made any grants yet. Those grants will be made in the last month of the fiscal year. We do know from the States that planning is going on because of the fact that, under the Omnibus Crime Bill, there is provision made for including juvenile delinquency planning there. In view of our rather close relationship with the law-enforcement group, we have access to what is going on there and we have given the States the option under title I that, if their planning is adequate, they can come in for action programs under this.

Mr. FLOOD. Have any states or other jurisdictions completed their so-called comprehensive plans that you are aware of?

Dr. GARRETT. So far as we know, no comprehensive plans have yet been submitted to the LEAA. I think the due date is next month.

Mr. FLOOD. How many by the first of July?

Dr. GARRETT. Under LEAA, probably all the States will have come in with a plan because they have not only planning funds but action money which is to be obligated before the end of this fiscal year.

Mr. FLOOD. At the end of this fiscal year?

Dr. GARRETT. I would say probably June. I think they are planning on June to get their action money then.

Mr. FLOOD. Any States where they have not done a thing?

Dr. GARRETT. I would say that it would be rather rare that no planning is going on out in the States. I think the question is largely whether the States, under what they have done so far, feel that there has been adequate enough planning. We do have responses from the States.

Mr. FLOOD. Do you give them any money beforehand?

Dr. GARRETT. We have not made any money available to them at all. Under the old JD program, the State of Colorado, to give one illustration, did develop a rather comprehensive plan as a model for other States.

Mr. FLOOD. You don't give them the money before they do anything?

Dr. GARRETT. No, sir.

CONSTRUCTION FUNDS

Mr. FLOOD. You have a million dollars for construction?

Dr. GARRETT. Yes, sir.

Mr. FLOOD. Bricks and mortar?

Dr. GARRETT. Yes, sir.

Mr. FLOOD. We take a pretty hard look at the construction programs.

Dr. GARRETT. I think we would quite agree with you. We are more interested in the idea of action programs and not bricks and mortar. We consider this to be a rather minor priority so far as this program is concerned, but I think what we have included in this appropriation would be roughly 14 grants which would go largely for expansion or for remodeling. I might give you an illustration of what I mean by this. For example, in the State of Arizona we have been in discussion with some individuals who have been operating a training school, and now, with this change of emphasis of nonincarceration and more of having your programs as community-based programs, the discussion we have been having with them is how can they convert the training schools, detention facility, over to a program which would be more of evaluation, which would be more for training and things of this nature.

I rather imagine that this will be largely the kind of construction that we are talking about.

Mr. FLOOD. You have a problem with discrimination or preference. We may start with a few localities, say six or eight. That is an invitation to all cities. What about mine? What about Mrs. Reid's? What about Mr. Shriver's? If you finance six, what about the rest?

Dr. GARRETT. I think the only thing that we can do is rely on the judgment——

Mr. FLOOD. How high will it go—$200 million, $100 million?

Dr. GARRETT. We are not planning on any appropriation of that size at all for construction. I think that our outside guess would be probably $4 million tops in our planning.

Mr. FLOOD. How are you going to stop there? Suppose you pick six cities, why not 12?

Dr. GARRETT. This is always a difficult choice you have to make.

Mr. FLOOD. That is why I ask you.

Dr. GARRETT. I think that again I will say that all you can do is say: Here are the kinds of facilities that we are talking about. They must be community-based programs, must show evidence that——

Mr. FLOOD. Everyone has a bad habit of saying, "What about me?"

Dr. GARRETT. Yes, sir.

Mr. FLOOD. No big deal in mind?

Dr. GARRETT. No, sir.

PREVENTIVE SERVICES

Mr. FLOOD. You have something called Preventive Services. Rehabilitation services, and preventive services—what are they?

Dr. GARRETT. I think I might say that it is well to keep the perspective of this act in mind, that is, that the words that are generally used here are delinquent youths or those in danger of becoming delinquent. I think that we feel that probably one of the most important things there is to concentrate on the latter group; in other words, those in danger of becoming delinquent, and try to set up programs, whether they be with schools, whether they be through police programs, or whatever it might be, so as to prevent delinquency.

Mr. FLOOD. What do you mean by police programs?

Dr. GARRETT. For example, the very process of police-community relations can do a good deal toward the prevention of delinquency, the way in which youths are handled. I think that we see examples of this all around us.

Mr. FLOOD. Do the police know this?

Dr. GARRETT. There has been a good deal of work done. I think that at some of the universities under the old programs, under model programs, that has been done. There is a program out in Los Angeles which is being conducted by a former policeman. This is one of the types of programs that I think we have in mind on prevention. That is how the policeman and the police can work with the community to prevent problems from occurring.

TRAINEESHIP PROGRAM

Mr. FLOOD. According to your justification, you now have $200,000 for traineeships and you are proposing to increase that to $1.2 million in 1970?

Dr. GARRETT. Yes, sir.

Mr. FLOOD. There must be at least 100 bureaus and agencies that have traineeship programs.

Dr. GARRETT. Yes, sir.

Mr. FLOOD. Are you competing with the other agencies for trainees? How does your program work?

Dr. GARRETT. These are three types of programs. One is teaching grants, in essence, which go to institutions to develop curricula for needed personnel in this field. The second type of program that is envisioned under this authority is short-term training programs for persons who are already engaged in this field.

Mr. FLOOD. Who qualifies for these training programs?

Dr. GARRETT. These would be, very broadly, any array of individuals who would be influential in either the rehabilitation or the prevention of delinquency.

Mr. FLOOD. What is the cost per trainee?

Dr. GARRETT. This varies. Usually all that we pay would be the standard Government per diem and travel for anyone who would be in a short-term training program. On a long-term training program we already have a departmental policy on the amount of stipend for graduate studies.

Mr. FLOOD. What is that?

Dr. GARRETT. That is $2,400 or $200 a month for the first year of graduate study.

Mr. FLOOD. Don't you steal people from somebody else?

Dr. GARRETT. I think the interesting experience that most of us have had is that, if we can clearly delineate what it is that we want to do, you get people who are genuinely interested in working in the particular field. While this is not the place, perhaps, to bring it up, but in the rehabilitation counseling training program, under rehabilitation, when the Office of Education started its counseling training program, we actually found that the staying power of people in our program was even greater than it had been before. Because you have people given the opportunity to make choices in terms of their careers. So they didn't have to enter a training program on subterfuge.

Mr. FLOOD. How long have you been in the Government?

Dr. GARRETT. Since 1951 in this hitch.

Mr. FLOOD. Mr. Michel?

CONTRACTS WITH INDIVIDUALS

Mr. MICHEL. You make mention here on page 2 that 19 of these contracts have been let with individuals or organizations having specialized knowledge in the field of juvenile delinquency and youth development. Who are these persons or organizations that would be so specially equipped?

Dr. GARRETT. These largely are individuals with whom the old Office of Juvenile Delinquency had had experience and whom they considered to be qualified.

Mr. MICHEL. I would like you to put the whole group in the record.

Dr. GARRETT. Yes, sir.

Mr. MICHEL. Give us a few, now.

Dr. GARRETT. "Delinquency Planning," preliminary assessment is being done by Roger Lind at the University of Michigan. The "Delinquency Prevention Through Education," Walter Shaffer. "Police-Community Relations Programs, Study in Depth," by Alexander Smith. "Youth and Violence," Marvin Wolfgang, University of Pennsylvania.

Mr. MICHEL. What is the amount of money involved in each individual contract?

Mr. MARTINI. The amount per contract is actually very small—around $4,000 or $5,000 each. They are each going to do a piece of the total picture.

Mr. MICHEL. When you put in the record the organizations and the individuals involved, would you also put the amount of their contracts?

Dr. GARRETT. Yes, sir.

(The information follows:)

The following is a listing of individuals to whom program assessment contracts have been awarded:

Contractor	Title	Amount
Dr. Roger Lind, University of Michigan	Delinquency planning and community competence (a preliminary assessment).	$7,500
Dr. Charles F. Grosser, Columbia University School of Social Work.	Influence of the Office of Juvenile Delinquency on social work education.	4,500
Dr. Ralph Schwitzgebel, Harvard University	A study of evaluative performance in programs funded by the Office of Juvenile Delinquency and Youth Development.	4,500
Dr. Desmond S. Cartwright, University of Colorado Department of Psychology.	Concepts and strategies in comprehensive youth development programs, 2 case studies. From opportunity to involvement. The evolution of rationales for delinquency control programs.	4,000
Dr. Walter E. Schafer, University of Oregon	Delinquency prevention through education	14,972
Dr. Alexander B. Smith, John Jay College of Criminal Justice.	Police community relation programs, a study in depth	5,500
Dr. Richard Brotman, New York Medical College.	Evaluation of drug abuse programs	5,000
Dr. Melvin B. Mogulof, San Francisco State College School of Social Work.	The formation, operation and evaluation of complex social service units within the juvenile delinquency demonstration program.	5,000
Dr. Marvin E. Wolfgang, University of Pennsylvania.	Youth and violence	4,500
William R. Fry	An assessment of legal services under the Office of Juvenile Delinquency and Youth Development.	4,500
Miss Lenore R. Kupperstein	Sociocultural considerations in the treatment and rehabilitation of delinquent youth	4,000
J. Douglas Grant	New careers as a component of youth participation	4,000
Dr. John Martin, Fordham University Department of Sociology and Anthropology.	Contemporary world of youth	15,000
Dr. Ivan H. Scheier	Volunteer programs	4,000
Dr. Jack Otis, Texas University, dean, School of Social Work.	Training programs, their development and implementation	10,000
Policy Management Systems, Peter White, principal evaluator.	An analysis of the Office of Juvenile Delinquency and Youth Development.	20,000
Dr. Kenneth Polk, University of Oregon	A comprehensive analysis of community organization	5,500
Dr. Leonard S. Cottrell, Jr., University of North Carolina Department of Sociology	The experimental demonstration program as an instrument of social change.	2,500
William H. Brueckner	Utilizing knowledge drawn fron social action programs	2,500

RENOVATION AND REMODELING OF FACILITIES

Mr. MICHEL. This renovation and remodeling of about 14 facilities, where would those be?

Dr. GARRETT. Those probably will be primarily community-based kinds of operations. It could be that you would do it in a training school where you would introduce not just incarceration but an active program in education or something of that sort.

Mr. MICHEL. Would these be rented facilities?

Dr. GARRETT. No; these would be, I would imagine, owned facilities. Usually we do not renovate rented space.

Mr. MICHEL. Is that the item that comes within that $1 million?

Dr. GARRETT. Yes, sir.

Mr. MICHEL. If you are talking about $1 million divided by 14, you are talking about small ones?

Dr. GARRETT. That is right. That is why I said this is not a high priority item.

CURRICULUM DEVELOPMENT

Mr. MICHEL. I note in the justifications half a million dollars for curriculum development.

Dr. GARRETT. Yes, sir. This is perhaps more familiarly known as a teaching grant or something of that sort. In other words, it is supporting personnel to develop materials which could be used in the teaching

process primarily. It would relate to specialized areas of activity. I might use as one illustration, which Miss Switzer discussed here yesterday or the day before, the idea of drug abuse among juveniles. You have someone that would develop a curriculum which related itself to this program and then, under the short term training program, you would have the opportunity for a variety of individuals, including parents. I think this is important in this law. It is one of the very few I know of which includes parents specifically in the act as being recipients of training. You would meet some of these questions we were discussing before. This would be a high priority for us, so far as training is concerned.

The material would also be available for long term training programs of the variety of work that function in this field.

MODEL PROGRAMS

Mr. MICHEL. In the 17 model programs that you have, what do you hope to do after that; what is the next step?

You have 17 model programs and they are going to be of varying degrees of success and probably some failures—hopefully not. But what do you do, glean the best and say, "This is what we found from our experience that we ought to try. This and that is no good and we have this and that good," and so on?

Dr. GARRETT. That is right. I think that it is well to call attention to the fact that in this law there is a very specific proviso on the dissemination of information. There is also a specific proviso——

Mr. MICHEL. Which says what?

Dr. GARRETT. It says that you must disseminate the results of what you are getting. We would not have to have it because that is the way we operate our research and demonstration programs but, it is in this law.

It also says that we must make a report annually to the Congress in which we compare and evaluate the effectiveness of this program and contrast youths who are provided either rehabilitation or prevention services with those who do not. It does include a specific requirement for a report on the model programs. The important thing is the want of communication; that is, to conduct programs is one thing; unless one can disseminate the results effectively, there is very little gained on the national basis from any model programs. This has to be an integral part of this activity.

I will be glad to discuss what we are doing in rehabilitation specifically on this point.

USE OF NONPROFESSIONALS

Mr. MICHEL. Didn't I read someplace in the justifications that there were about 57 cities that were using nonprofessional persons to good advantage?

Dr. GARRETT. Yes; indeed. This is the key to how you get your message across. I think it is the key to how you reach the people. The question has been raised here as to whether professional people can effectively reach the groups we are working with. I think that we know

from experience that it is a combination and a variety of personnel that is going to be needed in order to mount an effective program.

Mr. MICHEL. I think that is all.

Mr. FLOOD. Mr. Schriver?

BLOCK GRANTS

Mr. SHRIVER. You said something in your statement that certain funds were going to be distributed on a block basis. Specifically what were you referring to?

Dr. GARRETT. I may have given you the wrong impression. They will not be distributed on a block basis but $100,000 must be reserved under the provisions of the act for use in each State. Each State will still have to apply for that and their request will have to be evaluated by a technical review committee. What is important is that each State knows that it has at least that amount of money available to it for either planning or prevention programs or rehabilitation activities.

MODEL PROGRAMS

Mr. SHRIVER. Referring again to those 17 model programs or cities that are going to have programs, have you decided where they are to be?

Dr. GARRETT. No, sir.

Mr. SHRIVER. Why 17?

Dr. GARRETT. I think that there is no magic in 17. The point is that there is roughly $1 million and previous experience suggests that the average cost is roughly so much and out of that you get roughly 17.

Mr. SHRIVER. Previous experience indicates what kind of program it will be. Give us an example of what you intend to do in one of these.

Dr. GARRETT. A model program might be, for example, the role of indigenous personnel working with street gangs in terms of trying to reeducate that street gang to positive activity in the community rather than antisocial behavior.

Mr. SHRIVER. That would be one.

Dr. GARRETT. You would have a model program in a work camp which might be developed, which would instill again positive values and work habits and work skills which would make people ready to either go back to school or get other vocational training or the like.

PROGRAM PLANNING

Mr. SHRIVER. On page 92 of your justifications, under "Planning, Prevention, and Rehabilitation," you say that it is planned that out of the $2 million available for planning, $1,250,000 will be used to support approximately 25 grants to stimulate the remaining States to engage in activities of this kind.

Would you put in the record the States that have and have not done planning in connection with this program?

Dr. GARRETT. Yes, sir.

(The information follows:)

Information made available to the Office of Juvenile Delinquency and Youth Development indicates that the following States have done some juvenile delinquency planning:

1. Alaska
2. Arizona
3. California
4. Connecticut
5. Florida
6. Georgia
7. Idaho
8. Illinois
9. Iowa
10. Kansas
11. Maine
12. Mississippi
13. Missouri
14. New York
15. South Carolina
16. Tennessee
17. Vermont
18. Trust Territory of the Pacific Islands

Mr. SHRIVER. That is all.

Mr. FLOOD. Mrs. Reid?

Mrs. REID. Thank you, Mr. Chairman.

SELECTION PROCESS TO DETERMINE GRANT RECIPIENTS

Dr. Garrett, in your program to provide prevention services for youth in danger of becoming delinquent, by involving local and nonprofit private agencies, how are these nonprofit private agencies selected? How do they qualify for participation? Would you use national youth organizations such as the Boy Scouts, Girl Scouts, 4–H, or would you be more specialized in this?

Dr. GARRETT. I think we would be establishing relationships with a wide variety of national organizations that work in the field. For example, to use maybe not one of the groups that you mentioned but let us say that YMCA as an example; we think that some of the techniques which are utilized there might be applicable when we are dealing with problems of delinquent youth in our Outreach program.

Conversely, we have the feeling that maybe the Y's ought to be more available to certain youth and there ought to be an Outreach program on their part to bring about these changes so that we would hopefully work with national organizations.

CRIME AND TV

Mrs. REID. You speak of the significant increase in youth violence and the increase in the number of police arrests of youths under 18 years of age in the last 7 years, which is alarming. I find through much correspondence from my district and elsewhere, too, that many people see a direct correlation with the amount of crime and violence our young people see on television these days. Do you care to comment?

Dr. GARRETT. I understand that the Surgeon General has initiated a study, or will very shortly initiate a study, in this area. Knowing the way the Department operates, I am sure that we will be an integral part of that.

Mrs. REID. Do you have any personal opinion?

Dr. GARRETT. I think that we all know that a lot depends on the models one sees. This is particularly true with juveniles. We know that, if you show positive models of people who do the right thing and are properly rewarded for doing the right thing, this will encourage positive behavior. This goes back to the psychological principle

of reinforcement. I think the same principle no doubt arises in the opposite way; that is, if all you see is violence, then you presume that that is the way of life and therefore you work on the theory that this is the way to do things.

ACTIVITIES IN SCHOOLS

Mrs. REID. Do you work directly through schools, also?

Dr. GARRETT. In this program we surely hope to. We have under discussion a program out in California working with schools in a positive program of trying to alert youth, young people in the school, to what are really the problems in delinquency.

Mrs. REID. Then do you use lectures or films on drugs and that sort of thing?

Dr. GARRETT. This would be part of the curriculum material we were talking about. The curriculum material are not merely pieces of paper but a wide variety of media utilized in order to communicate what it is we are trying to get across.

Mrs. REID. It is a serious problem.

Dr. GARRETT. It is a tremendous problem.

Mrs. REID. Thank you, Mr. Chairman.

Mr. FLOOD. Thank you.

Dr. GARRETT. Thank you.

JUSTIFICATION MATERIAL

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILIATION SERVICE

Juvenile Delinquency Prevention and Control

Amounts Available for Obligation

	1969	1970 Estimate
Appropriation	$5,000,000	$15,000,000

Obligations by Activity

Page Ref.		1969 Estimate	1970 Estimate	Increase or Decrease
92	1. Planning, prevention, and rehabilitation	$2,650,000	$11,000,000	+$8,350,000
95	2. Training	1,300,000	2,600,000	+1,300,000
98	3. Model programs and technical assistance	1,050,000	1,400,000	+350,000
	Total obligations	5,000,000	15,000,000	+10,000,000

Obligations by Object

	1969 Estimate	1970 Estimate	Increase or Decrease
Full-time equivalent of other positions	12	12	0
Average number of all employees	12	12	0
Personnel compensation:			
Positions other than permanent	$100,000	$100,000	0
Travel and transportation of persons	50,000	50,000	0
Other services	500,000	1,000,000	+$500,000
Grants, subsidies, and contributions	4,350,000	13,850,000	+9,500,000
Total obligations by object	5,000,000	15,000,000	+10,000,000

Summary of Changes

1969 enacted appropriation	$5,000,000
1970 estimated obligations	15,000,000
Net change	+10,000,000

	Base	Change from Base
Increases		
Program		
1. To provide, through local public and nonprofit private agencies, community-based prevention services for youths in danger of becoming delinquent	325,000	4,675,000
2. To provide for rehabilitative services for diagnosis, treatment, and rehabilitation of delinquent youths by public agencies and for construction of facilities	325,000	3,675,000
3. To provide training of personnel in juvenile delinquency fields through traineeships, short-term institutes, and curriculum development	1,300,000	1,300,000
4. To develop new techniques for preventing delinquency	---	1.000.000
Subtotal, program increases.	---	10,650,000
Decreases		
Program		
1. Support of the President's Commission on the Causes and Prevention of Violence	650,000	-650,000
Subtotal, program decreases.	---	-650,000
Total net change requested		+10,000,000

Explanation of Changes

1. Preventive services

An increase of $4,675,000, from $325,000 in 1969 to $5,000,000 in 1970, is proposed for this activity. The increase will provide for the initiation of 46 new community-based projects for youths in danger of becoming delinquent. The remaining $325,000 will allow for the continuation of the 6 projects to be funded in 1969.

2. Rehabilitative services (including construction)

An increase of $3,675,000, from $325,000 in 1969 to $4,000,000 in 1970, is proposed. Of the $3,675,000 increase, $2,675,000 is planned for rehabilitative services, and $1,000,000 for construction projects. The increase of $2,675,000, from a base of $325,000 in 1969, will provide for the support of about 30 new projects. The base amount, $325,000, will allow for the continuation of the 6 projects to be initiated in 1969. Within the $1,000,000 proposed for construction. It is estimated that 14 projects will be supported.

3. Training projects

In 1970, an increase of $1,300,000, from $1,300,000 to $2,600,000, is proposed for training. Of the increase recommended an additional $100,000 will be earmarked for the development of curricula, for a total of $500,000. An increase of $200,000, from $700,000 to $900,000, is proposed for the conduct of short-term institutes. The remainder of the increase, $1,000,000, will be available for traineeships for a total of $1,200,000. This amount will support an estimated 400 trainees.

4. Development of new techniques for preventing delinquency

A total of $1,000,000 is proposed for 1970 for programs directed toward the development of improved techniques and practices to prevent delinquency and treat youths who are delinquent or in danger of becoming delinquent. The $1,000,000 will provide for the support of about 17 projects.

Authorizing Legislation

Legislation	1970 Authorization
P.L. 90-445--Juvenile Delinquency Prevention and Control Act of 1968--Sec. 402	$50,000,000

JUVENILE DELINQUENCY PREVENTION AND CONTROL ACT OF 1968

Appropriations

Section 402. There are authorized to be appropriated for grants and contracts under this Act, to the Department of Health, Education, and Welfare, $25,000,000 for the fiscal year ending June 30, 1969, $50,000,000 for the fiscal year ending June 30, 1970, and $75,000,000 for the fiscal year ending June 30, 1971.

Juvenile Delinquency Prevention and Control

Year	Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1969	$19,200,000	$5,000,000	$12,000,000	$5,000,000
1970	15,000,000			

Justification

General Statement

The Juvenile Delinquency Prevention and Control Act of 1968 is a renewed and expanded Federal effort to assist State and local communities to develop effective approaches to the prevention and control of juvenile delinquency. While delinquent behavior is not a new problem in American Society, its effects, added to increases in the population and the increasing complexity of our social structure, have focused attention on the need for a broadly based effort in delinquency prevention and control.

Over half of all arrests for burglary and larceny, and almost two-thirds of the arrests for auto theft, are of persons under the age of eighteen. It is clear that the delinquency problem touches a large segment of the youth population. One of every six boys appears in court during adolescence, and, in the high delinquency areas of our inner cities, over half of all boys appear in court at least once.

Although most youth who engage in delinquency do not become adult criminals, many careers in crime have their beginnings in youthful delinquency. Thus, as the report of the President's Crime Commission notes, "America's best hope for reducing crime is to reduce juvenile delinquency and youth crime."

There has been relatively little sustained support of delinquency prevention and control programs. Furthermore, current methods of dealing with delinquents are often ineffective, limited in impact, and often, actually harmful. The process of being dealt with by the courts and correctional systems is often a factor contributing to the development of a criminal career. Mere involvement of a youth with the juvenile justice system increases the chances that he will return to that system; and commitment to correctional institutions may reinforce delinquent values and negative attitudes towards authority. The recidivism rate among youth who have been institutionalized runs as high as 50 percent. The ineffectiveness and expense of commitment to correctional institutions argue for a heavy emphasis on prevention at the community level and, if prevention fails, for alternatives to institutional commitment.

The Juvenile Delinquency Prevention and Control Act emphasizes treating the offender in the community in which he lives, not in an isolated institutional complex far from normal family life. The community ultimately must cope with the offender on his return and he must learn to live in that community as well. Treatment of youth apart from communities generally offers little more than a temporary disengagement for both youth and society. But community resources for working with problem youth are universally scarce. The legislation will provide incentives to communities to plan and implement programs of delinquency prevention and correction that take into account the varied needs of today's youth. Through its provisions for training, the legilsation will help to create new manpower resources and upgrade the competence of personnel working with delinquent youth. It will support experimentation to refine our knowledge, and will provide for evaluation of programs. It will provide technical and material assistance to States and communities seeking to develop comprehensive programs for prevention and control, and will require that the States play a major role in coordinating the range of programs directed at juvenile delinquency.

1. Planning, prevention and rehabilitation

	1969 Estimate	1970 Estimate	Increase or Decrease
Grants	$2,650,000	$11,000,000	+$8,350,000

Program distribution

	1969 Estimate	1970 Estimate
Planning	$2,000,000	$2,000,000
Prevention Services	325,000	5,000,000
Rehabilitation	325,000	3,000,000
Construction	0	1,000,000
Total	2,650,000	11,000,000

Planning

One of the greatest needs in the juvenile delinquency field is systematic planning. Many States have, within their boundaries, many different approaches to the problems of delinquency, ranging all the way from the most traditional to the most experimental. Some localities within the same State have more and better programs; some have competing and overlapping programs side-by-side. Unfortunately there has been little effort to compare experience or to adopt sound practices developed elsewhere. P.L. 90-445 offers States and communities the much needed incentives to plan for a coordinated and comprehensive network of prevention and rehabilitation programs.

Comprehensive planning grants

Too often in the past, the various manpower, education, and poverty programs that relate to delinquency have operated in isolation without any horizontal mechanisms that enable the programs to reinforce each other.

Under Title I of P.L. 90-445, funds may be provided to States and localities to prepare comprehensive plans covering their respective jurisdictions. Grants may be made for up to 90% of the cost of the planning.

At the time of enactment of the Supplemental Appropriation Bill for 1969, about half the States were engaged in comprehensive juvenile delinquency planning. It is not anticipated that these States will require, in 1969, funds for such planning. Therefore, it is planned that out of the $2,000,000 available for planning, $1,250,000 be used to support approximately 25 grants to stimulate the remaining States to engage in comprehensive planning. In 1970, an increase of $350,000 above the $1,250,000 is proposed. The total of $1,600,000 estimated for comprehensive planning grants to the States will allow for the support of 9 new projects and for approximately 20 continuations.

At the local and county level, as well as the State level, there are great variations in planning structures and expertise. There are very few municipalities and metropolitan areas, even those with a high concentration of poverty and delinquency, which have developed effective networks among law enforcement agencies courts, correctional agencies, and the range of educational, employment, health, and welfare resources that are related to the problems of delinquency. Approximately 15 grants will be supported with the $750,000 earmarked for this activity in 1969. In 1970, the $400,000 estimated for this activity will provide for 3 new projects and 15 continuations.

Preventive services

Funds may be provided under Title I for grants to meet the costs of projects designed to promote the use of community-based services for the prevention of delinquency. Grants may be made for up to 70% of the costs of these programs. The fiscal year 1969 estimate for this purpose is $325,000 for support of about 6 projects. The fiscal year 1970 estimate of $5,000,000, an increase of $4,675,000, will allow for support of 46 new projects and 6 continuations.

The President's Commission on Law Enforcement and the Administration of Justice has made it abundantly clear that community responses to problem youth are far from adequate. Among those for whom community services are often lacking are those who are delinquent, or in danger of becoming delinquent; those who may be law abiding but alienated and unable to make use of education or employment or other opporutnities; and those who are misfits in schools or disruptive in the community.

For such youth, it is imperative to furnish help that is particularized enough to deal with their individual needs but does not separate them from their peers, labeling, and therefore, stigmatizing them for life. Providing sufficiently specialized services while avoiding destructive labeling and stigma poses one of the central dilemmas in the delinquency prevention area. Grant funds will make possible expanded use of community agencies for serving youth non-judicially and close to where they live, thus avoiding the stigma of being processed by an official agency regarded by the public as an arm of crime control.

Grants for preventive services will help communities establish these new kinds of resources--and to carry out one of the Crime Commission's major recommendations for youth--establishment of a special youth agency in the community to which other agencies can refer and which families and youth can call upon. Such an agency will be expected to give priority to youth referred by police or courts, and will be a resource for youth with a variety of problem needs; thus, it will not be set apart and labeled as a place for youth in trouble.

Because of the important relationships between schools and delinquency, provision is made for grants to State and local school systems for the development of new curriculum materials and teaching techniques; use of teach aides, including older youth, to provide for individually tailored help for trouble-making youth; and, the expanded use of work-study programs to encourage potenital dropouts to remain in school. Support will also be provided for the development of new mechanisms in the schools to rescue truants and other students in trouble by channeling them back into the educational process rather than referring them to juvenile court.

Rehabilitative services (including construction)

Under Title I of Public Law 90-445, funds may be provided for grants to promote the full use of State and community rehabilitation services for the diagnosis, treatment, and rehabilitation of delinquent youth and youth in danger of becoming delinquent. Grants may be made for up to 60% of the costs of these programs.

In fiscal year 1969, the $325,000 planned for this purpose will provide for the support of 6 projects. In fiscal year 1970, $3,000,000, an increase of $2,675,000, will provide for the support of 30 new projects and 6 continuations.

These projects will be designed for delinquent youth who would otherwise be committed to correctional institutions. The most important feature of these projects is that youth remain in the community where their problems have arisen. Thus, the artificiality of institutional life is avoided, and concentration can be placed upon the issues with which every offender eventually has to deal. Furthermore, community-based services are less costly than incarceration, and hold greater promise for the effective rehabilitation of delinquent youth.

Youth who receive probation services are far less likely to be recidivists than those who are incarcerated. Yet, one-fourth of all counties have no probation services at all. Grant funds for rehabilitative services will provide incentive for States and communities to expand and improve their probation services.

Another way of increasing the range of alternatives available to sanctioning authorities is the development of different types of residential settings with great variations in the length of time persons spend in them. Grant funds may be used to pay up to 50 percent of the costs of designing and constructing residential facilities geared to the requirements of different types of delinquents. Various programs already in operation can serve as models. The possibilities include family-type group homes, peer group residences, hostels, work camps, and youth rehabilitation centers.

Because extended incarceration in large correctional institutions is potentially damaging to the individual, construction funds will be used only for the development of small community-based facilities, designed to serve an average of 30 youths. Funds will be used primarily for remodeling and rennovation rather than for the construction of expensive new facilities. In fiscal year 1970, the $1,000,000 proposed for this activity is expected to support 14 projects.

2. Training

	1969 Estimate	1970 Estimate	Increase or Decrease
Grants and contracts	$1,300,000	$2,600,000	+$1,300,000

Under Title II, the Secretary is authorized to make grants or contracts (up to 100% of the cost) for training projects for correctional careerists. In fiscal year 1970, $2,600,000 is being estimated for this purpose as follows:

	1969 Estimate	1970 Estimate
Curriculum development	$400,000	$500,000
Short-term institutes	700,000	900,000
Traineeships	200,000	1,200,000
Total	1,300,000	2,600,000

Training

The field of juvenile delinquency, like other areas dealing with human needs, suffers from a lack of professional personnel. In addition, since professionals who work in the field have been trained in such diverse but related fields as law, social work, sociology, psychology, and psychiatry, training specific to juvenile delinquency issues is needed to insure the most effective use of their basic professional education. Fortunately, many tasks in the juvenile delinquency field can be carried out by nonprofessionals provided that the necessary training is available. Each of the foregoing depends on the availability of usable training materials which have as their central focus the problem of delinquency. Further, access to training facilities geared to the needs of professionals and nonprofessionals is equally important. The training program of the Office of Juvenile Delinquency is designed to meet these problems in three interrelated areas of operation: curriculum development, short-term institutes, and traineeships.

Curriculum development

Curriculum development grants seek to rectify the shortage of usable, focused training material in juvenile delinquency. Much of the material available in the past has been both general and academic in nature. The need has been for effective material aimed at training which will permit the recipients to do a new job or a better job in one of the many needed tasks that have to be performed in any program dealing with delinquency. Included among the materials to be developed will be those designed to train youths themselves to work with problem youth, since there is substantial evidence that properly trained ex-offenders may well become a valuable resource group to work with delinquents.

Recent court decisions such as Kent and Gault (relating to the rights of juveniles and due process in juvenile courts), also mean that juvenile court and corrections personnel including judges, probation and parole officers, and detention workers must adopt new working approaches as well as adjust to substantial program change to bring practice into agreement with the law. Curriculum must be developed to prepare court personnel for these changes.

Through curriculum grants, a variety of new materials will be produced: training manuals, syllabi, guidelines for designing programs, reference books and visual aids. These materials will not only fill gaps in knowledge, but will also stimulate experimentation with new approaches to training and a re-examination of present methods.

Short-term institutes

Curriculum materials, new techniques in prevention and rehabilitation, and increasing trends toward community treatment offer great potentials for improvement of services to delinquents. However, these materials and innovations developed in programs sponsored by the Office of Juvenile Delinquency and Youth Development, the National Institute of Mental Health, and other governmental and non-governmental agencies cannot be implemented without bringing correctional personnel into contact with the information developed. To do so, short-term training in the form of workshops, institutes, and seminars offers the most rapid method of implementation.

Short-term interdisciplinary workshops for professionals provide information needed to work effectively in the field. Other short-term training will keep those already in the field up to date on what is known as well as to add to their ability to deal in a better fashion with the demands of their work. Training situations are created to train persons for nonprofessional roles which have two beneficial outcomes: the opening up of new jobs and relieving the demands placed on professional workers, allowing for more appropriate use of their talents.

The effectiveness of this approach has been amply demonstrated in projects funded by the Office of Juvenile Delinquency and Youth Development for such programs as the first National Workshop on Forestry Camps, the National Parole Board Seminars for State Parole Board Members, the National Workshops on Amphetamine Abuse, and the Continuing Seminars on Non-Narcotic Drug Abuse.

The $700,000 proposed for 1969 will allow for the training of approximately 3,500 individuals. The $900,000 estimated for 1970 will allow for the training of approximately 4,000 individuals.

Traineeships

Correctional programs improvement hinges on the quality of staff available to conduct the program. Traineeships encourage staff to stay with correctional careers and to improve the quality of key employees.

Traineeships have not hitherto been available in any meaningful number even though correctional administrators have strongly expressed a need for traineeships through their professional organization and through the Governor's Conference Sub-Committee on Juvenile Delinquency.

Existing organizations such as the International Association of Chiefs of Police, the National Council on Crime and Delinquency, the Delinquency Training Centers presently functioning under Office of Juvenile Delinquency and Youth Development grants can quickly tool up to provide trainee education under both grants and contracts in accordance with the purposes expressed in Title II.

In 1969, it is proposed that $200,000 be made available for traineeships. In 1970, $1,200,000 is proposed, an increase of $1,000,000. This amount will provide for the training of about 400 individuals.

3. Model programs and technical assistance

	1969 Estimate	1970 Estimate	Increase or Decrease
Grants and contracts	$1,050,000	$1,400,000	+$350,000

Program distribution

	1969 Estimate	1970 Estimate
Model programs	0	$1,000,000
Technical assistance	$1,050,000	400,000
Total	1,050,000	1,400,000

Model programs

Under the Model Programs provision of Title III, the Secretary is authorized to institute efforts directed toward the development of improved techniques and proactices which hold promise of making a substantial contribution to preventing delinquency and the treatment of youth who are delinquent or in danger of becoming delinquent, or toward improved rehabilitative services and methods of rehabilitating delinquent youth. Support may be up to 100% for this activity.

It is anticipated that the development of such improved techniques and practices will be accomplished by means of contracts and grants with public or private agencies and organizations as well as individuals to survey current practices, develop new and innovative program models and treatment modes, conduct study reviews of experimental programs, and devise methods by which the efficacy of various treatment rehabilitation practices and techniques may be measured.

It is expected that these model programs would focus on certain very critical areas such as development of improved institutional treatment practices, probation and parole practices, problems of alienated youth, and other relevant and critical areas of concern. It is expected that the $1,000,000 estimated for this purpose in 1970 will support 17 new projects.

Technical assistance

Under the provisions of Title III, the Secretary is authorized to provide technical assistance to public or nonprofit private agencies and organizations in matters relating to the prevention of delinquency and for the treatment and rehabilitation of delinquent youth. This assistance can be either direct or by means of grants or contracts with public or nonprofit private agencies providing such assistance and may provide up to 100% support. It is anticipated that such technical assistance would encourage and enable agencies to review policies and practices as well as provide technical expertise to such agencies in the formulation and operation of new programs. This would include schools, courts, police departments, mental health centers, family service agencies, vocational training programs, youth opportunity centers, and other agencies or organizations concerned with delinquency prevention or the treatment and rehabilitation of delinquent youth. In addition to the above, it is anticipated that contracts will be made with universities and nonprofit organizations to furnish assistance and consultation to public and private nonprofit agencies for purposes of program development, program evaluation, and operation. Under this section, it is anticipated that approximately 10 projects for $125,000 will be supported in fiscal year 1969. In 1970, 4 new projects for $60,000 and

8 continuations for $65,000 are estimated.

Title III also provides that any State agency which is willing to provide technical assistance to local public and private nonprofit agencies to further delinquency prevention, treatment, or rehabiliation programs may receive grants to render such technical assistance. This would include such agencies as a State Department of Corrections, Public Welfare, Mental Health, State Youth Commission, Department of Education or Public Instruction, or other relevant agencies. It is estimated that 5 projects will be supported under this activity in fiscal year 1969. The 1970 funds will support 3 new projects for $75,000 and 3 continuations for $50,000.

Under Title IV of P.L. 90-445, the Secretary is authorized to appoint a National Advisory Committee to advise him with respect to general policy involved in the administration of the Act, especially in matters of Federal, State, and local coordination, and to appoint such other technical or advisory committees to advise him on specific activities as he deems necessary. It is estimated that $150,000 will be required for the support of these committees, costs of consultant services and supporting travel, and other related costs.

THURSDAY, APRIL 24, 1969.

REHABILITATION RESEARCH AND TRAINING

WITNESSES

DR. JAMES F. GARRETT, ASSISTANT ADMINISTRATOR, OFFICE OF RESEARCH, DEMONSTRATIONS, AND TRAINING
MISS CECILE M. HILLYER, CHIEF, DIVISION OF TRAINING, REHABILITATION SERVICES ADMINISTRATION
EDWARD G. TROELL, PROGRAM MANAGEMENT OFFICER, OFFICE OF RESEARCH, DEMONSTRATIONS, AND TRAINING
RANDOLPH W. LEE, DIRECTOR, BUDGET DIVISION, SOCIAL AND REHABILITATION SERVICE
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

REHABILITATION RESEARCH AND TRAINING

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Permanent positions	43		
Positions other than permanent	4		
Total personnel compensation	47		
Personnel benefits: Civilian employees	3		
Travel and transportation of persons	91	100	100
Transportation of things	1		
Printing and reproduction	48	55	55
Other services	1,106	1,300	1,300
Equipment	63	60	50
Grants, subsidies, and contributions	61,580	62,502	62,495
Total obligations	62,939	64,017	64,000

PERSONNEL SUMMARY

Total number of permanent positions	4		
Full-time equivalent of other positions	1		
Average number of all employees	5		
Average GS grade	9.5		
Average GS salary	$11,842		

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Research and demonstrations	21,304	21,325	21,325
2. Training	31,177	31,717	31,700
3. Special center program	10,235	10,275	10,275
4. International research (domestic support)	94	100	100
5. National study of rehabilitation needs	129		
6. Center for deaf-blind youths and adults		600	600
Total obligations	62,939	64,017	64,000
Financing:			
Receipts and reimbursements from: Federal funds	−110	−17	
Unobligated balance lapsing	1,108		
Budget authority (appropriation)	63,937	64,000	64,000
Relation of obligations to outlays:			
Obligations incurred, net	62,829	64,000	64,000
Obligated balance, start of year	25,476	32,395	37,136
Obligated balance, end of year	−32,395	−37,136	−40,341
Adjustments in expired accounts	−1,808		
Outlays	54,101	59,259	60,795

Mr. FLOOD. Now we have the budget for rehabilitation research, and training, and the presentation will be made by Dr. Garrett, Assistant Administrator for the Office of Research, Demonstrations, and Training.

Dr. GARRETT. Mr. Chairman, I have a statement.

Mr. FLOOD. What do you wish to do?

Dr. GARRETT. I would like merely to submit this statement for the record.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Mr. FLOOD. Very well. We will place your biographical sketch in the record, and the statement, and you may proceed.

(The biographical sketch and statement follow:)

BIOGRAPHICAL SKETCH OF DR. JAMES F. GARRETT

Position: Assistance Administrator, Office of Research, Demonstrations, and Training.

Birthplace and date: New York, N.Y., March 31, 1916.

Education: Fordham University, B.A., 1937; Fordham University, M.A., 1939; New York University, Ph.D., 1941; Clinical Psychology.

Experience: Prior to joining VRA staff in 1951, Dr. Garrett had been, for 3 years, assistant professor of clinical psychology at New York University, College of Medicine, and chief, psycho-social and vocational services, at the Institute of Physical Medicine and Rehabilitation in New York City.

From 1944 to 1948, Dr. Garrett was chief, special rehabilitation procedures, Veterans' Administration, Washington, D.C., and prior to that was assistant educational director, Institute for the Crippled and Disabled, New York City.

Association memberships: American Psychological Association; National Rehabilitation Association; American Personnel and Guidance Association; and United Cerebral Palsy Association.

Special awards, citations, or publications: Superior Service Award (DHEW 1961); Distinguished Service Award (DHEW 1963); W. F. Faulkes Award, National Rehabilitation Association (1963); and Humanitarian Award, National Hemophilia Foundation (1968).

Publications: "Psychological Practices with the Physically Disabled" (Levine-Garrett)—co-editor. "Psychological Aspects of Physical Disability, editor cerebral palsy: "Its Individual and Community Problems", contributor. Workshops for the disabled: "A Vocational Rehabilitation Resource," co-author.

PREPARED STATEMENT BY ASSISTANT ADMINISTRATOR, RESEARCH, DEMONSTRATIONS, AND TRAINING ON "REHABILITATION RESEARCH AND TRAINING"

Mr. Chairman and members of the committee: The programs covered under the rehabilitation research and training appropriation are authorized by the Vocational Rehabilitation Act of 1954, as amended, and the International Health Research Act of 1960. The objectives of the research and demonstration programs are to develop new techniques, methods, and devices for the rehabilitation of the physically and mentally disabled and to demonstrate the practical application of research findings leading to their incorporation into ongoing rehabilitation service programs. The objectives of the training programs are to increase the supply of trained manpower in the various rehabilitation disciplines in order to improve and expand programs for the delivery of services to the handicapped.

1970 REQUEST

The amended request for the rehabilitation research and training appropriation for 1970 is $60 million, a reduction of $4 million from the amount originally proposed for 1970 and the amount appropriated for 1969. The programs included under this appropriation are:

REHABILITATION RESEARCH AND DEMONSTRATIONS

The sum of $21,325,000 is requested for this program in 1970, the same as 1969. This amount includes $13,857,000 to continue support of an estimated 209 projects started in prior years, and $7,468,000 which will enable us to fund approximately 122 new research and demonstration projects. The total number of projects to be

supported in 1970 with the funds requested is 331. The number of projects receiving support in 1969 is 341.

The major thrust of the research and demonstration program in 1970 will be on projects for the rehabilitation of the socially and culturally handicapped. A total of 33 projects will be supported in 1970, nine more than in 1969, to seek ways of helping disadvantaged individuals and families become self-supporting, fully participating citizens of the communities in which they live. In conducting these projects we plan to seek the direct participation and involvement of the socially and culturally disadvantaged. In this way it is hoped that these projects will be geared directly to their problems and needs, will improve the projects' chances of success, and will help gain acceptance and application of the project results in similar situations through the country.

Research in other program categories such as the deaf, blind, prosthetics and orthotics, mental retardation, rehabilitation medicine and other, will continue at approximately last year's level.

TRAINING

The amended 1970 request for training of $27,700,000 represents a reduction of $4 million below the original 1970 request and the amount appropriated for 1969. The amended request for 1970 will support 580 teaching grants, 10,969 traineeship grants, and 119 fellowship grants. This compares to 658 teaching grants, 14,135 traineeships, and 159 fellowships planned under the original 1970 budget request and expected to be supported in 1969.

The broad, long-range goal of the training program is to produce qualified personnel, in sufficient numbers to staff the rehabilitation programs of the Nation, both governmental and voluntary, in the areas of service, research, and teaching in institutions of higher education. A wide range of professional fields are covered, such as rehabilitation counseling, medicine, prosthetics and orthoptics, speech pathology and audiology, physical and occupational therapy, and social work.

The program has made significant contributions to the solution of manpower problems. In addition, the program has pioneered in the development of new areas of professionalization such as rehabilitation workshop administration, mobility instruction and home teaching for the blind, and specialization in rehabilitation of the deaf, mentally retarded, and offenders against the law. Special emphasis has been placed upon research training in rehabilitation. In an effort to meet the needs of State vocational rehabilitation agencies for personnel to deliver counseling services, programs of postentry work-study programs in cooperation with universities and State agencies have been developed, along with programs in the area of undergraduate education for rehabilitation and other helping professions.

All of these programs, along with short-term, intensive training programs to meet emerging needs, will be continued in 1970. Special emphasis will be placed on correctional rehabilitation, preparation of support personnel in all fields, motivation for people to work, and problems of the inner city and ghettos.

SPECIAL CENTER PROGRAM

For the special center program, we are recommending $10,275,000, the same as for 1969. This amount will provide for continuation of the 19 research and training centers currently operating under the program.

The special center program was initiated in 1961 and has enabled us to secure the collaboration of many of the outstanding institutions in the United States in an integrated program of rehabilitation research, training, and patient services. The major objective of this program is the conceptualization of a university-wide program which reduces the timelag between discovery (research) and application (patient services) through the medium of training. Improved rehabilitation services to disabled people result, while students and practitioners in all disciplines profit from an atmosphere of research.

The center program presently includes 12 medically oriented centers, three mental retardation centers, three vocational rehabilitation centers, and one center for deafness.

Specific research projects will focus on such high priority areas as improvement of evaluation procedures, work adjustment and training methods, motivating the disabled and disadvantaged to work, new physical restoration techniques for increasing the mobility potential of the severely physically handicapped,

identifying and correcting factors that cause disability, cultural deprivation and mental retardation in inner city and rural populations.

During 1970 the center program will continue the training of new personnel entering the fields of rehabilitation and provide advanced training for experienced personnel. The centers will coordinate their training activities with the State agencies and our regional offices in order to meet the needs in areas of highest priority and concern. Each center will support research and training activities aimed at the provision of services to the disadvantaged and poverty stricken in rural and urban settings.

INTERNATIONAL RESEARCH (DOMESTIC SUPPORT)

For domestic support of international research, we recommend $100,000 for 1970, the same as for 1969. All of these funds will be spent in the United States. The funds are used for two purposes: (1) to provide research fellowships for foreign rehabilitation experts who are brought to the United States for research training and experience and (2) to procure scientific equipment in the United States for use in research projects abroad. Only those items of equipment are purchased that are considered essential to the project and which cannot be obtained overseas.

In 1970, $50,000 will be utilized for procurement of equipment and $50,000 will be used to support research fellowships for 70 overseas rehabilitation experts for study in the United States.

NATIONAL CENTER FOR DEAF-BLIND YOUTHS AND ADULTS

The sum of $600,000 is recommended for the support of the National Center for Deaf-Blind Youth and Adults in 1970, the same at 1969.

The purposes of this center are: (1) to provide services, particularly specialized, intensive services, for the deaf-blind; (2) to provide training for professional and allied personnel working with them: (3) to conduct research with respect to their problems and rehabilitation; and (4) to help expand and improve services for, and public understanding about, the problems of the deaf-blind. The law authorized not only the establishment and operation of the center but also equipment and construction. A project grant for extension of services as well as for planning and development of construction requirements will be awarded in 1969 under section 12 of the Vocational Rehabilitation Act. It is expected that the facilities planning work will be completed in time to consider a request for construction funds in the 1971 budget.

The 1969 appropriation included $600,000 to establish the center. Implementing regulations and application procedures have been issued. Applications from prospective grantees are now being reviewed and it is expected that a selection will be made and the funds obligated during the fourth quarter of 1969.

When the center becomes operational, it will provide intensive services to approximately 100 deaf-blind adults. Staff recruitment to conduct research and training programs will be given high priority. Of the total funds requested for the center, it is estimated that $300,000 will be used for direct services, $150,000 for the training of professional staff, and $150,000 for research activities.

I will be happy to answer any questions the committee may have.

HIGHLIGHTS OF THE REQUEST

Dr. GARRETT. Then I want to call your attention to some of the highlights of the appropriation request. This request is presented under the authority of the Vocational Rehabilitation Act. It is a program in five parts. The total request for 1970 is for $60 million, which is a reduction of $4 million from the orginal proposal and from the appropriation for 1969. What I would like to do is merely highlight the appropriation.

REHABILITATION RESEARCH AND DEMONSTRATION

The first area is rehabilitation research and demonstration.

The request here is for $21,325,000, which is the same as for 1969. Roughly two-thirds of the funds here go for continuing projects which were started in the previous fiscal years, and roughly one-third are for new starts in fiscal year 1970.

There will be an overall reduction of about 10 projects from last year, and this is primarily because of the fact that the projects we are planning to support this year are somewhat more complex than last year. The major thrust of the program for 1970 will be on the rehabilitation of the socially and culturally handicapped who are disabled. This was a major emphasis in last year's program and we plan to continue it this year. What we are trying to do here is to involve the disadvantaged disabled in our program so as to get them self-supporting. We want to involve them directly. We feel that this is one way in which they can actually contribute.

Mr. FLOOD. What is a psychologist?

Dr. GARRETT. A psychologist supposedly is interested in the science of human behavior. I happen to be trained as a clinical psychologist which is more an individually oriented type of program in psychology. It is more interested in deviant behavior.

Dr. GARRETT. A psychiatrist is a physician and trained as a physician. He receives his medical degree first and——

Mr. FLOOD. Your degree is Ph. D.?

Dr. GARRETT. That is correct.

The program of research in other areas, such as prosthetics and orthotics, mental retardation, and the like, those areas will be continued at roughly the same level as last year.

TRAINING

For training, the amended request is $27,700,000. This represents a reduction of $4 million over last year. This will support roughly 20 fewer long-term teaching grants and roughly 550 long-term traineeships fewer than last year. This will still be a sizable program. We will have in the vicinity of 600 teaching grants. We will have in the vicinity of 11,000 traineeship grants and about 120 research fellows.

Mr. FLOOD. This is a pretty old program?

Dr. GARRETT. This is a program which was initiated in the 1955 fiscal year under the 1954 amendments. It actually——

Mr. FLOOD. You are asking for $4 million less than 1969?

Dr. GARRETT. I th nk that was one of the areas where the determination was made——

Mr. FLOOD. Your justifications are pretty good. Very complete and good.

Dr. GARRETT. We hope our justifications are good.

Mr. FLOOD. $4 million less?

Dr. GARRETT. Yes, sir.

I would rather imagine, I think, pretty largely in the Department that training was, or is, below last year's level.

Mr. CARDWELL. Nonservice training.

Dr. GARRETT. As we ind cated here, the broad goal of the program is to produce qualified personnel in enough numbers to staff the wide range of professional fields that are involved in rehabilitation.

As you indicated, Mr. Chairman, we think that the program has made significant contributions in the manpower field.

Mr. FLOOD. It certainly has.

Dr. GARRETT. It has pioneered in the development of many areas of professional rehabilitation, just two of which we might mention. One is mobility and——

Mr. FLOOD. What happened, did somebody throw a block?

Mr. CARDWELL. No; it is really an issue of looking at the Department's training activities generally. When you look at NIH you will find that health research manpower is proposed for a reduction and we really said we wanted to put our emphasis on the development of physicians that could provide service. That is our first priority. In order to cover that one, we have tended to pull other forms of training back. It is not a matter of saying that the other forms of training are not important. We are saying that at this point in time they are not quite as important to the total picture as the development of physicians for delivery of direct services, general services.

Mr. FLOOD. You restrict my questions when you cut back $4 million.

Dr. GARRETT. I don't like to do that, frankly.

As I say, we have pioneered—and I might mention two fields. One is mobility in instruction for the blind, and the other one is workshop administration, a new area of specialization in rehabilitation. We will continue these programs. We think that we have developed some interesting emphases. For example, we have been emphasizing post-entry work-study programs as a collaborative enterprise between universities and the State rehabilitation agencies. We feel that this program has worked out very well.

SPECIAL CENTER PROGRAM

The special center program, you may remember, was initiated in 1961. The request here is for $10 million. This is a program of primarily university-community facilities consorting and working together to do research, training, and to provide a high quality of client service.

These centers—we have 19 of them at the moment—are being funded at $10,275,000. The 1970 request is for the same amount of money. There are 12 medically-oriented centers, three vocational rehabilitation centers, three mental retardation centers and one center for deafness. These programs, as you may remember, represent in our thinking the bon ton of what we are trying to do.

Mr. FLOOD. This does not include the deaf-blind center?

Dr. GARRETT. No, that is another part of this presentation.

We hope, in this program, to emphasize what is our priority; that is, the rehabilitation of the socially and culturally disadvantaged who are disabled.

DOMESTIC SUPPORT FOR INTERNATIONAL RESEARCH PROGRAM

We have a request in this appropriation also for $100,000 for the domestic support of our international research program. This is the same amount as 1969.

These funds are used for two purposes: (1) to provide for research fellowships for foreign nationals in our overseas projects who come to the United States for additional research experience and research training; and (2) the funds are used for the purchase of equipment.

I think it is important to point out that these dollars never leave the United States. These dollars are spent here in the United States. They do no go overseas. We hope to support roughly 70 foreign experts coming to the United States. This has been an extremely important program so far as we are concerned. I will try to discuss it a little further in the international foreign currency program.

Mr. FLOOD. No junket? This is not a vacation?

Dr. GARRETT. I am afraid that the only thing we do is to overwork the people who come. I think this is their major complaint. We try, in any travel in the United States, to have it within a reasonable confine. We do not send the bulk of the people traveling all across the United States. If the major programs with which they are related are in New York City or Washington, or nearby, that is as far as they go. They go no farther. This program would be continued at the same amount as last year.

NATIONAL CENTER FOR DEAF-BLIND YOUTHS AND ADULTS

Dr. GARRETT. The National Center for Deaf-Blind Youths and Adults is $600,000 in 1969 and that is the request for 1970.

Mr. FLOOD. This is new.

Dr. GARRETT. This will be new this year. We do have $600,000 in the 1969 budget. This program will provide services to deaf-blind persons. It will provide training for personnel who are to be prepared for this field.

Mr. FLOOD. Youths and adults?

Dr. GARRETT. Yes, sir. The center will conduct research and it will do something which I think is extremely important; that is, provide some public understanding about the problems of the deaf-blind, which have been neglected so long.

Mr. FLOOD. Did you ever visit Gallaudet?

Dr. GARRETT. Yes, indeed. We are quite familiar with that program and have had long ties of close relationships with Gallaudet College. As you probably know, about 90 percent of the students at Gallaudet College are in one way or another clients of the State vocational rehabilitation agencies.

This program is at this stage at the moment. We have had seven institutions indicate an interest in possibly being designated——

Mr. FLOOD. What do you mean by an institution?

Dr. GARRETT. For example, in the State of Pennsylvania a group called the Working Blind in Philadelphia have manifested an interest in the center and also a group at the University of Pennsylvania.

The Brooklyn Industrial Home for the Blind, with which you are quite familiar, which has been a regional deaf-blind center, is also interested.

The program at Talladega, Ala., the State school for the blind and the deaf.

Mr. FLOOD. You are going to call this the National Center?

Dr. GARRETT. This is a National Center by special legislation. There is a separate section of the Vocational Rehabilitation Act which provides for this particular program. I think the major point is that this will be just one center so there will be competition for the designation of this one center. Applications are due in here the first week in May and an advisory group will be going over these applications and making recommendations to the Secretary for the designation about mid-May. At that point we will have a specific center.

Mr. FLOOD. Who makes the designations?

Dr. GARRETT. I expect it will be the Secretary who will designate it. I am sure that, as with the National Technical Institute for the Deaf, the Secretary will probably take the advice of the advisory group which has been appointed.

This program will provide intensive services for about 100 deaf-blind persons, and we, as I say, are highly optimistic that this program will get under way this year. The grant will probably be effective June 1.

That concludes my statement, Mr. Chairman.

Mr. FLOOD. Semantics is one of my hobbies.

"CULTURE-FAIR"

You use the term "culture-fair." I took a look at Mr. Webster late last night and he never heard of this either. On page 108 you put a heavy emphasis on that. You didn't write that?

Dr. GARRETT. No, I didn't exactly write it. I had a little trouble with whether we ought to use that word or not.

Mr. FLOOD. I don't blame you.

Dr. GARRETT. I couldn't come up with any word better to explain what is intended. So many of the values and techniques that we use, particularly to evaluate people for employment, or that we use in order to get a measure of their mental ability——

Mr. FLOOD. Culture fair?

Dr. GARRETT. Yes, sir. There are tests which reflect a given culture and in most cases the types of tests that were used represent a middle-class white culture. What this is intended to do is to try to develop evaluative methods and techniques which will be fair for anyone coming from whatever cultural background. That is the intent of that concept. There are, as you say, dangers in using words. On the other hand, I think we fairly well call attention to exactly what it is that we are trying to do.

Mr. FLOOD. I don't think so.

Dr. GARRETT. This is the intent of that phrase.

REDUCTION IN TRAINING REQUEST

Mr. FLOOD. The Johnson budget of $64 million would not support these activities at the 1969 level; would it?

Dr. GARRETT. No, sir.

Mr. FLOOD. If that is true, what will be the effect of the so-called

Nixon amendment to the so-called Johnson budget, $4 million less; what about that?

Dr. GARRETT. What I think will happen is that it will force a reappraisal and a close look——

Mr. FLOOD. The Johnson cut is 10 grants and the Nixon budget takes another slice out of that.

Dr. GARRETT. Ten was in our original request. What this will mean will be roughly 20 fewer grants. Under ordinary methods of operation, what we would do at any time would be to take a close look at our program, evaluate with our advisory groups those projects which were not producing as we would hope they would produce, and we would eliminate certain projects.

If we had the funds, we would then initiate new programs to replace those which we dropped. Under this particular budget what we——

Mr. FLOOD. You mean that you are cutting 6 inches off the bottom of the blanket to sew on the top?

Dr. GARRETT. That is roughly what we are going to have to do with the $4 million cut. We have no alternative other than not substitute new grants for old grants which are not producing.

Mr. FLOOD. Some people might say, "These are fine activities, but are they so essential that they cannot be cut back another 10 percent in view of the current fiscal problems that are very bad?" You invite this. What about that? What about 10 percent more?

Dr. GARRETT. I think that it is all a question of how much you can accomplish with what you have.

Mr. FLOOD. House is beginning to question R. & D. You know that?

Dr. GARRETT. I hope not.

Mr. FLOOD. They are. The Federal Government is spending about $16 billion across the board.

Dr. GARRETT. The situation I think in training is that probably what you are going to have to do is to just try to be more effective in what we are accomplishing. This will mean that we cut the spiral of professional support for our ongoing programs. For example, it probably means a cut of roughly 500 some-odd individuals going into the pipeline of manpower supply. Even though we are constantly reassessing the way in which services are delivered, this does create real problems for us.

With the funds that we have available, as we see it, this is the only alternative we have.

Mr. FLOOD. Mr. Michel.

NUMBER OF DEAF-BLIND PEOPLE

Mr. MICHEL. Do we have any estimate of the number of deaf-blind people in this country?

Dr. GARRETT. Yes, sir. We have estimates which run roughly between 4,000 and 5,000. That includes all age groups and, as you know, there is a program being initiated in the Office of Education which will handle the younger people and that is why this center is for both youths and adults. The bulk of the individuals in the deaf-blind group at the moment are in this group that we are talking about here.

NATIONAL CENTER FOR DEAF-BLIND YOUTHS AND ADULTS

Mr. MICHEL. Have we established yet where this center is going to be?

Dr. GARRETT. No, sir. That will be decided in May.

Mr. SHRIVER. Who will decide?

Dr. GARRETT. We have solicited applications and we expect roughly seven.

Mr. MICHEL. Seven applications?

Dr. GARRETT. Yes, sir. There will be an advisory group who will be meeting in mid-May and making a recommendation as to which one of these seven would fit the criteria.

Mr. MICHEL. Would you mind supplying those seven areas for the record?

Dr. GARRETT. Yes, sir.

(The information follows:)

POSSIBLE APPLICANTS FOR NATIONAL CENTER FOR DEAF-BLIND YOUTHS AND ADULTS

Mr. Benjamin F. Burgess, Jr., Administrative Director of Research, Presbyterian-University of Pennsylvania Medical Center, 51 North 39th Street, Philadelphia, Pa. 19104

Dr. Jack L. Bangs, Director, Houston Speech and Hearing Center, 1343 Moursund Avenue, Houston, Tex. 77025

Mr. Joseph J. Braun, Executive Director, The Working Blind, 36th and Lancaster Avenue, Philadelphia, Pa. 19104

Dr. Alfred L. Frechette, Commissioner, Department of Public Health, State House, Boston, Mass. 02133

Mr. Jeffrey Jenks, Office of Research Administration, Wayne State University, Detroit, Mich. 48202

Mr. John H. Finn, President, Industrial Home for the Blind, 57 Willoughby Street, Brooklyn, N.Y. 11201

Mr. O. F. Wise, Director of Rehabilitation and Crippled Children, Department of Education, Montgomery, Ala.

ADVISORY COMMITTEE

Mr. MICHEL. Also, please give us the names of the advisory group that will be making this decision.

Dr. GARRETT. Yes, sir.

(The information follows:)

ADVISORY COMMITTEE FOR NATIONAL CENTER FOR DEAF-BLIND YOUTHS AND ADULTS

Mervin D. Garretson,
Council of Organizations Serving the Deaf,
4201 Connecticut Avenue NW.,
Washington, D.C. 20008

Gerald H. Fisher, Ed. D.,
Arkansas Rehabilitation Research and Training Center,
Hot Springs Rehabilitation Center,
Hot Springs, Ark. 71901

W. Scott Curtis, Ph. D.,
School of Education and Rehabilitation,
Syracuse University,
805 South Crouse Avenue,
Syracuse, N.Y. 13210

Richard Kinney,
The Hadley School for the Blind,
700 Elm Street,
Winnetka, Ill. 60093

Edward J. Waterhouse,
Director,
Perkins School for the Blind,
Watertown, Mass. 02172

Dr. GARRETT. The advisory group consists of Mr. Ed Waterhouse from the Perkins Institute for the Blind, probably one of the best known authorities in the field.

You have Dr. Gerald Fisher, who is the director of the Arkansas Rehabilitation Center.

You have Mr. Ed Kinney, of Hadley, a deaf-blind person from Chicago. Perhaps you know him.

We have Dr. Scott Curtis, who is at Syracuse University, and he is an expert in deaf-blindness.

The fifth person is Mervin Garretson, who is with the National Association for the Deaf here in Washington, D.C.

ULTIMATE COST OF NATIONAL CENTER

Mr. MICHEL. Do we have some estimate of what that center is going ultimately to cost?

Dr. GARRETT. Our estimate would run $600,000 this year and roughly $600,000 next year. There would be probably a slight increase the following year for the program we are talking about here, plus somewhere between $2 million and $2.5 million for construction, which would be coming probably in the 1971 appropriation. It was decided in the budgetary process not to request funds for construction this year.

DOMESTIC SUPPORT OF INTERNATIONAL RESEARCH

Mr. MICHEL. Going back to these international research items, I note that $50,000 will be used to support research fellowships for 19 oversea rehabilitation experts in the United States. Is this a mixing from year to year? Certainly $50,000 does not cover the cost of 19 fellowships?

Dr. GARRETT. That is right. What we have, which we will be defending later, is the special foreign currency program which is using counterpart funds.

The foreign national's fare usually is paid from foreign currencies, whether he comes from Yugoslavia, or some other country.

Mr. MICHEL. It has to be a country where we have counterpart funds?

Dr. GARRETT. That is right. Those are the people we are talking about. They travel on foreign currencies.

What we use the $50,000 for is to pay their per diem while in the United States because most of these currencies cannot be converted to dollars.

Mr. FLOOD. Do you know about the enormous number of Polish zlotys that are available?

Dr. GARRETT. That is correct, a tremendous amount of U.S.-foreign

owned currencies overseas, but not all of those have been declared excess to official needs.

Mr. MICHEL. They are in the United States for roughly how long?

Dr. GARRETT. Some are here for 2 months, 3 months, something of that sort. What we usually have to do is pay their incidental travel in the United States as well as their per diem. That is why it looks like a lot of people for very little money but it is actually because their transportation does not come from this appropriation.

RESEARCH AND DEMONSTRATIONS

Mr. MICHEL. You have here training set apart, and so many dollars. Is it possible to take research and say how much in this item is strictly research?

Dr. GARRETT. As opposed to demonstrations? I think we can do that. I do not have it broken out in this budget but we do it for our own purposes.

Mr. MICHEL. I do not know it is altogether necessary except——

Mr. FLOOD. I think it is.

(The information follows:)

Amounts for research and demonstrations in 1970 budget

Research	$8,500,000
Demonstrations	12,825,000
Total	21,325,000

RESEARCH ACCOMPLISHMENTS

Mr. MICHEL. The point is that last year there was money for research, and there was the year before, and there is this year. What have we gotten for the research?

Dr. GARRETT. I will be glad to discuss it.

Mr. MICHEL. Give me something so I can say we didn't blow our money but really got something for it.

Dr. GARRETT. Let me give you one example of what has happened.

Mr. MICHEL. I can understand the training, but getting back to the research, it is a sacrosanct item which sounds good, but when you add it all up we have a problem.

Dr. GARRETT. Let me give you one illustration and if that is not enough we can give you more.

REHABILITATION OF THE MENTALLY RETARDED

For example, if you go back to 1954 and take a look at the rehabilitations of the mentally retarded, you would find there was an infinitesimal number of individuals being rehabilitated in the State-Federal program.

That figure has gone up something around fifteenfold in this period of time.

Mr. MICHEL. Rehabilitations in that area?

Dr. GARRETT. Yes, and if you contrast this with rehabilitations in general it is not just a projection of this.

What happened in the program was this: First of all, we started

a few projects in the rehabilitation of the retarded in sheltered employment. Out of that we developed a prototype of sheltered employment for retarded individuals which, under the research and demonstration program, we replicated in roughly about 50 parts of the United States. We took a look at our trend line in rehabilitations of the retarded and it started going up.

Then we saw that it started to plateau.

We took another look, then, at what we were doing because we said this is not the whole answer.

When we did that, we looked at some of our other projects. We saw, for example, that we had a project called a Triad between a school board, a State rehabilitation agency, and a sheltered workshop in which the youngsters were clients of the State agency were half time in school and half time in the workshop.

When we looked at that project we found any number of these youngsters were getting out and going to work.

Then we said, "This looks like a good idea" so we started replicating those programs. However, those became so popular at once that they were then incorporated within the regular basic support program of the vocational rehabilitation program.

I am not sure whether Mr. Hunt or someone else mentioned to you the school-work programs which are now a basic part of the vocational rehabilitation program.

What I am saying is that what you get in research you consciously build back into the basic fabric of the program. Therefore, as it goes now, the rehabilitations in mental retardation far exceeded our original expectation. In other words, it went way over our own trend line in terms of our own goals.

For example, if you couple mental retardation with mental illness you will find they constitute roughly 25 percent of the rehabilitations in the State-Federal rehabilitation program.

Mr. FLOOD. You do couple them, mental retardation and mental health?

Dr. GARRETT. No. I am saying if you took these two, primarily neglected areas early in the game, back in 1954, you would find they are now up to one quarter of the rehabilitations.

We consciously try to build in these kinds of relationships between the programs. We make a very conscious effort at what we call research utilization in the basic program.

RESEARCH UTILIZATION PROGRAMS

If I might give you another illustration. We are now starting nine of what we call research utilization specialty programs in States. This is the program which is equivalent to the county agent in the Agriculture program.

What these individuals are expected to do in a State is to take ongoing research, cull through it, see what is applicable to the improvement of rehabilitation programs in their States. We have these distributed around regionally so that we can get a picture, if we take them all together, of what we are accomplishing in this program.

Therefore, it is a very conscious effort in this program in marked distinction to many other programs, which I am sure you in this com-

mittee know about. This is a conscious program of communication and research utilization.

For example, if we have a successful program or project in research we run a seminar before that project is over and bring in peer groups—in other words, if it is State rehabilitation, we bring in State rehab people—we bring workshop people in from around the country so we can share immediately, before it gets lost, what we are finding out in these programs. It is a very deliberate and conscious effort.

We have a branch in our shop which is related just to research utilization.

We feel there should be an extremely close relationship between what we find out and what we communicate.

PROGRAM EVALUATION

Mr. MICHEL. What do you have budgeted in this item for evaluation?

Dr. GARRETT. Program evaluation? It is not in this budget.

I think there is an item in the overall appropriation for vocational rehabilitation but I am not sure what it is.

Mr. LEE. There is authority to use some of the funds, up to $1 million, of the rehabilitation services and facilities for evaluation.

Mr. MICHEL. Do you plan to do that?

Mr. FLOOD. Is it by law?

Dr. GARRETT. Yes; it is in the law.

To come back to the juvenile delinquency program, there is $150,000 in this program for evaluation, but that is not being done in this appropriation. Evaluation is not being done in any of this request.

PROGRAMS FOR THE DEAF

Mr. MICHEL. Aside from the deaf-blind center how much is being spent for the deaf under this item? You mentioned the blind but I heard no specific reference to the deaf.

Dr. GARRETT. In research there is $1,699,000 in this budget for research and demonstration projects in the area of deafness.

Mr. MICHEL. How many deaf people do we have in this country? Do you know?

Dr. GARRETT. I don't know.

Mr. MICHEL. Will you supply a figure for the record?

Dr. GARRETT. Yes, sir.

(Information requested follows:)

The number of deaf people in the United States is estimated to be approximately 300,000.

Dr. GARRETT. In the training part of the appropriation we have roughly a half million dollars in long-term training.

Then we have the one center in the special center program which is roughly $250,000.

USE OF COMPUTERS

Mr. FLOOD. It occurs to me that you are derelict in using computers. Why do you resist computers?

Dr. GARRETT. As a teaching method?

Mr. FLOOD. For all purposes. Why are you so slow in this area?

Dr. GARRETT. I really don't know.

Mr. FLOOD. It appears to be a great weapon.

Dr. GARRETT. We actually do have a little experimentation in this area.

Mr. FLOOD. Very little.

Dr. GARRETT. That is right, but it is very little.

Mr. FLOOD. Why?

Dr. GARRETT. I think it is largely a theoretical question that some people have, and that is how do deaf people think and how do deaf people learn?

Mr. FLOOD. I know the problem, but it would occur to me from what I have heard for the last 20 years that computers would be a marvelous weapon in your arsenal.

Dr. GARRETT. I think you are right. From everything I know about deafness, and if, for example, they are more prone to profit from those things which are concrete, that surely they should learn better this way.

I don't know whether the problem lies in the computer language——

Mr. FLOOD. You are an R. & D. man, but how about the operational people? Are they slow?

Dr. GARRETT. There is a great resistance to using——

Mr. FLOOD. Why?

Dr. GARRETT. I don't know. We try to find out, for example, why don't people use research results. We have done research on why people don't use research results.

What we found is that first of all there is almost a built-in inertia.

Mr. FLOOD. And there really is. Why is this so?

Dr. GARRETT. There is always resistance to change.

REPORTS OF RESEARCH FINDINGS

I think in addition to that we have the fact that many people do not package their research results in such a fashion that anyone can use them. So many people will put out a final project report, which will look like this budget document, and no one will read that?

What we have done, therefore, is to have what we call our English translation of the project. We tell the project director to use the front and back covers of the project report and thumbnail, in two pages, what it is you found out that is of practical importance to anybody. This is a great challenge.

Mr. MICHEL. I am glad to hear you make that comment because that has been a personal gripe of mine, that we spend so much time getting statistics and putting this and that show together, and then it is on the shelf in volumes that nobody ever takes the time to go through.

Mr. FLOOD. I agree with that.

Dr. GARRETT. We also have a process with which I am not sure you are familiar, and that is that we have developed what we call the research brief. The word "BRIEF" stands for: bring research into effective focus. The idea is to take a completed project and condense it. We don't give them the hokus-pokus of the research method. We put in there what you can do to do a better job. This is not intended for research people. In fact, it offends research people.

We have tried to do this, too, just to try to package what we are getting in research in an acceptable form. This is one reason why we have the research utilization specialists out in the State agency. If you have a man on the staff who is supposed to be using what you are doing, then you are giving the impression to a lot of people you ought to use what you learn.

Mr. MICHEL. I would be interested to know outside your realm of responsibility in the whole Department of HEW who, if anybody, is pushing that kind of an approach and program.

Dr. GARRETT. You have to keep in mind that our program is supposed to be solving the problems of the several States. If we do not do that then we have not succeeded in our program.

Mr. MICHEL. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Shriver?

REHABILITATION COUNSELORS

Mr. SHRIVER. You mentioned counselors. Who are they?

Dr. GARRETT. These are the personnel who are the pivot people in State rehabilitation programs. They are the persons who day in and day out have the responsibility for all the services provided to the consumer.

Mr. SHRIVER. When you have the seminars which you mentioned to help disseminate the information, you pay the expense of these people you bring to the seminars?

Dr. GARRETT. Yes; and it is the standard. If it costs you $16 a day that is the per diem that you get and we might pay the travel for them to get there.

Mr. SHRIVER. They are already on somebody's payroll?

Dr. GARRETT. That is right. We do not continue their salary. It is merely their per diem and travel.

NUMBER OF REHABILITATIONS

Mr. SHRIVER. It is not part of your program except that you mentioned research in connection with retardation and the number of people who have returned to normal living. I would be curious to know what that number is.

Dr. GARRETT. Number of rehabilitations?

Mr. SHRIVER. Yes.

Dr. GARRETT. I will have to get that for the record unless we have it in the vocational rehabilitation part of the presentation.

Mr. SHRIVER. You mentioned that together with mental illness, that it was about a fourth of the rehabilitations. I wondered about the total.

Dr. GARRETT. Total rehabilitations are roughly 230,000 last year, so it would be roughly about a quarter of that.

Mr. SHRIVER. Thank you, Mr. Chairman.

Mr. FLOOD. Mrs. Reid?

DEPARTMENT OF RESEARCH AND DEMONSTRATION GRANT ESTIMATES

Mrs. REID. Dr. Garrett, you said that two-thirds of your requests were for continued support of projects started in prior years and one-third for new research and demonstration propects.

Dr. GARRETT. Yes, madam.

Mrs. REID. Are those new projects actually on paper now?

Dr. GARRETT. No, this is the request for the 1970 fiscal year and those projects will be coming up.

Our method is that we have three meetings of a statutory national advisory council each year, so those projects get presented there.

We are talking in this appropriation of new starts which would be presented the very first time in October of this year.

Mrs. REID. Then how do you come to a figure of any kind if you do not have any——

Dr. GARRETT. Applications on hand?

Mrs. REID. Yes.

Dr. GARRETT. We base this primarily on past experience. As I say, we have been operating this program since 1955. We know roughly what the average cost of a project is, depending upon the area of emphasis in the program.

Some projects in certain areas cost a little less than other projects. For example, projects in the field of rehabilitation medicine generally cost more because of the number of personnel needed to conduct the projects, than, let us say, projects in the area of the deaf.

There is a variety of costs and we cost all of these out when we develop our budget. Therefore we come to the conclusion, based upon that, that we will have roughly about this number of projects.

The interesting thing is that if you go by past experience you will generally find that these estimates are fairly accurate.

REHABILITATION OF THE SOCIALLY AND CULTURALLY HANDICAPPED

Mrs. REID. You also say the major thrust of the research and demonstration program in 1970 will be on projects for the rehabilitation of the socially and culturally handicapped.

Dr. GARRETT. Yes.

Mrs. REID. Do you decide who is socially and culturally handicapped?

Dr. GARRETT. It is partly that and I think it is partly using the broad general definition that is used by the Department of Labor when they call somebody disadvantaged. In other words if you had a severe educational handicap, or you come from a——

Mr. FLOOD. How do you identify these people?

Dr. GARRETT. I think in general what we are talking about when we talk about serving this group of people is that we have certain fairly well identified groups of people in areas of emphasis.

The inner city for example. You can pretty well be assured in the inner city now, in the model city area or where you have a neighborhood service program under the OEO or what have you, that this is a group of individuals with whom you are dealing. This then gives us the opportunity to do what we were discussing before, and that is to try to take evaluative techniques which have been developed elsewhere and try them out here and see, for example, and I hesitate to use the word now, culture fair, whether these are fair to these individuals.

Mrs. REID. Socially and culturally handicapped persons would then probably be in low-income groups, would you say?

Dr. GARRETT. This is one of the areas where we are doing a tremendous amount of work.

For example, just looking at one project which might be pertinent here, and that is a project we have in New York at the Albert Einstein College of Medicine, which is called a rehabmobile project. We are all familiar with the idea of the little truck that goes around to take the X-rays. The question is does this have any pertinence for rehabilitation.

What we are trying to do is to set up a miniature rehabilitation program, you might say, on wheels. This will go around a given neighborhood, in this case it will be the Lincoln Hospital District which is a low-income urban area in South Bronx in New York, and to see whether or not by using this rehabmobile——

Mr. FLOOD. South Bronx?

Dr. GARRETT. That is where I come from. We always make distinctions between the South and North Bronx.

What we would do would be to have this go around to different places and have it available to see whether or not we can locate people who are in need of our rehabilitation services, provide initial services, and get them services which they need. In contrast to a rehabmobile which would stay in a given place 3 months at a time. This is to see whether a more aggressive outreach program will be effective in this kind of setting. We would have a variety of evaluative techniques which would be available to see what the needs of the clients happen to be.

Mr. FLOOD. Thank you very much.

JUSTIFICATION MATERIAL

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE

Rehabilitation Research and Training

Amounts Available for Obligation

	1969	1970
Appropriation.....	$ 64,017,000	$ 64,000,000

Obligations by Activity

Page Ref.		1969 Estimate Pos.	1969 Estimate Amount	1970 Estimate Pos.	1970 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
108	Research and demonstrations	---	$21,325,000	---	$21,325,000	---	---
122	Training.....	---	31,717,000	---	31,700,000	---	-$17,000
138	Special center program.....	---	10,275,000	---	10,275,000	---	---
148	International research (domestic support)	---	100,000	---	100,000	---	---
149	Center for Deaf-blind youths and adults.....	---	600,000	---	600,000	---	---
	Total obligations.	---	64,017,000	---	64,000,000	---	- 17,000

Obligations by Object

	1969 Estimate	1970 Estimate	Increase or Decrease
Travel and transportation of persons.	$ 100,000	$ 100,000	---
Printing and reproduction.....	55,000	55,000	---
Other services.....	1,300,000	1,300,000	---
Equipment.....	50,000	50,000	---
Grants, subsidies and contributions..	62,512,000	62,495,000	- 17,000
Total obligations by object.....	64,017,000	64,000,000	- 17,000

Summary of Changes

1969 estimated obligations	$ 64,017,000
1970 estimated obligations	64,000,000
Net change	- 17,000

Decreases

	Base		Changes to Base	
	Positions	Amount	Positions	Amount
A. Program				
Training	---	$31,717,000	---	-$17,000
Total program decreases	---	---	---	- 17,000
Total net change requested.	---	---	---	- 17,000

Explanation of Changes

The 1970 request of $64,000,000 is a decrease of $17,000 from the amount available for obligation in 1969. This reduction relates to a reimbursement from the Office of Education for a jointly sponsored project to be conducted in 1969 under the rehabilitation training program of the Social and Rehabilitation Service.

Authorizing Legislation

Legislation	1970 Authorization
Vocational Rehabilitation Act as amended through 1965 and Vocational Rehabilitation Amendments of 1967	
Section 4--Grants for Special Projects.....	$115,000,000
International Health Research Act of 1960	
Section 4--Authority of Secretary.....	No specific amount authorized

VOCATIONAL REHABILITATION ACT

Section 4--Grants for Special Projects

Appropriation

Section 4. For the purpose of (a) making grants under section 4(a)(1) for research, demonstrations, training, and traineeships; (B) making grants under clause (2)(A) of section 4(a) for planning, preparing for, and initiating special programs to expand State vocational rehabilitation services; (C) making contracts and jointly financed cooperative arrangements under clause (2)(B) of section 4(a) for projects for providing jobs to handicapped individuals; and (D) making grants under clauses (2)(C) and (D) of section 4(a) to develop new programs to recruit and train individuals for new career opportunities, there is authorized to be appropriated for the fiscal year ending June 30, 1966, the sum of $80,000,000; for the fiscal year ending June 30, 1967, the sum of $104,000,000; for the fiscal year ending June 30, 1968, the sum of $117,000,000; for the fiscal year ending June 30, 1969 the sum of $80,000,000; for the fiscal year ending June 30, 1970, the sum of $115,000,000; and for the fiscal year ending June 30, 1971, the sum of $140,000,000.

Section 16--National Center for Deaf-Blind Youths and Adults

Appropriation

Section 16. The Secretary is authorized to enter into an agreement with any public or nonprofit private agency or organization for payment by the United States of all or part of the costs of the establishment and operation, including construction and equipment, of a center for vocational rehabilitation of handicapped individuals who are both deaf and blind which shall be known as the National Center for Deaf-Blind Youths and Adults.

INTERNATIONAL HEALTH RESEARCH ACT OF 1960

Section 4(b)--Authority of Secretary

Appropriation

Section 4(b). The Secretary may, under Subsection (3), make grants or loans of equipment, medical, biological, physical, or chemical substances or other materials, for use by public institutions or agencies, or by individuals, in participating foreign countries; Subsection (4) participate and otherwise cooperate in any international health or medical research or research training meetings, conferences, or other activities; Subsection (5) facilitate the interchange between the United States and participating foreign countries, and among participating foreign countries, of research scientists and experts who are engaged in experiments and programs of research or research training, and in carrying out such purpose may pay per diem compensation, subsistence, and travel for such scientists and experts when away from their places of residence at rates not to exceed those provided in section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for persons in the Government service intermittently employed.

Rehabilitation Research and Training

Year	Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1960	$12,500,000	$12,500,000	$12,700,000	$12,700,000
1961	14,725,000	14,725,000	15,725,000	15,355,000
1962	17,250,000	19,250,000	20,250,000	20,250,000
1963	23,900,000	24,500,000	25,500,000	25,500,000
1964	36,830,000	31,810,000	36,830,000	34,810,000
1965	40,620,000	40,656,000	41,065,000	41,065,000
1966	52,945,000	52,145,000	53,195,000	53,145,000
1967	60,325,000	60,325,000	60,325,000	60,325,000
1968	65,484,000	62,440,000	65,484,000	63,937,000
1969	67,925,000	1/	65,000,000	64,000,000
1970	64,000,000			

1/ The House did not hear this appropriation because of expiring authorizations.

Activity I: Research and Demonstrations

Research Grants and Contracts	1969 Estimate No.	1969 Estimate Amount	1970 Estimate No.	1970 Estimate Amount	Increase or Decrease No.	Increase or Decrease Amount
New Projects	109	$ 6,447,000	122	$ 7,468,000	+13	+$1,021,000
Continuations	232	14,878,000	209	13,857,000	-23	- 1,021,000
Totals	341	21,325,000	331	21,325,000	-10	---

The total program level requested for 1970 is $21,325,000 the same as 1969.

For new projects, heavy emphasis will be placed on culture-fair vocational, social, and psychological assessment of disabled members of poverty groups; workshops for the disabled and disadvantaged; and multi-purpose centers providing the entire spectrum of rehabilitation services to disabled welfare clients. Projects will be located in Model City and central city neighborhoods and whenever possible will cooperate with Neighborhood Service Programs. Motivating people to work has always been a central interest of the research and demonstration program and in this regard emphasis will also be given to the development of methods of counseling.

Projects involving individuals directly in the conduct and management of innovative demonstrations leading to new patterns of service within model city or inner city areas will be centered on the socially and culturally disabled and disadvantaged. Projects for the disabled among the rural poor will also be developed, building on research already performed in which an entire rural county was saturated with total rehabilitation services and the results evaluated. Another approach to the priorities will be adaptation of rehabilitation medicine projects to serve the poor through study of health services needs to be met through the development of mobile medical or dental units within inner city areas.

Application of successful research findings to programs for the disabled among the rural and urban poor will be stressed. These projects will include the development of the "change agent" positions within State organizations to serve as the center of findings to be made available to the socially and culturally disadvantaged in various community groups. Projects of this nature which relate to the utilization of findings yielded by the research and demonstration program will be concerned with innovative approaches to ways in which ongoing programs can be given enriched inputs of demonstration outcomes. The goal here, and throughout the program is essentially to expand vocational rehabilitation opportunities for groups that have never before been reached, and who have already been shown to profit significantly by findings which materially offset deficits of social and cultural advantages within poverty.

I. Rehabilitation of Mental Retardates

Problems and Goals

Rehabilitation of the mentally retarded begins with careful evaluation for employment potential. Better evaluation techniques, especially techniques which differentiate retardation caused by cultural and social deprivation, must be developed through continuing research. After employment potential is established, appropriate vocational goals must be set, and research must again contribute to better understanding of the demands of the many jobs emerging as a result of our rapid technological development. New jobs in turn demand innovative training methods which will be developed, tested, and modified to meet an ever-increasing need for more efficient and effective rehabilitation of the retarded.

In addition, retardates, whether or not functionally handicapped, must be helped to achieve social adjustment. This can be accomplished through the development of more effective counseling techniques; full utilization of community resources; provision for transition facilities enabling a return to the community; and cooperation with private industry in the transitional job placement and follow-up to assure maintenance of gains.

Accomplishments

Almost a ten-fold increase over the past decade in the number of retarded rehabilitated annually through application of techniques developed through research and methods whose effectiveness was tested in demonstration projects gives us much assurance that large segments of the retarded can be trained for competitive employment and independent living. However, after completion of education, training, and placement a number of problems remain. Chief among these are (1) the continuing adjustment of the retarded in later years; (2) the maintenance of rehabilitation gains; (3) extension of services to functionally retarded and culturally disadvantaged groups known to exist in large numbers but heretofore not served, and (4) the rehabilitation of the severely or profoundly retarded. The latter group is relatively small in number, but the problems of these retarded are acute and the need for solutions is pressing.

Satisfaction from, and interest in, one's work is generally acknowledged as a factor in job tenure. This year The Johnstone Training and Research Center, with SRS support, completed an extensive reliability and validity study of the Vocational Interest and Sophistication Assessment Test. This is a pictorial interest inventory whose validity and reliability was determined by administration to about 3,000 retarded adolescents and young retarded adults located in various communities in 8 States. The inventory scores correlate highly with job success and satisfaction of the retarded and should prove to be a useful instrument for future prediction of job satisfaction and job tenure.

Many retarded leaving an institution do not have a home nor a family to which to return. Needless to say, adjustment without the social and psychological support of a family is most difficult. The Elwyn School, Elwyn, Pennsylvania, completed a demonstration of a program designed for older retardates who had no home but were considered good candidates for discharge into the community. The program consisted of pre-discharge evaluation, a social and vocationally oriented remedial education program, halfway house activity concurrently with pre-industrial exploratory work experience, job placement, arrangements for independent living in the community and long-term follow-up to assist the retarded person in his solution of emergent problems.

1970 Proposed Program

Study of the adjustment of the retarded indicate that their later life adjustment is tenuous. Research needs to develop community way-stations to serve emergency needs and solve emergent problems before they grow to become overwhelming. As the Public Health Service maintains clinics for the physical welfare of the people, the way-stations are envisaged as community adjustment clinics to solve the problems of retarded in a complex society. Notwithstanding the fact that we have developed effective rehabilitation techniques and served increasing numbers of retarded annually, a vast pool of retarded, particularly among the socio-culturally disadvantaged, have not been served. Massive and innovative community programs are needed to identify this large group and develop methods to serve their needs. A total of $1,365,000 is requested to support 28 projects in this program area. This represents an increase of $6,000 over 1969 with no increase in the number of projects supported.

II. Mental and Personality Disorders

Problems and Goals

Rehabilitation of people with mental and personality disorders depends upon a continuum of services: early and accurate identification of problems; adequate therapeutic measures, including work training and community adjustment techniques; provision of halfway houses to facilitate return to the community; and cooperation with industry and other community resources in the development of transitional placement opportunities. Disorders arising in culturally or socially deprived environments and growing problems in drug addiction, alcoholism, and delinquency and criminal behavior must be met in the continuum of services.

Research is therefore focused upon the development of better instruments for evaluation; innovative training techniques; more effective therapeutic methods; and differentiation of the cuases of personality disintegration. Utilization of significant research results in the demonstration of transitional techniques to facilitate community adjustment and acceptance and successful vocational training are given a special emphasis in the program.

Accomplishments

Research over the past few years focused on the development of community-based graduated rehabilitation services for ex-psychiatric patients. Horizon House, Philadelphia, completed a project demonstrating a method of rehabilitating ex-mental patients through a pre-vocational evaluation, followed by work experiences in a sheltered workshop at increasingly difficult tasks, with counseling given concurrently, placement, and follow-up to assist in the patients' adjustment in his home. Forty-eight percent of ex-mental patients undergoing the program were placed and remained in outside employment; an additional 15 percent were able to live in the community and continue working at a Sheltered Workshop. Another project also completed the past year illustrated a method of establishing boarding houses for ex-mental patients. Ex-mental patients lived in boarding houses and received out-patient care from a local psychiatric clinic. Social, recreational and part-time work experiences were provided. As patients demonstrated greater capacity for work and independence they paid increasing amounts of their earned money for their care. The majority of these ex-patients succeeded, were able to pay their full maintenance and live independently.

Emotionally disturbed persons with problems of alcoholism and drug addiction or character disorder require more than the usual amount and intensity of services for their rehabilitation. Illustrative of this is the recently completed project conducted at the State Penitentiary in Oklahoma. In this demonstration individuals were given vocational evaluation, treatment, counseling, and vocational training while they were still prisoners at the State penitentiary. As probation counseling services continued, placement was secured, and clients were assisted in obtaining community acceptance.

A similar project for rehabilitation of narcotic addicts was completed in Houston, Texas. With the cooperation of the U.S.P.H.S. Hospital in Fort Worth, selected narcotic addicts were released to a social agency in Houston and provided with housing in a halfway house from which "underworld" friends and contacts were excluded. Group therapy, individual counseling, social work, and part-time employment were provided. Opportunities for engagement of former addicts in community affairs were encouraged. This therapeutic regimen proved effective in promoting the rehabilitation of a substantial portion of drug addicts.

1970 Proposed Program

Half of all hospital beds in the country are devoted to the care of psychiatric patients who are largely people from the lower socio-economic strata. Research responsibility must be directed to reduce the socio-cultural strains and personal stresses that send people to the hospital or return them to mental institutions after release. We need extensive social-rehabilitation programs that can restore freedom and spontaneity to the mass of submerged and disadvantaged populations, and techniques to enable them to retain, in the community, gains obtained through hospitalization. There is a particular need for development of more effective ways wherein the family may provide, in the community, a therapeutic climate for the ex-patient. Research is needed in peergroup relations and those elements in the family and community to sustain and propel the person toward better health. Assistance from industry needs to be enlisted to provide an equitable and appropriate environment in which the ex-mental patient may increase and use more effectively the skills he is provided through rehabilitation. A total of $1,077,000 is requested to support 15 projects. This represents a decrease of $98,000 and 2 projects from the 1969 program level.

III. Rehabilitation of the Deaf

Problems and Goals

Problem areas for members of the deaf community have been found to include (1) basic language disorders underlying the communication handicap, (2) social and cultural deprivation, and (3) a lack of awareness of the vocational opportunities which exist. Our goals include the stimulation of projects concerned with basic rehabilitative procedures in language, with community efforts on behalf of the deaf, and with the expansion of vocational opportunities.

Accomplishments

Within the past year, projects have been initiated to expand vocational and technical education opportunities for deaf persons at the post-secondary education level. There are projects concerned with the development of mechanical aids to assist the teaching of language to the deaf. Several projects were begun which deal with the integration of deaf persons into the hearing community; projects concerned with providing mental health services; and projects involved in opening new job opportunities for the under-employed deaf. There is continued support of a Council of Organizations Serving the Deaf, which has as its goals the coordination of rehabilitative services to the deaf and the dissemination of information concerning deafness, problems of deafness, and suggested solutions to these problems. One of the most dramatic projects is that of the development of a theatre for the deaf through the Eugene O'Neill Theater Foundation creating both a recreational outlet for the deaf as well as new vocational career opportunities. A pilot project is presently under way which involves the planning and sampling for a major national census of the deaf.

1970 Proposed Program

A major thrust will be projects focusing on social interactivities of the deaf in hearing settings. Continued emphasis will be placed on the assessment of the potential of multi-purpose rehabilitation settings to serve the deaf community. A further emphasis will be placed on demonstrating the use of counselor aids in providing service to deaf welfare recipients. A total of $1,699,000 is requested to support 20 projects. This represents a decrease of $104,000 from the 1969 level and three projects less will be supported.

IV. Speech, Hearing, and Language Disorders

Problems and Goals

Persons with speech, hearing, and language problems comprise one of the largest disability groups in the country. Since they are not immediately apparent to the observer nor as dramatically handicapping as problems of blindness and deafness, the vocational ramifications of speech, hearing, and language problems are often overlooked. Basic rehabilitative research is needed in the physical and psychological correlates of the various disorders along with basic clinical procedures for the modification of language and speech behavior leading to vocational rehabilitation. Goals for this group include the development of test instruments to assess the speech, hearing, and language behavior so as to facilitate rehabilitation oriented therapeutic goals.

Accomplishments

Projects with both the professional organization and the service organization are under way to study man-power needs especially for non-professionals and to stimulate the recruitment of students in speech pathology and audiology. The development and utilization of programmed materials for clinical rehabilitation use of speech and hearing handicapped persons and development of auditory perception tests to assist in the diagnosis of language disorders by the rehabilitation team are the basis of on-going projects. Several projects were undertaken to stimulate the evaluation and development of behavior therapy techniques for the clinical team management of the various speech and language disorders.

1970 Proposed Program

Major emphasis will be placed on the continued development of clinical procedures to assist the victim of stroke (aphasic patients), the stutterer, and the laryngectomized (cancer) person especially as projects relate to the social adjustment of the individual as he returns to work and family. Projects concerned with the rehabilitation of the hard-of-hearing will be encouraged. Projects concerned with how the various speech, hearing, and language disorders affect vocational potential need to be stimulated. Especially among those who are socially and culturally disadvantaged. A total of $767,000 is requested to support 18 projects. This represents a decrease of $126,000 and 2 projects from 1969.

V. Rehabilitation of the Blind

Problems and Goals

Problems of the blind continue to be concerned with appropriate industrial placement, professional placement, and the widening of opportunities hitherto not opened to the blind. Coupled with placement problems are those of mobility and a need for a precise ophthalmological measurement of residual visual ability.

Goals include the development of new inventions and intensive study of mechanical and electronic devices for blind persons' mobility. Suitable demonstrations of the use of actual jobs for evaluation and occupational prediction of the blind individual's aptitude and capacity to adjust not only to a new job but to his peers within business and industry will be among the goals for 1970. These projects will place heavy emphasis upon the development of social as well as occupational skills.

Accomplishments

Outstanding results which have been accomplished in projects serving the blind include a demonstration program to train the blind to be computer programmers.

Over 25 demonstration projects have been highly successful in furnishing optical aids to several thousand low-visioned individuals. Approximately 2,000 per year are served by these optical aid clinics throughout the United States.

The American Association of Workers for the Blind has developed a complete bibliographic reference card catalogue of literature relevant to the rehabilitation of the blind. This training device is being utilized in programs throughout the country in the preparation of workers with the blind. Two major projects provide the field of the blind with both the evaluation and the creation of new prosthetic devices as well as the eventual production design of the prototypes prior to marketing. The Hadley School for the Blind has completed the development of a Braille medical dictionary to be used primarily in the training of blind medical technicians. A study of a portable, battery-operated phonograph for blind students is currently underway to determine its efficiency, durability, and value in the education and employment of the blind; college students who are blind have already found it a vast improvement over the larger, less mobile recorded books. Over 20 mobility and orientation instruction projects for the blind have been absorbed by the community in which the demonstration was supported. The regional facility for deaf-blind to provide innovative services for this group of individuals has become the basis for the National Center for Adult Deaf-Blind which will become operational during FY 1969.

1970 Proposed Program

Major emphasis will be placed upon the functional production of sensory aids and mechanical devices. Demonstrations in new job areas will be developed through employer cooperation. New techniques and innovations in leaderless group counseling will be applied to blind students on both a college campus and in technical institutes. A total of $805,000 is requested to support 22 projects. This represents a decrease of $109,000 and two projects below the level funded in 1969.

VI. Rehabilitation Medicine

Problems and Goals

The development and testing of innovative and unique diagnostic techniques, early-care methods, treatment modalities, and follow-up procedures which assist the rehabilitation team continue to be primary goals of the rehabilitation medicine research program.

New techniques of patient care during the immediate post-traumatic stage of heart disease, spinal cord injury, various orthopedic conditions, and stroke must be determined and put into practice. Allied with this is the development and utilization of new techniques of the availability of services--such as "outreach" programs.

The investigation of the medical problems associated with conditions of social, cultural, or financial deprivation encompasses a challenging and necessary new area for medical research. An adjunct goal is training as ancillary medical personnel to persons in these categories.

Demonstration studies designed to determine the effectiveness of treatment techniques, innovative presentation of medical services, and better means of collating and disseminating these data must be initiated and replicated in order to achieve maximum utilization of research results.

Accomplishments

The program designed to establish strategically located maxillofacial rehabilitation programs has expanded during this past year in that the number of centers has doubled.

Guidelines for the establishment of spinal cord injury centers, emphasizing immediate post-traumatic care and complete follow-through during the entire rehabilitation process, are in the final stages of development.

Techniques of treatment of cardiac patients have been developed, which include a combination of myocardial revascularization surgery and an exercise regimen individually suited to each patient.

Research and demonstration projects have been conducted in areas which have heretofore received minimal attention vis-a-vis rehabilitation, such as stomae, hemophilia, emphysema, dermatology, kidney disease, and epilepsy.

1970 Proposed Program

The emphasis on projects in the areas of heart disease, cancer, stroke, chronic obstructive lung disease, brain dysfunction, and spinal cord injury will continue. Projects in coordination of medical rehabilitation services will be given high priority. The inter-relationships of diseases and accidents with poverty and the most effective rehabilitation to combat these conditions in the ghetto areas will receive special attention. The possibility for the initiation of studies dealing with the effects of and methods of treatment for narcotic addicts and other forms of addiction will be examined. A total of $4,405,000 is requested to support 58 projects. This represents a decrease of $326,000 and eight projects below the level of funding in 1969.

VII. Older Persons and Chronically Ill

Problems and Goals

One of the most difficult problems in working with the chronically disabled person is bridging the gap from hospitalization to return to the community. The special problems of the aging in ghetto areas need to be examined through projects that can demonstrate new techniques involving appropriate vocational activities for the group. With the great advance made in medical and surgical care of patients in the hospital, there has not been a corresponding advance in community planning to ease the transition. More programs need to be developed to help the patient shed his habits and way of life acquired from long-term hospitalization, to develop more independence, to brush-up on old skills, and to develop increased tolerance. Something akin to the "half-way house" concept of the mental health movement, needs to be tried out more. The problems of the homebound must not be overlooked, either. Removing architectural barriers can help, and the testing of the use of sub-professional personnel selected from the aging needs to be initiated.

Accomplishments

Particular attention is being paid to rehabilitation of the aging in the multi-service centers now being initiated with support from various parts of SRS and focused on the needs of clients drawn from the culturally and socially disadvantaged. One of these, the Atlanta Evaluation and Employment Center is making a special effort to upgrade services to the aging poor and place them in appropriate jobs.

Another project is devoted to preparation of a system for placing aging persons in industry in up to twenty locations throughout the country. This is the most massive attack which has yet been made on the neglected problem of industrial placement for the aging.

A project coming to a close has made an extensive study of all aspects of arthritis and will, on the basis of a large accumulation of data, identify clusters of characteristics of arthritic patients which point to etiological conditions and new methods of treatment.

Several studies performed on leprosy patients at Carville, Louisiana, have been concerned with all phases of this disease, determining not only ways of reducing the physical concomitants of the disease, but also methods of remedying psycho-social complications in the patient and ways of working with the family members and future employers.

1970 Proposed Program

There will be increasing emphasis on placement of the aging disabled in competitive industrial employment. Transitional employment will also be tried out prior to final placements. Workshops for the aging or chronically ill situated conveniently in the clients' own neighborhoods or even within nursing homes will be developed and evaluated. Ways of working with families of the aging or chronically ill to identify and help key family members to cooperate in methods of rehabilitation will be studied. A total of $768,000 is requested to support 13 projects. This represents a decrease of $230,000 and five projects below the level funded in 1969.

VIII. Counseling and Evaluation

Problems and Goals

Most essential is the development of counseling communication skills in working with the socially and culturally handicapped who are disabled. There is a great need to develop culture - fair tests and devices which can be used by the counselor. Analyses are also focused on the counseling process itself, revealing the interplay of counselor and counselee and the ways by which it can be improved. Evaluation extends also to the non-handicapped in order to provide the counselor with information on attitudes of the employers and co-workers with whom the handicapped person will come in contact. Another field of inquiry is the study of the selection, training and professional development of counselors and related personnel whose background includes early life experiences in ghetto areas.

Accomplishments

Counseling methods are being increasingly extended into problems of client-counselor communication. Recent projects have been concerned with development of new techniques for counseling those who for cultural and social reasons function as retarded. Another study has analyzed the initial interview to determine ways of obtaining information from the hard-to-reach client.

A particularly significant project has provided extended counseling services to clients for six months to a year after placement in employment, in order to determine the optimal length of follow-up for different types of handicap. This study has shown the need for such services and is providing data necessary for implementing the 1968 Amendments of the Vocational Rehabilitation Act in regard to employment maintenance.

A study completed recently on a short-term directive method of counseling rehabilitation clients proved so successful that it is now being used as a prototype for several similar projects in various geographic locations. This method shortens counseling time and seems to be especially successful with older persons and members of poverty groups who are disabled.

1970 Proposed Program

The 1968 Amendments to the Vocational Rehabilitation Act have pointed the way to several new directions for counseling and evaluation. Thus stress will be placed on methods of counseling families of disabled clients and follow-up counseling of the socially and culturally disadvantaged who are disabled after their initial job placement. Emphasis will be upon maintenance of disadvantaged and otherwide handicapped persons in employment. Also to be stressed will be

culture-fair tests and other methods of assessing the job potentialities of individuals without penalizing them for low socio-economic status. Work values and related attitudes of the socially and culturally disadvantaged will be studied to determine methods of improving motivation for work. A total of $761,000 is requested to support 17 projects. This represents a decrease of $81,000 and two projects below the 1969 level of funding.

IX. New Patterns of Service

Problems and Goals

With a whole new program under Section 15 of the Vocational Rehabilitation Act for Work Evaluation being enacted into law during Fiscal Year 1969, along with the new regulations, State agencies are finding themselves working with a new kind of a client and for a much broader purpose. Problems related to this and needing research include: ways of motivating the disadvantaged disabled to develop work skills; developing modification of current methods as well as new methods of work potential of this group; developing new work adjustment patterns that are meaningful to the disadvantaged disabled.

Accomplishments

The New Jersey Rehabilitation Commission is demonstrating a new way to work with a Community General Hospital in serving catastrophic cases of heart, stroke, or cancer. The Division of Vocational Rehabilitation in New York is demonstrating ways of providing vocational rehabilitation to long-term inmates of a maximum security State prison as well as to those inmates of the same prison returning to the community. In Iowa there is a demonstration of new ways of reaching through cultural and social barriers to provide rehabilitation for the Indian alcoholic. The Iowa Federation of Labor has demonstrated use of union counselors as a statewide program of finding and insuring the orderly referral of disabled members to vocational rehabilitation and in motivating the member to accept and follow through on the service.

1970 Proposed Program

With the continuing closer relationship of welfare and vocational rehabilitation on State levels, there will need to be emphasis placed on ways to reach the welfare worker with the rehabilitation story and demonstrating how those disabled welfare clients who have work potential can be located, trained, and motivated to work and how appropriate jobs can be developed. New ways of providing continuing counseling after placement will need to be developed to insure job retention. New projects involving the work community will be developed both for work evaluation, and work adjustment training. A total of $5,617,000 is requested to support 78 projects. This represents an increase of $358,000 and five projects over 1969.

X. Experimental Facilities

Problems and Goals

Ways must be found for translating the advances made in the use of sheltered workshops with the physically and mentally disabled over to usable programs for the socially and culturally deprived who are disabled. The sheltered workshops and experimental facilities represent a tremendous resource and finding ways of utilizing earlier experiences in research into the new problem area is important. Some of our goals in doing this are to establish experimental utilization laboratories which will take research results coming out of earlier projects and modify these programs to suit the disabled who are also socially and culturally disadvantaged. In addition, this will be tied in with the use of specially trained staff persons on State agency staffs designed as change agents to facilitate the

incorporation of these modifications into programs and facilities in State agency operations. Thought will be given not only to removing architectural barriers but also to other kinds of barriers involved in the use of facilities.

Accomplishments

The Jewish Vocational Service in Chicago is conducting a research utilization laboratory which will be working with the State agencies and private agencies in the midwest. One State in each region has a specially trained staff person designated as a "change agent" who has been working with the regional offices and Research Division of SRS to facilitate the incorporation into facilities of as much of the research already done as possible. St. Andrews College, North Carolina, in conducting a study of the use of student aides to the physically handicapped in higher education, as a modified campus approach. The Flame of Hope, Hyannis Port, Massachusetts, is demonstrating with a number of sheltered workshops new approaches to competitive employment for the mentally retarded by development of new products and marketing methods to increase employment outlook of the mentally retarded. Springfield Goodwill Industries, Massachusetts, is demonstrating how a rehabilitation center can reduce community barriers to employment of epileptics. The American Association on Mental Deficiency is working on a project to improve accreditation standards for services to the retarded in residential centers.

1970 Proposed Program

The continuing emphasis of high priority will be the removal of architectural barriers in public buildings built with federal funds, especially since the passage of Public Law 90-480 dealing with this specific topic. This will be one subject on which the change agents mentioned above can concentrate. Attempts will be made to reach architects and builders in the early planning stage to insure the elimination of architectural barriers before construction commences. Continued emphasis will be placed on the use of business and industry in reaching the disabled, socially and culturally disadvantaged. Continued research will be conducted on organizational methods of sheltered workshops and ways of organizing new facilities to provide for work adjustment and work evaluation. A new method of motivating workers in sheltered work settings will be explored as well as new methods of work supervision. A total of $556,000 is requested to support seven projects. This represents a decrease of $203,000 and four projects below the level of funding in 1969.

XI. Socially and Culturally Disadvantaged

Problems and Goals

One of the major difficulties in this area is the involvement of the poor--the socially and culturally disadvantaged--within the rehabilitation projects themselves. Ways and means have to be established in every project which will bring the disadvantaged themselves closer to the development and direction of every project in this area. Emphasis will be in this regard along with special focus on the group's participation in the dissemination and utilization of the significant findings to similar areas and similar communities. Encouragement of project coordination, development and eventual evaluation of the findings will be part of the goals of projects involving the socially and culturally disadvantaged who are disabled.

Accomplishments

A project in Durham, North Carolina, has been attempting to demonstrate the effectiveness of a combination of survival group therapy, a network of outreach homes, and use of non-professional workers, with a central residential facility to assist low-income girls with behavior disorders in developing adequate coping behavior which would result in improvement of job-related functioning. The

University of Illinois has been working on the identification of values, ideas, behaviors, and attitudes which differentiate disabled individuals from different sub-cultures in the United States in order to provide training materials for socio-culturally disadvantaged prospective employees who are disabled and their middle-class supervisors and to demonstrate the effectiveness of this program in a variety of ongoing organizations. Another project at Illinois has been engaged in identifying and studying the origins of occupational disability in the school-home-peerdom relationship of culturally disadvantaged Puerto Rican youths in Chicago who are disabled.

1970 Proposed Program

Projects will include the use of the disabled socially and culturally disadvantaged in the coordination and direction of the demonstrations. The new patterns of service will involve store fronts, expanding occupational horizons and use employer job-sites for meaningfully real vocational adjustment training. A total of $2,195,000 is requested to support 33 projects. This represents an increase of $737,000 and 9 projects over 1969.

XII. Prosthetics and Orthotics

Problems and Goals

The primary target area this year will be the expansion of a system of centers of excellence to conduct a coordinated program of research and evaluation in prosthetics, orthotics, and sensory aids. These centers will be closely associated with existing Rehabilitation Research and Training Centers to provide research services on a coordinated basis affecting model cities, neighborhood centers and coordination of agency services.

New research and demonstration effort will be directed toward the improvement of orthotic equipment in function and cosmesis. At present, five projects are working in this field with six others in the planning stages. Initially, great emphasis will be placed on fundamental research in orthotics to provide a base knowledge for the rapid development of improved orthotic systems.

Increasing attention will be given to the still unsolved problems in amputation and orthopedic reconstruction surgery, especially amputation level selection in cases of vascular insufficiency, myoplasty, osteoplasty and implant devices for surgical reconstruction. Continued effort to develop clinical tools and techniques for the measurement of pressures, skin temperatures, and external forces is receiving emphasis in our program.

Considerable emphasis in the field of prosthetics is being directed toward the development of modular skeletal prosthetic components which will provide for the easy substitution of components, including the socket. The development of this concept has been precipitated by the increased demands for prosthetic services as a result of the medicare-medicaid programs, and the attendant need to reduce prosthetic costs to the consumer.

Accomplishments

Many of the major advances concerned with the rehabilitation of the orthopedically disabled over the past decade have occurred as a direct result of the research and demonstrations program of this agency. To name a few: 1) the design of dramatically improved lower extremity prosthesis based on the findings of fundamental studies of normal and pathological gait; 2) the worldwide introduction of concept of Immediate or Early Post-Surgical Prosthesis; 3) the development of sophisticated, externally powered upper extremity orthotic devices for quadriplegia patients; 4) the development of a technique to combine orthopedic surgery and orthotic expertise in the treatment of acute lower extremity fractures to dramatically reduce chronic disability and hasten healing by immediate mobilization and weight-bearing.

1970 Proposed Program

A continued and expanded emphasis will be placed on the development of centers of excellence in research and evaluation. In addition the research evaluation program initiated in FY 1969 will be expanded to include the Administration on Aging, the Medical Services Administration, The Children's Bureau, the National Institutes of Health, and the Veterans Administration. A total of $1,310,000 is requested to support 22 projects. This represents a decrease of $76,000 from 1969. The same number of projects will be funded under this level of support.

RESEARCH AND DEMONSTRATION GRANTS AND CONTRACTS
Estimates for Program Categories

Program Categories	1969 Estimate Proj.	1969 Estimate Cost	1970 Estimate Proj.	1970 Estimate Cost	Increase or Decrease Proj.	Increase or Decrease Cost
I Rehabilitation of Mental Retardates	28	$ 1,359,000	28	$ 1,365,000	--	+$ 6,000
II Mental and Personality Disorders	17	1,175,000	15	1,077,000	-2	- 98,000
III Rehabilitation of Deaf People	23	1,803,000	20	1,699,000	-3	-104,000
IV Speech and Hearing Disorders	16	641,000	18	767,000	+2	+126,000
V Rehabilitation of Blind People	24	914,000	22	805,000	-2	-109,000
VI Rehabilitation Medicine	66	4,731,000	58	4,405,000	-8	-326,000
VII Older Persons & Others with Chronic & Severe Disabilities	18	998,000	13	768,000	-5	-230,000
VIII Counseling and Evaluation	19	842,000	17	761,000	-2	- 81,000
IX New Patterns of Service	73	5,259,000	78	5,617,000	+5	+358,000
X Development of Experimental Facilities	11	759,000	7	556,000	-4	-203,000
XI 1/Other Projects Socially & Culturally Handicapped	24	1,458,000	33	2,195,000	+9	+737,000
XII Prosthetics and Orthotics	22	1,386,000	22	1,310,000	--	- 76,000
TOTALS:	341	$21,325,000	331	$21,325,000	-10	--

1/ The category "Other Projects" deleted in FY 1969 and changed to "Socially and Culturally Handicapped."

Research and Demonstration Projects
Estimates by Program Category

Type of Project	FY 1969 Proj.	FY 1969 Cost	FY 1970 Proj.	FY 1970 Cost	Increase or Decrease Proj.	Increase or Decrease Cost
New	109	6,447,000	122	7,468,000	+13	+1,021,000
Continuing	232	14,878,000	209	13,857,000	-23	-1,021,000
Totals:	341	$21,325,000	331	$21,325,000	-10	---
Details of Continuing Projects:						
Beginning FY 1965 and Prior:	19	1,406,000	2	170,000	-17	- 1,236,000
FY 1966	32	1,937,000	17	1,120,000	-15	- 817,000
FY 1967	83	5,279,000	27	1,707,000	-56	- 3,572,000
FY 1968	98	6,256,000	67	4,438,000	-31	- 1,818,000
FY 1969	--	---	96	6,422,000	+96	+ 6,422,000
Totals	232	$14,878,000	209	$13,857,000	-23	-$1,021,000

Activity II: Training

	1969 Estimate		1970 Estimate		Increase or Decrease	
	No.	Amount	No.	Amount	No.	Amount
Teaching grants	658	$12,530,000	658	$12,530,000	--	--
Traineeships	14,135	18,410,000	14,135	18,410,000	--	--
Fellowships	159	760,000	159	760,000	--	--
Totals		$31,700,000		$31,700,000		-

The 1970 request for teaching grants, traineeships and research fellowships amounts to $31,700,000, the same as in 1968 and 1969. The total request is needed to continue the same number of teaching programs as in 1969, and to provide for the same number of traineeships as in 1969.

Grants are made for: (1) instructional costs of rehabilitation training projects; (2) traineeships to students; and (3) in-service training programs of State vocational rehabilitation agencies. Funds are also made available for support of instructional costs and traineeships in short-term training courses. Research fellowships are awarded directly to individuals for independent research in rehabilitation or advanced training in research methods. Research training grants are made to institutions for instructional costs and research fellowships.

The broad, long-range goal of the training program is to produce qualified personnel in sufficient numbers to staff the rehabilitation programs of the Nation, both governmental and voluntary, in the areas of service, research and teaching in institutions of higher education. This goal of adequately trained personnel for rehabilitation programs is not related merely to State vocational rehabilitation agencies, rehabilitation centers and rehabilitation workshops, but to all social, educational and welfare settings that have, or should develop, a rehabilitation mission and methodology.

Long-Term Training

The amount requested for support of long-term training is $28,693,000, of which $11,567,000 is for teaching grants and $17,126,000 is for traineeships. The fields currently supported are: rehabilitation counseling, medicine, dentistry, nursing, occupational therapy, physical therapy, prosthetic-orthotic education, psychology, recreation for the ill and disabled, social work, sociology, speech pathology and audiology and rehabilitation facilities administration. Grants are also being made for programs of a specialized nature in rehabilitation of the blind, deaf, mentally ill, mentally retarded and the public offender and for inter-disciplinary training in rehabilitation.

Training in Selected Professional Fields

a. Rehabilitation Counseling

Accomplishments - Substantial achievements in increasing the number of rehabilitation counselors who are qualified by specific professional training can be reported for the period 1955-68. In 1955, only 43 students were enrolled in 11 programs and only five graduated. By 1968, about 4,010 rehabilitation counselor students who received RSA traineeships had graduated and 420 students completed such training without RSA assistance, so approximately 4,430 individuals have graduated from RSA-supported training programs.

The annual surveys of the employment status of graduates of rehabilitation counselor education programs, conducted by cooperating universities, indicate rather consistently that a high proportion (76%) enter rehabilitation occupations, that a reasonable proportion (9%) go on for doctoral study to prepare for research or teaching positions and that a very low percentage fail to enter the field of rehabilitation.

By the end of 1968; grants for graduate programs of rehabilitation counselor education had been made to 66 colleges and universities. All of these were in actual operation, with students enrolled. In addition, training programs for counselors in psychiatric rehabilitation had been established in four institutions; 11 post-entry programs for newly employed rehabilitation counselors in cooperation with universities had been initiated; 11 grants had been made for experimentation with undergraduate education; and one for the development of objective standards of performance for rehabilitation counseling students and for examinees in merit systems examinations. In the current year, students in graduate rehabilitation counselor programs will assist in the validation of the performance measures developed. All of these special projects were experimental ones, aimed at making creative attacks upon the shortage of skilled rehabilitation counselors.

All of the post-entry training programs were essentially innovative in design, using the plan of formal study in an academic institution, interspersed with periods of work in the State vocational rehabilitation agency. They provided at least part-time help to the State agency in serving clients and, at the same time, accelerated for the individual the time required to secure a master's degree.

By the end of 1969, it is anticipated that the enrollment will be about 2,200. About 900 graduates are expected in 1969.

A follow-up study of graduates from rehabilitation counselor training programs since these programs began in FY 1955 is currently being conducted. The data collected from questionnaires which have been mailed to 3,521 graduates will be used to determine (a) the nature of occupations entered after graduation, (b) the effect of Federal assistance upon occupational choice and (c) career patterns of individuals who have received RSA assistance. To date, a total of 1,600 responses have been obtained. The next phase of the study, which will concern analyses of results including various interrelationships among the data, has begun.

Needs - During 1965 and extending to 1968, extensive studies were done, by the operating agencies which made up the Federal Inter-Agency Task Force on Counseling, of the demand and supply of counselors in all areas of specialization, including rehabilitation counseling. This task force had been preceded by another study group working under the aegis of the Panel on Counseling and Selection of the National Manpower Advisory Committee of the Department of Labor. Throughout these studies it was recognized that precise estimates of manpower needs in rehabilitation counseling could not be arrived at because of factors difficult to predict. Some of them are (1) changes in the duties of the rehabilitation counselors; (2) the degree of readiness of employing agencies to assign to supporting personnel some of the non-professional tasks performed by counselors; (3) the speed with which State agencies and State merit systems could establish trainee positions; (4) the rapidity of change in salary scales; (5) the growth of programs in rehabilitation counseling at the undergraduate level; and (6) the success of work-study programs for newly employed counselors.

Under the projected expansion of the State vocational rehabilitation agencies and other community agencies as a result of the 1965 Vocational Rehabilitation Act Amendments, the need for new, fully trained rehabilitation counselors is estimated at about 3,000 a year. A 1968 survey of State agency projections for

counseling personnel indicated that, between April 1 and June 30, 1968, a total of 248 positions were expected to be added to the total of 7,542 positions that were in existence on April 1, 1968, and that an additional 1,383 would have to be filled between July 1, 1968 and June 30, 1969. Because of staff turnover, it was anticipated that 802 positions would be vacant on June 30, 1968, of which 581 were for expansion and 253 for replacements.

Projections for the number of positions for counseling positions in State vocational rehabilitation agencies are:

1969	9,000
1970	10,500
1971	12,000
1972	13,500
1973	15,000

In addition to these estimates, additional numbers will be needed to staff rehabilitation centers, rehabilitation workshops, work adjustment centers, hospitals, medical schools and rehabilitation research projects, as well as rehabilitation counseling teaching programs at both graduate and undergraduate levels. Growth of social service and rehabilitation programs in public welfare agencies will also increase the number of rehabilitation counselors needed.

In 1970, it is hoped that the total enrollment of the training program can reach about 2,200 and that there will be about 950 completing master's and doctoral programs.

1970 Proposed Program - In 1970 a total of $8,399,000 is requested for 83 teaching grants and 2,140 traineeships, the same level as in 1969.

b. Medicine

The purpose of teaching grants in medicine is to assist in the preparation of physicians for the care of the chronically ill and disabled with a view to their rehabilitation to the highest possible level of physical, social and vocational functioning. To achieve this purpose, teaching grants are made to schools of medicine to make possible instruction of the students in principles of rehabilitation and care of long-term illness.

Traineeships are provided to undergraduate students to provide them with experience in clinical rehabilitation or research in rehabilitation. They are also provided to residents in physical medicine and rehabilitation and in other related medical specialties, such as orthopedic surgery, neurology, neurosurgery, hand surgery and plastic surgery, provided the specialty program has available, and uses a comprehensive rehabilitation program.

Accomplishments - In 1968, 70 of the 91 schools of medicine and osteopathic medicine received teaching grants to strengthen their teaching of rehabilitation. (These are in addition to the 12 Research and Training Centers that are conducting such programs.) Thus, about 80% of students currently enrolled in schools of medicine are having some exposure to rehabilitation.

With respect to the student traineeships, awards were made to about 400 undergraduates in 1968; about the same number is estimated for 1969. Leaders in the field of physical medicine and rehabilitation regard the provision of such experiences as conducive to future specialization in rehabilitation medicine.

Graduate traineeships for residency study in physical medicine and rehabilitation and other specialty fields have made some inroads on the out-standing manpower shortages. In 1968, 263 physicians received such traineeships for one, two or three years of study. An additional 10 received academic career traineeships in 1968; about 12 are expected in 1969.

Needs - Qualified physicians are generally in short supply and many of the specialties need additional Diplomates to provide adequate service. But in physical medicine and rehabilitation the need for more physicians is especially acute.

According to the 1965 study made by the Commission on Education in Physical Medicine and Rehabilitation, slightly less than half of the approved residencies were filled. The figures for manpower needs are far from precise, but it is clear that the need far exceeds the supply and there is little likelihood that the gap between need and supply will be closed in the foreseeable future. In 1966 there were 511 Board-certified physiatrists in the United States and its possessions. An estimate of the total number of practicing physiatrists is 780. Based upon a projection of recent trends in the supply of physiatrists, it is possible that there will be a 40% increase by 1970. The Commission projected the extent of need (budgeted positions) to the national scene and concluded that there was a need for 2,000 in 1965 and that there would be a need for 2,300 by 1972. Since the RSA-supported and the VA-supported training programs are producing less than 100 graduates a year, the gap is very clear.

The need for specialists in rehabilitation who are oriented to academic careers of research and teaching, as contrasted with clinical service, is much greater than the current number of those completing training each year.

1970 Proposed Program - In 1970, $5,024,000 is requested for 100 teaching grants ($2,530,000) and for 673 traineeships ($2,494,000), the same level as in 1969.

c. Occupational Therapy

Accomplishments - The objectives of training grants in occupational therapy are to increase the number of qualified personnel in academic, clinical, and community rehabilitation programs to meet the health manpower needs for expanded and improved services to disabled persons; to attract more students into the field; to increase the number of graduate occupational therapists who are qualified for teaching, research, clinical work and leadership positions; to foster the establishment of new professional curricula and the expansion of existing curricula in institutions of higher education; and to increase the supply of occupational therapy assistants for service in rehabilitation facilities, including nursing homes and chronic disease hospitals.

Since 1955 approximately 3,305 students have received RSA financial assistance in completing training, which represents an increase in the number of traineeships from 52 in 1955 to 514 in 1968. In the eight years that the graduate traineeships have been supported by RSA, a total of 175 traineeships have been awarded at the pre-doctoral and doctoral levels. This represents an increase from 12 in 1960 to 36 in 1968. The number of applications annually for these advanced degrees has tripled, and if needs are to be met for teaching faculty, researchers and clinicians, allocation of funds will have to be increased in greater ratio and more rapidly. Graduate traineeships represent 5% only, of the 1968 budget for all occupational therapy traineeships.

Currently, there are 37 universities with approved curricula in occupational therapy and approximately ten in the planning stages representing an increase of 15 in the past two years. In 1968, 32 received traineeship grants and 28 received teaching grants to help expand facilities, increase the rehabilitation content in the curriculum, and strengthen the integration of theoretical and clinical course work.

Among the areas in vocational rehabilitation specifically aided by these training grants were those of heart disease, cancer and stroke, mental retardation, disabled homemakers, and community mental health.

One of the programs to which RSA has given encouragement and early support in the manpower drive to recognize, create, and produce assistant level personnel, has been the field of occupational therapy, in conjunction with standards developed by the national organization for certified occupational therapy assistants of which there are approximately 1,300 practicing. This support has contributed to more effective utilization of professionally trained personnel, helped establish pilot training programs for supportive personnel, provided traineeships and workshops resulting in evaluation of programs, role definition and models for supervision.

The number of approved training programs has increased from 13 to 21 operating, with six new ones pending. Eight are in junior/community colleges. Students enrolled in RSA-supported programs have numbered over 500, of whom 120 have been recipients of traineeships. If needs are to be met, considerable step-up will be necessary to increase the 33% which this represented in the total 1968 occupational therapy budget.

Needs - There are 9,000 registered occupational therapists in the United States and the 37 approved schools have a current enrollment of approximately 3,200 with 600 graduates annually. There is an estimated need for 6,000 to 8,000 more occupational therapists, with approximately 4,000 needed annually for replacements and expansion. This supply in no way parallels the factors and forces requiring increased numbers of professional personnel to meet the mounting needs for rehabilitation programs inherent in new legislation such as the Social Security Amendments with Medicare and Medicaid, and the Vocational Rehabilitation Amendments establishing new provisions for work evaluation and adjustment. In addition, the increasing number of curricula necessitating more educators at both professional and sub-professional levels, is an influential and powerful factor which must be recognized budget-wise.

1970 Proposed Program - In 1970 $1,289,000 is requested, the same as in 1969.

d. Physical Therapy

The purpose of training grants in physical therapy is to increase the number of qualified physical therapists to provide treatment and rehabilitation services to ill and disabled persons. Teaching grants are made to approved schools of physical therapy to expand their programs and modify their curricula. Traineeship grants are made to the schools so that a greater number of students may complete their education.

Accomplishments - Significant progress is being made to alleviate the shortage of qualified physical therapy personnel, but the shortage continues to exist. The number of graduates in basic and graduate level physical therapy has helped to fill service needs and provide teachers, administrators, and researchers in the field of physical therapy.

In the 1967-8 academic year, over 2,400 students were enrolled in full-time study in physical therapy at the undergraduate, master's or doctoral levels. Of this number 439 students received RSA traineeships. The number of physical therapists who have completed their course of study has markedly increased in the past few years. They now total over 15,000, as compared with less than 7,000 in 1962. Improvements in the basic and graduate curricula made possible by RSA teaching grants and the aggressive recruitment activity, made possible through RSA grants, have contributed in a large measure to this increase.

Between 1958 and 1968, RSA traineeships were awarded to experienced physical therapists for graduate study leading to a master's or a doctoral degree. The number of recipients was 217. Of this number a large proportion are currently employed in teaching positions.

Major innovations in recruitment, professional training and continuing education programs have included: (1) programmed instructional material; (2) audio-visual aids; and (3) use of closed circuit TV. A curriculum study is currently in progress which should be completed and ready for implementation in 1969 in schools of physical therapy and clinical facilities which receive students.

Needs - There are an estimated 15,000 physical therapists in the United States at present, and the 50 approved schools can produce about 1,250 graduates a year. Currently 5,000 physical therapists are needed by hospitals, rehabilitation centers, out-patient clinics, and industry, and there is a total estimated need of 14,000 additional physical therapists for replacement or expanding programs.

1970 Proposed Program - In 1970, $1,454,000 is requested, the same as in 1969.

e. Prosthetics-Orthotics

This field is constantly changing to incorporate into training and service the research developments on techniques of fabricating and fitting artificial limbs, braces, and other devices. RSA's training grant program has been the major means by which the research findings have been disseminated to rehabilitation personnel.

Accomplishments - Training grants at three major universities have made possible employment of full-time faculty members to conduct a series of training courses for prosthetists, orthotists, physicians, surgeons, occupational and physical therapists, rehabilitation counselors, and other related personnel who provide services to orthopedically handicapped individuals. Each year the number of applicants for these courses far exceeds the number that can be enrolled by the universities. The increasing number of residents in orthopedic surgery in these courses has been gratifying, and one center is providing summer courses for those in the immediate area. About 1,100 individuals attended short courses in 1968.

At New York University continued progress has been made in the baccalaureate program. Enrollment in the program continues to increase, and the graduates, eight in 1967 and 16 in 1968, had no problem in finding employment in teaching positions and prosthetic-orthotic facilities.

The two associate in arts programs at Cerritos College (California) and Chicago City College completed the third year of operation in June 1968 and graduated 26 students. Due to effective recruitment methods, enrollment in these two programs has increased. The programs will be continually evaluated to determine the effectiveness of this type of training to produce skilled personnel. Education at the technician level for high school graduates at Rancho Los Amigos (California), Delgado College (Louisiana), and Inter American University (Puerto Rico) has continued to prepare personnel for bench jobs in the fabrication of artificial limbs and braces.

Supported jointly by the RSA and the VA, the Committee on Prosthetic-Orthotic Education of the National Academy of Sciences has continued to provide important services to the field. Of specific interest have been the collection of data about current practices in orthotics, the updating of a series of training slides for use in educational institutions and short-term courses, brochures on films in Prosthetics and Orthotics, a study of facilities to ascertain their manpower shortages, a short-term training course on the geriatric amputee and a nation-wide study on amputee services.

Needs - There are approximately 4,800 prosthetic and/or orthotic personnel in practice, of whom only about one-fourth are certified. An estimated 2,400 could be placed immediately in prosthetic-orthotic facilities and in hospitals, according to the American Orthotic-Prosthetic Association. Because of the rapid advances in the field, the need for continued short-term training of physicians,

surgeons, therapists, prosthetists and orthotists, and rehabilitation counselors, will continue to be of utmost importance if quality of service is to be provided.

1970 Proposed Program - In 1970, $988,000 is requested to make possible continuing the same level as in 1969.

f. Social Work

Accomplishments - Grants to schools of social work have had as their objectives (1) the incorporation of material on disability, chronic illness and rehabilitation into the core curriculum for all students and (2) the preparation of qualified and competent social workers for employment in the rehabilitation of persons with disabilities.

Improvements in curriculum materials for social work students have taken place in mental retardation, heart disease, stroke and cancer, rehabilitation of public offenders and the role of the rehabilitation team members in interdisciplinary functioning in all social and health agencies with rehabilitation goals and components.

In 1968 teaching grants were made to 45 of the 65 accredited schools of social work. Grants for traineeships, including tuition and stipends, were made for 344 students in 48 of the accredited schools of social work. Support for these students raised to almost 2,900 the number of traineeships awarded between 1955 and 1968 to social work students.

Needs - The social work manpower crisis of today is not only more serious but is different, in many respects, from the manpower problems of the past. Persons' needs can no longer be met only through the one-to-one relationship of the casework method, but use must be made of the group work and community organization methods to reach all in need of rehabilitation services. In addition to the anti-proverty programs, many serving disabled persons, and community planning and action programs, the lengthened period for the determination of rehabilitation potential, as provided for in the 1965 amendments to the Vocational Rehabilitation Act, implies greater use of social workers to implement the expanded programs of State vocational rehabilitation agencies.

Reliable data on the exact number of social workers needed in health and rehabilitation settings are not available. Studies completed earlier indicate that a minimal estimate for the number of social workers required as staff in rehabilitation facilities is 4,000 new workers annually. The graduate schools of social work enrolled only 9,560 students in the academic year 1965-66 and awarded master's degrees to only 3,967. This is far short of the number of social workers needed annually by all agencies serving people in need. Nine newly established schools are in process of qualifying for accreditation and, with sufficient funds, would be eligible for RSA training grants.

In 1970 it is expected that about 12,000 students will be enrolled in graduate schools of social work, of whom about 350 will receive RSA traineeships. The number of graduates is expected to be approximately 5,000 in 1970; the number estimated as needed annually to fill positions in health and rehabilitation settings is 8,000.

1970 Proposed Program - In 1970 $1,894,000 is requested, the same level as in 1969.

g. Speech Pathology and Audiology

Accomplishments - Significant progress is being made in the effort to alleviate the shortages of qualified personnel to diagnose and treat individuals with communicative disorders but shortages continue to exist. Since support of graduate training was initiated in 1958, the number of universities with teaching grants has grown from seven to 61 in 1968, and the number of traineeships from 23 to 678. Approximately 2,100 RSA trainees have completed their graduate study in this field and of this number over 1,800 are employed in rehabilitation settings which provide services to adults with communicative disorders.

The number of speech pathologists and audiologists who have met the requirements for the certificate of clinical competence, as established by the profession, has increased in the past few years, from 1,000 in 1958 to over 5,600 in 1968.

Rehabilitation services in two disability categories--post-laryngectomy and aphasia--require speech clinicians with special competence. At the present time it is estimated that less than 500 trained persons are providing services in post-laryngectomy or esophageal speech to the laryngectomee. More persons are being trained in this area through short-term training programs. A conservative estimate of the number of trained persons providing language and speech training to the aphasic on a full-time basis would be 250. In addition, there are a number of speech clinicians, some with limited training, providing minimal services. Some of these clinicians may provide services to one or two aphasic patients each year. It is important that every speech clinician receive specialized training in working with both the laryngectomee and the aphasic. These competencies are most important to every clinician, working in a large rehabilitation center, in small community hospitals, private practice, or in any of the work environments.

Needs - Precise figures on the number of speech pathologists and audiologists now employed are lacking. The membership of the American Speech and Hearing Association is now over 12,000 and there are perhaps an additional 5,000 persons working in the field who are not members. It is estimated that about 25,000 clinicians are required to provide the necessary services to persons in the United States who have defective speech or hearing serious enough to handicap them in their social relations and vocational adjustment. The growing population requires much more in the way of services than can be rendered by the 11,600 active professional workers and the additional 1,000 graduating yearly from professional training programs.

The need for enlisting new workers into the field is clear, and the increase in college enrollments will result in larger student bodies. At the same time, many of the clinicians now working lack competencies in dealing with specialized problems, such as work with the laryngectomized patient, the adult aphasic, or those with profound hearing loss. There is a need for the continued training of these individuals who are presently providing only limited or inferior services.

Recent Federal legislation has, to a considerable extent, changed potential demands for services to real demands. For instance, the poverty program (Operation Head Start, Job Corps, etc.), the Medicaid program, programs concentrated on heart, cancer, and stroke, and other programs designed to meet the health, education and welfare and vocational rehabilitation needs of persons with conditions that prevent full use of existing skills, or development of potential skills, have increased the patient-load of clinicians in the field considerably. Others factors which have changed the potential need into real need for services are the Vietnam War and highway accidents which have increased traumatic brain injuries with resultant aphasias, population growth, increased longevity, and earlier identification of communication problems.

In 1969 the number of clinicians estimated as needed for replacement or to fill new positions is 2,750; about 1,660 are estimated as enrolled in master's or doctoral programs; about 650 are receiving RSA traineeships; and about 1,355 are expected to graduate.

1970 Proposed Program - In 1970, $3,267,000 is requested, the same level as in 1969.

h. Rehabilitation of the Blind

Accomplishments - The need for personnel trained to assist blind persons to develop skills of orientation to their surroundings and mobility, as well as attitudes that are necessary to live and move about independently in their environment continues to increase. There are three graduate programs for training of instructors. The success of the graduates has confirmed the need and resulted in increased demand by both public and private agencies for personnel skilled in teaching orientation and mobility.

In 1968, 52 individuals were graduated from the mobility instruction programs. The training program for home teachers of the adult blind graduated 12 students in 1968. As in orientation and mobility instructors, every graduate received several offers of employment.

Needs - The need for well-trained mobility instructors for services to blinded persons continues to plague the State agencies, rehabilitation centers, hospitals, and nursing homes which are trying desperately to serve blinded persons in a vocational rehabilitation program. The blinded person who is unable to travel independently and live and compete with his peers in a sighted world is an unhappy, maladjusted person and an economic personal burden to his family or State. Every effort is being made to reduce this dependency.

The success of the graduates of these programs in orientation and mobility instruction to blinded persons attests to the need for more personnel in this field, if the blinded are to be served in the same manner as other severely disabled persons. These graduates have done more to revise the type of training received by blind clinets than any other field in the last 130 years. In numbers, it is estimated that 170 new mobility instructors are needed in 1969 and also in 1970 -- a number far in excess of the total expected to be enrolled in the training programs.

1970 Proposed Program - In 1970, $452,000 is requested, the same level as in 1969.

i. Rehabilitation of the Deaf

Accomplishments - Trained personnel to meet the needs of people who are deaf are in short supply. Special skills are required to work with this group of handicapped persons. The skill of manual communication is most important to the worker serving a deaf person whose verbal communication ability is limited or completely lacking. Teaching and traineeship grants are made to prepare speech pathologists, audiologists, social workers, rehabilitation counselors, psychologists, physicians, and others to work with this specialized group.

By the end of 1968 eight graduate training programs offering specialized preparation in rehabilitation of totally deaf persons were in operation with 74 students in 1968 receiving RSA traineeships.

Needs - Relatively few professional workers are now equipped with enough knowledge about problems of deaf persons or with skill in communicating with totally deaf persons. State vocational rehabilitation agencies need more

counselors with adequate preparation for serving deaf persons. Only 35 of the agencies have even one counselor with special competence in serving deaf persons. Only eight State agencies employ more than one such specialized counselor.

Counselors with knowledge of the problems of the deaf are needed in residential schools for the deaf, in public employment services, in rehabilitation facilities, in vocational schools, and in mental hospitals and schools for the mentally retarded. Skilled audiologists are needed in the schools for the deaf to assist in assessing the level of residual hearing and its possible contribution to independent living and employment.

From a quantitative standpoint, it is estimated that in 1969, 230 persons will be needed to fill expanding programs of services to deaf persons; in 1970 at least 275 will be needed and by 1973 about 500 a year will be required for replacements or to fill new positions.

1970 Proposed Program - In 1970, $551,000 is requested, the same level as in 1969.

j. Rehabilitation of the Mentally Retarded

Accomplishments - For preparation of personnel to work with the mentally retarded, 37 teaching grants were made in 1968 to colleges and universities and, within these programs, 145 traineeships were provided for students who have expressed an interest in future employment offering services to mental retardates. In addition, grants were made to 16 educational institutions and agencies for continuation of their Summer Work Experience and Training Programs (SWEAT) formerly funded through the Public Health Service before the transfer of the Division of Mental Retardation to the Rehabilitation Services Administration. The SWEAT programs provided experiences for 188 high school and college students. It is expected that many of these young people will go on to pursue a careeer in serving persons with retardation. The reports so far received indicate that the programs are excellent for recruitment purposes and also serve as vehicles for disseminating information and increased understanding of the problems associated with retardation.

Some of the teaching grants were for support of field instructional units. Through support of such training units, it is possible to incorporate additional knowledge about mental retardation into the basic curricula of rehabilitation counselor, social work, speech pathology and audiology and physical therapy training programs.

The training centers at the California State College at Los Angeles, the University of North Carolina and Columbia University, Teachers College conducted, on a year-round basis, a series of short-term courses for rehabilitation personnel in Regions I, II, III, IV and IX. These courses reached nearly 800 rehabilitation counselors and members of other rehabilitation disciplines in 1968 and are expected to do about the same in 1969.

A survey of the State vocational rehabilitation agencies in Regions III and IV provided information on 162 of the 168 counselors who had successfully completed a six week training course at the Training Center in Mental Retardation at the University of North Carolina and had been employed for an average of 16 months. Of those included in the survey, 87% are still employed by the agency, with 99% of these carrying specific responsibilities in the area of mental retardation, two-thirds as counselors and one-third as supervisors. The promotion to supervisory level had taken place during or following their training. Of the former trainees, who are no longer employed by the State agency and whose employment is known, approximately one-half are providing services to mentally retarded individuals in their present positions.

Needs - In all professional fields that provide services to mental retardates, the shortages of individuals with specialized knowledge and skill in this area is very great.

1970 Proposed Program - In 1970, $1,580,000 is requested, the same level as in 1969.

k. Rehabilitation Facilities Administration

Accomplishments - In 1968 teaching grants were made to 16 training centers for the preparation of personnel for rehabilitation workshop administration, including executives, floor supervisors and work evaluators. These programs were chiefly at the master's degree level and dealt with both the business aspects and the human relations aspect of the enterprise. In 1969 it is expected that the number will remain the same.

The enrollment in the five academic programs in rehabilitation workshop administration in operation in 1968 totalled 105, of whom 79 completed the course this year. A total of 92 trainees selected from established workshops throughout the country participated in long-term training courses at the floor supervisor level, resulting in improved and more effective performance of services to clients. Placement in suitable jobs has presented no problem. In 1969 it is expected that the enrollment in courses of varying levels and length in the 16 programs will total about 250 with 130 receiving RSA traineeships. An estimated 175 can be expected to graduate in 1969.

In the area of vocational evaluation and work adjustment 10 students graduated at the master's degree level and 36 completed supervisory training courses. There were three teaching grants made in 1968 in the field of rehabilitation center administration. Eight students will be enrolled, of whom five are expected to complete the course in 1969.

Needs - The rehabilitation workshop administration program has moved ahead in 1968 but with an ever increasing number of workshops, many of which lack the management skills and insights sufficient to improve their services, there still remains a huge gap between the supply and demand for competent, professional personnel.

The number of long-term traineeships in the area of rehabilitation workshop administration and vocational evaluation must be increased substantially. A full scale effort must be made to shift some teaching into the area of new disability groups which have not previously been dealt with in workshops.

Recent Federal legislation has contributed to the growth and need for vocational evaluation and work adjustment and have stimulated the demand for increased services. The growth of established programs greatly increases the needs for trained personnel. There are large number of rehabilitation personnel at present providing limited vocational evaluation services and, for those persons, the academic and theoretical foundations must be provided to aid them in becoming more than technicians to meet the challenges facing vocational evaluation and work adjustment.

In 1970 efforts must continue to improve the professional competencies of rehabilitation workshop administration; improve and develop new techniques and delineate problems for research; develop clear articulation of goals, philosophy, and techniques in rehabilitation workshop administration and vocational evaluation; examine more closely the needs of the handicapped in a changing society in order to determine and prepare for the events of the future in rehabilitation workshop administration and vocational evaluation.

1970 Proposed Programs - In 1970, $1,475,000 is requested for 16 teaching grants and 130 traineeships, the same as in 1969.

l. Undergraduate Rehabilitation Education

It is becoming increasingly obvious that the acute manpower shortage in all of the human service occupations cannot be met through graduates of professional training programs. It can, however be greatly alleviated through proper training and utilization of graduates with baccalaureate degrees, graduates of community and junior colleges and even those who currently aspire only to completion of high school. Training programs designed to capitalize on the interest, social consciousness and abilities of to-day's young people deserve encouragement and financial support so that disabled and disadvantaged persons may receive the services they need.

In 1967-1968 considerable staff time and effort went into the development of educational programs at the undergraduate level for the preparation of personnel for the helping services--vocational rehabilitation, public welfare, mental health and corrections. Grants to the Western Interstate Commission for Higher Education, the Council on Social Work Education and eleven colleges and universities were made and considerable attention and encouragement have been provided to individual institutions to utilize their own resources to meet community needs for personnel with preparation at the undergraduate level only. One grant was to a community college to plan for the development of a program to train rehabilitation aides.

It is anticipated that 1969 will bring continued emphasis on this educational level, an emphasis to be continued in 1970.

1970 Proposed Program - In 1970, $220,000 is requested, the same as in 1969.

m. Other Fields

In addition to the fields previously referred to, a small number of grants for pilot projects have been made in nursing, psychology, sociology, dentistry, recreation for the ill and disabled, correctional rehabilitation, and interdisciplinary training for the helping services. In each of the fields the need for trained personnel is great and the accomplishments have been satisfying.

1970 Proposed Program - In 1970, $1,557,000 is requested at the same level as in 1969.

n. State In-Service Training

Accomplishments - In 1968, 79 of the 91 State vocational rehabilitation agencies received special project grants that assisted them in conducting an orderly, comprehensive staff development program. Directors of Regional planning committees in the majority of the nine regions operate on a year-round basis to assess staff needs for training and to establish priorities for areas of greatest urgency. Tuition and released time have been provided for part-time university study on the part of agency personnel.

The executive development training courses for managerial employees in State agencies continued with the College of St. Thomas (St. Paul) and the University of Oklahoma designated as RSA training centers.

In addition to the regular courses conducted at the University of Oklahoma they sponsored five special institutes, including two for concession stand operators, one on case work standards and control, and two for managers of sheltered workshops. The College of St. Thomas also conducted two specific special institutes for State agency personnel in two States requesting this service.

Another established feature of the national in-service training program is the Institute on Rehabilitation Services. The function of the Institute is to select critical areas of performance, to develop basic approaches that will

reduce cost of both time and resources required to provide services of high quality and to prepare materials for in-service training that will implement these approaches. The activities of the Institute are carried on by State agency and cooperating university personnel.

In 1968 the Institute worked on (1) rehabilitation of the alcoholic, (2) effective utilization of support personnel, and (3) principles and practices for effective inter-agency relationships. In 1969 stress is being placed on services to individuals with behavioral disorders.

Needs - The grants, awarded on the basis of the size of the agency's staff, varied in 1968 from $365 to $31,000, with a national average of $6,372 per State agency. The effectiveness of the projects could be greatly increased if the amounts were larger, substantive evaluation of the projects conducted, and more thorough investigation made of the qualitative aspects of the individual programs. The ever increasing complexities of inter-agency relationships and the many new far-reaching changes in the Vocational Rehabilitation Act made it mandatory that State agency personnel at all levels participate in staff development programs of high quality to ensure the delivery of improved services to disabled people more promptly and efficiently.

1970 Proposed Program - In 1970, $543,000 is requested to continue at the same level as in 1969.

Short-Term Training

Although the proportion of the total training grants appropriation spent for short-term training courses has always been small, these courses have always constituted a significant part of the total training effort. They have been instrumental in imparting new knowledge gained through medical and other advances, in developing instructional materials and in fostering continuing education of professional personnel in a number of fields.

Accomplishments - In 1968, 98 short-term courses were conducted covering a wide range of timely and important topics relevant to technical matters pertaining to vocational rehabilitation services. All such courses contributed to the realization of the mission and objectives of the Social and Rehabilitation Service.

Among the subjects covered were: rehabilitation of recipients of public assistance, including improved inter-agency cooperation; special problems in rehabilitation of the culturally disadvantaged; correctional rehabilitation; alcoholism; rehabilitation of the deaf; rehabilitation of the blind; rehabilitation of the mentally retarded; and rehabilitation facilities administration, including evaluation and work adjustment of handicapped persons; and prosthetics-orthotics, with continued emphasis upon newer elements such as spinal orthotics and early post-operative fitting of prostheses of the lower extremities.

Of major importance, too, have been courses directed toward the training and utilization of support personnel in vocational rehabilitation agencies and public assistance agencies and in the involvement of citizens in program planning, interpretation and administration.

In 1968, short-term courses reached about 8,900 individuals. In 1969 and 1970 about 8,500 a year are expected to be involved.

Needs - The need for orientation to rehabilitation courses for newly employed personnel, for refresher courses for those in practice so that they can keep abreast of new developments and for advanced courses to sharpen skills is endless. Short-term courses focussed upon ways in which new methods of delivery of social and rehabilitation services can be formulated and carried out are of the utmost

importance. Such courses would include those concerned with program realignments and the most effective use of fully trained, partially trained and untrained personnel who have potentiality for service.

The essential problem is that of choice and establishment of priorities so that the most pressing needs can be met within the limitations of time, staff and funds.

1970 Proposed Program - In 1970, a total of $2,247,000 is requested to continue at the same level as in 1969.

Research Fellowships

The rehabilitation research fellowship program was initiated in December 1957 and the research training program in fiscal year 1966. The purpose of research fellowships and research training programs is to expand the pool of promising young investigators who are attacking the increasing rehabilitation problems for the vocational adjustment of disabled persons. Research fellowships are awarded to individual student applicants. Research training grants are awarded to universities for the support of a research program supervising several trainees at the predoctoral and post-doctoral levels.

Accomplishments - Since the beginning of the fellowship program in December 1957, there have been 283 fellowships awarded in the fields of rehabilitation specialization including psychological counseling, speech pathology and audiology, sociology, economics, social work and medicine. The future career plans of all who are engaged in individual research included plans either to continue research in the field of vocational rehabilitation or to be involved in the teaching and supervision of research in this field.

Among interesting research projects were: evaluation of the significant rehabilitation and related facilities throughout the United States study of the electromechanical factors in orthopedic treatment and bone physiology and a study of the influence of disability on the social environment. A post-doctoral fellowship was awarded to enable computer-information science so as to apply these techniques to the rehabilitation process by drawing together analogies from various operating systems and devising a tentative model specific to rehabilitation.

Needs - There is increasing need for training of competent investigators in all aspects of rehabilitation research, especially research related to problems of poverty. Graduate students need research in order to improve both the quality and quantity of basic and applied investigations in rehabilitation and lead to break-throughs in rehabilitation procedures.

1970 Proposed Program - In 1970, $760,000 is requested, the same level as in 1969.

SUMMARY OF TRAINING PROGRAM
(Dollars in Thousands)

Field	1969 Estimate No.	1969 Estimate Amount	1970 Estimate No.	1970 Estimate Amount	Increase or Decrease No.	Increase or Decrease Amount
Long-Term Training						
Rehabilitation Counseling						
Teaching Grants	83	$1,943	83	$1,943	--	--
Traineeships	2,140	6,456	2,140	6,456	--	--
Total		8,399		8,399		--
Medicine						
Teaching Grants	100	2,530	100	2,530	--	--
Traineeships	673	2,494	673	2,494	--	--
Total		5,024		5,024		--
Occupational Therapy						
Teaching Grants	26	361	26	361	--	--
Traineeships	496	928	496	928	--	--
Total		1,289		1,289		--
Physical Therapy						
Teaching Grants	28	396	28	396	--	--
Traineeships	478	1,058	478	1,058	--	--
Total		1,454		1,454		--
Prosthetics-Orthotics						
Teaching Grants	14	881	14	881	--	--
Traineeships	52	107	52	107	--	--
Total		988		988		--
Social Work						
Teaching Grants	41	804	41	804	--	--
Traineeships	351	1,090	351	1,090	--	--
Total		1,894		1,894		--
Speech and Hearing						
Teaching Grants	61	1,006	61	1,006	--	--
Traineeships	678	2,261	678	2,261	--	--
Total		3,267		3,267		--
Rehabilitation of the Blind						
Teaching Grants	6	275	6	275	--	--
Traineeships	99	177	99	177	--	--
Total		452		452		--
Rehabilitation of the Deaf						
Teaching Grants	8	243	8	243	--	--
Traineeships	72	308	72	308	--	--
Total		551		551		--

Field	1969 Estimate No.	1969 Estimate Amount	1970 Estimate No.	1970 Estimate Amount	Increase or Decrease No.	Increase or Decrease Amount
Long-Term Training (Continued)						
Rehabilitation of the Mentally Retarded						
Teaching Grants	36	$ 872	36	$ 872	--	--
Traineeships	283	708	283	708	--	--
Total		1,580		1,580		--
Rehabilitation Facilities Admin.						
Teaching Grant	16	770	16	770	--	--
Traineeships	130	705	130	705	--	--
Total		1,475		1,475		--
Undergraduate Rehab. Education						
Teaching Grants	10	187	10	187	--	--
Traineeships	23	33	23	33	--	--
Total		220		220		--
Other Fields*						
Teaching Grants	40	756	40	756	--	--
Traineeships	210	801	210	801	--	--
Total		1,557		1,557		--
State In-Service Training		543		543		--
SUMMARY - Long-Term Training						
Teaching Grants	469	11,567	469	11,567	--	--
Traineeships	5,685	17,126	5,685	17,126	--	--
Total		28,693		28,693		--
Short-Term Training						
Instructional Costs	189	891	189	891	--	--
Travel for Instruction		72		72	--	--
Traineeships	8,450	1,284	8,450	1,284	--	--
Total		2,247		2,247		--
Research Fellowships	159	760	159	760	--	--
SUMMARY						
Teaching Grants		12,530		12,530		--
Traineeships		18,410		18,410		--
Research Fellowships		760		760		--
TOTAL PROGRAM COSTS		31,700		31,700		--

*Includes dentistry, nursing, recreation, psychology, sociology, and multi-disciplinary training.

Activity III. Special Center Program

	1969 Estimate		1970 Estimate		Increase or Decrease	
	No.	Amount	No.	Amount	No.	Amount
Rehabilitation Research and Training	19	$10,275,000	19	$10,275,000	---	---

The Special Center Program, established in 1961, has had significant impact on the field of rehabilitation. The Centers have provided training for a large number of new personnel entering the rehabilitation and rehabilitation-allied fields, and have also furnished advanced training for experienced personnel. This included new knowledge, implications of research findings and their application to reducing disability and hastening the return of handicapped persons to productive living.

The 19 operating Centers have developed research environments in which the skills and knowledge of highly-qualified scientists have advanced the discovery of new methods for solving many problems in the rehabilitation of the disabled. To an increasing degree, the centers have been able to stimulate advancement in the development of rehabilitation modalities through a cross-fertilization of bio-medical knowledge with the highly technical skills of engineering and the psycho-social sciences. Not only have the Center programs been of direct benefit to trainees and clients within the Centers, but significant research and training information gained has been disseminated to physicians, psychologists, social workers, counselors, and other allied medical health personnel serving the handicapped through official, voluntary, and private community rehabilitation resources.

In keeping with departmental priorities, ten (10) of the Research and Training Centers are located in nine (9) of the Model Cities. Seven of the Research and Training Centers provided research, training, and patient care components in six (6) Neighborhood Service Centers. Nine (9) Research and Training Centers are contributing to the success of Central City Projects. In addition, many of the Centers have given special emphasis to the development of coordinated services for the aged, community studies for programming rehabilitation services for the disadvantaged, and research into the high priority area of motivating people to work.

Summary of Request for FY 1970

The appropriation request for the Research and Training Center program in 1970 is $10,275,000, the same level as 1969.

There is substantial evidence that both research and training activities at the centers continue to function at a high-quality level and are making outstanding contributions toward the solution of many complex rehabilitation problems. The centers are contributing to the education of a large number of diversified professional and sub-professional personnel who are employed in the rehabilitation process.

A review of the program during the most recent complete reporting year (1968) revealed that:

a) at the twelve (12) established medical centers there were 410 research studies, either completed or in process;

b) these medical centers also conducted 343 short-term training courses which were attended by approximately 18,580 students;

c) at the three (3) vocational rehabilitation centers there were 55 major research studies carried on;

d) these vocational rehabilitation centers also conducted 39 short-term training courses for 2,636 persons;

e) the three (3) mental retardation centers conducted 51 research projects;

f) the mental retardation centers gave 33 short-term training courses for 2,332 persons; and

g) the center for deafness has 10 major research projects completed or under way and held 6 short-term training courses for approximately 193 people concerned with the deaf.

In all, the 19 centers participated in 526 research studies and held 421 short-term courses which benefitted approximately 23,800 persons in the area of rehabilitation and allied rehabilitation fields.

The following table shows the total number of research projects and training institutes in 1968:

Research and Training Centers	No.	Projects	Short-term Training Courses	Trainees Attended
Medical	12	410	343	18,580
Vocational Rehabilitation	3	55	39	2,636
Mental Retardation	3	51	33	2,332
Deaf	1	10	6	193
	19	526	421	23,741

Examples of Research

While the numbers of research projects, training programs and people rehabilitated are most impressive, the nature, quality, and value of projects can best be illustrated by citing some specific examples.

1. Tufts University Medical Research and Training Center, Boston, has recently reported the development of a unique technique called flotation therapy, for the prevention of pressure-sores in the chronically disabled patient. These sores (decubitus ulcers) are caused by constant pressure on various areas of the skin, causing a breakdown of the tissue, and are of major concern in the successful rehabilitation of the bedfast patient.

In the past, emphasis has been placed on the treatment of the ulcers after they were formed. Now, with the Tufts University flotation therapy, involving the use of a specially designed water-filled mattress, pressure points are eliminated and ulcers do not develop.

2. New York University Medical Center has successfully rehabilitation patients who survived drastic hemicorporectomy surgery. The first two of four known surviving cases of hemicorporectomy (amputation of one-half of the body) were provided with prostheses, trained to ambulate, to meet the needs of daily living, drive a car and return to employment.

3. Baylor University Medical Center has developed a computer systems design for processing clinical research data and has applied computer techniques to hospital administration and treatment processes, including the use of bedside physiological monitors which increase accuracy of diagnosis and maintenance, and decrease time required for nursing personnel.

4. The Rehabilitation Research and Training Center for the Deaf, at New York University, in collaboration with the Bell Telephone Research Laboratories, has been testing the use of tactile telephone attachments in homes of deaf and hard-of-hearing persons.

   These attachments convert telephonic electrical signals into mechanical vibrations, which can either be felt by fingertip or seen as a flashing light. The vibrations and light flashes may be read and transmitted in Morse Code or other codes previously arranged between the deaf person and the others.

   Although this type of telephone attachment is not a recent development, there has been no previous research concerning problems encountered by the deaf in its use, and its acceptability to the deaf as a means of communication.

5. The high-risk population laboratory, which the University of Wisconsin Mental Retardation Center has established in the City of Milwaukee, is comprised of a large group of economically and culturally disadvantaged families located in an area of the city characterized by an extremely high rate of retardation. These people are not served by the usual social agencies offering programs for the mentally retarded. The studies revealed that this area of the city had the lowest income, lowest educational level, and the highest rate of dilapidated housing. It was found that although the area comprises only 2½% of the city's population, it yields 33 1/3% of the total number of children identified in school as educable mentally retarded. This laboratory survey is maintained on an ongoing basis, with many individual research projects planned which will utilize the data collected and be of value to the retarded population, their families, and public and private agencies serving the needs of this population.

Examples of Training

Some examples of the excellent training programs conducted through Research and Training Center grants are as follows:

1. To provide for the increasing number of mental health personnel required to provide needed services, the Arkansas Vocational Rehabilitation Center has been successful in training lay hospital personnel to be mental health counselors. These trainee aides have proven help-

ful in bringing about constructive change in even the more severe older, under-educated and chronic hospital patients.

2. The University of Minnesota trained over 650 persons employed in the transportation or entertainment field in techniques for handling the disabled in wheelchairs in proper methods for transferring the disabled from wheelchair to airplane seat or theatre seat, and related functions.

3. In the area of mental retardation, the University of Texas conducted workshops and trained, during the past year, over 600 rehabilitation counselors, special education personnel, social workers, potential employers of the mentally retarded, and others in fields related to the rehabilitation of the mentally retarded.

4. A workshop for psychiatrists on "Extending Mental Health Services to the Deaf" involved 30 psychiatrists from the United States and abroad in discussions and demonstrations concerning psychiatric problems of deaf children and adults. Diagnostic considerations, treatment of deaf individuals, and organization of psychiatric services for the deaf were included in this training session.

5. Regional Heart Disease, Cancer, and Stroke Conferences involved three to four day training sessions for State Agency training directors and medical consultants in areas dealing with the problems of rehabilitation of persons with the above disabilities.

6. Student Health Projects at Tufts University and the University of Southern California Medical Research and Training Centers, in conjunction with the Office of Economic Opportunity, trained approximately 200 graduate health-science students in community health concepts as preparation for health care work in poverty communities and inner-city areas. Such valuable training will hopefully generate the understanding and acceptance necessary to interest rehabilitation personnel to serve persons residing in these areas of high national priority.

7. The University of Washington trained over 1,300 college graduates in their rehabilitation continuing-education program during the past year. Included in this group were: occupational therapists, rehabilitation nurses, rehabilitation counselors, psychologists, special education teachers, social workers, speech pathologists and medical interns.

   An example of the type of training at this Research and Training Center: 208 social workers participated in a short-term course entitled "The Handicapped: Social and Emotional Implications." This course enabled the social workers to work more effectively with the disabled and disadvantaged in their efforts to obtain a job and remain employed.

Patient Services

Another important aspect of the Research and Training Center program is reflected in the number of patients helped toward rehabilitation through their participation in the numerous research and training activities. The Research and Training Centers are allowed to pay, from the grant, the cost of care, hospitalization, etc. for those patients involved in research. As a result, a number of these patients have been completely rehabilitated.

In the nineteen (19) Centers, a total of 18,964 patients received the benefits of one or more services during the past year. Of this number more than 3,400 patients were on the rolls of State Vocational Rehabilitation agencies.

Of special importance, is the provision of multidisciplinary rehabilitation services to the disadvantaged population of Neighborhood Service Centers and Model Cities. In many cases, newly developed techniques and methods acquired through research will be innovated in meeting the needs of these citizens. The high level, well-qualfied professional staffs of the Research and Training Centers will train the personnel of the Neighborhood Service Centers in the concepts and philosophy of rehabilitation, thus expanding the opportunities for the disadvantaged to gain the needed services in preparing them for meaningful participation in society.

Interdepartmental Relationships

The Research and Training Centers are, to an increasing degree, developing important interdisciplinary relationships in rehabilitation research and training programs.

Placing emphasis on a multi-disciplinary approach to the solution of problems concerned with vocational rehabilitation, each Research and Training Center is affiliated with many of the other schools, colleges, and departments in the University complex. The following list enumerating the wide range of such affiliations is impressive.

School of Medicine
Dental Schools
Speech and Hearing Departments
Electrical Engineering Departments
Psychology Department
Schools of Social Work
Schools of Nursing
Departments of Bio-physics
Sociology Departments
Schools of Public Health
Family and Human Resources Departments
Schools of Practical Nursing
Schools of Business Administration (Health Administration)
Schools of Medical Technology
Schools of Dental Hygiene
Schools of Education
Departments of Special Education
Schools of Physical Therapy
Schools of Occupational Therapy
Industrial Engineering Departments
Mechanical Engineering Departments
Chemical Engineering Departments
Departments of Home Economics
Departments of Rehabilitation Counseling
Departments of Prosthetics and Orthotics
Library Science Departments
Department of Physical Education and Recreation
Department of Anthropology

Dissemination of Research Findings

Considerable concern has been demonstrated by the Research and Training Centers to give assurance that the research results are widely disseminated and placed into the hands of those who can put the findings to practical use. As an example, the Arkansas Rehabilitation and Training Center publishes a bi-monthly Research Journal of their latest research findings which is sent to professional and community groups throughout the world. They also print a series of "Discussion Papers" which are circulated to professionals in the field for the purpose of providing information about on-going research thought and stimulating discussion.

The University of Texas and the University of Pittsburgh publish informal inter- and intra-university newsletters which contain items of interest to rehabilitation personnel such as, abstracts of completed research studies and announcements of seminars and workshops to be presented.

The Temple University and New York University Research and Training Centers have produced visual aids and video tapes demonstrating important new rehabilitation techniques developed through research. Also, several centers have sponsored displays of significant results at professional conventions.

It is noteworthy that during the past year many articles have been published and distributed by Research and Training Center staff members. These reprints serve as a means of dissemination and training that are of considerable value in developing technical utilization of research.

Plans for 1970

The Rehabilitation Research and Training Centers in FY 1970 will train new personnel to enter the fields of rehabilitation and also advance the training of experienced personnel so that the vital knowledge they gain can be used to implement new and better services for handicapped and disadvantaged persons. Research environments will be improved so that new knowledge and skills can be developed to solve existing problems. These centers already have considerable impact on the State Vocational Rehabilitation programs and this will be further strengthened. Center personnel will work closely with State agency staff, coordinating training activities with them so that the greatest effort will be aimed toward the areas needed most by the States. The training of medical and paramedical personnel and community volunteers in conjunction with the State agencies will have an important influence on the communities from which they come.

In addition, the Rehabilitation Research and Training Centers will share a significant role in the provision of services to the disadvantaged and poverty stricken in rural and urban settings. Each Center will provide rehabilitation research and training directed to the achievement of success in effectively serving the impoverished and disadvantaged.

Specific research projects will focus on such high priority areas as improved work adjustment methods for motivating and training the disabled disadvantaged, new physical restoration techniques for increasing the mobility potential of the severely physically handicapped, and factors effecting the etiology and acquisition of cultural deprivation and mental retardation in inner city populations.

Training activities of the Centers will prepare medical and other rehabilitation related professionals and supportive personnel to work with disabled welfare and other poverty stricken citizens, to recognize characteristics important in the planning and coordination of rehabilitation services, and to offer understanding and encouragement through the "helping relationship."

Research and Training Center
By Type, Number and Funding Level in 1969 and 1970

	1969 Estimate		1970 Estimate		Increase or
	No.	Amount	No.	Amount	Decrease
Regular Medical Centers	9	7,425,000	9	7,425,000	---
Developmental Medical Center Converted to Regular Medical Center in FY 1969	2	725,000	2	725,000	---
Sub-Total Regular Medical Centers	11	8,150,000	11	8,150,000	---
Developmental Medical Centers	1	100,000	1	100,000	---
Mental Retardation Centers	3	950,000	3	950,000	---
Vocational Rehabilitation Centers	3	825,000	3	825,000	---
Center for the Deaf	1	250,000	1	250,000	---
Total Existing Centers	19	10,275,000	19	10,275,000	---

Estimated Obligations
Research and Training Centers

Institution	1969 Estimate	1970 Estimate	Increase or Decrease
New York University (Medical)	1,300,000	1,300,000	---
New York University (Deaf)	250,000	250,000	---
University of Minnesota	1,300,000	1,300,000	---
University of Washington	950,000	950,000	---
Baylor University, Texas	1,300,000	1,300,000	---
Emory University, Ga.	400,000	400,000	---
Tufts University, Mass.	350,000	350,000	---
Temple University, Pa.	600,000	600,000	---
George Washington University, D.C.	475,000	475,000	---
University of Colorado	475,000	475,000	---
University of Wisconsin	400,000	400,000	---
University of Texas	300,000	300,000	---
University of Arkansas and Arkansas Rehabilitation Agency	350,000	350,000	---
University of Pittsburgh and Pennsylvania Rehabilitation Agency	250,000	250,000	---
University of West Virginia and West Virginia Division of Vocational Rehabilitation	225,000	225,000	---
University of Oregon	250,000	250,000	---
University of Southern California	625,000	625,000	---
University of Alabama	375,000	375,000	---
Northwestern University, Illinois	100,000	100,000	---
Totals	10,275,000	10,275,000	---

Research and Training Centers
Estimated Obligations by State

State	1969 Estimate	1970 Estimate	Increase or Decrease
Alabama	375,000	375,000	---
Arkansas	350,000	350,000	---
California	625,000	625,000	---
Colorado	475,000	475,000	---
District of Columbia	475,000	475,000	---
Georgia	400,000	400,000	---
Illinois	100,000	100,000	---
Massachusetts	350,000	350,000	---
Minnesota	1,300,000	1,300,000	---
New York	1,550,000	1,550,000	---
Oregon	250,000	250,000	---
Pennsylvania	850,000	850,000	---
Texas	1,600,000	1,600,000	---
Washington	950,000	950,000	---
West Virginia	225,000	225,000	---
Wisconsin	400,000	400,000	---
Totals	10,275,000	10,275,000	---

Special Research and Training Centers
Estimated Obligations, 1969 and 1970

Institution and Type of Center	1969 Estimate	1970 Estimate	Increase or Decrease
RT-1 New York U. (Medical)	$ 1,300,000	$ 1,300,000	--
RT-2 U. of Minnesota (Medical)	1,300,000	1,300,000	--
RT-3 U. of Washington (Medical)	950,000	950,000	--
RT-4 Baylor U., Texas (Medical)	1,300,000	1,300,000	--
RT-6 Emory U., Georgia (Medical)	400,000	400,000	--
RT-7 Tufts U., Mass. (Medical)	350,000	350,000	--
RT-8 Temple U., Pa. (Medical)	600,000	600,000	--
RT-9 George Washington U., D.C. (Medical)	475,000	475,000	--
RT-10 U. of Colorado (Medical)	475,000	475,000	--
RT-11 U. of Wisconsin (Mental Retardation)	400,000	400,000	--
RT-12 U. of Texas (Mental Retardation)	300,000	300,000	--
RT-13 U. of Arkansas (Vocational Rehabilitation)	400,000	400,000	--
RT-14 U. of Pittsburgh, Pa. and Pennsylvania Rehabilitation Agency (Vocational Rehabilitation)	250,000	250,000	--
RT-15 U. of West Virginia and West Virginia Division of Vocational Rehabilitation (Vocational Rehabilitation)	225,000	225,000	--
RT-16 U. of Oregon (Mental Retardation)	250,000	250,000	--
RT-17 New York University (Deaf)	250,000	250,000	--
RT-18 U. of Southern California (Medical)	625,000	625,000	--
RT-19 U. of Alabama (Medical)	375,000	375,000	--
RT-20 Northwestern U., Ill	100,000	100,000	--
Totals	10,275,000	10,275,000	--

Activity IV: International Research (Domestic Support)

	1969 Estimate		1970 Estimate		Increase or Decrease	
	No.	Amount	No.	Amount	No.	Amount
Research fellowships	85	$ 60,000	70	$ 50,000	-15	-$10,000
Equipment	--	40,000	--	50,000	--	+ 10,000
Total	85	100,000	70	100,000	-15	---

An amount of $100,000 is requested for 1970 to provide domestic support of the International Research Program. The International Research Program is discussed in detail under the appropriation account "Research and Training (Special Foreign Currency Program)." The funds requested will be used to provide research fellowships for 70 rehabilitation experts who will be brought to the United States for rehabilitation research purposes, and for the procurement of essential equipment in the United States for use in research projects abroad.

The interchange of experts in rehabilitation was initiated in 1961 under the authority of the International Health Research Act. Prior to 1964, it had been necessary to seek aid from non-public sources to accommodate the foreign experts once they reached this country. This was not a satisfactory arrangement. Because funds were uncertain, any kind of over-all advance planning was precluded. Also, only a very limited number of experts could be accommodated. Beginning in 1967 the interchange of experts program was budgeted on a research fellowship basis. It is estimated that about $50,000 of the $100,000 requested for 1970 will be needed to provide research fellowships for approximately 70 foreign experts while in the United States.

Foreign currencies used to finance rehabilitation research projects in countries where currencies are available in excess of other needs of the United States can be expended only within those countries. There are items of equipment needed for these projects which are unavailable in those countries but which can be obtained in this country. Efforts are under way to purchase such equipment in this country and ship it to the project site. It is estimated that about $50,000 of the $100,000 requested will be spent for equipment. Shipping costs will be met as far as possible from foreign currencies granted for the projects.

All the funds requested for domestic support in 1970 will be spent in this country.

Activity V: National Center for Deaf-Blind Youths and Adults

	1969 Estimate	1970 Estimate	Increase or Decrease
Center for deaf-blind youths and adults	$ 600,000	$600,000	---

An amount of $600,000 is requested to continue the support of a National Center for Deaf-Blind Youths and Adults to be established in 1969. The purpose of the Center is: (a) to provide services, particularly specialized, intensive services, for the deaf-blind; (b) to provide training for professional and allied personnel working with them; (c) to conduct research with respect to their problems and rehabilitation; and (d) to help expand and improve services for, and public understanding about, the problems of the deaf-blind.

One of the most formidable problems in rehabilitation today is that of the deaf-blind. This request aims at making a start to meet the rehabilitation needs of a neglected population of deaf-blind persons estimated to be 5,000 in number. At present three facts are notable with respect to deaf-blind persons of all ages: First, despite the tremendously complicated and difficult problems presented by a combination of deafness and blindness in a person, present-day techniques make it possible to prepare many deaf-blind persons for responsible, satisfactory lives and to assist them in constructive ways throughout their adult years. Second, despite the existence of this technical, professional and procedural knowledge, only a small proportion of deaf-blind persons in the United States are being adequately served. Third, the Federal Government is doing almost nothing aimed specifically at meeting the needs of this group except research and demonstration projects supported by the Social and Rehabilitation Service, Department of Health, Education, and Welfare.

To serve this thus far neglected population, the National Center will conduct a comprehensive program of direct services as well as research and training activities. In its service role, the Center has the following aspects:

1. Community organization services: includes a field service to sensitize States and Communities to the potentialities of deaf-blind persons, helping in case-finding, assisting families and local communities to participate in the rehabilitation process, and resettling the deaf-blind after services.

2. Pre-rehabilitation services: prepares the deaf-blind for the intensive experiences they will have once full rehabilitation gets underway - Motivation, communication, self-care, mobility, and the like.

3. Rehabilitation services: includes orientation to rehabilitation, residence services, casework and counseling, medical and allied services, evaluation in all areas, training and treatment, including especially language and communication, recreational activities, resettlement, and long-range follow-up.

Service in and of itself is, of course, important. But it is also necessary to engage in evaluation and research as well. Without this it would not be possible to improve services or develop new methods and techniques. From the evaluation viewpoint, it is necessary to collect demographic and service data on those in the client population, to conduct pre- and post-status studies, and to do evaluations of experimental procedures. In addition it is essential to conduct research in the assessment of residual hearing and use of hearing aids, language status, low-vision services, verbal communication, social relationships, mobility and sight substitutes, work capacity, and task learning.

In addition, it is obvious that little progress can be made in this area of severe disability without trained personnel. The existence of this national center will offer an unparalleled opportunity to provide both short-term, intensive training as well as basic professional training to all the disciplines involved.

The amount requested will allow for a program of intensive service to approximately 100 deaf-blind adults and the recruitment of staff to conduct research and training programs. Of the total funds requested it is estimated that $300,000 will be used for direct services, $150,000 for the training of professional staff and $150,000 for research activities.

Federal Grants for Research and Training Programs Under
Section 4 and 7 of the Vocational Rehabilitation Act

State or Territory	1968 Actual			1969 1/		
	Research and Demonstrations	Training and Traineeships	Total	Research and Demonstrations	Training and Traineeships	Total
Total.....	$21,304,300	$31,177,000	$52,481,300	$9,294,446	$29,858,300	$39,152,746
Alabama.....	552,200	349,100	901,300	241,000	398,300	639,300
Alaska.....	295,300	1,800	297,100	94,900	-0-	94,900
Arizona.....	180,800	340,100	520,900	81,200	302,500	383,700
Arkansas.....	347,800	87,400	435,200	26,600	99,200	125,800
California.....	2,509,700	2,980,000	5,489,700	710,400	2,957,800	3,668,200
Colorado.....	100,000	764,700	864,700	4,000	510,800	514,800
Connecticut.....	405,700	320,500	726,200	169,100	193,000	362,100
Delaware.....	-0-	-0-	-0-	-0-	500	500
Dist of Columbia	1,793,700	990,200	2,783,900	1,034,900	902,400	1,937,300
Florida.....	170,700	712,200	882,900	61,600	725,000	786,600
Georgia.....	201,200	722,300	923,500	350,000	602,700	952,700
Guam.....	-0-	1,000	1,000	-0-	-0-	-0-
Hawaii.....	-0-	51,400	51,400	23,000	35,400	58,400
Idaho.....	-0-	1,100	1,100	-0-	1,400	1,400
Illinois.....	1,125,000	2,177,700	3,302,700	662,000	2,134,900	2,796,900
Indiana.....	46,100	311,100	357,200	3,726	329,400	333,126
Iowa.....	203,500	241,300	444,800	178,100	256,600	434,700
Kansas.....	179,900	317,600	497,500	23,000	246,300	269,300
Kentucky.....	217,200	203,600	420,800	236,000	180,500	416,500
Louisiana.....	571,300	354,300	925,600	379,300	341,700	721,000
Maine.....	21,900	1,800	23,700	23,000	400	23,400
Maryland.....	395,200	439,300	834,500	192,500	504,500	697,000
Massachusetts....	1,304,900	1,678,800	2,983,700	218,100	1,722,300	1,940,400
Michigan.....	306,400	1,478,400	1,784,800	211,900	1,530,400	1,742,300
Minnesota.....	467,300	787,200	1,254,500	310,000	915,700	1,225,700
Mississippi.....	-0-	99,200	99,200	-0-	103,400	103,400
Missouri.....	339,500	649,100	988,600	110,000	624,700	734,700
Montana.....	-0-	25,800	25,800	-0-	58,500	58,500
Nebraska.....	197,100	180,900	378,000	173,500	253,600	427,100
Nevada.....	-0-	3,600	3,600	-0-	6,000	6,000

State or Territory	1968 Actual			1969 1/		
	Research and Demonstrations	Training and Traineeships	Total	Research and Demonstrations	Training and Traineeships	Total
New Hampshire	33,000	11,500	44,500	-0-	12,700	12,700
New Jersey	96,500	253,000	349,500	110,900	347,800	458,700
New Mexico	-0-	29,900	29,900	-0-	26,200	26,200
New York	4,316,300	5,405,000	9,721,300	1,413,800	5,012,700	6,426,500
North Carolina	178,900	550,400	729,300	183,400	413,300	596,700
North Dakota	28,600	30,900	59,500	-0-	31,700	31,700
Ohio	1,113,200	1,250,100	2,363,300	410,000	1,194,700	1,604,700
Oklahoma	88,600	384,700	473,300	64,100	448,100	512,200
Oregon	124,400	512,700	637,100	108,200	540,600	648,800
Pennsylvania	836,300	1,881,100	2,717,400	227,100	1,871,300	2,098,400
Puerto Rico	18,800	413,100	431,900	71,300	298,400	369,700
Rhode Island	50,900	3,000	53,900	-0-	2,900	2,900
South Carolina	63,100	144,200	207,300	158,300	167,600	325,900
South Dakota	-0-	1,000	1,000	-0-	2,700	2,700
Tennessee	170,200	416,900	587,100	41,800	397,800	439,600
Texas	872,700	801,600	1,674,300	470,920	733,300	1,204,220
Utah	48,500	285,900	334,400	15,000	282,700	297,700
Vermont	40,700	30,000	70,700	-0-	60,700	60,700
Virginia	221,400	459,900	681,300	41,400	468,100	509,500
Virgin Island	21,500	-0-	21,500	-0-	-0-	-0-
Washington	502,000	539,400	1,041,400	210,100	493,200	703,300
West Virginia	16,100	326,900	343,000	-0-	270,900	270,900
Wisconsin	530,200	1,172,600	1,702,800	250,300	841,700	1,092,000
Wyoming	-0-	1,700	1,700	-0-	1,300	1,300

1/Grants are estimated as of December 31, 1968. Research and demonstration grants and training and traineeship grants are not allotted by State, but are granted on the basis of applications made to research, educational and other institutions or non-profit organizations. Therefore, it is not possible to estimate on a State-by-State basis the grants that will be made for the remainder of 1969 or for 1970.

THURSDAY, APRIL 24, 1969.

COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS

WITNESSES

DR. JAMES F. GARRETT, ASSISTANT ADMINISTRATOR, OFFICE OF RESEARCH, DEMONSTRATIONS, AND TRAINING
DR. GENEVIEVE W. CARTER, CHIEF, INTRAMURAL RESEARCH DIVISION, OFFICE OF RESEARCH, DEMONSTRATIONS, AND TRAINING
EDWARD G. TROELL, PROGRAM MANAGEMENT OFFICER, OFFICE OF RESEARCH, DEMONSTRATIONS, AND TRAINING
RANDOLPH W. LEE, DIRECTOR, BUDGET DIVISION, SOCIAL AND REHABILITATION SERVICE
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Other services	1,169	1,400	1,750
Grants, subsidies, and contributions	1,981	1,750	4,750
Total obligations	3,150	3,150	6,500

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Research grants	1,981	1,750	1,750
2. Directed research	1,169	1,400	4,750
Total obligations	3,150	3,150	6,500
Financing: Budget authority (appropriation)	3,150	3,150	6,500
Relation of obligations to outlays:			
Obligations incurred, net	3,150	3,150	6,500
Obligated balance, start of year	2,654	3,560	4,490
Obligated balance, end of year	−3,560	−4,490	−8,040
Adjustments in expired accounts	19		
Outlays	2,263	2,220	2,950

Mr. FLOOD. Next is cooperative research or demonstration projects. Dr. James Garrett will be the principal witness.

Dr. GARRETT. I would like to introduce Dr. Genevieve Carter, the Chief of our Intramural Research Division.

BIOGRAPHICAL SKETCHES OF PRINCIPAL WITNESSES

Mr. FLOOD. Do we have a biographical sketch for you, Doctor?

Dr. CARTER. No.

Mr. FLOOD. Please submit one.

(The information requested follows:)

BIOGRAPHICAL SKETCH OF DR. GENEVIEVE W. CARTER

Position: Chief, Intramural Research Division, Office of Research, Demonstrations, and Training.

Birthplace and date: Illinois, February 23, 1907.

Education: University of New Mexico, B.A., 1934; University of New Mexico, M.A., 1936; University of California, Berkeley, Ed. D., 1941.

Experience: Prior to joining the Welfare Administration (1963) as Director of Research, Office of the Commissioner, Dr. Carter was director of the Health and Welfare Planning Council of the Los Angeles region; Dr. Carter's past experience has been primarily as a research administrator, directing research programs on social welfare issues and program planning.

Special awards: Superior Service Award (DHEW 1966); Community Race Relations Award, city of Los Angeles, Calif.; Citation for Community Survey Direction, office of the mayor, Oklahoma City, Okla.

Publications: Dr. Carter has some 70 professional articles and major sections of books to her credit. One, "Social Work Methods," a Prentice-Hall publication, has been published in three other languages.

BIOGRAPHICAL SKETCH OF DR. JAMES F. GARRETT

Position: Assistant Administrator, Research, Demonstrations, and Training.

Birthplace and date: New York, N.Y., March 31, 1916.

Education: Fordham University, B.A., 1937; Fordham University, M.A., 1939; New York University, Ph. D., 1941; clinical psychology.

Experience: Prior to joining VRA staff in 1951, Dr. Garrett had been, for 3 years, assistant professor of clinical psychology at New York University, College of Medicine, and chief, psychosocial and vocational services, at the Institute of Physical Medicine and Rehabilitation in New York City; from 1944 to 1948, Dr. Garrett was Chief, Special Rehabilitation Procedures, Veterans' Administration, Washington, D.C., and prior to that was assistant educational director, Institute for the Crippled and Disabled, New York City.

Association memberships: American Psychological Association; National Rehabilitation Association; American Personnel and Guidance Association; United Cerebral Palsy Association.

Special awards, citations or publications: Superior Service Award (DHEW 1961); Distinguished Service Award (DHEW) (1963); W. F. Faulkes Award, National Rehabilitation Association (1963); Humanitarian Award, National Hemophilia Foundation (1968).

Publications: Psychological Practices With the Physically Disabled (Levine-Garrett) coeditor; Psychological Aspects of Physical Disability, editor; Cerebral Palsy: Its Individual and Community Problems, contributor; Workshops for the Disabled: A Vocational Rehabilitation Resource, coauthor.

GENERAL STATEMENT

Mr. FLOOD. Please proceed.

Dr. GARRETT. Mr. Chairman and members of the committee, the cooperative research or demonstration program is carried out under authority of title XI, section 1110 of the Social Security Act. The program is administered by the Social and Rehabilitation Service and also serves the research interests of the Social Security Administration. The purpose of the program is to add to existing knowledge and to devise and evaluate new approaches to such matters as (*a*) the prevention and reduction of economic dependency, (*b*) the more effective organization, coordination, and administration of social welfare and social security programs, and (*c*) other questions related to the provision of medical and social service programs authorized by the Social Security Act.

The request for 1970 is $11,500,000, an increase of $8,350,000 over 1969. All of the increase is for the directed research program. Of the total increase, $350,000 will be used to expand the current program of intramural research. This will provide a total budget of $1,750,000 in 1970 for approximately 15 major research projects. The intramural research program serves as the vehicle for pioneering new research and

research methodology on program issues and problems where techniques and procedures have not yet been fully developed. One example of the distinctive nature of the intramural research program is the planning and implementation of the first nationwide study—now in progress—of accepted and rejected applications for aid to families with dependent children. In 1970 program emphasis will be focused on significant problems and issues such as model cities, neighborhood service centers as a means of providing improved delivery of services, family planning, income maintenance, motivating people to work, rural poverty, and providing health services to indigent families and individuals—primarily medicaid.

INCOME-MAINTENANCE EXPERIMENTS

A total of $8 million of the requested increase will be used to provide support for special projects to test new approaches in income maintenance and social service programs. A unique feature of these projects is that they will be conducted in actual operational settings. This will provide firsthand knowledge and experience with these projects under circumstances and surroundings which they are intended to relieve.

Primary emphasis will be placed on projects in income maintenance to compare the effects of alternative ways of providing income to economically dependent populations with particular attention to the effect of work incentive aspects of the program. Various combinations of income payments and social services will be examined to determine which combinations are most effective and efficient in reducing economic dependency. Other projects will deal with new methods of organizing and coordinating the delivery of social, health, and employment services to low-income residents in central cities and economically depressed rural areas.

If the results of these innovations are to be accurately interpreted and to supply a basis for major policy changes, it is essential that the programs be subject to sound research evaluation. For example, it is essential to assess the effects of such innovations on work incentives and on the well-being of the persons and families included in the program; to determine the best forms of organizing and administering such programs; and to estimate the longer run benefits and costs of changes in traditional public assistance approaches.

I will be happy to answer any questions the committee may have.

Mr. FLOOD. Is the magic phrase "income maintenance"?

Dr. GARRETT. Yes. The press has called it a number of names but this is what we are talking about.

We are here interested in this series of studies and what it means in terms of incentives for work, for community participation; what effect this has on the family spending patterns and what effect it has on family stability; and what effect it has on family participation in a variety of areas.

We feel that, unless we have carefully done research in this particular field, we will not be able to know what the effects of this program are. We will not know how we can organize a program in order to develop national policy. This is why we are placing great emphasis on the fact that these are research studies. These are controlled studies, and it is necessary, since they are research-controlled studies which

ultimately will be leading to national policy in this field, for us to have enough funds including cash payments to individuals in order to really peg their effectiveness.

Mr. FLOOD. This is a new approach to income maintenance.

Dr. GARRETT. What this is, is an effort to try to have some kind of research base for a national policy which may well be an alternative to the present welfare setup.

Mr. FLOOD. Miss Switzer and I talked about this for almost an hour. Were you here in the room?

Dr. GARRETT. Yes, sir.

Mr. FLOOD. Do you have anything to add? You are the R. & D. man.

Dr. GARRETT. I think the most important point to make——

Mr. FLOOD. I am impressed by this, you know.

Dr. GARRETT. I think the most important point to make on this is that, if we are going to come up with any kind of alternative to the present system, what is important is that we research it enough to know what it is we are doing. I think this is the whole point and purpose of this particular appropriation request.

This is not the type of thing which can be done on a casual basis. It is not the type of thing we think can be done on a philosophical basis. It has to be tried out. We have to see what the pitfalls are, and we have to know——

Mr. FLOOD. Off the record.

(Discussion held off the record.)

Dr. GARRETT. I really feel that the most important thing we can do here is to really mount a substantial research program which has within it enough flexibility to get at the variety of factors which operate it in order to really do an effective job.

Unless we can do this, I do not think we can set any national policy. This is the purpose of this program.

CONTRACTS WITH PROFITMAKING ORGANIZATIONS

Mr. FLOOD. A couple years ago we gave you the right to contract with profitmaking organizations. What has happened? This was quite a line of demarcation we broke through.

Dr. GARRETT. It certainly was.

Dr. CARTER. We have used this in a number of contracts, Mr. Chairman. We just finished one last week on testing the 1967 provisions of the earned-income exemption. In this way we can advertise, and we had 30 fairly good proposals, and 15 excellent ones. It spreads your base of selection and you can either work with voluntary or profitmaking firms.

Mr. FLOOD. Did we save money or is it costing more money?

Dr. CARTER. I think we save in the long run.

Dr. GARRETT. I must support what Dr. Carter says. I think that the process of broadening our base and broadening our base of interest, which is extremely important in this field, and broadening our base of understanding on the part of many people, but I also feel it has resulted in a very substantial improvement in the dollar value of what we are getting in our program because we follow very rigorous procurement lines.

Mr. FLOOD. We would hope so.

Dr. CARTER. We specify the product we expect to get and we monitor very closely and there is considerable leeway for us to carry out and select contractors from this wide range and also those who agree to participate with Government staff in that way.

SELF-SUSTAINING TRAINING AND EMPLOYMENT PROGRAM

Mr. FLOOD. Look at page 161, research grants.

You mention this—"A self-sustaining training and employment program." Give us some details on this. What in the world is that?

Dr. GARRETT. This is the program which relates itself to the research and demonstration projects on the AFDC mothers.

The point of that is that this is more or less of a demonstration kind of program of taking AFDC mothers and training them in clerical skills. It is a project in Philadelphia.

Mr. FLOOD. I know all about it.

Dr. GARRETT. The important thing is that, through this demonstration, we have built up enough community support for this activity so that, when the Federal funds in the project are over with, the community will pick it up.

Mr. FLOOD. An old friend of mine and an old distinguished public servant at one time was active in this. I was curious about that language.

REGIONAL RESEARCH INSTITUTES

You then say this—"Further plans call for the establishment of a regional research institute in each of the nine HEW regions." What is involved in that?

Dr. GARRETT. I will take you back to the rehabilitation program. In the rehabilitation program we have set up——

Mr. FLOOD. Do you people read these things as we do?

Dr. GARRETT. Yes, sir. What we have done in the rehabilitation program is to set up what we call regional research institutes. The regional research institutes are university programs. They are selected by the regional office. They conduct a core of research which relates itself to important problems in the field of rehabilitation.

In addition to that they provide research consultation to State agencies to try to make them curious about their operational research problems. Third, they try, if they have enough staff, to participate with the States in the conduct of these operations.

Mr. FLOOD. How about the 1970 budget? Is there any money for planning these centers?

Dr. GARRETT. Not to plan them but for the operation. We will have two. We have taken this concept from the rehabilitation program and applied it now to the field of social welfare.

You were asking the other day, for example, what has happened with SRS, what happened which benefits the whole field. This is one example of where concepts are transferred over from one part of our program to the other.

What we have done is to send out announcements to our regional offices and we will initiate two of these regional research institutes in social welfare this fiscal year. In other words, these grants will be made effective June 1.

Mr. FLOOD. What about the 1970 budget?

Dr. GARRETT. In the 1970 budget we are talking about six more of these regional research institutes.

I think the important thing that these institutes accomplish is not just research but more importantly the other item we were discussing, and that is a vehicle for trying to make State agencies, or county agencies, in the welfare situation, interested and concerned about their operational research programs, interested about applying research, conscious of research, conscious of moving ahead, conscious of analyzing what they are doing. I think this is the great contribution which these kinds of institutions can give us.

Mr. FLOOD. Why nine? Why not four or 12?

Dr. GARRETT. We operate on the basis of one for each region. This assures us, then, that we have a focal point for the operation of the institute.

We have found that it is rather difficult, because of diversity in regions; for example, the Rocky Mountain States with a lot of geography have a number of problems which are rather different from, let us say, our New York region, and, therefore, we have tried to have these regional research institutes located so that they serve a given region which in general has certain characteristics in common.

The other advantage is the more ready accessibility of the staff to work with States. This is the primary reason for having one in each region.

1970 BUDGET AMENDMENT INCREASE FOR INCOME-MAINTENANCE EXPERIMENTS

Mr. FLOOD. I direct your attention to a document I hold here—Department of Health, Education, and Welfare 1970 budget amendments, a summary of changes, dated April 15, 1969. Look at page 19. Do you have this document?

Dr. GARRETT. No, sir.

Mr. FLOOD. Section 2, page 19, I see this title "Cooperative research or demonstration projects"—plus $5 million.

The language says this:

> This increases the amount budgeted for 1970 for welfare and income maintenance research from $4.8 million to $9.7 million. The $5 million increase will be for innovative demonstrations of new approaches to income maintenance and social services in actual operational settings. Various combinations of income payments and social services will be examined to determine which combinations are most effective and efficient in reducing dependency.

Plus $5 million?

Dr. GARRETT. Yes, sir.

Mr. FLOOD. Why? Did you suggest this? Where did this come from, the Budget Bureau? Did you talk to the Secretary, Mr. Finch, about it? Is this your idea?

Dr. GARRETT. The Johnson budget contained an additional $3 million. I think I am right in that.

Mr. CARDWELL. That is right.

Dr. GARRETT. For experiments in income maintenance.

In the process of program planning and evaluation, and reassessing the priorities in the Department, it was determined that the $3 million would probably not be enough in order to conduct the kind of experimentation which we had under discussion.

Mr. FLOOD. This is an increase of $5 million over the Johnson budget. This is very unusual.

Dr. GARRETT. I think it is a clear indication of the importance that the present administration places upon this particular program.

Mr. FLOOD. What particular program?

Dr. GARRETT. This program of doing experimentation in the field of income maintenance, developing alternatives to our present system.

Mr. FLOOD. What do you mean by income maintenance? What does that phrase mean?

Dr. GARRETT. What they are concerned with is the way in which primarily one can set more or less of a floor of income for individuals along with what we usually call earnings disregard.

Mr. FLOOD. For the Nixon amendments this is very dramatic.

Dr. GARRETT. Indeed.

Mr. FLOOD. Say something more.

Dr. GARRETT. I think that, if you think of the cost to do one project which runs roughly about $1 million—

Mr. FLOOD. What do you mean by project?

Dr. GARRETT. One experiment.

Mr. FLOOD. Experiment on what?

Dr. GARRETT. It is an experiment on what happens if you provide a certain amount of guaranteed money to an individual and then you experiment with either the amount of income that he gets by working which is disregarded or something of this nature.

Mr. FLOOD. This is your idea? This is a plus $5 million in the Nixon amendments for a guaranteed income?

Mr. CARDWELL. I can describe how the Secretary came to make this recommendation.

Mr. FLOOD. This is quite a thing.

Mr. CARDWELL. When he came into office, Secretary Finch set up four groups to examine the HEW budget and its program priorities.

One, dealing with social security, rehabilitation, and income maintenance. Income maintenance, taking the mean and the broad context, means welfare. This group came to the conclusion, and I think quite properly, that one of the things facing the new administration was a loss of public confidence in the basic and current welfare system, that the poor people themselves who were being served by the program were discontented with it. The middle class is concerned with it and critical of it, and through the years the whole system has lost the confidence of the people. This had to be a very high priority with the new administration.

Mr. FLOOD. Guaranteed annual wage?

Mr. CARDWELL. One of the things that those who have been criticizing the program have suggested is that you ought to convert it to a guaranteed income, a negative income tax.

Another group suggested it should be converted to a program of family allowances, similar to those found in some of the Western European countries.

Mr. FLOOD. That is fine, but what is this?

Mr. CARDWELL. This says that we want some additional money so that we may experiment in a very small way with some of these alternative systems. I don't know whether any of you saw——

Mr. FLOOD. It is a small scale; yes.

Mr. CARDWELL. It would be a very small scale. Consider that this is a $7 billion a year Federal program and almost a $15 billion a year expense to the system as a whole.

Mr. MICHEL. Is it not true that part of the project, if it comes about, involves the actual disbursing of the money?

INCOME MAINTENANCE EXPERIMENT IN NEW JERSEY

Mr. CARDWELL. Yes. The only experiment going on now in this area is going on in New Jersey.

Mr. FLOOD. That is being supported by OEO.

Mr. CARDWELL. That is right. It is being conducted by the University of Wisconsin under contract from the OEO.

It was described on the Columbia Broadcasting System Tuesday night. There was a very brief film on the program. It deals with the working poor, where you have the head of a household who is a male. He is not eligible for public assistance but he is below the poverty line if you define it as being $3,000 or slightly higher.

What they are doing there in this particular experiment is really dealing with the idea of giving him an allowance, a monthly allowance in the form of a check which he receives, and then the University of Wisconsin staff comes in every 4 months and they interview the family, interview him, and one of the things they test are his motivations. Has this changed his will to work. What has he done with the money? Does he have a savings account? Has he adopted some of the trappings of the middle-class society with this additional money? Does he have a checking account? Is he managing his money?

Also they want to make an assessment of this, and I think it is to be a 4-year program, and we will know more about what that alternative does.

For example, many people frown when you use the term "guaranteed income" and "negative income tax" because they say this will reduce incentives, the incentive to work.

Other people say: "We don't like the idea of the family allowance because this would motivate people to have more children, and after all, one of the things we are trying to control is the population."

We don't know really whether these things are true. These are assumptions people jump to when you examine these alternatives, having no more knowledge in fact than we now have.

We say we want to get some more. I think the Secretary would like to talk to you about this when he comes up on Tuesday.

Mr. FLOOD. So would I.

Mr. CARDWELL. He is very enthusiastic about it, and he thinks it is something we must do.

Mr. FLOOD. Mr. Michel?

Mr. MICHEL. I will say, too, from a personal point of view the terminology of "guaranteed" income is offensive.

Mr. CARDWELL. I can see that.

Mr. MICHEL. I am also very conscious of these ever-continuing rising requests we are getting to take care of this welfare problem and that obbiously what we have been doing over these many years since I have been in the Congress has not really met the problem, topped it

out or turned it around. We have to be thinking about some alternative approach, some new scheme or something.

I can fully appreciate that it will cost money to get some of these answers because it will really cut across the whole social pattern of the country. It goes to the very heart of our philosophy for that matter.

Mr. FLOOD. Some people are going to accuse Mr. Nixon of having Socialist leanings.

Mr. CARDWELL. I don't want to characterize the President as being in favor of a guaranteed income. This is the point. We want to examine that alternative, and that is a term which really is not totally descriptive. It also has been characterized as a negative income tax.

INCREASED REQUESTS FOR APPROPRIATIONS FOR COOPERATIVE RESEARCH OF DEMONSTRATION PROJECTS

Mr. MICHEL. On this particular item, if we go back to the 1967 figure of $3,150,000, Congress provided the full budget allowance on that occasion. We in Congress have held that line for 3 years running, but the budget request from 1967 went from $3,150,000 to $4,170,000 in 1968, $5 million in 1969, and $6,500,000 in the original 1970 budget, and now it is over and above that.

I think part of the reason for our holding the line at that level, for the last 3 years or so, has been the concern of some of the Members about getting further into this thing for which we are now getting a big lump-sum increase requested. We will need some real good backup on this kind of thing.

Dr. GARRETT. You might be interested in a comment of our advisory group which was brought in here 2 years ago to study the cooperative research and demonstration program.

I think one of the things they pointed out in their report was that when you looked at the amount of funds going into research and demonstration and this area, in contrast to the amounts of money which were being spent in either cash payments to individuals or in terms of social services, it was such an infinitesimal comparison between the two that they very strongly recommended at that time, without even getting into this question we are discussing here, that there should be a very sharp increase in the amounts of funds.

I think that when you try to conduct this program, and, as you know, I am very new in trying to conduct this particular program, only the last year and a half, you find you are so hemmed in with your ongoing costs just for continuation that you have very little flexibility in terms of mounting significant programs of research.

Therefore I think that, under any circumstances, the discussions we have had with the Department were emphasizing the real need. If you think of R. & D. as being the way in which you bring about change, we have had so little funds to bring about change in this program.

FEDERAL RESEARCH INVESTMENT

Mr. CARDWELL. Mr. Michel, you mentioned during the hearings several times your concern, and this is a concern that you will find today in many quarters of the Congress, with the size of the total Federal research budget. You said it would reach a $12 billion level.

I think the new administration is saying to you that that may be so, and maybe it is relatively larger than it should be. I don't know.

However, there are two aspects of the research budget which are completely out of balance. One has to do with welfare and one has to do with education.

You put these together and we are spending less than $100 million on research a year for those two activities, and they account for somewhere about $65 billion a year worth of total expenditures out of the economy. The thing is just inherently wrong. We are not spending the research dollars in these areas where we should.

I cannot speak to whether we are spending too much in defense. That is somebody else's bailiwick. However, we know that within our own Department things have gotten out of balance. We are pressing for additional research in two areas and we are holding the rest of the research budget in check. Education is one with the experimental school program proposal of the new administration, and then this one item here.

Mr. MICHEL. I am reminded of a line of questioning over in our other subcommittee in something along this line. I have been distressed over the years with the amount of research which has gone into cotton production, et cetera, as distinguished from soybeans in my area, which is a good dollar producer abroad. It is amazing sometimes when you put it together and say with all the volume of return to the country, and contribution to the GNP, how are the relative figures showing up for research? In that area we were way out of balance and we have been trying to correct some of that.

I can see a relative position here, too.

I think that is all for me, Mr. Chairman.

Mr. FLOOD. Mr. Shriver?

DISTINCTION BETWEEN REHABILITATION AND WELFARE RESEARCH PROGRAMS

Mr. SHRIVER. I have nothing additional except an inquiry as to why these are separate. You testified about two things a while ago—rehabilitation research and training, and now cooperative research or demonstration projects.

Why are these separate?

Dr. GARRETT. Because there are separate authorities under the act and different purposes.

The other one I was testifying to before has to do with the vocational rehabilitation program, vocational rehabilitation activity.

This project, this appropriation, has to do with the social welfare program. They are two different programs.

They are both administered by me.

Mr. SHRIVER. You administer both of them?

Dr. GARRETT. Yes, sir.

Mr. SHRIVER. Thank you, Mr. Chairman.

JUSTIFICATION MATERIAL

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL AND REHABILITATION SERVICE

Cooperative Research or Demonstration Projects

Amounts Available for Obligation

	1969	1970
Appropriation	$3,150,000	$6,500,000

Obligations by Activity

Page Ref.		1969 Estimate Pos.	1969 Estimate Amount	1970 Estimate Pos.	1970 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
161	Research grants ..	-	$1,750,000	-	$1,750,000	-	---
162	Directed research.	-	1,400,000	-	4,750,000	-	+3,350,000
	Total obligations	-	3,150,000	-	6,500,000	-	+3,350,000

Obligations by Object

	1969 Estimate	1970 Estimate	Increase or Decrease
Other services	$1,400,000	$1,750,000	+ 350,000
Grants, subsidies, and contributions	1,750,000	4,750,000	+3,000,000
Total obligations by object	3,150,000	6,500,000	+3,350,000

Summary of Changes

1969 enacted appropriation	$3,150,000
1969 estimated obligations	3,150,000
1970 estimated obligations	6,500,000
Net change	+3,350,000

Increases	Base	Changes from Base
Program		
Directed research	$1,400,000	$3,350,000
Total net change requested	---	3,350,000

Explanation of Changes

An amount of $6,500,000 is requested for 1970, an increase of $3,350,000 over the 1969 program level. All of the increase will be for the Directed Research program and will provide for research and special projects in areas such as Model Cities, neighborhood service centers, family planning, income maintenance, motivating people to work and similar activities relating to problems of current national concern particularly those arising out of urban and rural poverty settings.

Authorizing Legislation

Legislation	1970 Authorization
Social Security Act Section 1110--Cooperative Research or Demonstration Projects	Indefinite

SOCIAL SECURITY ACT

Title XI--General Provisions

Cooperative Research or Demonstration Projects

Section 1110. (a) There are hereby authorized to be appropriated for the fiscal year ending June 30, 1957, $5,000,000 and for each fiscal year thereafter such sums as the Congress may determine for (1) making grants to States and public and other nonprofit organizations and agencies for paying part of the cost of research or demonstration projects such as those relating to the prevention and reduction of dependency, or which will aid in effecting cooperation of planning between private and public welfare agencies or which will help improve the administration and effectiveness of programs carried on or assisted under the Social Security Act and programs related thereto and (2) making contracts or jointly financed cooperative arrangements with States and public and other organizations and agencies for the conduct of research or demonstration projects relating to such matters.

Cooperative Research or Demonstration Projects

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1961	700,000	-	700,000	350,000
1962	1,500,000	700,000	700,000	700,000
1963	1,900,000	1,100,000	1,100,000	1,100,000
1964	2,000,000	1,455,000	1,455,000	1,455,000
1965	1,800,000	1,700,000	1,700,000	1,700,000
1966	2,000,000	1,882,000	1,882,000	1,882,000
1967	3,150,000	3,150,000	2,650,000	3,150,000
1968	4,170,000	3,150,000	3,150,000	3,150,000
1969	5,000,000	3,150,000	3,150,000	3,150,000
1970	6,500,000			

COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS

	1969 Estimate	1970 Estimate	Increase or Decrease
Research Grants.....	$1,750,000	$1,750,000	$ --
Directed Research.....	1,400,000	4,750,000	+3,350,000
Total	$3,150,000	$6,500,000	+3,350,000

Introduction

The Cooperative Research or Demonstration program, authorized under Section 1110 of the Social Security Act, provides a means of supporting studies and demonstrations on subjects which cut across the whole range of social services, medical assistance, and income maintenance activities. The purpose of the program is to add to existing knowledge and to devise and evaluate new approaches to such matters as (a) the prevention and reduction of economic dependency, (b) the more effective organization, coordination, and administration of social welfare and social security programs, and (c) other questions related to the provision of medical and social service programs authorized by the Social Security Act.

The research program is administered by the Social and Rehabilitation Service and also serves the research interests of the Social Security Administration. A 1967 amendment to the Social Security Act authorized the execution of contracts with profit-making organizations as well as with nonprofit organizations; grants may be awarded only to nonprofit organizations.

Program emphasis in 1970 will be on special projects to utilize research findings and results of experimental projects in operating programs. Research and development objectives require a two-pronged approach--grants or contracts which produce new knowledge, and special projects which serve as an incentive to bring about change in agency programs. The main focus of these projects will be on income maintenance activities. Various means of providing both income payments and social services to reduce economic dependency will be explored.

In 1969, an amount of $3,150,000 is available for the program. For 1970, a total of $6,500,000 is requested. The following budget justification explains the request for each of the program areas involved.

Activity 1. Research Grants

	1969 Estimate		1970 Estimate		Increase or Decrease	
	No.	Amount	No.	Amount	No.	Amount
New Projects.....	19	800,000	10	$ 460,000	-9	$ -340,000
Continuation Projects.....	16	$ 950,000	16	1,290,000	-	+340,000
Total	35	1,750,000	26	1,750,000	-9	---

In 1970 an amount of $1,290,000 will be required to continue research projects initiated in prior years and $460,000 is requested to support new research projects. The increase in continuation costs of $340,000 reflects the focus upon larger long-term program-related research projects begun in fiscal 1968 and 1969. Included among these continuation projects are a research-demonstration designed to teach AFDC mothers clerical skills and to establish a self-sustaining training and employment program; an analysis of the impact of urbanization on the Negro family; longitudinal studies of unmarried mothers who kept their first out-of-wedlock child and of the medicare and medicaid experiences of welfare recipients included in an earlier study; and an analysis of the effects of various types of health insurance programs of health care costs and on medical care utilization.

In awarding new research grants, priority will be given to studies of the effects of legislation providing work incentives for public assistance recipients and to research on the social and economic consequences of medicaid and medicare programs on eligible populations and upon the costs, quality, and organization of health care services provided. Funds available for research grants are cooperatively administered for research on programs of the Social Security Administration and the Social and Rehabilitation Service.

Also planned is the establishment of regional institutes for research on the organizational and administrative aspects of the delivery of social welfare services. Future plans call for the establishment of a regional research institute in each of the nine DHEW regions. The research programs of the institutes will be responsible to the research requirements of States within each region. Emphasis will be placed on evaluating program effectiveness and upon the analysis of successful innovations so that the experience can be of benefit to programs in other parts of the nation. Regional Research Institutes will involve close cooperation among DHEW central and regional staff, State and local welfare officials, and universities and other research organizations. These Institutes should strengthen efforts to anticipate problems so that research may be initiated at an early stage. They should also insure that significant research results are widely and promptly disseminated so that program administrators may use results to improve programs to aid dependent populations such as those in the core of the central city and in pockets of rural poverty.

Activity 2. Directed Research

	1970 Estimate	1970 Estimate	Increase or Decrease
Contracts	$1,400,000	$4,750,000	+3,350,000

The 1970 budget provides for $4,750,000 for the intramural-directed research component of the 1110 Cooperative Research and Demonstration Grants program. This represents an increase of $3,350,000 over the level of support provided for 1969.

Intramural research serves as the vehicle for the Agency in pioneering new research methodology, and research on program issues and problems where techniques and procedures have not yet been fully developed. There are also instances where the scope of the research is extremely broad, or where the necessity for close monitoring and direction by the Agency dictate the contract route rather than the use of grants. One example of the distinctive nature of the intramural research program is the planning and implementation of the first nationwide longitudinal study--now in process--of accepted and rejected AFDC applicants.

The 1970 budget will provide funds for approximately fifteen major, applied research projects. These will focus on significant problems and issues of direct concern to the Department and the Agency, including: Model Cities, neighborhood service centers as a form of service delivery; family planning; income maintenance; motivating people to work; rural poverty; and the provision of health services to indigent families and individuals (i.e., primarily Medicaid).

The 1970 budget will also provide funds for special projects to test, in actual operational settings, new approaches in income maintenance and social service programs. Primary emphasis will be placed on projects in income maintenance to compare the effects of alternative ways of providing income to economically dependent populations with particular attention to the effect of work incentive aspects of the program. Various combinations of income payments and social services will be examined to determine which combinations are most effective and efficient in reducing economic dependency. Other projects will deal with new methods of organizing and coordinating the delivery of social, health, and employment services to low-income residents in central cities and economically depressed rural areas.

THURSDAY, APRIL 24, 1969.

RESEARCH AND TRAINING (SPECIAL FOREIGN CURRENCY PROGRAM)

WITNESSES

DR. JAMES F. GARRETT, ASSISTANT ADMINISTRATOR, OFFICE OF RESEARCH, DEMONSTRATIONS, AND TRAINING
MISS MARY E. SWITZER, ADMINISTRATOR, SOCIAL AND REHABILITATION SERVICE
EDWARD G. TROELL, PROGRAM MANAGEMENT OFFICER, OFFICE OF RESEARCH, DEMONSTRATIONS, AND TRAINING
RANDOLPH W. LEE, DIRECTOR, BUDGET DIVISION, SOCIAL AND REHABILITATION SERVICE
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

RESEARCH AND TRAINING (SPECIAL FOREIGN CURRENCY PROGRAM)

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Travel and transportation of persons	92	200	400
Transportation of things	3	5	10
Grants, subsidies, and contributions	4,550	5,731	4,590
Total obligations	4,645	5,936	5,000

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

Program by activities:			
Social and rehabilitation research and related activities	4,645	5,936	5,000
Financing:			
Unobligated balance available, start of year	−581	−936	
Unobligated balance available, end of year	936		
Budget authority (appropriation)	5,000	5,000	5,000
Relation of obligations to outlays:			
Obligations incurred, net	4,645	5,936	5,000
Obligated balance, start of year	6,542	7,163	8,746
Obligated balance, end of year	−7,163	−8,746	−8,984
Outlays	4,024	4,353	4,762

Mr. FLOOD. Now we have Social and Rehabilitation Service, research and training, special foreign currency program.

The presentation will be made by Dr. James F. Garrett, Assistant Administrator.

You are a very hardy witness.

PREPARED STATEMENT

Dr. GARRETT. Thank you, Mr Chairman. I have a statement which I will submit for the record.

Mr. FLOOD. Very well. We will do what you say.

(The statement follows:)

STATEMENT BY ASSISTANT ADMINISTRATOR, OFFICE OF RESEARCH, DEMONSTRATIONS, AND TRAINING, ON RESEARCH AND TRAINING (SPECIAL FOREIGN CURRENCY PROGRAM)

Mr. Chairman and members of the committee, the special foreign currency research program is carried out under the authority of the Agricultural Trade Development and Assistance Act of 1954 and the International Health Research Act of 1960. The program is supported entirely by the United States-owned foreign currencies abroad which have been determined by the Treasury to be in excess of normal U.S. needs.

The activities carried out under this program are designed to supplement and complement the domestic research programs of the Social and Rehabilitation Service. The international program enables us to avail ourselves of the unique talents and capabilities of foreign scientists who are dealing with social and rehabilitation problems similar to those which confront us in the United States.

The 1970 request for the foreign currency program is $2 million, a reduction of $3 million from 1969. The amount requested for 1970 will support approximately 30 new projects with programs operating in 10 foreign countries. A total of 207 projects will be in operation in 1970 compared to 177 in 1969.

A few examples of advances made through the overseas research program which have been of direct benefit to the United States over the past 8 years are the development of stronger and less costly orthopedic braces, improved methods for prevention and rehabilitation in the area of cardiovascular disorders; dramatic progress in training persons handicapped by blindness, deafness, and mental retardation; techniques for immediate postsurgical fitting of artificial legs to amputees; and new information on differences among ethnic and racial groups in incidence of phenylketonuria (PKU), a condition which, untreated, has resulted in mental retardation.

These past achievements, and many others which could be mentioned, have helped to increase research competency overseas. While continuing our search for new talent, we can now draw upon a corps of experienced investigators who have proven their ability to conduct research of significance to the United States. Many of these investigators have participated in, and benefited from the interchange of experts program. This is a two-way exchange of personnel designed to build research skills, develop meaningful projects, and bring about the early and widespread application of new knowledge and techniques which have been validated through research projects. In 1970, 25 American experts will visit U.S.-sponsored projects abroad and 19 foreign nationals will be brought to the United States for short-term study.

International research activities in 1970 will focus on problems of domestic concern in the areas of aging, vocational rehabilitation, mental retardation, juvenile delinquency, maternal and child health and social welfare. We have remarkable opportunities to study such problems as alternative methods of income maintenance; the effects of malnutrition on child development; rehabilitation of those disabled by diabetes, cancer, stroke, chronic arthritis, and pulmonary disorders; the provision of community services to meet the needs of the aging; new methods of delivering comprehensive social and rehabilitation services that will promote adequate functioning of disabled and disadvantaged individuals and families in community life; and the effects of early versus delayed treatment on potentially handicapping conditions.

All these relate to the domestic priorities of the Social and Rehabilitation Service and reflect the great research opportunities available to us through special foreign currency programs.

I will be happy to answer any questions the committee may have.

GENERAL STATEMENT

Dr. GARRETT. I would like to indicate that this program has been in operation since roughly 1961. It is a program which is supported by currencies which are owned by the United States overseas. They accumulate as credits due to the sale of surplus agricultural products.

Mr. FLOOD. I know a good deal about this. I was a chairman of the special subcommittee on these blocked currencies. That is about 10 years ago.

RESEARCH AND DEMONSTRATION ACTIVITIES OVERSEAS

Dr. GARRETT. What we do in this program is carry on research and demonstration activities overseas which supplement and complement our domestic program. What it does is to give us the opportunity to use the talents and the research situations overseas which might not otherwise be available to us. This 1970 request is for $2 million, which is a reduction of $3 million from 1969. With this we will be able to operate——

Mr. FLOOD. Of course, these dollars never leave the country?

Dr. GARRETT. Not really dollars, but foreign currency credits in the country, that is correct; they are in the country and they are under agreement with the United States.

Mr. FLOOD. These do not leave the country?

Dr. GARRETT. That is correct. I thought that I might just give you one or two illustrations of the kinds of work going on overseas and show its relationship to the United States. One project in Israel run by Dr. Brunner is a medically supervised graduated program of physical exercise, gymnastics, breathing exercises, and muscle relaxation. They have been able to show that, even in a period of about 4 months, a person who has had a cardiovascular disability can return to regular work. This we think is rather important for us.

We are now talking about a potential extension of this kind of activity in the sense that we are going to see whether this kind of regimen works with individuals who are coronary-prone people. We are quite intrigued with this.

Dr. Brunner's work has had a good deal of effect on the United States because he has been here under the interchange-of-experts program we talked about this morning and has had the opportunity to meet with many of our leading cardiologists. He has met with individuals from the National Institutes of Health and therefore his influence has been rather widespread.

IMMEDIATE POSTOPERATIVE FITTING OF PROSTHESES

The other activity is one that I think that you mentioned before; that is, the work of Dr. Weiss in Poland in an immediate postoperative fitting of prostheses. I think what we do not realize in this project—and I happen to have some figures—is that through the work that Dr. Weiss did through the interchange of experts program, through his appearances here in the United States and working around here, some 75,000 amputees in the United States have profited from just this one, single project that we have overseas.

It gives you a little feeling for how broad scale this is. It is also interesting to note—I saw somewhere and I cannot remember where—this technique is being used in Vietnam.

Mr. FLOOD. What technique?

Dr. GARRETT. This immediate postoperative fitting.

Mr. FLOOD. What is that?

Dr. GARRETT. What they do, while the individual is on the operating table having his leg amputated, they will use a plaster-of-paris mold, fit a pylon, old peg-leg, on the end of this. Within 24 hours of the operation the man is upon his feet. It means immediate mobilization of the individual so that none of the debilitating effects——

Mr. FLOOD. I would think that would be a big help, psychologically.

Dr. GARRETT. Psychologically tremendously important but physiologically important also. They have reported no phantom limb pain in this operation.

Mr. FLOOD. What does that mean?

Dr. GARRETT. In other words, the idea that somehow or another the individual feels that his leg is still there. We think it is, as I say, an imposing number when you think that it arises out of just one project overseas.

DECLARATION METHOD OF DETERMINATION OF ELIGIBILITY FOR PUBLIC ASSISTANCE

The other example that I might give you is a new study in Israel in which I remember your asking Mr. Simonds about the declaration method of determination of eligibility. We tried a project over in Israel to see how this declaration method worked.

Mr. FLOOD. What agency is doing this?

Dr. GARRETT. This is with the Israel Insurance Institute, which is the equivalent of our Social Security Administration.

Mr. FLOOD. Tel Aviv?

Dr. GARRETT. Jerusalem.

What they did there is interesting. Only 5 percent of those receiving benefits were found not to be eligible through home visits or other checking, and even in those cases the differences between the actual income and the amount permitted by law was very, very small. In keeping with a comment which Mr. Simonds made, a significant percentage of people who are eligible for benefits did not apply for them.

Mr. FLOOD. We have that problem here, you know.

Dr. GARRETT. Yes. There is a cultural pattern which is that the family ought to take care of their own. Therefore, you have a tendency for people, even though they would be eligible, not to apply.

I am talking about Israel now. Another one is the fact that they still feel that there is some stigma attached to the idea of applying for assistance. I merely mention this project because I think that it serves to show, first of all, the interrelationships of our programs and the fact that we can learn things overseas which are applicable here.

OPERATION OF FOREIGN CURRENCY PROGRAM

Mr. FLOOD. This is just a bookkeeping transaction by the Treasury, is it not? These dollars aren't spent, in the usual sense of the term, are they?

Dr. GARRETT. These dollars were spent to buy the surplus agricultural products here in the United States. Then they were shipped overseas and the equivalent in foreign currencies——

Mr. FLOOD. But you do not spend the dollars, in the usual sense of the term, do you?

Dr. GARRETT. We don't spend dollars actually. We spend the dollar equivalent of these foreign currencies that have accrued to U.S. credit. In other words, if you have five Israeli pounds to the dollar, we would have five Israeli pounds for every dollar in this particular appropriation.

EFFECT ON U.S. ECONOMY

Mr. FLOOD. The use of these funds does not affect inflation one way or the other, does it?

Dr. GARRETT. Not in this country.

Mr. FLOOD. Mr. Cardwell, do you agree that the use of these funds does not contribute to inflation?

Mr. CARDWELL. That is correct.

BENEFITS OF THE PROGRAMS

Mr. FLOOD. Are you producing anything good? Do we get our money's worth?

Dr. GARRETT. As I pointed out, with at least three examples, we considered this to be an extremely important part of our program, I think largely because of the fact that we have tried to integrate everything that we have done overseas with our domestic priorities. So far as this program is concerned, we are defending here, I think, that it has made very, very significant contributions stateside.

BUDGET AMENDMENT REDUCTION

Mr. FLOOD. Why was this program cut by 60 percent in the Nixon budget amendments?

Dr. GARRETT. I think that the only answer that I know of is that these funds, as we understand them, are counted into the expenditure ceiling of the Federal Government and of our Department and our particular agency, and it was determined on a policy basis that a part, at least, of the cuts in the expenditure program would be borne by this particular appropriation. At least that is my understanding.

Mr. FLOOD. It does not affect inflation a bit; nothing to do with inflation.

Mr. CARDWELL. It is essentially a bookkeeping problem, Mr. Chairman. It is one that I am sorry to say exists.

Mr. FLOOD. I direct your attention to page 22 of the document that I hold in my hand, "Department of Health, Education, and Welfare, 1970 Budget Amendments," a summary of changes, dated April 15, 1969.

I read from page 22:

The Foreign Currency Program is reduced from the $5.0 million requested in the Johnson budget to $2.0 million.

Why was this reduction made if spending these funds has no adverse effect on the domestic economy and you are getting these very worthwhile results?

Dr. GARRETT. As I say, in view of the fact that these sums were taken into consideration in the development of the expenditure ceiling for the Department, I think the determination was made on a departmental basis.

Mr. FLOOD. I think Mr. Cardwell should help.

Mr. CARDWELL. We have three foreign currency research programs: one in education, one in social rehabilitation service, and one in health. The way the bookeeping is done, the purchase of foreign currencies under these programs is charged as an expenditure to our Department,

against the Commodity Credit Corporation. There you have a minus——

Mr. FLOOD. Do you understand this?

Dr. GARRETT. Yes, sir.

Mr. CARDWELL. There you have a minus expenditure, and for the Government as a whole that nets out to zero. Since it is charged to our Department and since we were given an expenditure limitation, we obviously had it go against these programs. That is one problem.

The other problem was, it was felt—and it comes to the point you have been making earlier—that if we are cutting HEW expenditures back $1.2 billion, and these programs are left untouched, it would beg the question even though I must say when you get right down to it it is not a bona fide question.

As you point out, these do not have an impact on our national economy.

Mr. FLOOD. I asked you and you said they do not.

Mr. CARDWELL. You could even argue they have an anti-inflationary impact if we perform work abroad and purchase services abroad through these programs. We have reduced the impact the same procurement would have on our own economy. That argument could be made.

I only answer the two points. Essentially it is bookkeeping and our concern that others would have cut them anyway, once you got right down to the decisionmaking in Congress.

Mr. FLOOD. Give us some examples of the types of projects which will be cut out as a result of the budget undercut?

Dr. GARRETT. Yes, indeed. I think the kind of programs which are being supported under this program, that we are defending here, would be most unfortunate to cut because, as I have tried to indicate, I think that the kind of research we are doing, the kind of demonstrations we are doing, is intimately tied in with what we are trying to do here in the States and we are profiting directly from the kinds of things——

Mr. FLOOD. Would you like to say anything more about the results of the program?

Dr. GARRETT. Let me give one very direct application.

REHABILITATION RESEARCH ON LEPROSY

In India we had a research program on leprosy in rehabilitation. This program was concerned with the rehabilitation of lepers. The program there was extremely successful. It involved a very, very broad program. Rather than using a very obvious illustration, which would be the fact that this program is now being utilized in our leprosarium at Carville and extending from there, I will use a little different illustration; that is, one of the signs of leprosy is the claw hand and one of the——

Mr. FLOOD. That is the unclean?

Dr. GARRETT. Yes, sort of. Quite symbolic.

One of the things that happens there is that by a process of muscle transplant and of progressive bracing, in other words slowly bring-

ing the hand up and out, they were able to restore the hand so that it looked quite normal.

Mr. FLOOD. Atrophy?

Dr. GARRETT. Yes, sir. What they did, they applied the total methodology of the Vellore program in one of our universities here in the United States, University of North Carolina, by Dr. Earl Peacock, who is professor of surgery there, and he utilized the same techniques. He was able to cut to one-third the time and the cost of industrial accidents in that State. I am not saying there is a relationship between leprosy and industrial accidents. I am saying that the technique which was developed out of this project which we are supporting there has very direct application.

Mr. FLOOD. What would happen if we decided to make further reductions in the 1970 budget request for this program?

Dr. GARRETT. Again, I think in terms of prestige around the world and in terms of the effects on this country, I would think that this would, in our opinion, be something extremely important. I think we would be very reluctant to see this program cut. I think Miss Switzer indicated that the other day.

Mr. FLOOD. What do you mean by "we"?

Dr. GARRETT. Talking about SRS.

Mr. FLOOD. Your part of the administration?

Dr. GARRETT. Yes, sir.

Mr. FLOOD. Mr. Michel?

Mr. MICHEL. I gather that you are very distressed over this particular cut in view of its being in the nature of a foreign currency program where we cannot do anything else with them unless we spend them in some worthwhile cause. I must say that I share in part your feeling in that regard. If it is a plus here it ends up in the final analysis as a minus in the Commodity Credit Corporation, which comes before my other subcommittee, does it not?

Mr. CARDWELL. It nets to zero.

Mr. MICHEL. It is a question of whether or not it is going to show itself as a reduction in HEW. I don't know that I have any further questions. We will have to make that decision when we come to it. I think the doctor pretty well sets it forth, what good can come from it and what we have realized from it.

Mr. FLOOD. Mrs. Reid?

TRAVEL ABROAD BY U.S. EXPERTS

Mrs. REID. You say, on page 2, that 25 American experts will visit U.S.-sponsored projects abroad next year. Are these selected from Government agencies, the academic world, or private research groups conducting related studies? Just how are they chosen?

Dr. GARRETT. The American experts who visit U.S.-sponsored projects abroad come from all of the institutional settings you suggest. That is, Government agencies, universities, private research groups, and private practice. We do require that those who go overseas are engaged in studies directly related to the projects they would visit. In other words, a project in the rehabilitation of cardiovascular diseases

in Israel would be visited by a U.S. expert in this field. So far as selection is concerned, we have a foreign research fellowship board which passes on the qualifications of every expert who is sent overseas. Since we sponsor a large number of rehabilitation and welfare research projects here in the United States we have quite ready access to the best experts here. In addition, we work closely with the related professional organizations in the field of rehabilitation and they frequently suggest individuals for specific overseas consultation.

Mrs. REID. That is all, Mr. Chairman.

Mr. FLOOD. Thank you.

Dr. GARRETT. Thank you, sir.

JUSTIFICATION MATERIAL

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE

Research and Training (Special Foreign Currency Program)

Amounts Available for Obligation

	1969	1970
Appropriation	$5,000,000	$5,000,000
Unobligated balance brought forward	936,000	---
Total	5,936,000	5,000,000

Obligations by Activity

Page Ref.		1969 Estimate	1970 Estimate	Increase or Decrease
170	Social and rehabilitation research and related activities overseas	$5,936,000	$5,000,000	$ -936,000
	Total obligations	5,936,000	5,000,000	-936,000

Obligations by Object

	1969 Estimate	1970 Estimate	Increase or Decrease
Travel and transportation of persons	$ 200,000	$ 400,000	+$ 200,000
Transportation of things	5,000	10,000	5,000
Grants, subsidies and contributions	5,731,000	4,590,000	-1,141,000
Total obligations by object	5,936,000	5,000,000	- 936,000

Summary of Changes

1969 estimated obligations	$5,936,000
1970 estimated obligations	5,000,000
Net change	- 936,000

Decrease	Base Amount	Change from Base Amount
A. Program		
1. Decrease in level of support of international research projects and related activities	$5,936,000	$ -936,000
Total net change requested...		-936,000

Explanation of Changes

The 1970 request of $5,000,000 is a reduction of $936,000 from the amount available for obligation in 1969. This reduction represents funds available from prior years appropriations which will be obligated in 1969. The 1970 budget will fund approximately 45 new projects. This is four less than the number of new projects started in 1969 and results from the lower level of funding in 1970. The total number of active projects in 1970 will be 222 compared to 177 in 1969. Twenty projects will terminate in 1969.

The lower level of funding in 1970 will result in a decrease in the number of American and foreign experts supported under the interchange program. There will be 150 experts supported in 1970 compared to 180 in 1969.

Authorizing Legislation

Agricultural Trade Development and Assistance Act of 1954
Public Law 83-480, Section 104 (k)
(as amended by PL 85-477, PL 86-108, PL 86-341, and PL 89-808)

"For carrying out programs of United States Government agencies to--

. . . . . .

"(3) collect, collate, translate, abstract, and disseminate scientific and technological information and conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and promote and support programs of medical and scientific research, cultural and educational development, family planning, health, nutrition, and sanitation;"

International Health Research Act of 1960
Public Law 86-610, Section 4

"The Secretary of Health, Education, and Welfare (hereafter referred to as the "Secretary") may in the exercise of his responsibilities under the Vocational Rehabilitation Act (20 U.S.C., ch. 4) and the Act entitled "An Act to establish in the Department of Commerce and Labor a bureau to be known as the Children's Bureau", approved April 9, 1912, as amended (42 U.S.C., ch. 6), and any other provision of law, to conduct and support health research and research training, including research and research training relating to the rehabilitation of the handicapped, make such use of health research and research training resources in participating foreign countries as he may deem necessary and desirable."

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1961	$ 955,650	$ 930,000	$ 930,000	$ 930,000
1962	3,585,000	2,372,000	3,585,000	2,979,000
1963	3,800,000	1,500,000	3,800,000	2,000,000
1964	4,200,000	2,000,000	4,200,000	2,000,000
1965	2,000,000	2,000,000	2,000,000	2,000,000
1966	3,200,000	3,200,000	3,200,000	3,200,000
1967	6,000,000	6,000,000	3,500,000	4,500,000
1968	6,500,000	5,000,000	5,000,000	5,000,000
1969	7,500,000	5,000,000	5,000,000	5,000,000
1970	5,000,000			

Note: This appropriation prior to Fiscal Year 1969 was carried under "Research and Training (Special Foreign Currency Program)," Vocational Rehabilitation Administration and "Research and Training (Special Foreign Currency Program)," Welfare Administration.

Justification

RESEARCH AND TRAINING (SPECIAL FOREIGN CURRENCY PROGRAM)

P. L. 89-808 and P. L. 86-610

	1969 Estimate		1970 Estimate		Increase or Decrease	
	No.	Amount	No.	Amount	No.	Amount
Research projects	177	$5,686,000	222	$4,800,000	+45	$ -886,000
Interchange of experts	180	250,000	150	200,000	-30	- 50,000
Total		5,936,000		5,000,000		-936,000

Studies of social and rehabilitation services overseas

An appropriation of $5,000,000 is requested for 1970 for payment in foreign currencies in nine foreign countries: Guinea, India, Israel, Morocco, Pakistan, Poland, Tunisia, UAR, and Yugoslavia, to fund about 45 new research projects and to pay travel costs between the United States and cooperating foreign countries of 150 fellowship experts associated with these projects. These currencies have been determined by the Department of Treasury to be excess to the United States' normal requirements in 1970 and will be used to initiate and carry to completion (over approximately a four-year period) research and related activities in the fields of aging, vocational rehabilitation, mental retardation, juvenile delinquency, maternal and child health and social welfare. During 1969, research projects are being developed and funded in Ceylon, India, Pakistan, Poland, Tunisia, Yugoslavia and Morocco. The total amount available for obligation in 1969 is $5,936,000. This consists of $5,000,000 in new appropriations and $936,000 in funds carried forward from prior years. The $936,000 represents funds which have been committed for projects which are presently being negotiated but have not yet received formal approval from the various Governments participating in the international research program.

In FY 1970, it is estimated that 80 American experts will visit U.S. - sponsored research projects abroad, and 70 foreign nationals will be invited to the United States for research training, observation, and exchange of information.

Purpose

The research and demonstration activities carried on under this foreign currency program supplement and complement the programs conducted within the United States under the Social and Rehabilitation Service. The overseas programs enable us to benefit from progress that other countries are making in dealing with social and rehabilitation problems, many of which are similar to those which confront us in the United States, and to avail ourselves of unique talents and capabilities of foreign scientists working in the social and rehabilitation fields. They also directly benefit the countries involved and contribute to the strengthening of United States relationships with them as well as furthering our foreign policy aims.

Program Emphasis in 1970

Future research emphasis is dictated to a great extent by domestic problem areas and will include heavy concentration of research effort in developing new approaches for: (1) delivering comprehensive social and rehabilitation services to older people and disadvantaged population groups in urban and rural communities; (2) preventing, reducing or eliminating disabilities caused by disease, injury, or congenital defects; (3) reducing mortality and morbidity of infants and young children; and (4) developing improved methods to meet needs for manpower at varying levels of skills. Building on previous projects and increasing research competence, vital new projects will be developed in India, Israel, Pakistan, Poland, Tunisia, and Yugoslavia, and it is anticipated that new proposals will be approved in Morocco and Guinea, since these two countries have recently been reported by the Treasury Department as having excess U.S.-owned currencies.

The direction of international research during FY 1970 will focus on problems of domestic concern in aging, vocational rehabilitation, mental retardation, juvenile deliquency, maternal and child health and social welfare, subject to the limitations, facilities, and currencies available in countries participating with the United States in the P.L. 480 program. During FY 1969, most of the $5,936,000 available was utilized to investigate new methods and techniques for rehabilitating the physically and mentally handicapped.

With the advent of new and effective methods for controlling and eradicating infectious diseases, the focus of attention in domestic research has changed and the emphasis has been directed towards eliminating or reducing the handicapping effects of chronic disabilities. In keeping with this reorientation of research effort in the United States, the International Research Program of the Social and Rehabilitation Service will encourage research projects in such chronic conditions as cardiovascular diseases, pulmonary disorders, diabetes, arthritis, cancer and hyperthyroid conditions.

Funds will be allotted to test new methods of delivering comprehensive social and rehabilitation services. Throughout the world, social planners and policy makers must deal with accelerated problems accompanying increased industrialization, urbanization and, in many instances, internal migration. Using data developed in previously supported research, new methods of delivering services will include neighborhood centers providing and testing the effectiveness of an interdisciplinary approach to reverse chronic dependency and to promote the adequate functioning of individuals and family units and their constructive participation in community life.

Funds will be made available to support and evaluate experiments and demonstration projects of community services to meet the needs of the aging and to increase opportunities of older people to make use of their talents and experience.

Funds will be used for projects in maternal and child health and crippled children's services with special emphasis on areas of domestic concern. High on this list is the early identification of infants with congenital defects or sensory disorders such as blindness or deafness, in order that early treatment can be instituted with resultant reduction in disability. Concomitant with the improvement in maternity care in the United States in the last few years has come a gratifying decrease in infant mortality, but the rate still remains too high for an affluent country. Additional studies will be undertaken on low birth weight and "high risk" infants, so prevalent in low-income groups which contribute heavily to the infant mortality rate.

Estimated Obligations
(In thousands)

Country	1969 Estimate	1970 Estimate	Increase or Decrease
Ceylon	$ 200	$ ---	- $200
Guinea	---	100	+100
India	1,386	1,200	-186
Israel	---	500	+500
Morocco	200	200	---
Pakistan	1,300	800	-500
Poland	1,100	800	-300
Tunisia	550	300	-250
UAR	---	200	+200
Yugoslavia	1,200	900	-300
	5,936	5,000	-936

Country	New Projects 1969	New Projects 1970	Interchange of Experts: American 1969	Interchange of Experts: American 1970	Interchange of Experts: Foreign Nationals 1969	Interchange of Experts: Foreign Nationals 1970
Ceylon	2	-	5	5	-	-
Guinea	-	1	3	8	-	4
India	16	13	35	20	33	16
Israel	-	-	5	5	6	5
Morocco	2	1	3	5	-	-
Pakistan	8	10	12	10	10	15
Poland	8	6	10	5	14	10
Tunisia	3	2	7	5	2	4
UAR	-	-	-	2	-	1
Yugoslavia	10	12	15	15	20	15
	49	45	95	80	85	70

THURSDAY, APRIL 24, 1969.

MATERNAL AND CHILD HEALTH

WITNESSES

JULE M. SUGARMAN, ACTING CHIEF, CHILDREN'S BUREAU
ARTHUR J. LESSER, M.D., DEPUTY CHIEF, CHILDREN'S BUREAU
MRS. FLORENCE H. STOVER, EXECUTIVE OFFICER, CHILDREN'S BUREAU
RANDOLPH W. LEE, DIRECTOR, BUDGET DIVISION, SOCIAL AND REHABILITATION SERVICE
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

MATERNAL AND CHILD HEALTH

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Maternal and child health services	49,567	50,000	50,000
2. Crippled children's services	49,787	57,000	58,000
3. Maternity and infant care	29,645	48,000	62,850
4. Health of school and preschool children	36,779	39,000	40,950
5. Training	7,000	9,000	11,200
6. Research	5,580	6,200	7,700
Total obligations (object class 41.0)	178,358	209,200	230,700
Financing:			
Comparative transfers to other accounts	55,692	56,200	
Unobligated balance lapsing	1,550		
Budget authority (appropriation)	235,600	265,400	230,700
Relation of obligations to outlays:			
Obligations incurred, net	234,050	265,400	230,700
Obligated balance, start of year	66,653	79,901	98,981
Obligated balance, end of year	−79,901	−98,981	−113,309
Adjustments in expired accounts	−2,494		
Outlays	218,308	246,320	216,372

Mr. FLOOD. Now we have the budget for Social and Rehabilitation Service, Maternal and Child Health. It will be presented by Mr. Jule M. Sugarman, the acting chief of the Children's Bureau.

Mr. Sugarman, I am distressed to see that you do not have a "Dr." at the beginning or the end of your name.

Mr. SUGARMAN. I am afraid that is the case.

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

Mr. SUGARMAN. I have been in HEW for a year and in the Government for 19 years.

Mr. FLOOD. Where did you go to school?

Mr. SUGARMAN. I went to school at Western Reserve University in Cleveland and also at American University.

Mr. FLOOD. You are a sociologist?

Mr. SUGARMAN. No, a political scientist, public administrator.

PREPARED STATEMENT

Mr. FLOOD. Doctor, you have a statement. How do you wish to proceed? I just made you a doctor.

Mr. SUGARMAN. Right.

If it please the committee, I will submit the statement for the record and comment briefly on some of the highlights.

Mr. FLOOD. All right. This will be done.

(The statement follows:)

STATEMENT BY ACTING CHIEF, CHILDREN'S BUREAU, SOCIAL AND REHABILITATION SERVICE, ON MATERNAL AND CHILD HEALTH

Mr. Chairman and members of the committee, I am pleased to appear before you to describe progress in the maternal and child health programs. The challenge to provide good health care to mothers and children can be illustrated in many ways—for instance, with statistical data.

The 1966 infant mortality rate in the United States was 23.7 deaths for every 1,000 live births—the rate for nonwhite was almost twice that for white infants. The 1968 provisional rate is 21.7, the lowest rate ever achieved in the United States.

There are about 5,000,000 low-income women of childbearing age in this country who would probably use family planning services if they were available to them—about one in five of these women are now receiving these services.

About 600,000 women of poor economic status are not now receiving adequate prenatal care.

Children from poor families average 60 percent fewer visits to the doctor than children whose families had incomes over $10,000.

INFANT MORTALITY

Statistics alone, however, are subject to many interpretations. But infant mortality, preventable health problems, conditions that cripple children either from birth or from early childhood have been identified as the principal obstacles to achieving the goal of positive health care for American children, particularly for those in poverty. The infant mortality rate has long been accepted as an index of our Nation's health. The continuing decline reflected by the 1968 provisional rate is promising. During the decade 1958–68 the infant mortality rate decreased by 20 percent—and more than half this reduction has occurred during the last 3 years.

FAMILY PLANNING AND MATERNITY CARE

Many factors have been at work to produce this change. But the maternity and infant care program is the major reason for the favorable results in the larger cities. Fifty-three projects designed to serve women in low-income, hard-to-reach groups who might otherwise not receive prenatal care are now in operation in city slum neighborhoods and poor rural areas. More than 411,000 women have been admitted for maternity care since the inception of this program in 1964.

Dramatic decreases in infant mortality in many of the cities with large projects are continuing to occur. In Chicago, the infant mortality rate declined 9.5 percent between 1966 and 1967; the decrease for Negro infants was even greater—16.8 percent. In Baltimore the 1967 rate of 26.2 was 6 percent less than the previous year, with the nonwhite rate decline for the same period 15 percent.

In 1968, about 420,000 women of low income received family planning services through the combined efforts of the maternal and child health programs supported through this appropriation. Relating this figure to an estimated 750,000 births to women in poverty, we find that family planning was initiated for over 50 percent of these postpartum women through our programs. In 1969 we propose to spend $18,500,000 for family planning activities in order to make services available to 850,000 women who might otherwise not receive them.

HEALTH CARE OF CHILDREN

Our resources are also directed to improving the quality and quantity of health services to children and youth in low-income families. We are now supporting 58 projects in city neighborhoods and rural areas in which an estimated 2,250,000 poor children live. These projects are emphasizing comprehensiveness and continuity of care and preventive health services. Many have special adolescent clinics which deal with problems such as emotional instability, out-of-wedlock

pregnancy and nutrition-related problems such as obesity. While all projects have not yet reached full operation, in December 1968 more than 275,000 children were registered for care.

CARE OF CRIPPLED CHILDREN

Perhaps one of the more significant advances in the care of children with crippling heart conditions has occurred through the regional congenital heart program through crippled children's services. Its prime objective is to correct congenital cardiovascular defects and to restore the child to a normal active life. One of the measures of effectiveness of this program is in numbers receiving services—in 1958, about 12,000 children with congenital malformations of the circulatory system received care and treatment; 10 years later in 1968 over 35,000 children received services.

Along with new discoveries in cytogenetics and biochemistry there has arisen a need for laboratory examinations to be made a part of the complete evaluation of the child. Currently 20 of these laboratories, located in medical centers associated with programs for mentally retarded or multiply handicapped children, are supported in their effort to improve the care and treatment of children who may have handicapping conditions of genetic origin.

HEALTH MANPOWER

An adequate supply of well-trained manpower is essential if we are to capitalize on innovations and progress in our research and service activities. Our maternal and child health programs are attempting to close the gap in this respect by training more highly skilled professional personnel while also assisting in the development of less skilled staff such as health education and nutrition aides, home health advisers and nursing aides. At least two positive results are occurring from these efforts—the effective employment of low-income persons in dignified and responsible positions and the release of professional staff time for more productive purposes. Through our research program we are evaluating methods of providing nonprofessional training in an effort to find more effective means of developing such staff as well as to identify new careers for which they can be trained.

SUMMARY

In conclusion, Mr. Chairman, the revised request for maternal and child health for 1970 is $228,500,000, an increase of $19,300,000 over the 1969 appropriation and a reduction of $2,200,000 from the original estimate. The reduction retains the training program at the 1969 funding level and eliminates $1 million for increased costs of support of 15 university-affiliated mental retardation centers and $1,200,000 to initiate programs at four additional centers.

The increase of $19,300,000 includes $13 million for family planning activities, $5 million for special project grant programs providing health care for preschool and school-age children and for maternity and infant care, including $500,000 to develop a program for intensive care of high risk infants during their first year of life; $1 million for assistance to States in their efforts to intensify early casefinding screening, and diagnosis of crippled children, and $300,000 for support of ongoing research activities.

Mr. SUGARMAN. I also would like to introduce my colleagues, Dr. Arthur Lesser, whom you know from prior years; Mrs. Florence Stover, our executive officer; and Miss Arnold, Director of our Family and Child Welfare Services Division.

We will talk first about the child health appropriation.

Mr. FLOOD. They made you very important in the past few months?

Mr. SUGARMAN. I have been sort of busy.

This appropriation provides for a number of grants both to States and in the form of project grants. All of these projects are aimed at improving the conditions affecting very young children, older children, particularly their health, and they are aimed at reducing the infant

death rate and generally aimed at poor children. Some portions do touch on other children as well. The primary emphasis is on poor children.

INFANT MORTALITY

We are pleased to report to the committee that substantial progress is being made on the matter of infant mortality and this is, I know, of concern to the committee for many years. It really was in the last 3 years there has been some very substantial progress. The provisional rate for 1968 is 21.7.

Mr. FLOOD. Provisional rate? What does that mean?

Mr. SUGARMAN. That is a temporary figure until the statistics are confirmed; 21.7 per 1,000 live births. That is the lowest rate that has ever been achieved in the United States.

Mr. FLOOD. We are still unhappy about that, you know.

Mr. SUGARMAN. Yes. We are still No. 11 or No. 12 on the list of the major nations in the world. It is a distinct improvement from the 24.7 that was present just 3 years ago. We think that a number of factors have contributed to this. One is the substantial growth in family planning programs. Another is the substantial efforts in maternal care, prenatal care, care at the time of birth, and care immediately after birth.

The general feeling is that we have now a good many of the techniques that we need and it is a matter of broadening and deepening the program to extend to other areas.

FAMILY PLANNING

At previous points in the testimony there has been some discussion of family planning. This is a major element in this appropriation and a total of some $31 million is being devoted to family planning through these series of programs. With that amount of money we would expect to reach in total about 1,300,000 women in fiscal year 1970, which is an increase of roughly 50 percent over the expected figures for 1969.

Mr. FLOOD. You really have something good, haven't you?

Mr. SUGARMAN. We think so. With your indulgence, I would like to ask Dr. Lesser to comment on this. He has been very much involved in it.

Dr. LESSER. I would like to say that this is a very popular program and——

Mr. FLOOD. Very.

Dr. LESSER (continuing). it was started some years ago but actually got——

Mr. FLOOD. Some years ago?

Dr. LESSER. Yes, sir.

A number of State health departments over the last 10 or 12 years have been including family planning services as part of their more or less rural maternal and child health programs. It received a major impetus when——

Mr. FLOOD. It is only respectable very lately?

Dr. LESSER. When Secretary Gardner issued this policy in 1966 that made it more respectable than it had been. Since then the program has grown considerably. The 1967 amendments authorized a

specific portion of the appropriation to be used for this purpose. At the present time some 420,000 women are receiving family planning services through this maternal and child health program.

This year, for the first time—that is, 1969—we have project grants to meet up to 75 percent of the costs of such projects.

Mr. FLOOD. Did you see that British report last week on the deaths attributed to use of the pill?

Dr. LESSER. I did not see this.

I do not think that there is any question but that there is an element of risk in connection with the pill.

Mr. FLOOD. Embolism.

Dr. LESSER. Embolism, yes.

There is no question but that there is some element of risk, but there is an element of risk in just about anything we do, including the fact that some people have died as a result of taking antibiotics. When we consider that millions of people are taking the pill, and the number of deaths attributed to it have been so few, I think that we can conclude that it is a safe measure and in fact it is safer than childbirth itself, which carries a death rate of three per 10,000 live births.

Mr. FLOOD. The fatality rate is so extremely low that it is a headline?

Dr. LESSER. Exactly.

CHILDREN AND YOUTH PROJECTS

Mr. SUGARMAN. One other aspect of our program we are particularly pleased with in the last few years is our children and youth projects. We now have 58 centers in operation serving urban and rural areas. These provide comprehensive health care for about 2¼ million children.

I might say that comprehensive, in the sense it is used here, includes a lot of things related to both mental health and physical health. We have had some excellent results with these programs. We have had some good results in tying these programs to some of the Headstart activities, to some of the OEO health programs, and trying to interweave this effort with that of other Government agencies.

CRIPPLED CHILDREN'S PROGRAM

Another very important program which is familiar to the committee is the crippled children's program. Much of the testimony which you have been hearing about vocational rehabilitation is similar in nature here.

I think the development in this area that is particularly significant is in the congenital heart program, which again we might take a minute to have Dr. Lesser comment on.

CONGENITAL HEART DISEASE

Dr. LESSER. This represents, I think, an example of how a program can respond to development in research. In 1948 the first major developments in cardiac surgery became available and at that time about 3,000 children were receiving services in the crippled children's program with a diagnosis of congenital heart disease. The development of the Blalock operation——

Mr. FLOOD. That is actual physical damage to the heart?

Dr. LESSER. Yes, sir. This is damage with which children are born, malformed hearts from birth. They were able to begin to do some corrections of the malformation and then with the further development of open heart surgery in the fifties there was an even greater response. At the present time over 35,000 children with diagnoses of congenital heart disease are receiving care. Many of them get surgery. Many of them are cured. Not only is their life expectancy transformed into a normal one but also many children who were doomed to be invalids for their brief life span can lead a normal life.

Mr. FLOOD. Is this inherited?

Dr. LESSER. Usually when a child is born with a congenital heart disease, there is no demonstrable basis for this with the exception of those children whose mothers who had German measles early in pregnancy. Such infants are born with a number——

Mr. FLOOD. Does the law of Mendèl apply here at all?

Dr. LESSER. I do not think so.

Mr. SUGARMAN. We continue to invest money in the development of trained manpower and in recent time we put a good deal of emphasis on development of nonprofessionals and low-income persons in the health field. This is, I think, at least one of the keys to really improving the overall quality of medical care.

MAJOR ITEMS OF INCREASE

The major items of increase in child health programs total $19,300,000, of which $13 million represents increases in family planning activities; $5 million to continue our maternity and infant care, and our children and youth projects providing comprehensive health care; $500,000 for an intensive-care program for high-risk infants—that is, those who at the time of birth show such severe problems they need special attention; $1 million is to improve casefinding and screening and diagnosis in the crippled children's program; and $300,000 to support ongoing research activities.

Mr. FLOOD. You had an increase of $21,500,000 in the Johnson budget, and the Nixon amendments did not change it, is that correct?

REDUCTION FROM THE JOHNSON BUDGET FOR TRAINING PROGRAM

Mr. SUGARMAN. We do have a $2.2 million reduction from the Johnson budget.

Dr. LESSER. The increase is $19,300,000.

Mr. FLOOD. Wait a minute. I don't have that.

Mr. SUGARMAN. The budget request is $228.5 million.

Mr. FLOOD. Let us clear that up because I have marked you for about a $21.5 million increase. That is my figure.

Mr. SUGARMAN. The net increase would be $19.3 million. Our appropriation for this year is $209.2 million.

Mr. FLOOD. Let us tie this down. I am indicting you for something which apparently you don't plead to.

Dr. LESSER. The item which was cut, Mr. Chairman, is on page 22 of the budget justification: Training. The reduction does not appear in this justification. It does appear in the Department table.

Mrs. STOVER. It is included in the $7.5 million reduction in SRS training.

Mr. CARDWELL. $4 million of the reduction was discussed earlier today when you talked to Dr. Garrett under the appropriation, "Research and training." You spoke to him about the reduction of $4 million in training activities for rehabilitation.

Mr. FLOOD. That is right. But I can't find any reduction in maternal and child health in the material which you have given us.

Mr. CARDWELL. On page 2 of the budget in "summary of changes," I think this is what misled you, and it is our fault. We consolidated reductions against training programs of the Social and Rehabilitation Service, minus $7.5 million.

Dr. LESSER. This $2 million is included in that minus 7?

Mr. CARDWELL. Yes, sir.

Mr. FLOOD. I thought that I knew this like the back of my hand.

REDUCTION IN SRS TRAINING PROGRAMS

Mr. CARDWELL. Mr. Chairman, let me try to straighten this out by inserting in the record at this point a distribution of that $7.5 million.

Mr. FLOOD. All right.

(The information follows:)

The following programs comprise the $7.5 million reduction as identified with SRS training programs:

Maternal and child health	$2,200,000
Child welfare	200,000
Rehabilitation research and training	4,000,000
Development of programs for the aging:	
Training	890,000
White House Conference on Aging	250,000
Total reduction	7,540,000

COST OF CONTINUING THE 1969 LEVEL OF PROGRAM IN 1970

Mr. FLOOD. For each of your activities I would like you to show in a table the 1968 appropriation, 1969 appropriation, and what the continuation costs would be to continue the same activity in 1970 at the level of 1969. How much would it cost in 1970 to continue at the same level as you established for 1969?

Mr. SUGARMAN. Yes, sir.

(The information follows:)

MATERNAL AND CHILD HEALTH ESTIMATED COSTS OF CONTINUING PROGRAMS IN 1970 AT THE 1969 LEVEL

Activity	1968 appropriation	1969 appropriation	1970 estimated requirements
Maternal and child health services	$50,000,000	$50,000,000	$54,000,000
Crippled children's services	50,000,000	57,000,000	62,000,000
Maternity and infant care	30,000,000	48,000,000	51,800,000
Health of school and preschool children	37,000,000	39,000,000	41,200,000
Training	7,000,000	9,000,000	10,000,000
Research	5,900,000	6,200,000	6,500,000
Total	179,900,000	209,200,000	225,500,000

FAMILY PLANNING PROJECTS

Mr. FLOOD. Your biggest increase is for family planning projects. That is an increase from $12 million to $22,800,000. What are the mechanics of this? Do you make grants to the States? Do you set up centers? Do you knock on doors, ring doorbells? How does this work?

Mr. SUGARMAN. This is done in a variety of fashions. I will ask Dr. Lesser to describe them.

Dr. LESSER. This is a project grant-in-aid program which was authorized in the 1967 social security amendments. State or local health departments or local voluntary community agencies may apply for such grants to meet up to 75 percent of the costs of such programs. In other words, agencies must apply for these grants.

We have a large number of applications and the projects are approved in accordance with basic guidelines and regulations that carry out the intent of the act. We have a reporting system which is under development which will be consistent with that of other efforts in the area of family planning so that we will get detailed reporting from each program with regard to numbers of individuals and data about their characteristics, something about their previous history, and so on. Our objective here is to make it possible for women of low income to receive family planning services if they wish to do so in an effort to improve their own health, cut down on infant mortality, and to make it possible for them to space their children.

COORDINATION WITH OEO ACTIVITIES

Mr. FLOOD. Do you have any idea how active the Office of Economic Opportunity is in this same area?

Dr. LESSER. Yes, sir; we do.

Mr. FLOOD. Very, very much.

Dr. LESSER. Their grants to community action agencies for various community activities may include family planning services.

Mr. FLOOD. How do you divide the jurisdiction? How do you split it up between you and OEO?

Dr. LESSER. We generally operate in a variety of areas. They may be similar or apart.

Mr. FLOOD. How do you divide the jurisdiction?

Dr. LESSER. We really don't. We respond to applications for family planning services where OEO in community action programs may include family planning services if they wish. We require in the applications that we receive information with regard to other family planning activities in the same area, other sources of funding.

Mr. SUGARMAN. OEO has a similar checkpoint procedure.

Dr. LESSER. We have specific legislation authorizing the use of a fraction of the appropriation for this purpose. We know what they are doing and they know what we are doing.

Mr. FLOOD. You do?

Dr. LESSER. Yes, sir.

Mr. FLOOD. All right.

INTENSIVE CARE PROJECTS FOR HIGH-RISK INFANTS

You want $500,000 for a new program of "Intensive care projects for high-risk infants." What is new about that? What will be done that the on-going maternal and child health program could not do? Why isn't that maternal and child health?

Dr. LESSER. It is and it is all part of section 508. The 1967 amendment authorized separate project grants for the special care of infants in need of intensive care. These may be premature babies; these may be newborn infants in need of surgery; they may be infants seriously ill in the first weeks of life and need special care. Such care as may be provided in good teaching hospitals. Again it is part of the program to help reduce infant mortality and prevent premature death and to provide care for children and abnormalities that need attention.

It is part of this overall effort and the statute did provide for specific grants for this purpose. There was no appropriation for this in the 1969 budget.

GRANTS TO STATES VERSUS PROJECT GRANTS

Mr. FLOOD. Here is a very interesting situation. Look at page 11. Maternal and child health. A decrease of $7,350,000. That is in the grants to States. But an increase of $11,520,000 for what you call special projects grants.

Now, this puts me off balance. I thought, from reading the newspapers and listening to the television, that the current policy was the other way around. I thought you were going to give the States more money instead of earmarking it for special projects, so that each State could apply it where it was needed most within that State. Why are you going the other way?

Dr. LESSER. I think there is an approach which represents what you say, both grants to the States——

Mr. FLOOD. Not what I say, what you say.

Dr. LESSER. I am quoting you.

Mr. FLOOD. All right.

Dr. LESSER. Both grants to the States, as well as special project grants for special purposes. There is not actually a reduction——

Mr. FLOOD. I thought you were very gung-ho on this State business—partnership for health, bloc grants, and so forth. What happened?

Dr. LESSER. I think we recognize that where problems are concentrated, where we see lots of low income people concentrated in certain areas, the formula grants program just isn't going to reach them.

Mr. FLOOD. Your heart just isn't in it?

Dr. LESSER. My heart is in it but under title V the formula grants program has a rural emphasis. Maternal and child health functions especially in the rural areas.

Mr. FLOOD. I forgot that.

Dr. LESSER. Mr. Chairman, this does not actually represent a decrease in 1970 over 1969 or 1968.

Mr. FLOOD. It is a decrease of nearly $7.5 million.

Dr. LESSER. It is a transfer. The Secretary has authority to transfer within the statute up to 5 percent from one budget item to another.

Mr. FLOOD. You have $11,500,000 increase in these special project grants.

Dr. LESSER. Yes, sir.

Mr. SUGARMAN. If I may interrupt, sir, the increase you are talking about is an increase in a sub-item of the amount for maternal and child health. It does not represent an increase of fiscal 1970 over fiscal 1969 per se. There is an increase, but this is not it.

What we are trying to show you here is how we have exercised our 5-percent authority to redistribute the total dollars among the three parts of the title.

Half the total appropriation is to be used for the formula grants for the States and 40 percent for the projects——

Dr. LESSER. The Secretary has some authority to adjust that up to 5 percent. That is all that represents.

Mr. FLOOD. I know what you mean.

Mr. Michel?

EFFECT OF FAMILY PLANNING ON BIRTH RATE

Mr. MICHEL. In these family planning grants for all the money we are spending, how many fewer children can we say we have? It is a kind of a hard, cold, calloused way to look at it, but what effect is it really having?

Dr. LESSER. Well, the birth rate is coming down but this family planning program that we are talking about is of such recent origin that it really is pretty early to say that, because we have done this, this has resulted. However, there has been a very interesting and I think significant study carried out in one of the parishes in Louisiana where family planning services were provided through an organized program in one of the rural parishes and none provided in a comparable parish adjacent to it. In the one in which family planning services were provided, there was a marked decrease in the birth rate and particularly a marked decrease in the illegitimacy rate; whereas, in the adjoining county which received no services, the number of illegitimate children went up. I think we can reasonably expect this kind of a result from this activity.

In terms of rates and significant numbers, I think we have to get up into the several million mark of women receiving services before we can really respond to your question.

Mr. MICHEL. Did not the statement indicate that in the fiscal year 1970 the number would be double, practically?

Dr. LESSER. We expect it to be over the 1 million mark. It is moving very rapidly.

Mr. MICHEL. With substantially increased amounts of money?

Mr. FLOOD. Are you satisfied with that record? I understand what you are saying, but are you satisfied with that record? I don't think that record looks so good.

Dr. LESSER. With regard to the last question?

Mr. FLOOD. Yes.

Dr. LESSER. Let me say this: Under the 1967 amendments, 50 percent of the appropriation under title V is used for grants to the States, 40 percent for project grants, and 10 percent for research and training.

The second column on page 11 shows what that distribution would be in terms of 50 percent, 40 percent, and 10 percent.

Mr. FLOOD. You are not giving them a check and just walking away. You are not just saying to the States, "Here it is and so long"?

Dr. LESSER. No, sir. I may have been confused by your question. Are you referring to the transfer?

Mr. FLOOD. Yes.

Dr. LESSER. No, sir. The Secretary has exercised his authority to alter this 50–40–10 up to 5 percent and this has resulted in the maternal and child health appropriation remaining at $50 million; crippled children going up by $1 million and a major increase in the project grants for family planning services.

As I say, these family planning programs are carefully planned, carefully thought out, carefully controlled. Agencies must apply for them. They have to meet satisfactory criteria and we have a good monitoring service.

Mr. MICHEL. Is there any local contribution?

Dr. LESSER. There must be 25 percent State or local funds.

Mr. MICHEL. There must be, in all States?

Dr. LESSER. Yes.

Mr. MICHEL. It is a uniform rule for all 50 States?

Dr. LESSER. Yes. Federal funding is up to 75 percent of the cost. There is an application from Peoria which I have not seen as yet.

Mr. MICHEL. I just read about it in the paper. I don't know the amount of it. I am sorry I did not get the particulars on it.

Dr. LESSER. There is a large program in Chicago, and particularly among low-income girls, many of them unmarried, many girls who already have a history of illegitimate birth.

Mr. MICHEL. Of course, this is where all the testimony shows we have the worst problem in the country. I guess: the city of Chicago.

Dr. LESSER. I don't know whether it is the worst.

Mr. MICHEL. I made a point about the District of Columbia and I was quickly told the city of Chicago was worse.

Mr. FLOOD. Mrs. Reid.

LOCATION OF MATERNITY AND INFANT CARE, AND CHILDREN AND YOUTH PROJECTS

Mrs. REID. On page 3 you make reference to the 58 projects now being supported in city neighborhoods and rural areas. It would be helpful to me in better visualizing the geographic distribution of this list of locations if you could make them available for the record.

Mr. SUGARMAN. We would be happy to.

Mrs. REID. And referring to those dealing with the special problems you outline on page 4.

(The information follows:)

LOCATIONS OF MATERNITY AND INFANT CARE PROJECTS

Alabama:
- Mobile
- Birmingham

Arkansas: Little Rock

California:
- San Francisco
- Berkeley
- Los Angeles

Colorado:
- Adams and Arapahoe Counties
- Denver

Connecticut: Hartford

District of Columbia (Washington)

Florida:
- Dade County
- Orange County
- Fort Lauderdale
- Palm Beach County
- Gainesville

Georgia:
- Augusta
- Fulton and De Kalb Counties

Hawaii: Honolulu

Idaho: Boise

Illinois: Chicago

Kentucky: Floyd, McCreary, Bell, Harlan, and Letcher Counties

Maine: Augusta

Maryland: Baltimore

Massachusetts: Boston

Michigan: Detroit

Minnesota:
- St. Paul
- Minneapolis

Mississippi: Hinds and Rankin Counties

Missouri:
- St. Louis County
- St. Louis City

Nebraska: Omaha

Nevada: Reno and
- Washoe County

New Jersey: Newark

New Mexico: Albuquerque

New York:
- New York City
- Buffalo

North Carolina: Warren and Halifax Counties

Ohio:
- Cleveland
- Cincinnati

Oregon: Portland

Pennsylvania:
- Pittsburgh and Allegheny County
- Philadelphia

Puerto Rico:
- San Juan
- Ponce District

Rhode Island: Providence

South Carolina:
- Greenville
- Charleston

Texas:
- Houston and Grayson Counties
- Sherman

Virginia: Richmond

Washington: Seattle and
- King County

West Virginia:
- Charleston and Kanawha County
- Morgantown and Monongalia County

LOCATIONS OF CHILDREN AND YOUTH PROJECTS

Alabama: Birmingham
Arizona: Phoenix
Arkansas: Little Rock
California:
  Los Angeles
  Oakland
  San Francisco
Colorado:
  Adams and Arapahoe Counties
  Denver
  Las Animas and Huerfano Counties
Connecticut: New Haven
District of Columbia: Washington (two projects)
Florida:
  Dade County
  Miami
Georgia: Augusta
  Richmond County
Hawaii: Waimanalo (Honolulu)
Illinois: Chicago
Kansas:
  Kansas City
  Topeka
Kentucky: Louisville
Maryland: Baltimore (two projects)
Massachusetts: Boston (three projects)
Michigan: Detroit
Minnesota: Minneapolis
Missouri:
  Kansas City
  Kirksville
Montana: Helena
Nebraska: Omaha (two projects)
New Hampshire: Concord
New York: New York City (eight projects)
North Carolina: Guilford County
Ohio:
  Columbus
  Dayton
Pennsylvania:
  Philadelphia (five projects)
  Pittsburgh
Tennessee:
  Memphis
  Nashville
Texas:
  Dallas
  Galveston
Virgin Islands: (U.S. islands)
Virginia:
  Charlottesville and two counties
  Norfolk
Washington: Seattle

APPROACHES TO FAMILY PLANNING PROJECTS

Mrs. REID. Your budget calls for eight new studies of family planning programs and services in 1970. How will these be conducted?

Dr. LESSER. Yes. What is planned, briefly, is to set up models of different kinds of approaches to family planning services dealing with different groups of people. Each model with perhaps 5,000 women in it would provide family planning services under different circumstances, try to get the answers to a number of questions such as, what are the costs of different elements of services? What are the factors which are influencing whether we really are or are not increasing birth spacing. What about the problem of assisting young women to continue to stay in the program? We think that perhaps younger women are less apt to stay in the program than more mature women are.

There are certain special techniques to be applied.

Then, what should we do to involve men more in this program? And I think particularly among disadvantaged groups there are some men who feel the program is a threat to manhood or something of that nature and actually very little attention has been paid to men in the whole family planning program. Obviously we direct our attention to women.

Then, of course, there is also the question in some communities of a certain amount of suspicion on our motives, even of hostility. How can we best deal with that?

Here again, I would say that such suspicions are more apt to be expressed by men than women who have to bear the children because it is our experience that they are most eager to participate in this program.

These are some of the kinds of studies we would like to pursue.

ILLEGITIMATE BIRTH RATE

Mrs. REID. You indicate on page 18 of your justifications that during fiscal year 1968, 39,000 unwed mothers received services from the maternity and infant care projects. How does this compare with previous years? Is the number of unmarried mothers increasing?

Dr. LESSER. The number of unmarried mothers is one that is increasing, but the rate of births out of wedlock per thousand women, let us say, of childbearing age, seems to have leveled off. In other words, we have more teenage girls and more girls in their 20's than ever before. They are giving birth in a certain proportion out of wedlock so we have more illegitimate children, but the overall rate seems to be leveling off.

I think that we have been asked to submit for the record a table showing this and we would be happy to do this.

Mr. FLOOD. Mr. Michel asked for that.

(The information appears on page 209.)

Mrs. REID. Thank you very much.

JUSTIFICATION MATERIAL

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL AND REHABILITATION SERVICE

Maternal and Child Health

Amounts Available for Obligation

	1969	1970
Appropriation	$265,400,000	$230,700,000
Comparative transfer to "Child Welfare"	-56,200,000	---
Total obligations	209,200,000	230,700,000

Obligations by Activity

Page Ref.		1969 Estimate	1970 Estimate	Increase or Decrease
12	1. Maternal and child health	$50,000,000	$50,000,000	$ ---
14	2. Crippled children's services	57,000,000	58,000,000	+1,000,000
16	3. Maternity and infant care	48,000,000	62,850,000	+14,850,000
20	4. Health of school and preschool children	39,000,000	40,950,000	+1,950,000
22	5. Training	9,000,000	11,200,000	+2,200,000
23	6. Research	6,200,000	7,700,000	+1,500,000
	Total	209,200,000	230,700,000	+21,500,000

Obligations by Object

		1969 Estimate	1970 Estimate	Increase or Decrease
--	Grants, subsidies, and contributions	$209,200,000	$230,700,000	+$21,500,000

Summary of Changes

1969 estimated obligations	$209,200,000
1970 estimated obligations	230,700,000
Net change	+21,500,000

Program Increases:	Base	Change from Base
1. For services for crippled children ..	$57,000,000	$1,000,000
2. For maternity and infant care:		
a. Comprehensive maternity and infant care centers	36,000,000	2,550,000
b. Family planning projects	12,000,000	11,800,000
c. Intensive care projects for high-risk infants	---	500,000
3. For projects for comprehensive health care of school and preschool children	39,000,000	1,950,000
4. For training through university-affiliated mental retardation centers	9,000,000	2,200,000
5. For research in maternal and child health and crippled children's services	6,200,000	1,500,000
Total	---	21,500,000

Explanation of Changes

1. Crippled children's services--The $1,000,000 increase, for a total program of $58,000,000, will provide additional resources to the States to intensify their efforts in the early identification, treatment and care of children with handicapping conditions.

2. Maternity and infant care--The $14,850,000 increase will provide a total program of $62,850,000 in 1970. Of the increase, $1,800,000 represents continuation costs of 53 existing maternity and infant care projects; $750,000 will fund at least one new center; $11,800,000 will provide family planning services to an additional 475,000 women; and $500,000 will initiate approximately 6 projects to provide intensive care for high-risk infants from birth through the first year of life.

3. Health of school and preschool children--The additional $1,950,000 for a total program of $40,950,000 includes $1,200,000 to continue 58 existing projects providing comprehensive health care of children and youth, and $750,000 to fund at least one new center.

4. Training--An increase of $2,200,000, for a total of $11,200,000, is requested to continue staffing grants for university-affiliated mental retardation centers. The additional amount includes $1,000,000 to continue operation of 15 centers and $1,200,000 to support 4 additional centers.

5. Research--The increase of $1,500,000, for a total level of $7,700,000, includes $300,000 to continue 68 existing research projects and $1,200,000 to undertake 8 new research efforts related to family planning. The overall 1970 research budget will fund about 85 projects in total.

Authorizing Legislation

Legislation	Authorization
Social Security Act	
Section 501--Maternal and Child Health and Crippled Children's Services	$275,000,000

SOCIAL SECURITY ACT

Title V--Maternal and Child Health and Crippled Children's Services

Authorization of Appropriations

Section 501. For the purpose of enabling each State to extend and improve (especially in rural areas and in areas suffering from severe economic distress), as far as practicable under the conditions in such State,

(1) services for reducing infant mortality and otherwise promoting the health of mothers and children; and

(2) services for locating, and for medical, surgical, corrective, and other services and care for and facilities for diagnosis, hospitalization, and aftercare for, children who are crippled or who are suffering from conditions leading to crippling,

there are authorized to be appropriated $250,000,000 for the fiscal year ending June 30, 1969, $275,000,000 for the fiscal year ending June 30, 1970, $300,000,000 for the fiscal year ending June 30, 1971, $325,000,000 for the fiscal year ending June 30, 1972, and $350,000,000 for the fiscal year ending June 30, 1973, and each fiscal year thereafter.

Purposes for which Funds are Available

Section 502. Appropriations pursuant to section 501 shall be available for the following purposes in the following proportions:

(1) In the case of the fiscal year ending June 30, 1969, and each of the next 3 fiscal years, (A) 50 percent of the appropriation for such year shall be for allotments pursuant to sections 503 and 504; (B) 40 percent thereof shall be for grants pursuant to sections 508, 509, and 510; and (C) 10 percent thereof shall be for grants, contracts, or other arrangements pursuant to sections 511 and 512.

(2) In the case of the fiscal year ending June 30, 1973, and each fiscal year thereafter, (A) 90 percent of the appropriation for such years shall be for allotments pursuant to sections 503 and 504; and (B) 10 percent thereof shall be for grants, contracts, or other arrangements pursuant to sections 511 and 512.

Not to exceed 5 percent of the appropriation for any fiscal year under this section shall be transferred, at the request of the Secretary, from one of the purposes specified in paragraph (1) or (2) to another purpose or purposes so specified. For each fiscal year, the Secretary shall determine the portion of the appropriation, within the percentage determined above to be available for sections 503 and 504,

which shall be available for allotment pursuant to section 503 and the portion thereof which shall be available for allotment pursuant to section 504. Notwithstanding the preceding provisions of this section, of the amount appropriated for any fiscal year pursuant to section 501, not less than 6 percent of the amount appropriated shall be available for family planning services from allotments under section 503 and for family planning services under projects under sections 508 and 512.

Administration

Section 513. (b) Such portion of the appropriations for grants under section 501 as the Secretary may determine, but not exceeding one-half of 1 percent thereof, shall be available for evaluation by the Secretary (directly or by grants or contracts) of the programs for which such appropriations are made and, in the case of allotments from any such appropriation, the amount available for allotments shall be reduced accordingly.

Explanation of Transfer

	1969 Estimate	Purpose
Comparative transfer to:		
"Child Welfare"	$56,200,000	Reflects transfer of funds to establish separate appropriation for child welfare

Maternal and Child Health[1/]

	Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1960	$31,500,000	$33,500,000	$33,500,000	$33,500,000
1961	34,834,000	38,167,000	38,167,000	38,167,000
1962	39,167,000	48,000,000	50,000,000	50,000,000
1963	50,000,000	50,000,000	50,000,000	50,000,000
1964	66,500,000	66,500,000	66,500,000	66,500,000
1965	88,000,000	88,000,000	88,000,000	88,000,000
1966	139,000,000	139,000,000	124,000,000	139,000,000
1967	173,900,000	173,900,000	173,900,000	173,900,000
1968	183,120,000	179,900,000	179,900,000	179,900,000
1969	237,300,000	209,200,000	209,200,000	209,200,000
1970	230,700,000			

1/ All figures are on a comparable basis and exclude amounts related to "Child Welfare."

Maternal and Child Health

Summary of Request

The 1970 request for title V maternal and child health programs totals $230,700,000, an increase of $21,500,000 over the 1969 budget. The Child Health Act of 1967 provides that, of the total appropriated, distribution shall be made among three major areas on a specified percentage basis, with the further proviso that up to five percent of the total title V appropriation may be transferred among the three areas. The 1970 request compared with the distribution authority is as follows:

	Application of Percentage Distribution of Appropriation			Appropriation	
	Percent	Amount	Transfer 1/	Amount	Percent
Grants to States ..	50	$115,350,000	-$7,350,000	$108,000,000	46.8
Special project grants	40	92,280,000	+11,520,000	103,800,000	45.0
Research and training	10	23,070,000	-4,170,000	18,900,000	8.2
Total	100	230,700,000	--	230,700,000	100.0

1/ Five percent amounts to $11,535,000

Family planning

The Social Security Act of 1967 requires that not less than 6 percent of the amount available under title V shall be used for family planning programs. Estimated obligations for this purpose, 1969-1970, are shown below. These combined amounts are expected to result in services being made available to about 850,000 women in 1969 and 1,325,000 in 1970. Approximately 420,000 women received services during 1968 through the combined resources of comprehensive maternity and infant care projects and the maternal and child health State grant program.

Program	Estimate 1969	Estimate 1970	Change
Maternal and child health services	$3,500,000	$3,500,000	---
Maternity and infant care:			
Comprehensive projects	2,500,000	2,500,000	---
Family planning projects	12,000,000	23,800,000	+$11,800,000
Research and training	500,000	1,700,000	+1,200,000
Total	18,500,000	31,500,000	+13,000,000

1. Maternal and child health services

	1969 Estimate	1970 Estimate	Increase or Decrease
Grants	$50,000,000	$50,000,000	---

States use their funds under this program to extend and improve, especially in rural areas and in areas suffering from severe economic distress, services for reducing infant mortality, and otherwise promoting the health of mothers and children. In addition, under the special project authority, grants are made to States and to public and nonprofit institutions of higher learning for programs of regional or national significance concerned with the health of mothers and children. The distribution of funding by State is shown on Table A.

Program Highlights and Progress

Significant elements of activities during the past two years and planned activities for 1969 are shown below:

Category	1967 Actual	1968 Estimate	1969 Estimate
Mothers receiving prenatal and postpartum care in maternity clinics	366,373	375,000	375,000
Women receiving maternity hospital care	73,000	75,000	75,000
Public health nursing visits made on behalf of:			
Mothers	480,000	480,000	480,000
Children	2,903,000	2,905,000	2,905,000
Children attending well-baby clinics	1,632,000	1,750,000	1,750,000
Children receiving screening tests for:			
Vision	8,987,000	8,990,000	8,990,000
Hearing	5,458,000	5,460,000	5,460,000
Dental	2,549,123	2,550,000	2,550,000
Children immunized against:			
Smallpox	2,321,000	2,321,000	2,321,000
Diphtheria	4,350,000	4,350,000	4,350,000

States have made great strides in recent years in broadening the scope of maternal and child health services and they continue to give first priority to activities which contribute to reductions in infant mortality.

Infant mortality: This program has been a key factor in the reduction of the Nation's infant death rate. The national infant mortality rate of 23.7 per 1,000 live births for 1966 (the latest calendar year for which final data are available) is four percent lower than in 1965, when the rate was 24.7. The 1967 provisional rate is 22.1--a six percent reduction from 1966. The differences in 1966 in infant mortality rates among the States were considerable, the lowest being 18.1 per 1,000 live births and the highest, 38.8.

Other activities: A high priority service which has been expanding rapidly in the past year is family planning under the maternal and child health program. Each State maternal and child health service plan must include a demonstration of family planning services in needy areas and among groups in special need. One State is developing a family planning clinic during evening hours for the convenience of the rural and low-income residents of a three-county area. This program is being started in conjunction with the State university medical school. Another State is extending family planning services, now available in postpartum clinics, to antepartum clinics.

Major support for dental services for children through State health departments continues to be from maternal and child health funds. It is estimated that about $1,700,000 of Federal funds and an additional $1,000,000 of State and local funds are being spent annually for dental services. To meet the requirement for State plan approval, each maternal and child health program must develop a demonstration service of dental care for children in needy areas and among groups in special need. One State has started an incremental care program in one county which begins with the first grade and includes followup care of Headstart children. Another has initiated a training program, in cooperation with medical, dental and hospital associations, for practicing dentists in the care of mentally retarded and handicapped children.

By the end of fiscal year 1968, the number of special clinics for mentally retarded children totalled more than 200; of these, 150 were supported in whole or in part by Children's Bureau funds (both maternal and child health and crippled children's services). This compares with the 1963 figures of 110 special clinics, of which 80 were wholly or partly supported by these funds. During 1968 approximately 45,000 children received services from the 150 clinics, an increase of 2,000 over fiscal year 1967. The services provided include diagnosis, evaluation of a child's capacity for growth, the development of a treatment and management plan, interpretation of findings to parents and followup care and supervision.

As an integral part of the maternal and child health and crippled children's services programs, as well as the special project grants, nutrition services are provided through well-child clinics, pediatric clinics, group care facilities, and school health programs. In 1967, for example, through the combined use of State maternal and child health and crippled children's services funds, State and local agencies employed about 500 nutrition personnel. These personnel have played a major role in assisting low-income families to develop a better understanding of normal as well as therapeutic diets and, as a result, have contributed to the prevention or elimination of malnutrition in such families. Additionally, Federal personnel from the Children's Bureau, Department of Agriculture and the Office of Economic Opportunity are working jointly to implement a supplementary food program for low-income groups who are vulnerable to malnutrition. Many of

the vulnerable groups (infants and children through 5 years of age, pregnant women and postpartum and nursing mothers) are receiving health care services through the programs of this appropriation.

In both the maternal and child health and crippled children's programs, States are providing for the training and more effective use of paid subprofessional staff, with special emphasis being given to employment of low-income persons. Duties of this staff are tailored to the needs of the several programs and include work in casefinding, as nutrition aides, dental aides, home health advisors, community service aides, etc. As employment of such workers increases, new career opportunities will become available to persons who lack professional training. Training of professional personnel under the maternal and child health and crippled children's programs is also continuing. In 1968, more than 600 health-related professional personnel received training through institutions of higher education and State agencies.

2. Crippled children's services

	1969 Estimate	1970 Estimate	Increase or Decrease
Grants	$57,000,000	$58,000,000	+$1,000,000

Grants are made to the States to extend and improve (especially in rural areas and in areas suffering from severe economic distress) services for crippled children including services for casefinding, for medical, surgical, corrective, and other services; and care for and facilities for diagnosis, hospitalization, and aftercare for children who are crippled or are suffering from conditions leading to crippling. In addition, under the special project authority, grants are also made to States and to public and nonprofit institutions of higher learning for programs of national significance concerned with problems of crippled and handicapped children. The distribution of funding by State is shown on Table B.

Program Highlights and Progress

Significant elements of service are those shown below:

	1967 Actual	1968 Estimate	1969 Estimate
Children receiving physicians' services ..	461,000	485,000	500,000
Children receiving hospital inpatient care	78,000	80,000	90,000

Many crippled children's agencies are providing followup care for the large numbers of children who are handicapped as a result of the worst German measles (rubella) epidemic in United States history (1963-65). The exact number of children affected is not known. It appears, however, that earlier estimates of 20,000-30,000 children were understated. The Hearing and Speech Center at the Johns Hopkins Hospital, for example, is following about 1,200 children with hearing or language problems. The Bellevue Hospital, New York City, has examined 500 such children and is currently following approximately 300. The children affected in the early months of the epidemic are reaching school age and therefore the full impact of their defects is only now beginning to be felt. Some children, thought to be mildly affected at first, exhibit signs of brain damage and have learning problems. The number of severely handicapped children and children with hearing defects on crippled children's rosters has been increasing.

Research staff of the Johns Hopkins Hospital and National Institute for Neurological Diseases and Blindness have developed a questionnaire designed to screen for the detection of sensory deficits in young school children. It is currently being tested in Montgomery County, Maryland. Preliminary results show that it has been useful as a screening device and that at least some of the defects in children are due to maternal rubella.

As of December 1968, 20 cytogenetic and/or biochemical laboratories for the care of children with handicapping conditions that might be of genetic origin were being funded by the Children's Bureau under the crippled children and maternal and child health services programs at a cost of approximately $2,000,000. These laboratories are usually associated with clinical services for mentally retarded children. Training of doctors, nurses, biochemists, and other specialized health personnel is often an important part of these programs.

1970 Program

The request for fiscal year 1970 includes an increase of $1,000,000 to expand the States' efforts to carry out the added emphasis on early identification and treatment of children with handicapping conditions. State agencies are developing procedures for periodic screening and for diagnosis, treatment and care for the necessary followup period. Appropriate public and voluntary organizations, school health programs, and professional and community organizations are being involved.

Organized and intensified casefinding procedures will be emphasized in order to reach infants and young children, particularly those in health-depressed areas. Screening in hospital newborn nurseries, followup nursing visits to homes of newborns, and checking of birth certificates for reported congenital malformations will be used to detect conditions as early as possible in life before serious damage has been done. Attempts to reach children, in addition to newborns, will include screening in well-baby clinics, day care centers, nursery schools, Headstart centers, and through school health programs. The additional funds will assist the States in supporting clinical facilities and purchasing hospital care for further implementation of the new requirements.

3. Maternity and infant care

	1969 Estimate		1970 Estimate		Increase or Decrease	
	No.	Amount	No.	Amount	No.	Amount
Comprehensive centers:						
Continuation projects	53	$36,000,000	53	$37,800,000	--	+$1,800,000
New projects	--	---	1	750,000	--	+750,000
Family planning projects	NA	12,000,000	NA	23,800,000	--	+11,800,000
Intensive care projects	--	---	6	500,000	+6	+500,000
Total	--	48,000,000	--	62,850,000	--	+14,850,000

The 1967 Amendments authorized in Section 508 of the Social Security Act projects for (a) maternity and infant care; (b) family planning, and (c) high-risk infant care. Federal funds provide up to 75 percent of project costs.

Since its inception in fiscal year 1964, the maternity and infant care program has been serving a demonstrated need to improve the quality and quantity of maternity services to women in low-income areas, not only in the large metropolitan areas where gross overcrowding of resources makes adequate services almost impossible, but also in rural areas where resources are extremely limited. Significant among the comprehensive maternity services provided are casefinding, prenatal care, hospitalization for high-risk patients, and postpartum care including family planning services for those who desire them.

Program Highlights and Progress

Comprehensive maternity and infant care projects: The most significant elements of this program's progress during 1968, 1969 and 1970 are shown below.

	1968 Actual	1969 Estimate	1970 Estimate
Maternity care:			
Admissions	118,500	132,000	134,000
Cumulative admissions since start of program in 1964	355,500	487,500	621,500
Infant admissions for clinical services .	43,500	55,000	56,000

Fifty-three projects are currently in operation; 16 of these are in cities with a population of 500,000 or more; 16 are serving cities of 100,000-300,000 population; and 21 are located in smaller cities and rural areas. New maternity patients are being admitted at a rate of over 10,000 a month at the present time. Maternity and infant care projects are in operation in 19 of 42 counties which show peak numbers of excess infant deaths.

The maternity and infant care projects are contributing to significant reductions in the infant mortality rate in many of the large cities in which they are located. In some instances the decline is greater than that for the Nation as a whole. The following table highlights some of the more dramatic reductions occurring in major cities since the start of the maternity and infant care projects:

	Infant Mortality Rate Per 1,000 Live Births			
	Calendar Year			Change
	1965	1966	1967	1966-67
Nationwide	24.7	23.7	22.1	-6.8 %
Major cities with maternity and infant care projects:				
Baltimore, Maryland	28.4	28.0	26.2	-6.4 %
Chicago, Illinois	33.3	32.5	29.4	-9.5 %
New York City	25.7	24.9	23.9	-4.0 %
Houston, Texas	25.0	26.4*	22.8	-13.6 %

*First year of operation. For all other projects 1965 represents first full calendar year of operation.

Close working relationships between projects and community agencies and organizations are contributing to the success of this program. Referrals between maternity and infant care projects and community agencies have identified some multi-problem families whose problems were being aggravated by a lack of coordination of community service. Services have been brought closer to the families who need them through increasing decentralization into neighborhoods, and hours of service have been extended to nights and weekends.

Arranging transportation has been an important factor in getting families to services in areas (both urban and rural) where public transportation is inadequate. Subprofessional staff is being used increasingly and successfully where adequate supervision is available. The increasing use of the home economist in health programs for mothers and children has contributed to the upgrading of the health and living standards of families in whose homes they work. Nutrition services have been increased and additional food stamps or food commodities have been obtained for needy pregnant women. In some projects homemakers extend the services of nurses and home economists by doing most of the teaching in the homes including child care and food preparation.

Many of the services are designed to meet the needs of young pregnant girls, including unwed teenage girls. Cooperative programs have been developed with public schools, vocational rehabilitation agencies, the Job Corps, and Neighborhood Youth Corps. In addition to health care and medical attention, special counseling, education, and family planning services are made available to these patients. During fiscal year 1968, approximately 39,000 unmarried mothers received services from the maternity and infant care projects.

Many projects have expanded their services for girls in school. Baltimore, for example, has found that providing teachers, elementary through high, with an orientation to the services available from the maternity and infant care project, has resulted in early casefinding of pregnant school girls. Teachers ofter are the first to be aware of the pregnancy and are able to help get the girl under medical care early. The District of Columbia has found the social work group approach useful in reaching the younger adolescents and group sessions for pregnant adolescents and their parents are being conducted biweekly.

Cooperative efforts with other agencies: The Children's Bureau continues to work closely with other Federal agencies in the provision of comprehensive health services for those whose health status is poor primarily because of inability to pay for medical care and services. Indicative of this relationship is the following:

-- Neighborhood Service Projects: Of the 14 pilot cities, 9 have maternity and infant care projects.

-- Model Cities: Of the 75 initial model cities, 22 have projects.

-- Neighborhood Health Centers: The Bureau is actively cooperating with the Office of Economic Opportunity on the establishment of new or expansion of existing health centers. Such projects involve joint funding of staff and facilities to provide family health services.

1970 Program: The request provides for the start of at least one new project in 1970 at a total cost of $750,000. It also provides for continuing the 53 ongoing projects in 1970. It is estimated that an additional $1,800,000 will be needed to assure at least the present level of service while meeting the rising costs of hospital and health care.

The major elements contributing to the increased costs are those related to hospital care (about 25 percent of program costs) and salaries of medical and paramedical personnel (over 50 percent of costs). All other elements, fees, drugs, medications, etc., comprise the remaining elements of cost.

Family Planning

One of the most effective measures for reducing the infant mortality rate is through the provision of family planning services which enable women to decide the number and spacing of children which they wish to have. It has been found that both infant mortality rates and premature births are substantially higher than average when the interval between pregnancies is 12 months or less. Current estimates indicate that there are about 5,000,000 women living in poverty or near

poverty who do not have access to family planning services yet they constitute the group which runs the greatest risk of high infant death rates and of having mentally or physically handicapped babies. The women are concerned with securing appropriate advice and assistance on fertility control. For example, in Lincoln Parish in northern Louisiana an experiment conducted through Tulane University has shown decisively that even under rural conditions the great majority of indigent mothers will return faithfully to receive contraceptive advice and assistance. Results of the Lincoln Parish program showed a 32 percent drop in indigent births in 1967 while at the same time in neighboring parishes the rate went up 6 percent. Illegitimate births were reduced even more sharply in the Parish--by 40 percent--as compared with an increase of 1.6 percent in the control group in the surrounding area.

The 1969 program of $12,000,000 for new project grants in family planning is expected to provide services to more than 400,000 women. Grants will be made to a variety of public and nonprofit private agencies, organizations and institutions at both the State and local levels. Priority is being given to applications from model cities and from poverty areas which have high rates of infant mortality. These projects will also enable States to meet the requirements of the 1967 Social Security Amendments to make family planning services available to all appropriate persons under the Aid to Families with Dependent Children program.

1970 Program: The 1970 request of $23,800,000 for special family planning projects, an increase of $11,800,000 over 1969, is expected to provide services to about 900,000 women. Total resources of $31,500,000 for family planning under the Title V program are anticipated to reach 1,325,000 women of low-income who might otherwise not have had such services available to them.

Intensive Care for High-Risk Infants

In addition to family planning services and good maternity care, another method of direct attack on the problem of infant mortality is provision of specialized care for infants born at high risk (prematurely or with conditions detrimental to their normal growth and development). Such infants usually require both intensive care during their hospital stay and followup attention during the first year.

A large number of studies in this country and others have shown that a considerable degree of effectiveness in reducing the mortality rate among high-risk infants can be achieved through the use of special intensive care centers. These provide increased medical and nursing supervision,care by personnel specially trained in such fields as treatment of cardiopulmonary failure and respiratory distress in newborns, and use of special equipment as needed.

To extend the drive against infant mortality by providing care for the most vulnerable group of infants, the Child Health Act of 1967 authorized grants for special projects to give expert care for high-risk infants during their first year. These projects will provide intensive care for the newborn in hospitals capable of high quality care--usually teaching hospitals associated with schools of medicine. For fiscal year 1970 it is estimated that about six such centers can be initiated at a total cost of approximately $500,000.

4. Health of school and preschool children

	1969 Estimate		1970 Estimate		Increase or Decrease	
	No.	Amount	No.	Amount	No.	Amount
Comprehensive Centers:						
Continuation projects	58	$39,000,000	58	$40,200,000	--	+$1,200,000
New projects	--	---	1	750,000	+1	+750,000
Total	58	39,000,000	59	40,950,000	+1	+1,950,000

This program, initially authorized in the 1965 Amendments to the Social Security Act, supports comprehensive health care for children in areas where low-income families are concentrated. It provides up to 75 percent of project costs. These comprehensive health care projects provide screening, diagnosis, preventive services (both medical and dental), correction of defects and aftercare. Services are coordinated with the programs of the State or local health, welfare and education departments and with related programs of the Office of Economic Opportunity. The treatment services available under the program are provided only to children who would not otherwise receive such care because they are from low-income families.

The great need for child health services is borne out by estimates which indicate that by 1970:

-- 12,327,000 children will need special care for eye conditions;

-- 3,240,000 children will have speech impairments;

-- 2,269,000 will have orthopedic handicaps; and

-- 4,834,000 between the ages of 5 and 17 will be emotionally disturbed.

Program Highlights and Progress

The 58 health care centers for children and youth now in operation serve areas in which about 2,250,000 children of low-income families live. The intensive effort being made through these projects to deliver comprehensive health care to such children is clearly evident when the first results of the program's reporting and evaluation system are reviewed. This system, now completing its first year of operation, has been developed through the University of Minnesota, and is producing meaningful data on economic and demographic characteristics of the children tested.

Reporting for the period ended June 1968 indicates that about 220,000 children were registered for care. This provides the basis for a prediction that 285,000 children will be registered by June 1969, and up to 400,000 by June 1970.

Of the total children registered about 41 percent are under one year of age; 57 percent are aged 1 to 9; and 2 percent aged 10 to 18. There is almost equal distribution between girls and boys in all age groups. These children are in families where 37 percent of family heads are females; where one-third of all family heads have less than an eighth grade education; and where 40 percent of family heads are unemployed.

In terms of the health status of the children, these early data reveal that following complete health examination and assessment about 45 percent of the children required immediate care. The remaining 55 percent were diagnosed as well children and started in a system of preventive health services.

Significant measures of progress of specific projects include the opening of two mother and child centers by the District of Columbia Health Department. Staff of both maternity and infant care and school and preschool health projects share these centers.

The Sinai Hospital part of the Baltimore project has developed interesting cooperative arrangements with a variety of agencies. For example, welfare personnel operate out of the health center as AFDC family service case workers. In cooperation with the Department of Education and with VISTA, a professional team is examining school children to detect behavioral and learning problems in an early stage and VISTA trainees are tutoring them.

The Louisville, Kentucky project is another example of extensive joint planning and coordination on the part of a variety of agencies--a Headstart program, a nonprofit organization day care center, and the Louisville Board of Education kindergartens are cooperatively carrying out a program.

Additionally, these comprehensive projects for children and youth (as well as the maternity and infant care projects) are making a special effort to develop, train and use low-income adults and young people as health aides, nursing assistants and health technicians. Thus they are playing a dual role in improving life in the ghetto and other poverty areas.

1970 Program

The 58 projects in operation will require an additional $1,200,000 in 1970 to maintain the same level of service as will be achieved in 1969. Increased medical care costs are the major contributing factor to this increased requirement. Additionally, the estimate provides $750,000 to initiate at least one new comprehensive health care center for children and youth. Each new center established is expected to be located in high poverty areas in model cities. The children receiving attention will generally be those who are in needy families who would otherwise not receive adequate health care because of lack of financial resources.

5. Training

	1969 Estimate	1970 Estimate	Increase or Decrease
Grants	$9,000,000	$11,200,000	+$2,200,000

Of the approximately 4,000,000 children born each year, about three percent--at birth or later--will be classified as mentally retarded. Despite the growth in the number of clinics serving mentally retarded children, and the increase in the number of children served, waiting lists remain long. Lack of sufficient numbers of trained personnel to staff clinics is one of the major obstacles to the further extension of services for mentally retarded children.

As originally authorized, the program's major purpose has been to support training in university-affiliated centers for the mentally retarded. These centers, whose construction is authorized by P. L. 88-164, are offering a complete range of services for mentally retarded children and are demonstrating specialized services for the diagnosis, treatment, education, training and care of these children, including the retarded with physical handicaps. They provide clinical training of physicians and other specialized personnel engaged in research and diagnosis, training and care of the retarded. Grants provide support for services, clinical facilities, faculty, traineeships and short-term workshops and institutes.

The Child Health Act of 1967 broadened the authority to include training of all types of personnel involved in providing health care and related services to mothers and children. The extension of training in health services for mothers and children requires that new efforts be directed to finding ways to increase available manpower for health programs for mothers and children and to extend the effectiveness of professional personnel.

Program Highlights and Progress

By the end of fiscal year 1968, 12 institutions of higher learning which either had approved construction grants or had applications pending were receiving training funds through this activity. The 1969 program is expected to provide support for 15 centers. Selected examples of the kinds of training of health care personnel being conducted and planned in the centers are the following:

	1968 Actual	1969 Estimate
Traineeships and fellowships:		
Physicians	34	47
Psychologists	14	24
Nurses	35	35
Pedodontists	11	16
Audiologists-speech pathologists	12	19
Nutritionists	7	17
All other	4	11
Total, traineeships and fellowships	117	169

1970 Program

The 1970 estimate of $11,200,000 includes an increase of $2,200,000. Approximately $1,000,000 of the increase will continue support of 15 university-affiliated mental retardation centers throughout the country and $1,200,000 will fund 4 additional centers for which construction has been approved. This increased support will contribute to improving and expanding the supply of trained manpower concerned with the health care of mothers and children. Special attention will be given to training at the undergraduate level in order to lay the groundwork for attracting a greater number of skilled individuals to the advanced fields of the health professions.

6. Research

	1969 Estimate		1970 Estimate		Increase or Decrease	
	No.	Amount	No.	Amount	No.	Amount
Continuation projects ...	62	$5,800,000	68	$6,100,000	+6	+$300,000
New projects	9	400,000	17	1,600,000	+8	+1,200,000
Total	71	6,200,000	85	7,700,000	+14	+1,500,000

The main focus of this research program is to improve health and medical services to mothers and children. The concern is with mothers and children in all classes of our society with high priority given to special problems of those segments of the population not receiving adequate health care. Grants for these purposes are made to public or nonprofit institutions of higher learning and to public or nonprofit agencies engaged in research or in maternal and child health and crippled children's services.

Program Highlights and Progress

One of the primary areas of concentration is given to the reduction of infant mortality. Results of studies funded through this program have enabled more effective planning and development of maternity and infant care projects in connection with the nationwide maternal and child health services program. The results of these activities have contributed remarkably to the decrease in infant mortality in the United States over the past two to three years. For instance, in 1967 the infant mortality rate was 22.1 as compared with 29.0 in 1950. For every point (1 per 1,000) that the infant mortality rate drops there are 3,600 additional live infants per year who would otherwise have died. The immediate goal is to reduce the mortality rate to 18.0 per 1,000 live births and the research effort will concentrate on those mothers who receive no prenatal care, the teenage mother, and other high-risk mothers.

Another area of attention has been nutrition. More than two years ago research studies on nutrition were initially funded with priority being given to problems of the preschool child and the pregnant woman. In June 1966 a five-year grant was awarded to the Children's Hospital Research Foundation, Columbus, Ohio,

to evaluate the nutritional status of preschool children in the United States. Two pilot studies have been completed and the project is entering its national phase in 1969. The national survey will study a representative sample of 5,000 children between the ages of one and six years in an attempt to estimate the extent of malnutrition, particularly among the poorer population. The final report of the results of the study is expected to be ready during 1971.

1970 Program

The 1970 request contains an increase of $1,500,000, of which $300,000 provides continuation costs for 68 existing projects and $1,200,000 is intended to undertake about 8 new studies of family planning programs and services. Research in family planning will focus on the problems associated with services for teenage girls and young adult women, particularly those living in urban and rural poverty areas. There is accumulating evidence that these groups are more difficult to reach and continue to serve. Studies indicate that illegitimacy is not decreasing among this younger age group as it is among older women, that more than 50 percent of the young women are lost to family planning clinics after one year, and that many teenage marriages break up due to unwanted pregnancies. Family planning is an essential component of maintaining stable family life. Research will therefore concentrate on this vital aspect of improving the quality of life for those in poverty. Grants are also expected to be made to assess the effectiveness of family planning programs in relation to overall needs. In addition to analyzing program content, attention will be given to costs of staffing and procedures as a basis for developing recommendations for improving budgetary and management practices in family planning programs.

The total effort in family planning under this program will be coordinated with the national recording system developed by the Children's Bureau and the Office of Economic Opportunity. This procedure and these studies should provide significant information and feedback within a relatively short period of time.

Table A

Maternal and Child Health Services

Actual and Estimated Awards--Formula Funds [1/]
Fiscal Years 1968-70

State	1968 Actual	1969 Estimate	1970 Estimate
Alabama	$1,096,236	$977,061	$1,005,118
Alaska	170,269	168,999	177,045
Arizona	325,457	345,465	357,159
Arkansas	632,190	585,553	565,879
California	2,146,875	2,160,076	2,292,452
Colorado	374,387	362,396	367,945
Connecticut	385,983	430,048	434,924
Delaware	214,989	188,996	199,418
District of Columbia	209,601	229,596	233,972
Florida	1,374,173	1,353,536	1,330,915
Georgia	1,359,419	1,319,346	1,288,923
Guam	132,830	143,940	152,152
Hawaii	220,405	220,101	227,416
Idaho	213,104	203,814	215,317
Illinois	1,346,031	1,317,776	1,326,856
Indiana	848,642	987,926	1,013,975
Iowa	518,460	607,473	565,675
Kansas	412,194	408,121	383,468
Kentucky	989,798	947,140	910,947
Louisiana	1,108,772	1,083,393	1,076,825
Maine	277,702	293,682	282,260
Maryland	871,702	838,465	783,599
Massachusetts	669,281	694,603	706,451
Michigan	1,490,571	1,453,924	1,512,656
Minnesota	799,551	782,088	736,789
Mississippi	971,286	925,660	861,147
Missouri	867,045	851,460	845,063
Montana	208,785	205,294	211,251
Nebraska	287,766	312,620	283,832
Nevada	173,013	182,272	190,501
New Hampshire	204,066	201,981	214,066
New Jersey	751,768	822,834	856,509
New Mexico	336,881	291,940	277,326
New York	2,046,169	2,142,892	2,155,852
North Carolina	1,583,516	1,526,191	1,512,631
North Dakota	207,618	202,875	204,021
Ohio	1,862,366	1,796,267	1,829,608
Oklahoma	509,303	496,724	483,120
Oregon	382,518	388,977	424,806
Pennsylvania	2,110,490	2,083,414	2,062,028

State	1968 Actual	1969 Estimate	1970 Estimate
Puerto Rico	1,303,277	1,445,022	1,365,413
Rhode Island	257,089	225,643	233,471
South Carolina	990,338	932,191	912,924
South Dakota	101,605	206,652	207,450
Tennessee	1,055,847	1,012,463	977,393
Texas	2,129,735	2,084,408	2,062,132
Utah	291,406	295,188	327,155
Vermont	177,663	174,918	185,425
Virgin Islands	141,890	139,728	153,409
Virginia	1,032,589	986,181	1,079,310
Washington	568,448	571,045	606,382
West Virginia	577,185	519,183	505,176
Wisconsin	864,634	893,676	838,813
Wyoming	115,000	166,283	173,150
Total distribution by formula 1/	40,297,918	40,187,500	40,187,500
Special projects for mentally retarded children	4,683,601	4,750,000	4,750,000
Special projects under Reserve Fund B	4,585,318	5,062,500	5,062,500
Total	49,566,837	50,000,000	50,000,000

1/ (a) One half of the amount appropriated for each year is apportioned among States on the basis of a uniform grant of $70,000 and an additional grant in proportion to the number of live births in the State. Amounts awarded must be matched dollar for dollar.

(b) The remaining half, after being reduced by the amounts reserved for the two categories of special projects, is apportioned by formula. Each State receives an amount which varies directly with the number of urban and rural births in the State and inversely with State per capita income. No State receives less than $60,000 and rural live births are given twice the weight of urban births.

(c) The 1970 figures represent tentative apportionment of the amount requested.

Table A-1

Maternal and Child Health Services

Special Project Awards, Actual and Estimated,
Fiscal Years 1968-69

State	1968 Actual		1969 Estimate	
	Mental Retardation 1/	Reserve Fund B 2/	Mental Retardation 1/	Reserve Fund B 2/
Alabama	$108,646	$100,000	$108,646	$100,000
Alaska	32,100	---	32,100	---
Arizona	289,836	---	289,836	---
Arkansas	51,167	26,650	51,167	26,650
California	213,297	---	73,633	---
Colorado	230,006	199,435	230,006	184,435
Connecticut	61,732	334,650	61,732	324,950
District of Columbia	91,666	65,585	91,666	65,585
Florida	218,865	---	218,865	---
Georgia	218,546	---	218,546	---
Illinois	50,000	---	50,000	---
Kentucky	181,070	---	181,070	---
Maine	40,000	---	40,000	---
Maryland	---	41,900	---	46,900
Massachusetts	200,695	---	200,695	---
Michigan	65,879	100,200	65,879	100,200
Minnesota	88,613	---	88,613	---
Mississippi	67,642	37,200	67,642	37,200
Missouri	156,306	---	156,306	---
Nevada	62,988	---	62,988	---
New Mexico	168,987	50,000	168,987	50,000
New York	98,477	137,772	98,477	137,772
North Carolina	116,957	---	116,957	---
North Dakota	70,488	---	70,488	---
Oklahoma	95,081	---	95,081	---
Oregon	30,460	---	30,460	---
Rhode Island	290,140	114,472	290,140	114,472
South Carolina	30,000	---	30,000	---
Virginia	163,122	---	163,122	---
Washington	109,105	81,902	109,105	81,902
West Virginia	183,741	---	183,741	---
Wyoming	56,847	---	56,847	---
Institutions of Higher Learning	841,142	3,295,552	1,047,205	3,792,434
Total	4,683,601	4,585,318	4,750,000	5,062,500

1/ These projects are financed from the amount earmarked in the Appropriation Act each year for special projects for mentally retarded children.

2/ The amount reserved for these special projects is derived as follows: From one-half of the total appropriated for this program, the sum earmarked for mental retardation special projects is subtracted. Twenty-five percent of the remainder is reserved for special projects.

Table B

Crippled Children's Services

Actual and Estimated Awards--Formula Funds [1/]
Fiscal Years 1968-70

State	1968 Actual	1969 Estimate	1970 Estimate
Alabama	$1,120,837	$1,231,408	$1,249,798
Alaska	174,937	174,265	180,346
Arizona	405,350	413,529	429,482
Arkansas	681,262	748,950	772,111
California	2,101,914	2,460,380	2,486,857
Colorado	373,669	419,394	440,760
Connecticut	425,111	482,040	493,877
Delaware	186,086	202,656	209,297
District of Columbia	199,549	228,631	235,784
Florida	1,182,263	1,334,333	1,359,699
Georgia	1,339,951	1,489,794	1,507,911
Guam	118,576	150,132	154,506
Hawaii	303,507	232,558	243,791
Idaho	254,898	241,887	248,383
Illinois	1,316,697	1,504,926	1,518,568
Indiana	1,069,261	1,204,395	1,223,971
Iowa	713,226	765,835	745,377
Kansas	491,288	550,468	557,877
Kentucky	1,154,195	1,152,008	1,163,172
Louisiana	1,037,071	1,186,673	1,206,707
Maine	284,734	309,147	311,858
Maryland	658,195	715,448	736,910
Massachusetts	666,536	771,600	785,189
Michigan	1,495,935	1,704,257	1,705,935
Minnesota	862,384	933,507	947,108
Mississippi	853,464	1,073,481	1,078,480
Missouri	908,917	1,026,182	1,050,708
Montana	238,311	226,637	231,164
Nebraska	350,338	396,149	390,484
Nevada	230,084	192,689	199,133
New Hampshire	222,442	218,060	225,620
New Jersey	823,941	951,103	970,024
New Mexico	300,286	325,106	337,456
New York	1,914,232	2,211,199	2,222,605
North Carolina	1,746,132	1,915,582	1,945,252
North Dakota	233,271	250,577	247,993
Ohio	1,899,500	2,139,496	2,173,267
Oklahoma	582,724	644,705	652,633
Oregon	419,319	472,505	485,833
Pennsylvania	2,087,979	2,326,922	2,355,755

State	1968 Actual	1969 Estimate	1970 Estimate
Puerto Rico	1,203,909	1,375,684	1,476,024
Rhode Island	220,491	237,692	244,715
South Carolina	993,745	1,090,297	1,113,086
South Dakota	195,202	257,717	249,045
Tennessee	1,141,198	1,278,322	1,299,793
Texas	2,218,626	2,551,731	2,581,854
Utah	245,575	282,092	289,681
Vermont	185,594	186,950	192,666
Virgin Islands	137,387	143,850	149,732
Virginia	1,037,979	1,204,330	1,348,465
Washington	551,227	647,917	667,181
West Virginia	646,383	673,280	681,359
Wisconsin	935,276	1,041,353	1,043,756
Wyoming	112,000	175,171	180,962
Total distribution by formula 1/	41,252,964	46,125,000	47,000,000
Special projects for mentally retarded children	3,711,080	5,000,000	5,000,000
Special projects under Reserve Fund B	4,823,332	5,875,000	6,000,000
Total	49,787,376	57,000,000	58,000,000

1/ (a) One-half of the amount appropriated for each year is apportioned among States on the basis of a uniform grant of $70,000 and an additional grant in proportion to the number of children under 21 years in the State. Amounts awarded must be matched dollar for dollar.

(b) The remaining half, after being reduced by the amounts reserved for the two categories of special projects, is apportioned by formula. Each State receives an amount which varies directly with the number of children under 21 years in urban and rural areas in the State and varies inversely with State per capita income. No State receives less than a specific minimum amount and children in rural areas are given twice the weight of those in urban areas.

(c) The 1970 figures represent tentative apportionment of the amount requested.

Table B-1

Crippled Children's Services

Special Project Awards, Actual and Estimated,
Fiscal Years 1968-69

State	1968 Actual		1969 Estimate	
	Mental Retardation 1/	Reserve Fund B 2/	Mental Retardation 1/	Reserve Fund B 2/
California	$125,120	$ ---	$125,120	$ ---
Colorado	---	78,500	---	78,500
Connecticut	---	22,000	---	22,000
Delaware	---	106,516	---	106,516
District of Columbia	---	192,440	---	192,440
Hawaii	118,975	1,000	118,975	1,000
Idaho	83,254	---	83,254	---
Illinois	86,500	153,000	86,500	153,000
Iowa	308,100	162,025	308,100	162,025
Maryland	---	278,881	---	300,000
Michigan	---	210,000	---	210,000
Minnesota	---	325,000	---	225,000
Montana	---	60,000	---	50,000
New York	149,097	5,000	149,097	146,871
Oregon	92,801	---	92,801	---
Pennsylvania	328,303	147,603	328,303	125,000
Rhode Island	53,500	---	53,500	---
Tennessee	86,925	---	86,925	---
Texas	---	162,000	---	162,000
Utah	---	60,000	---	60,000
Virginia	---	240,673	---	240,673
Institutions of Higher Learning	2,278,505	2,618,694	3,567,425	3,639,975
Total	3,711,080	4,823,332	5,000,000	5,875,000

1/ These projects are financed from the amount earmarked in the Appropriation Act each year for special projects for mentally retarded children.

2/ The amount reserved for these special projects is derived as follows: From one-half of the total appropriated for this program, the sum earmarked for mental retardation special projects is subtracted. Twenty-five percent of the remainder is reserved for special projects.

THURSDAY, APRIL 24, 1969.

CHILD WELFARE

WITNESSES

JULE M. SUGARMAN, ACTING CHIEF, CHILDREN'S BUREAU
MISS MILDRED M. ARNOLD, DIRECTOR, FAMILY AND CHILD WELFARE SERVICES DIVISION
MRS. FLORENCE H. STOVER, EXECUTIVE OFFICER, CHILDREN'S BUREAU
RANDOLPH W. LEE, DIRECTOR, BUDGET DIVISION, SOCIAL AND REHABILITATION SERVICE
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

CHILD WELFARE

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation: Positions other than permanent			220
Personnel benefits: Civilian employees			12
Travel and transportation of persons			126
Rent, communications, and utilities			20
Other services			12
Supplies and materials			10
Grants, subsidies, and contributions	55,692	56,200	56,600
Total obligations	55,692	56,200	57,000

PERSONNEL SUMMARY

Full-time equivalent of other positions			21
Average number of all employees			21

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Child welfare services	45,996	46,000	46,000
2. Training	5,700	5,800	6,000
3. Research and demonstration	3,996	4,400	4,600
4. White House conference on children and youth			400
Total obligations	55,692	56,200	57,000
Financing:			
Comparative transfer from other accounts	—55,692	—56,200	
Budget authority (appropriation)			57,000
Relation of obligations to outlays:			
Obligations incurred, net			57,000
Obligated balance, end of year			—12,565
Outlays			44,435

Mr. FLOOD. Now, we will consider under Social and Rehabilitation Service, the budget for Child Welfare. This presentation will also be made by Mr. Jule M. Sugarman, who is the Acting Chief of the Children's Bureau.

Mr. Sugarman, how do you want to proceed?

REDUCTION IN TRAINING REQUEST

Mr. SUGARMAN. I better explain first, Mr. Chairman, so we don't have the same confusion that we had on the last one, that there is a $200,000 reduction in this item which is a part of the same thing you questioned on Child Health.

Mr. FLOOD. And there is still an increase of $200,000 for Research and Demonstrations?

Mr. SUGARMAN. That is right, and there is a $400,000 item for the White House Conference.

Mr. FLOOD. Is the increase for any special purpose or just more of the same?

Mr. SUGARMAN. Continuation cost of the same kind of project.

Mr. FLOOD. It is more of the same thing?

Mr. SUGARMAN. It is basically higher faculty salary costs at the universities who do this research. That is the primary reason for the increase.

Mr. FLOOD. How do you want to proceed?

PREPARED STATEMENT

Mr. SUGARMAN. I think again we will submit the statement for the record and simply comment on some of the highlights.

(The statement follows:)

STATEMENT BY ACTING CHIEF, CHILDREN'S BUREAU, SOCIAL AND REHABILITATION SERVICE, ON CHILD WELFARE

Mr. Chairman and members of the committee, our request for the child welfare program represents a continuing effort to provide needed services to neglected and deprived children throughout the country. It also includes a proposal for financing the 1970 White House Conference on Children and Youth—the seventh conference of this nature to be held during the 20th century.

CHILDREN RECEIVING SERVICES

First, I want to report on progress the cooperative Federal-State relationship has made toward the legislative goal of assuring that child welfare services are available by 1975 to all children who require them. I think we should be frank to acknowledge two points: first, that our present rate of progress has been due almost totally to increases in the proportion of costs paid by the States. That proportion is now approximately 90 percent. Second, future developments of services will require much higher proportions of program services to complement the counseling services which presently use the majority of child welfare funds. We have built a substantial professional base on which it should now be possible to support such program services. For example in 1968, 77 percent of all counties in the country had full-time staff working with children and their families. Over 645,000 children received preventive and protective services during 1968, an increase of 65 percent in the proportion of children served over 10 years ago.

States are also making strides toward assuring that parents are involved in the development and care of each child. Greater emphasis is being placed on guaranteeing that good quality day care is available when and where needed, and particularly to low-income families. During the 2-year period ended March 1968, the number of facilities licensed for day care of children increased by 150 percent. This increase becomes even more meaningful when we recognize that there was almost no change during the prior 10 years.

Agencies are making increased use of nonprofessional workers in providing certain services, such as processing applications for homemaker services, relicensing boarding homes, making visits to these homes and arranging for care of unmarried mothers. Women from low-income groups are being trained to

perform these and other tasks in such capacities as child care and homemaker aides. All these activities are being carried out in an effort to make full use of community resources to help prevent dependency, neglect, and delinquency.

RESEARCH AND TRAINING

The rapid rate of expansion in child welfare work has increased the demand for trained professional workers. Since 1963, when the training program was authorized, more than 3,200 individuals have received advanced training in this expanding field.

Our research effort has been focusing on immediate and anticipated problems in child welfare. Major attention has been given to both research and demonstration in early childhood programs. The Children's Bureau has pioneered in the development of preschool programs for very young children. It has funded a most interesting joint undertaking with the KLH plant in Cambridge, Mass. A nonprofit cooperative school operated by the factory workers is supported in part by a contribution from the plant, parent fees, and a demonstration grant from Children's Bureau. It is proving that industry and Government can pool their resources and ideas to meet the challenge of today's society.

I think the work of the Bureau in developing programs for the pregnant teenage dropout is highly significant. The Bureau's efforts have led to a quite distinct change in policy on the part of school systems, a change which is likely to reclaim a good many lives that would once have been wasted.

1970 WHITE HOUSE CONFERENCE ON CHILDREN AND YOUTH

Now scheduled for the latter part of 1970, the seventh decennial conference to review and evaluate the problems and needs and general welfare of our children is moving ahead. By the end of March, 47 States and territories have groups participating in planning and shaping the conference. They are organizing to meet the challenge of today's and tomorrow's society by developing courses of action in all aspects of child life. One of the conference's considerations will be related to closing the communication gap—between the young and old, and poor and well to do as well as among the races. It will be a cooperative Federal-State-local-private effort in behalf of our children and youth.

SUMMARY

Our revised 1970 budget of $56,800,000 is an increase of $600,000 over 1969, and a reduction of $200,000 from the original request. The reduction has been applied against the increase estimated for costs of continuing the training program at the 1969 level and reduces the number of trainees by 28 and training grants by six from the numbers originally proposed. The incerase includes $400,000 to provide temporary staff and other necessary costs for the conference and $200,000 to maintain the research program at the 1969 level.

This concludes my opening remarks, Mr. Chairman. I shall be happy to respond to any questions.

FUNDS AVAILABLE FOR CHILD WELFARE SERVICES

Mr. SUGARMAN. This is what I call an iceberg appropriation. We only see the tip of it. The amount of money we are talking about here, we are only seeing about 8 percent of what is really being spent on child welfare functions by the States. The other 92 percent is being put up by the States in matching money; this despite the fact that the law requires only a 33- to 66-percent contribution by the States. What has really happened here is that this particular appropriation has been an excellent stimulus to States and localities to provide additional matching moneys to do the things that need to be done.

In the last 3 years there has been a continued growth in the State's share of this appropriation but our own share has remained relatively constant.

PURPOSES FOR WHICH CHILD WELFARE FUNDS ARE EXPENDED

Child welfare services appropriation really underlies some of our basic child welfare and protection systems. For example, most of the licensing and a great proportion of the actual adoptions in this country are actually handled under this appropriation.

In the same sense, this kind of money underlies most of the child protective services in this country. This includes situations where a child is placed outside his own home in some sort of foster family, or institutional care, or where some sort of special care is provided in his own home as a protection to his welfare.

In addition to this, the child welfare service appropriation provides for a great deal of counseling with families for some specific services in the form of day care and homemaker services, and is addressed to some of the most serious problems that we have.

CHILD ABUSE

One of the things that I know Miss Arnold and those who have been with the Bureau for a number of years are most proud about is what has been done in the way of controlling child abuse.

Several years ago staff of the Bureau undertook a study to find out what the extent of child abuse was. As a result of that, they came to the conclusion that legislation was needed. I am happy to say that every State in the Nation now has a child abuse law.

Mr. FLOOD. Did you see the report on the child mortality rate annually in this country imposed by the parents?

Mr. SUGARMAN. Our figures indicate that in terms of cases we know about there are some 6,300 cases of child abuse. This is not necessarily mortality.

Mr. FLOOD. I mean mortality.

Mr. SUGARMAN. Mortality is high, particularly among young infants.

Mr. FLOOD. It is shocking.

Mr. SUGARMAN. There is a serious problem with a proportion of the population.

Mr. FLOOD. It is simply shocking.

NUMBER OF CHILDREN RECEIVING SERVICES

Mr. SUGARMAN. In total we estimate that there are some 645,000 children who are receiving services under this appropriation. Again, I caution that it is our 8 percent and the States' 92 percent, with which we are helping about 645,000 children. About 40 percent of those children are outside their own home and the remainder, or 47 percent, are living in their own home.

RESEARCH AND TRAINING

As a part of the child welfare services appropriation, we do have both training and research funds. We have a small increase of $200,000 in the research effort which, as I suggested before, is primarily because of higher faculty salaries assigned to the research projects.

I would like to take just a minute to emphasize to the committee

again the importance of research in this field. Very many years ago the Bureau supported some early work in child development, with particular attention to the 4- to 5-year-olds. That work really set the pattern for Headstart 5 years later. About 3 years ago the Bureau began to support work with infants—intervention with disadvantaged infants. That now is being reflected in the parent and child centers which have been funded by OEO with HEW cooperation and are really at the heart of some of the President's interest in the birth-to-5-year-old range.

TEENAGE ILLEGITIMACY

The Bureau has been very active in the question of teenage pregnancies; what to do with the mother and the child after pregnancy takes place.

Mr. FLOOD. What do you do?

Mr. SUGARMAN. Basically we have been giving grants to universities and other types of organizations, who are working with school systems, with welfare departments, to see to it that that mother doesn't drop out of society when she has had the child. The child is placed in good care, sometimes with the mother, sometimes apart.

Mr. FLOOD. They tell me a very high percentage now go back to school.

Mr. SUGARMAN. That is right. It's a direct result of this effort here. We have actually had some 43 projects around the country, not funded by us, but getting help from us.

Mr. FLOOD. The stigma is being removed to a certain degree?

Mr. SUGARMAN. That is right. We see some results——

Mr. FLOOD. Is that good?

Mr. SUGARMAN. I think it is excellent because accompanying that is some reduction in illegitimacy among teenagers.

Mr. FLOOD. Do you mean it is respectable now to have illegitimate children?

Mr. SUGARMAN. I don't mean that, but I mean we have some hope of getting to the people at this age to avoid second, third, and fourth repetitions.

Mr. FLOOD. One doesn't count?

Mr. SUGARMAN. Well, we'd like to get there first, but we will take it one step at a time, I think.

WHITE HOUSE CONFERENCE ON CHILDREN AND YOUTH

The other item of increase in this budget is the 1970 White House Conference on Children and Youth, an item of $400,000. This is a conference which has been held every 10 years since 1909. It brings together from throughout the United States professionals and individuals, political leaders who are interested in the problems of children and youth.

Mr. FLOOD. This is two-thirds of your total increase.

Mr. SUGARMAN. That is correct.

Mr. FLOOD. $400,000 for the White House Conference, is that right?

Mr. SUGARMAN. Yes.

Mr. FLOOD. On children and youth. That is a marvelous title. It is hard to fight that, isn't it?

Mrs. REID. How are the people selected?

Mr. SUGARMAN. There are State committees on children and youth who are appointed by the Governor and the Governors basically make the decision as to who will attend the Conference. In additional, national organizations like the Boy Scouts and the Girl Scouts and the Hi Y's and the education of young children groups send delegates. We pay none of these expenses.

Mr. FLOOD. So many from each State?

Mr. SUGARMAN. We don't really set any limitations. Our conference in 1960 attracted about 7,000 people. It was a very active program. I think they considered something like 200 resolutions at that conference. It has a lot of continuing effect because people come together, compare notes and then they go back and do things mostly in their own State. We do not pay the travel expenses of any of the delegates. This money is money for publications, preparation of papers, and the hiring of experts and consultants and things like that.

Mr. FLOOD. I know a good deal about this. I have talked to people about this and the White House people have talked to me. Of course, a lot of people are very much involved in this and to object to it, to oppose it, would be very unpopular nationwide, but why can't we postpone that under our current fiscal circumstances?

Mr. SUGARMAN. I think through postponement you dilute the efforts of the entire prior appropriation. There is an appropriation in 1969 which has begun the spadework of preparing for this.

Mr. FLOOD. How do you spend that money?

Mr. SUGARMAN. Primarily for a small core staff of 18 people.

Mr. FLOOD. Will you settle for $200,000?

CONTRIBUTIONS FROM PRIVATE SOURCES

Mr. SUGARMAN. What will happen, I think, is that we will have to go out and raise more money privately.

I think we need the $400,000 to do the job effectively.

Mr. FLOOD. Will you settle for two?

Mr. SUGARMAN. That is a matter for the committee to decide.

I should point out that we contemplate raising approximately $1 million privately to support this effort. This has been the pattern in the past conferences, that there has been a substantial fundraising campaign from private sources.

Mrs. REID. To support the effort in what way?

Mr. SUGARMAN. Conference expenses.

Mr. FLOOD. What are you going to spend the $400,000 for?

Mr. SUGARMAN. What we are spending it for is the core staff of 18 people, plus the equivalent of 3 man-years of consultant time, and the travel expenses connected with going out and meeting with the State committees. These are all temporary employees who will be on the rolls about 15 months.

Mrs. REID. You get how much extra from the private sector?

Mr. SUGARMAN. It will be well over $1 million.

Mrs. REID. For what do you use that?

Mr. SUGARMAN. Let me give you an example. We have one major publishing firm that has offered to underwrite the production of 50 monographs on major problems in the children and youth area at

a total cost of $250,000. They will pay the authors, they will print the documents, and they will distribute them. These then become the basis for discussion by the State committees and discussion at the national conference. They might cover such things as to what extent should youth be involved in making decisions about their programs; what are the best kinds of organizations for young people these days; what do we really need in the way of improving training for early childhood; the whole range of professional interests. Some of them are very scientific in nature. Some are quite broad public policy questions. That is coming out of private funds.

Mrs. REID. That is $250,000——

Mr. SUGARMAN. Out of the million.

Mrs. REID. Then what?

Mr. SUGARMAN. Among the other things contemplated is a major movie depicting the status of life for children and youth in the United States. We have high hopes that one of the major film companies will donate this.

Mrs. REID. If they donate it, this wouldn't come out of the $400,000 then.

Mr. SUGARMAN. That is right. All this is private money not coming from the $400,000 that we are talking about.

There will be conference facilities which we won't have the money to pay for out of our $400,000; the rental of hotel space and the rental of equipment to be used; the recording of the debates and the eventual printing of those debates. These are the things that will come up.

Mrs. REID. But the conference would cost $1,400,000?

Mr. SUGARMAN. That is right.

Mr. CARDWELL. There will probably be between 4,000 and 5,000 participants. I would also add that Secretary Finch is very anxious to have this conference deal with the current problems of youth, and not to have it fall into a stereotype of some of the previous conferences.

I think this also comes to the chairman's question about postponement. I think he would say to you that this would be something that he would urge you not to do, not to postpone it. He thinks we are in a crisis with youth and to lose this opportunity to try to bring government and public policymakers together with spokesmen for young people would be a mistake. To lose this opportunity would be a mistake. He wants to use the opportunity of this conference to serve that cause.

CHILD ABUSE

Mrs. REID. You spoke briefly about the fact that all States have child abuse laws. Reports of child abuse continue to rise and they have risen above the previous year. It would seem to me this would be just the opposite. What is your comment?

Mr. SUGARMAN. We are beginning to really find out that child abuse is going on whereas in the past it has been hidden. You know that many doctors, for example, were reluctant to report child abuse cases for fear of suits and trouble. Now, because they are legally obligated in the States to report it, they have no problem.

Mildred, you might want to say a word on this.

Miss ARNOLD. Child abuse has been going on for many years but we

are now beginning to see the amount of it, the seriousness of it and really having it reported so that it is possible to do something about it.

Mr. FLOOD. There are a shocking number of fatalities.

Miss ARNOLD. The paper said the other day that there are one or two a week in New York City. These are children actually killed, Mr. Flood, mostly by the father or stepparent. Physical abuse is often against the very young child. You have the psychological abuse of the older child, which is even more difficult to get at.

The last figure we had of the children referred to public welfare agencies, showed that about 36 percent were referred because of abuse or neglect. When we speak of abuse, we are speaking of physical abuse, but we also have the problem of neglect and the problem of exploitation of children. All three must be dealt with.

Mr. SUGARMAN. About one-third of these cases are that the children are simply not fed and are literally starving to death because the parents have not fed them.

Mr. FLOOD. I was speaking more of actual physical abuse.

Mrs. REID. I was also. That is what I had in mind. I hadn't thought of this other area.

Miss ARNOLD. We connect these together.

Some of this comes from seriously mentally ill parents. The psychiatrists say when that situation exists, you really have to remove the child; if you are able to detect it and diagnose it.

Some represents the rejection of children. If we really have family planning, that might help. Some of it is brought about by pressures on the mother; she has so many pressures that she just can't cope with them all. So you have many factors back of this; I have never seen State legislation relating to this problem pass so fast.

Mrs. REID. Wouldn't you say that perhaps a woman who may not be particularly stable to begin with, who might be of nervous temperament, would be more apt to have these pressures increase as her children increase in number?

Dr. LESSER. I think this is true. We also recognize child abuse occurs in middle-class families as well as lower-income families. Usually it is one child in the family who receives the abuse. The other children may not be touched at all. Why this one child becomes the scapegoat isn't clear. The parents are perfectly normal parents, to all outward appearances, and this is why physicians really have such a difficult time making diagnoses. They know these people and just can't believe that such abuse would be delivered.

Sending these children home if they have been severely beaten is frequently almost the equivalent of signing their death warrant, if the situation is not carefully analyzed.

Mr. FLOOD. What about this business of torture, cigarette burns by the father? Why? A 3-year-old girl; a good household; good mother. He is a good provider and appears on the outside to be a good man and he tortures his child with cigarettes.

Dr. LESSER. I think we would have to agree that it is not normal behavior; that even though outwardly he is a normal person and may function in the business world perfectly normally, this represents something abnormal and I think individuals like this do have deep-seated problems for which I think they need psychiatric help.

Miss ARNOLD. Many different forms of torture are used.

Mr. FLOOD. I just read about that lately somewhere.

Mrs. REID. It is hard to imagine, however, how any parent could possibly resort to this.

PRESCHOOL PROGRAM

With reference to the preschool program developed by KLH in Cambridge, Mass., how much interest has been shown by other industries in establishing similar programs?

Mr. SUGARMAN. I would say I get an average of one call a week from some business firm inquiring about the possibilities of Federal assistance or basically how you get started.

We have plans underway now to hold a conference of labor and business leaders sometime later this year around this question to see if we can map out some plans.

USE OF VOLUNTEERS AND NONPROFESSIONALS

Mrs. REID. I think your effort to make full use of community resources to help prevent dependency, neglect and delinquency are certainly highly commendable.

You say in this connection that agencies are making increased use of nonprofessional workers in providing certain of these services. Is this an area where volunteers could be used to greater advantage?

Mr. SUGARMAN. It surely is and the Congress, in the 1967 amendments to the Social Security Act, requires the use of both volunteers and nonprofessionals to help in the program.

Mrs. REID. Do you think there is a growing awareness as to individual responsibility in dealing with many of these problems by more citizens who formerly didn't bother to become involved?

Mr. SUGARMAN. I think that is clearly evident. My own experience in one program is that we were just overwhelmed with people who cared and wanted to spend some time. Even 4 years later the number of volunteers in that program still exceeds the number of paid employees. I think there is a tremendous wealth among older people and among youth.

Mrs. REID. That is all, Mr. Chairman.

Mr. FLOOD. Mr. Michel?

Mr. MICHEL. I just have a couple of general questions, Mr. Sugarman.

FEDERAL GOVERNMENT ROLE IN CHILD CARE

I would like to have you spell out, if you will, what you think the role of the Federal Government should be in relation to child care.

Mr. SUGARMAN. I think that is a question that we have to take in steps.

Mr. MICHEL. Very well.

Mr. SUGARMAN. I believe at this moment in time the concentration of the Federal Governmnet has to be on those children in disadvantaged homes who we can reasonably predict if we don't provide some help to them, are not going to be productive citizens later on.

Now, that help can take a variety of forms. I think health care is absolutely critical. They ought to grow up healthy.

Mr. FLOOD. Do you mean physically?

Mr. SUGARMAN. Physically healthy, yes, and mentally healthy, for that matter.

I think it is terribly important that if the home is inadequate to give the child the kind of grounding that is going to enable him to function well in school later on, or in life later on, that we do something to supplement that. That means a preschool program, or a day care program, or it may take the form of one of the newer programs we are talking about, what I like to call mini programs, where you don't actually bring the child into a center, but you send somebody out to work with the parents in their own homes or work with small groups of children. Maybe you don't need to do this 15 hours a week. Maybe 20 minutes a day or even an hour a week is enough, just to get the supplementation of experience and attention into the home that will make a difference.

By the time they get to school, they are going to be well equipped to go through school and then later on into life.

Mr. FLOOD. How old are you?

Mr. SUGARMAN. Forty-one.

Mr. FLOOD. Any children?

Mr. SUGARMAN. Four; 11, 9, 7, and 6.

While we are doing these things, we have to maintain the basic child protective services. I think we have to get our adoption system working even better than it is now and it is greatly improved over what it was 10 years ago.

Mr. FLOOD. With the courts, you mean?

Mr. SUGARMAN. Yes, but basically finding the parents.

ADOPTION IN THE DISTRICT OF COLUMBIA

Mr. MICHEL. Were you in the hearing the other day when I made the point, prompted by this newspaper article describing the conditions here in the District of Columbia, where you don't have the Negro mothers of illegitimate children offering their children for adoption, and there are very few who want to adopt them.

Mr. SUGARMAN. I think that picture is changing a little bit. There are organizations in the District at work trying to increase the number of adoptions in the District.

Mr. MICHEL. The thrust of the article indicated this thing is a real problem.

Mr. SUGARMAN. That is correct.

Mr. FLOOD. Is that true?

Mr. SUGARMAN. Yes. What I was going to say though is, just from an economic point of view, if you can work out a successful adoption, the cost to the public is so much less than if you have to support that child in a foster home, or if you don't give any treatment and they end up as a delinquent.

Mr. FLOOD. Do colored people adopt colored children?

Mr. SUGARMAN. Yes, but not in the proportions that white people do. Many adoptions are informal in the sense that a Negro family will assume the responsibility but not go through a legal adoption proceeding.

Mr. FLOOD. Do white people adopt colored children?

Mr. SUGARMAN. Very rarely. Once in a while.

Interestingly enough, white people are much more willing to adopt an oriental or Spanish-speaking child, a Filipino, than they are a Ne-

gro child. The number of adoptions by white families of children from Asia, let's say, is much higher than the number of adoptions of Negro-Americans.

Mr. MICHEL. I suppose it would hold that we won't really see any significant progress in the adoption by Negro couples until there is a larger number of them in an economic station of life where they feel they can afford to adopt a child.

Mr. SUGARMAN. It was observed in the hearing the other day that there is a willingness on the part of Negro families to take care of children, particularly illegitimate children, to assume that responsibility in greater degree than you find in white communities. They do sort of coalesce around their children and bring them up. However, there are something like 300,000 illegitimate births in the country per year and only about 100,000 of those children are being placed in adopted situations.

Mr. FLOOD. Is that good or bad?

Mr. SUGARMAN. It is bad if it means the alternative is that they are in paid foster care for years or if they are in institutions. I think children belong in families and preferably a family that is going to be their family, even if it isn't their original family.

CHILD ABUSE

On the matter of general development of children's services, we were talking earlier about child abuse cases, our concern about that, and the fact that we now have good reporting systems. I can take an example from the community I live in which is an upper-middle-class community in northern Virginia. Within an area of three blocks of my house I can point to 10 children that are in serious shape because of problems with their parents or because of problems between the parents.

I am not saying that the Federal Government should do anything about this at all, but somehow we have to find a way to deal with the problem. A sixth grader with whom I am acquainted has parents who are separated. The child comes home at 3 o'clock in the afternoon and has the responsibility of caring for three younger children until 11 o'clock at night. That is not good for any boy. Again, I emphasize that the Federal Government should not necessarily do anything about this, but somebody in the community here needs to.

ROLE OF THE CHILDREN'S BUREAU IN INVESTIGATION AND REPORTING ON NEEDS OF AMERICAN CHILDREN

One of the historic roles of the Children's Bureau was to investigate and report about the needs of American children and I hope we can return very strongly to that mission in the coming years and that we can again highlight——

Mr. MICHEL. Have we departed from it?

Mr. SUGARMAN. I think in the last few years there has been less done in that direction, yes. As I talk to various groups like the American Parents Committee——

Mr. FLOOD. We have departed from it?

Mr. SUGARMAN. I think that the Children's Bureau has departed from it; that it has not been as effective an advocate as it was when Martha Elliott and Katherine Lenroot were here.

Mr. FLOOD. Really? That is surprising.

Mr. SUGARMAN. That is a very common feeling among the staff, wouldn't you say, Miss Arnold?

Miss ARNOLD. I don't think we have had as strong an advocacy role as we had in the very beginning, when that was the sole function of the Bureau. When we got other responsibilities, like the grant-in-aid programs, and so forth, we tended to dilute this outer role somewhat which I think, is a very important one.

Mr. SUGARMAN. We have been doing something of a self-study of ourselves in the Bureau to see what we should be doing and thinking about.

Mr. FLOOD. We didn't know that.

Mr. SUGARMAN. Well, I will tell you a little bit about it. When I was asked to become Acting Chief of the Bureau, one of the things I was asked to do was to look at what should be the role here. I asked each of the members of the Children's Bureau staff to give me their views as to what ought to happen. We had a whole series of staff meetings between the various parts of the Bureau——

Mr. FLOOD. Did this occur lately?

Mr. SUGARMAN. Yes, within the past 3 months. I think we had some very constructive suggestions as to what we need to do to make this an effective organization, and to relate it to other things.

Mr. FLOOD. Would you give us a memorandum to the record on this?

Mr. SUGARMAN. I shall be happy to.

(The information follows:)

MEMORANDUM DESCRIBING STEPS TO IMPROVE THE FUNCTIONING OF CHILDREN'S PROGRAMS

(By Jule M. Sugarman, Acting Chief, Children's Bureau)

The Department of Health, Education, and Welfare, and the Social and Rehabilitation Service are now studying ways in which their programs for children can be strengthened. Based on discussions by the Bureau's own staff, I believe that our plans should be developed and our available resources allocated based on the following premises:

1. HEW and SRS should be actively promoting actions which are good for children.

2. The concept of services needs more emphasis on "change" activities such as day care, family planning, work and training, housing assistance, and consumer education.

3. Program focus should include total family and community. More emphasis is needed on youth.

4. Priority should be given to the needs of poverty families but there should be a recognition that not all children in need come from economically disadvantaged families.

5. Realistic standards are needed which take account of variations in the availability of staff and physical resources. Where standards are initially low, the Federal Government must actively aid communities through training and technical assistance.

6. Development of Federal policies requires broader participation from the outside world. We need to use the expertise of State and local officials, universities, professional organizations, program operators, and program beneficiaries.

7. The process of making decisions about services needs to be rationalized. By that we mean there need to be developed systems for determining the com-

munities needs for services, assigning priorities and measuring progress and effectiveness of services. We need to know which services really make a difference.

8. Program development and priority setting need to take into account thinking at both the State and local levels. Serious efforts also need to be made to get thinking at the neighborhood and participant levels.

9. The general public has a right to know the rules affecting public programs. Public officials at every level should be actively educating the public as to what can be done and how the public can help to do it.

10. As we develop new programs we need simultaneously to develop support systems of research, training, and technical assistance. Money alone will not necessarily increase services. In many cases, more services can be provided only by restructuring the way in which services are provided so as to fit with the kinds of people who can reasonably be expected to be found to provide them. Similarly, the availability of services does not assure that they will be used unless attention is given to factors of accessibility, attitude of the recipient, and knowledge of availability.

11. Organization and management of services need as much attention as program development. Too many well-designed service programs at the State or local level fail simply because of weaknesses in management or administration.

12. The Federal Government should encourage States to use experimental authority.

CONCENTRATION ON POOR CHILDREN

Mr. MICHEL. Has your thinking been crystallized sufficiently from your conferences with these people to come up with any drastic or significant proposals?

Mr. SUGARMAN. One of the dilemmas in developing children's services—and this came up this morning when we were testifying before Mr. Perkins' committee on Headstart, is, to what extent do you concentrate on children of poverty to the exclusion of other children when you know that programmatically you probably will have better programs if they cut across the spectrum of children? You are hindered by the fact there just isn't money to do all the things that you would like to do so you tend to concentrate on those children where you can do the most and yet in doing that you know you haven't as good a program as you might have if you could get a mixture.

I have no concrete answers to that question by any means, but it is something you will be hearing from your constituents about. I know many Headstart communities, for example, were so pleased by Headstart they want to see it broadened to include other children as well, and certainly disadvantaged children who are not poor. We ought to find a way to reach them too.

HEADSTART

Mr. FLOOD. Do you think Headstart should be a 12-month program?

Mr. SUGARMAN. I think it depends on the child. As opposed to a summer program, it should be a full-year program. I think for many kids——

Mr. FLOOD. What age should we begin?

Mr. SUGARMAN. At the moment my feeling is age four as a general matter, but that we should experiment with some programs for younger children. We have now——

Mr. FLOOD. How young? Where would you start?

Mr. SUGARMAN. For some children I would start in the second year of life, age one. Not necessarily in the sense of bringing those children

into a center but having somebody either work directly with the children or work with the parents.

Mr. FLOOD. Would you have different programs?

Mr. SUGARMAN. Yes.

Mr. FLOOD. By age bracket?

Mr. SUGARMAN. Well, by child bracket. The point that I try to make is that the needs of individual children are so different from one another that you almost have to individually prescribe what you need for them.

Mr. FLOOD. That is going to be real tough, that one.

Mr. SUGARMAN. There is some very interesting work being done. There is an organization, a profitmaking group, being set up which is going to go into this business on a commercial basis. They are not focusing on disadvantaged children. They are initially interested in advantaged children. They are going to set up learning centers where they will do, to the best of their ability, a diagnostic examination of the child's ability. With the results they will work with the parents on the kinds of things the parents need to work with the child. If the situation is where the parent is not——

Mr. FLOOD. Do you believe in kindergartens in the public schools?

Mr. SUGARMAN. Yes. We made good progress on that. Within the last 5 years the proportion of eligible children in public kindergartens jumped from 50 to 60 percent.

There was a very symbolic election in Arkansas last November where they abolished a State constitution requirement that prohibited the use of public moneys for children under 6. That was the last of the constitutional requirements that disappeared from the scene. To show you how far Arkansas has gone, in Little Rock they have just approved a project that will take children from age 1 through 12th grade in a continuous program of education and development.

Mr. FLOOD. What do you think about actual participation by parents in these things?

Mr. SUGARMAN. I think it is probably the most critical ingredient.

Mr. FLOOD. Good or bad?

Mr. SUGARMAN. Good.

Let me explain to you what I mean by participation, because that is a word that has a lot of different meanings. I see four kinds of participation: The first one, and in many ways, the most important one, is the interaction between the child and the parent, so the parent knows what he can do in the home to complement what is going on in the school.

Mr. FLOOD. I mean at the school.

Mr. SUGARMAN. That is No. 2. Actually being able to come in, work in the classroom, be a volunteer in the classroom or just sit there and watch what happens.

No. 3, opportunity to have the parent learn some things himself that will help him to be more capable and more effective and change his child's image of him. This is, in my book, a very important thing. What does the child think his mother or father is like? What are his own prospects and their prospects?

The fourth form is the participation in decisions about the program. We have found in Headstart that it makes a tremendous impact on the parents to know that they have something to say about the pro-

gram. I visited last week in Cleveland with a mother who is the chairman of the policy advisory committee for Headstart out there. This is a woman who has four children. I don't know if she is a widow or separated or what. She has four children and works every night from 11 p.m. to 7 a.m. so that she can be with them all the time when they are awake. She still has time to go out and be chairman of this policy advisory committee and write papers, talk to people, and organize bake sales and do all of these things. She is such an example to the other parents that people who when they first started coming to these meetings were not very well dressed, wouldn't talk, wouldn't participate at all are changing greatly. All of a sudden they are entering into business discussions and they are beginning to do things. Three of them have gone back to high school to get their diplomas.

I am an optimist about these things. There are many individual things that you can do for a child but you have to work not with just his cognitive growth but with this whole process of what goes into making competent grownups and making them into productive citizens. You have to work with the parents and with the communities. We are doing that in the Children's Bureau and we are doing it in Headstart and there is a lot of relationship between these two things. We want to see if we can not strengthen that relationship.

Mr. MICHEL. That answers my question adequately, Mr. Chairman. If you want to enlarge on that for the record, it is perfectly all right. Glad to have your thoughts.

Mr. SUGARMAN. Thank you.

Mr. FLOOD. Thank you.

(The following statement was submitted later:)

SUPPLEMENTARY MATERIAL ON PROGRAMS FOR CHILDREN

(By Jule Sugarman, Acting Chief, Children's Bureau)

This material is submitted in response to the committee's request to enlarge upon the response made during the hearing as to what the Federal Government should be doing with respect to children's programs.

It should be said at the beginning that nothing in the way of services will substitute for a level of family income which will permit good nutrition, adequate housing and necessary clothing.

We now have authority to provide a wide variety of child health services. Most of those services are available to only a small fraction of the children who need them. On the use of dental services under title V no funds have ever been appropriated. The problem in the child health area has two aspects: (a) restructuring health services so that the always limited numbers of professional personnel may serve more people, and (b) as the national situation permits, to provide additional funds.

During the testimony mention was made of expanding day care to serve those families where the mother needs or desires to work. It should be clear that the need for day care services extends to school age children during after school and summer periods.

There are a large number of services which need to be developed for children with specialized problems. These include handicapped, retarded, and emotionally disturbed chidren.

Much of our activity with respect to children necessitates working with their parents. I would suggest that this necessarily involves working with the youth before they become parents. We need to substantially expand efforts to provide both academic and practical family life education. There is a great need for working with the unmarried mother and father.

We need to be concerned with the development of effective marital and family counseling programs. Here as in many of the areas described above, I believe the

Federal role is primarily to stimulate the creation of services. For disadvantaged families some Federal support may be necessary. For others the individual should bear the cost.

Finally let me turn to the need for working with adolescent and teenage youth. It is in this area that I suspect we have the greatest uncertainty as to how to proceed. Much of our concern thus far has been with antiprograms; that is, antismoking, antidrugs, antidelinquency, antidropout, antihippies, and antialienation. To a considerable degree these programs are failures. We seem to have little capacity to convince people not to do things. I suspect, therefore, that we need to change our approach to a positive emphasis. We need to find those kinds of activities that satisfy the needs of youth. Two major approaches seem to me to be worth encouraging.

1. The provision of meaningful work experience in the high school and college years.
2. The creation of opportunities for public service in the high school and college years.

I believe it may be possible to do both of these by compressing our formal academic training and substituting organized work or service programs. Thus, for example, one year of high school might be replaced by a combination of a job assignment and a period of volunteering in a public program.

I believe that the Federal Government should be actively encouraging research and demonstrations in these areas and hope to program some of our available funds to support such efforts.

JUSTIFICATION MATERIAL

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL AND REHABILITATION SERVICE

Child Welfare

Amounts Available for Obligation

	1969	1970
Appropriation	$ ---	$57,000,000
Comparative transfer from "Maternal and Child Health"	+56,200,000	---
Total obligations	56,200,000	57,000,000

Obligations by Activity

	1969 Estimate	1970 Estimate	Increase or Decrease
1. Child welfare services	$46,000,000	$46,000,000	$ ---
2. Training	5,800,000	6,000,000	+200,000
3. Research and demonstration	4,400,000	4,600,000	+200,000
4. White House Conference on Children and Youth	---	400,000	+400,000
Total	56,200,000	57,000,000	+800,000

Obligations by Object

	1969 Estimate	1970 Estimate	Increase or Decrease
Full-time equivalent of other positions .	---	21	+21
Average number of all employees	---	21	+21
Personnel compensation:			
Positions other than permanent	$ ---	$220,000	+$220,000
Personnel benefits	---	12,000	+12,000
Travel and transportation of persons	---	126,000	+126,000
Rents, communications and utilities	---	20,000	+20,000
Other services	---	12,000	+12,000
Supplies and materials	---	10,000	+10,000
Grants, subsidies, and contributions	56,200,000	56,600,000	+400,000
Total obligations	56,200,000	57,000,000	+800,000

Summary of Changes

1969 estimated obligations	$56,200,000
1970 estimated obligations	57,000,000
Net change	+800,000

Program Increases:	Base	Change from Base
1. For continuation of ongoing training program	$5,800,000	$200,000
2. For continuation of ongoing research and demonstration program	4,400,000	200,000
3. For expenses related to the 1970 White House Conference on Children and Youth	---	400,000
Total	---	800,000

Explanation of Changes

1. Training--The total request of $6,000,000, an increase of $200,000 over 1969, provides for continuing the current level of 175 teaching grants, 676 traineeships, and 5 short-term grants.

2. Research and demonstration--The increase of $200,000 over the 1969 estimate of $4,400,000 represents costs of continuing the existing 36 research and demonstration projects into 1970.

3. White House Conference on Children and Youth--The $400,000 request provides funding for temporary staff and related expenses essential to carrying out final planning and development of the Conference. It includes $232,000 for salaries and benefits of temporary clerical staff and for services of experts and consultants, $126,000 for both staff and consultant travel, and $42,000 for expenses of supplies, communications and related items.

Authorizing Legislation

Legislation	1970 Authorization
Social Security Act:	
Section 420--Child welfare services	$110,000,000
Section 426--Child welfare research, training or demonstration projects	Indefinite

SOCIAL SECURITY ACT

Title IV, Part B.--Child Welfare Services

Appropriation

Section 420. For the purpose of enabling the United States, through the Secretary, to cooperate with State public welfare agencies in establishing, extending, and strengthening child welfare services, the following sums are hereby authorized to be appropriated; $55,000,000 for the fiscal year ending June 30, 1968, $100,000,000 for the fiscal year ending June 30, 1969, and $110,000,000 for each fiscal year thereafter.

Section 426. (a) There are hereby authorized to be appropriated for each fiscal year such sums as the Congress may determine--

(1) for grants by the Secretary--

(A) to public or other nonprofit institutions of higher learning, and to public or other nonprofit agencies and organizations engaged in research or child welfare activities, for special research or demonstration projects in the field of child welfare which are of regional or national significance and for special projects for the demonstration of new methods or facilities which show promise of substantial contribution to the advancement of child welfare;

(B) to State or local public agencies responsible for administering, or supervising the administration of, the plan under this part, for projects for the demonstration of the utilization of research (including findings resulting therefrom) in the field of child welfare in order to encourage experimental and special types of welfare services; and

(C) to public or other nonprofit institutions of higher learning for special projects for training personnel for work in the field of child welfare, including traineeships with such stipends and allowances as may be permitted by the Secretary; and

(2) for contracts or jointly financed cooperative arrangements with States and public and other organizations and agencies for the conduct of research, special projects, or demonstration projects relating to such matters.

Explanation of Transfer

	1969 Estimate	Purpose
Comparative transfer from:		
"Maternal and Child Health"	$56,200,000	Reflects transfer of funds to establish separate appropriation for Child Welfare

Child Welfare[1/]

	Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1960	$12,000,000	$13,000,000	$13,000,000	$13,000,000
1961	13,666,000	13,666,000	13,666,000	13,666,000
1962	15,666,000	19,100,000	19,100,000	19,100,000
1963	30,400,000	29,295,000	26,795,000	26,795,000
1964	37,000,000	36,943,000	32,943,000	32,943,000
1965	43,830,000	41,830,000	39,830,000	39,830,000
1966	48,000,000	48,000,000	48,000,000	48,000,000
1967	55,000,000	55,000,000	55,000,000	55,000,000
1968	56,200,000	55,700,000	55,700,000	55,700,000
1969	60,200,000	56,200,000	56,200,000	56,200,000
1970	57,000,000			

1/ All figures are on a comparable basis and exclude amounts related to "Maternal and Child Health."

1. Child welfare services

	1969 Estimate	1970 Estimate	Increase or Decrease
Grants	$46,000,000	$46,000,000	--

Background

Grants are made to States to assist in the establishment, extension and strengthening of child welfare services for the protection and care of homeless, dependent and neglected children, and children in danger of becoming delinquent and for the return of runaway children to their own homes in other States. Table A reflects the distribution of the funding among the States.

Child welfare services are essentially community-based. They contribute to the social well-being of children through activities designed to foster healthy, wholesome family and community living. They are intended to help children and their families both before and after trouble occurs and are designed to develop and make use of community resources that will help prevent dependency, neglect and delinquency.

Child welfare services, where available, are extended to children in need of them without regard to financial need, legal residence, color or religion. Child welfare services are provided or obtained by child welfare workers employed by State and local public welfare agencies.

For the child living in his own home who is having difficulty making adjustments to home, school, or community, the child welfare worker seeks to learn the cause of his problem and to help the child and his parents solve it. He protects and aids neglected and abused children. He arranges for care in foster family homes or institutions when a child must be removed from his own home. He helps unmarried mothers, many of whom are adolescents themselves, with their problems and assists the mothers in making plans for their babies to remain with them or to be placed in substitute family homes. The worker places for adoption children who must be permanently separated from their natural parents. He helps working mothers plan for their arranging day care for the children during hours that the mother is at work or when she is in training for employment. When there is illness of a parent, homemaker services are provided to help the family remain intact until the parent can resume his responsibilities. Parents with physically and mentally handicapped children are helped in providing care of the child in his own home wherever this is possible. Protection is offered children through the licensing of child-care institutions, and foster homes and day care facilities.

Program Highlights and Progress

Goals and objectives for child welfare services were set out in the 1962 amendments to the Social Security Act. These goals provided for:

-- making child welfare services available in all political subdivisions;

-- reaching additional children in need of services;

-- expanding the range and improving the quality of these services.

With the help of Federal funds, States have steadily expanded their ability to reach children in need of child welfare services. About three-fourths of the Federal funds are used by States to employ child welfare workers--the keystone of the child welfare program. There are now full-time child welfare workers available in a little over three-fourths of the counties in the Nation. However, in most urban areas there are not sufficient staff to meet the needs of many children who are suffering from neglect or are emotionally disturbed.

Statistics shown in Table B present evidence of the progress in recent years of the cooperative Federal-State-local effort to reach such children and their families. Some of the most significant results or measurements of this effort in child welfare are highlighted below:

-- As of March 1968, it is estimated that 644,900 children received services through State and local public child welfare agencies as compared with 607,900 as of March 1967. Of these children 48% were receiving protective and preventive services in their own homes, 44% were in foster family homes or in institutions, 7% were in adoptive homes and 1% resided elsewhere. Of all the children served, 6,300 were reported to have been physically abused.

-- States have increased their activities in licensing family day care homes, group day care homes and day care centers. The licensed capacity increased from 475,200 in 1967 to an estimated 530,000 in 1968. The licensing of these day care facilities assures that the children cared for are in facilities which offer them good physical care as well as opportunities for their intellectual and emotional development.

-- Homemaker services under public welfare auspices tripled between 1963 and 1966. There were 279 such programs in 1966 serving both public assistance and child welfare families. The States expended over $750,000 of Federal child welfare funds in 1967 to provide this service to permit children to remain in their own homes during periods of family crisis.

Program for 1969-1970

The 1967 amendments to the Social Security Act established a closer tie between the program of Aid for Families with Dependent Children and Child Welfare Services. Both are now part of the same title of the Social Security Act and must be administered through a single organizational unit at the State and local level. In achieving a unified organization to provide social services to families and children, States will be emphasizing the development of child care resources for children of AFDC recipients who are referred to the Department of Labor for participation under the WIN program. Greater emphasis also will be placed on the development of care and services for preschool children particularly in needy families to foster the child's physical, emotional and intellectual development.

States will also expand family planning services and wherever appropriate refer persons for such health services. They will be expected to make greater efforts in developing service programs for the reduction and prevention of

illegitimacy. Improvement in the foster care of children will be sought particularly in the recruitment of suitable foster homes which are in short supply for the long-term care of children for whom adoptive homes cannot be found.

The 1970 request of $46,000,000, the same as 1969, is intended to continue the Federal effort to encourage States to meet the legislative objectives of this program.

2. Training

	1969 Estimate		1970 Estimate		Increase or Decrease	
	No.	Amount	No.	Amount	No.	Amount
Teaching grants	175	$3,369,000	175	$3,471,000	--	+$102,000
Traineeships:						
Master's degree	626	2,028,000	626	2,118,000	--	+90,000
Post-Master's degree.	50	353,000	50	361,000	--	+8,000
Subtotal	676	2,381,000	676	2,479,000	--	+100,000
Short-term grants	5	50,000	5	50,000	--	--
Total	--	5,800,000	--	6,000,000	--	+200,000

Background

Training grants are made to institutions of higher learning to strengthen and expand their resources to train more individuals in the field of child welfare and to upgrade the skills of personnel working in the welfare field. Grants are made primarily to schools of social work.

Program Highlights and Progress

Teaching grants: Expansion and improvement of existing schools of social work, and the commitment to assist in the development of new schools is fundamental in increasing the volume of workers with professional education to be utilized in child welfare programs. Child welfare training grants help schools to increase their capacity by expanding the number of field instruction placements, developing new field instruction units, and employing additional classroom faculty. The master's degree enrollment in schools of social work for the academic year 1967-1968 increased by 8 percent over the previous year. Support from this and other programs has contributed substantially to enabling schools to increase their enrollment.

In 1968, funds awarded provided for 140 field instructors to supervise students in practice units in child welfare and for 25 other faculty to strengthen the school program and develop new field placements in child welfare. Grants were made to 69 schools of social work. Areas of emphasis included: public child welfare programs, primarily foster family care; voluntary child welfare programs, especially institutional group care; juvenile delinquency services; mental retardation programs; and neighborhood service centers or community action oriented programs.

Traineeships: Increasing numbers of students are applying for admission to schools of social work, but many of them find that they cannot complete training without financial assistance. The purpose of this program is to assist untrained or partially trained persons now working in the field of child welfare to overcome professional deficiencies and to attract new candidates for the field to increase the supply of trained child welfare workers. In June 1967 (the last date for which complete data are tabulated), 337 trainees completed their graduate training for the master's degree. This represents 97% of the trainees who were enrolled in the second year master's program in that academic year. In the reported employment for 243 of these trainees, 81% were engaged in child welfare and related services for children. Doctoral level awards are also provided in order to develop additional teaching competence in child welfare, provide research workers, and equip qualified staff for broad leadership responsibilities in child welfare agencies.

Short-term training: Institutions of higher learning develop workshops and institutes to increase the competence of personnel currently working in the field of child welfare. Both professional and nonprofessional staff of child welfare agencies receive training in these institutes. Some training projects which will promote the greater utilization of subprofessionals and volunteers will be effected through short-term grants. Among the projects funded in 1968 were the following:

-- University of Illinois -- an institute on day care as a social service resource;

-- Our Lady of the Lake College (San Antonio) -- a workshop for day care center staff;

-- University of Tennessee -- a workshop for social workers on working with parents of children in foster care; and

-- Yeshiva University -- a training program for foster parents.

1970 Program

The total request of $6,000,000 for training functions represents an increase of $200,000 over 1969. The additional funds provide for maintaining teaching grants, traineeships and short term institutes at the same level as planned with 1969 grants. Rising faculty salaries and university tuition rates account for the increased requirement in 1970.

3. Research and demonstration

	1969 Estimate		1970 Estimate		Increase or Decrease	
	No.	Amount	No.	Amount	No.	Amount
Continuation grants ...	36	$4,400,000	36	$4,600,000	--	+$200,000

Background

In response to the concern of State and local public and voluntary agencies for the advancement of child welfare knowledge, services, and programs, Congress authorized projects for (a) research, (b) the demonstration of new methods or

facilities, (c) the demonstration of the utilization of research, and contracts or jointly financed cooperative arrangements. The grants and contracts are awarded to public or other nonprofit institutions of higher learning and to public or other nonprofit agencies and organizations engaged in research or child welfare activities.

Program Highlights and Progress

The research effort has been focusing on both immediate and anticipated problems relating to child welfare. Among significant projects which have been supported are those intended to improve the quality of child care programs while also developing new services. In 1964, day care services for children less than three years of age were studied in special demonstration projects. The resulting knowledge laid the groundwork for five major studies which later provided the basis for the development of the Parent and Child Centers under the joint and cooperative leadership of the Children's Bureau and the Office of Economic Opportunity. There are now 30 such centers.

In recognition of the need to redirect social work training to meet the expanding need for creative and dynamic leadership, four special facilities are being supported (one each in Chicago, St. Louis, Cleveland, and Berkeley). These facilities are designed as a research effort to test the most effective means of training in the social service fields. The Chicago facility is the prototype of the 14-city Neighborhood Service Center Program.

1970 Plan

The 1970 request includes $4,600,000 to continue 22 research efforts and 14 demonstration projects which will focus attention in areas such as intellectual, or cognitive, development of the child; his ability to relate to people in order to develop within himself the capacity for family life; and the issues relating to creativity and motivation for learning.

By 1970 the results of two basic studies which are evaluating the effects on a child of being taken from his own home are expected to be available. One of these studies is concentrating on children located in a large urban area; the other with those who live in middle-sized cities. These projects are intended to serve as a guide for the development of alternative systems of child welfare. The $200,000 increase represents the effect of rising faculty salaries as well as changes in indirect costs.

4. White House Conference on Children and Youth

	1969 Estimate1/	1970 Estimate1/	Increase or Decrease
Personnel compensation and benefits ..	--	$232,000	+$232,000
Other expenses	--	168,000	+168,000
Total	--	400,000	+400,000

1/ Excludes salaries and related benefits of five full-time positions (2 professional, 3 clerical) which are provided under "Salaries and expenses, Social and Rehabilitation Service."

Background

Each decade of the twentieth century, beginning in 1909, the United States, upon the personal call of the President, has held a national citizen's conference on children and youth. The purpose has been to assess, appraise and evaluate the overall conditions of children and youth, to advise the American people on the problems and to stimulate action for improving conditions on the part of professional and citizen's groups and public and private agencies.

All conferences have served as benchmarks against which the progress of the Nation in terms of its children could be measured. Each conference has reflected the problems and concerns of the decade in which it was held and has represented a joint effort of the governmental and private sector.

Preliminary planning for the 1970 White House Conference on Children and Youth began in 1966 when the Secretary of Health, Education, and Welfare at the direction of President Johnson requested the heads of government in 50 States, 4 territories and the District of Columbia to appoint committees to carry on the extensive work preparatory to such a conference. Current plans call for the conference to be held in mid-1970 in Washington, D. C.

Program activities and plans

Thirty-seven States and territories now have fully-constituted, active committees; and others are in process of formation. Some thirty national organizations (professional and youth serving) also have developed various program proposals which they will undertake in support of conference activities. In working with the State and national organizations, staff guidance has been provided on the structure and organization of the proposed conference, as well as on various facets of programming, financing, staffing, interorganizational relations, and meaningful roles which organizations might undertake in support of the conference's conduct and objectives. Within the Federal Government the Interdepartmental Committee on Children and Youth representing 40 agencies has activated a special committee for the White House Conference; and within the Department an intradepartmental committee is functioning.

The conference will bring together approximately 5,000 persons representing seven major constituencies: Federal agencies dealing with children and youth; State committees; national voluntary organizations; professional organizations; new enterprises (i.e., Coalition, National Alliance of Businessmen); the business community; and youth itself. Based on surveys, research, and professional analyses together with findings and recommendations of task forces, the conference will examine ten or twelve areas of concern and reach suggestions for proposed action to be taken by legislative bodies and by a partnership of governmental agencies, professional and voluntary organizations and the business community.

1970 Requirements

Conference planning and development will move into its major effort during fiscal year 1970. Services of experts in many specialized fields affecting children and youth will be required. Committees of these experts will be formed to plan and complete the numerous details relating to the holding of the conference. Temporary clerical assistance and similar supporting staff will be necessary. The 1970 request provides for employment of 3 man-years of experts and consultants and 18 man-years of other temporary staff. It includes $126,000 for staff and consultant travel and $42,000 for expenses of office supplies, communications, Xerox rental, and related supportive items.

Since the conference is a joint effort, it is anticipated that the private sector will give evidence of its concern for the wellbeing of the Nation's young people by investing up to $1,000,000 during 1969 and 1970 in conference activities. Success of previous conferences has, in no small part, been due to this kind of joint participation.

Table A

Child Welfare Services

Actual and Estimated Awards [1/]
Fiscal Years 1968-70

State	1968 Actual	1969 Estimate	1970 Estimate
Alabama	$1,090,905	$1,082,471	$1,075,193
Alaska	122,112	124,799	125,468
Arizona	489,502	487,643	495,409
Arkansas	626,926	621,899	626,578
California	3,176,047	3,186,518	3,294,893
Colorado	497,796	490,407	504,322
Connecticut	503,342	507,550	506,991
Delaware	157,625	158,662	164,421
District of Columbia	169,614	170,744	179,155
Florida	1,399,659	1,397,955	1,396,645
Georgia	1,281,221	1,280,397	1,265,369
Guam	98,413	105,795	103,590
Hawaii	222,593	223,760	233,738
Idaho	249,495	248,009	249,809
Illinois	1,850,707	1,867,121	1,856,374
Indiana	1,104,843	1,113,097	1,108,039
Iowa	669,325	665,078	631,517
Kansas	547,289	549,634	546,539
Kentucky	926,235	915,779	902,951
Louisiana	1,120,461	1,123,124	1,116,919
Maine	312,989	308,349	304,834
Maryland	779,094	784,821	792,883
Massachusetts	1,009,715	1,014,850	1,014,325
Michigan	1,772,367	1,798,690	1,769,350
Minnesota	882,868	876,176	869,661
Mississippi	836,503	832,334	822,392
Missouri	1,005,349	1,015,575	1,019,389
Montana	241,818	239,267	238,064
Nebraska	393,270	385,666	372,901
Nevada	143,587	142,325	151,315
New Hampshire	218,279	218,566	218,355
New Jersey	1,176,709	1,184,716	1,212,485
New Mexico	372,386	364,004	369,916
New York	2,856,303	2,853,965	2,867,016
North Carolina	1,435,955	1,424,622	1,408,262
North Dakota	242,679	237,511	232,460
Ohio	2,205,002	2,215,269	2,207,640
Oklahoma	647,609	646,020	640,494
Oregon	463,919	467,299	472,342
Pennsylvania	2,343,734	2,330,654	2,313,695

State	1968 Actual	1969 Estimate	1970 Estimate
Puerto Rico	1,031,171	1,044,530	1,091,970
Rhode Island	240,252	238,967	236,963
South Carolina	866,254	860,784	854,512
South Dakota	255,969	250,633	239,252
Tennessee	1,103,743	1,090,940	1,082,271
Texas	2,778,915	2,778,954	2,757,439
Utah	346,216	348,604	357,133
Vermont	170,483	172,699	167,352
Virgin Islands	87,821	90,934	92,536
Virginia	1,149,084	1,140,324	1,133,287
Washington	651,337	666,183	671,435
West Virginia	540,951	531,738	527,095
Wisconsin	984,555	982,470	965,132
Wyoming	145,526	141,119	141,924
Total	45,996,522	46,000,000	46,000,000

1/ Each State receives a uniform grant of $70,000 and an additional grant which varies directly with child population under 21 and inversely with average per capita income. The 1970 figures represent tentative apportionment of the amount requested.

Table B

Selected Statistics in Child Welfare
1966-1968

	As of March 1966		As of March 1967		As of March 1968	
	No.	Percent	No.	Percent	No.	Percent
Children receiving services through State and local child welfare agencies	563,800	100	607,900	100	644,900	100
Children living in:						
(a) Home of parents or relatives or independently .	273,000	48	291,200	48	311,000	48
(b) Foster family homes	191,600	34	208,800	34	220,000	34
(c) Institutions ..	54,000	10	61,300	10	63,300	10
(d) Adoptive homes	39,000	7	39,500	7	42,900	7
(e) Elsewhere	5,900	1	7,100	1	7,700	1

	No.	No.	No.
Rate of service per 10,000 children	71	74	79
Counties with full-time child welfare workers:			
Number	2,314	2,386	2,460
Percent of all counties	72.1	74.4	76.7
Number of children who can be accommodated in licensed day care facilities	210,400	475,200	530,000
States with child abuse laws (Includes D. C. and territories where appropriate)	--	52	52
Report of child abuse	--	6,000	6,300
Employment data on full-time workers in State and local child welfare programs (as of June):			
Number of employees ...	12,955	14,047	15,500
Vacancies	1,881	1,929	1,980
Persons granted full-time educational leave	1,075	1,163	1,254

THURSDAY, APRIL 24, 1969.

SALARIES AND EXPENSES, SOCIAL AND REHABILITATION SERVICE

WITNESSES

JOHN D. TWINAME, DEPUTY ADMINISTRATOR, SOCIAL AND REHABILITATION SERVICE
E. M. SILVERMAN, ASSISTANT ADMINISTRATOR FOR ADMINISTRATION, SOCIAL AND REHABILITATION SERVICE
RANDOLPH W. LEE, DIRECTOR, BUDGET DIVISION, SOCIAL AND REHABILITATION SERVICE
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Permanent positions	17,213	20,881	21,312
Positions other than permanent	297	550	776
Other personnel compensation	90	37	45
Special personal service payments	24	24	24
Total personnel compensation	17,624	21,492	22,157
Personnel benefits: Civilian employees	1,303	1,580	1,617
Travel and transportation of persons	1,090	1,156	1,294
Transportation of things	57	81	81
Rent, communications, and utilities	560	661	703
Printing and reproduction	665	779	855
Other services	2,022	1,547	2,001
Supplies and materials	142	213	232
Equipment	178	104	200
Total obligations	23,641	27,613	29,140

PERSONNEL SUMMARY

Total number of permanent positions	1,763	1,708	1,768
Full-time equivalent of other positions	26	45	62
Average number of all employees	1,533	1,739	1,778
Average GS grade	9.5	9.5	9.4
Average GS salary	$11,059	$11,849	$11,752

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Assistance payments	1,584	1,952	1,977
2. Work incentives		85	302
3. Medical assistance	1,193	1,438	1,791
4. Rehabilitation	2,095	2,372	2,370
5. Mental retardation	706	750	741
6. Family and child health and welfare	3,025	3,482	3,449
7. Aging services	1,112	1,235	1,241
8. Juvenile delinquency	235	361	432
9. Research and demonstrations	1,882	2,051	2,074
10. Statistical services	706	944	1,126
11. Executive direction and program services	4,048	4,776	5,182
12. Regional operations	7,055	8,167	8,455
Total obligations	23,641	27,613	29,140
Financing:			
Receipts and reimbursements from: Trust funds	−336	−348	−360
Comparative transfers to/from other accounts	−2,788	330	
Unobligated balance lapsing	863		
Budget authority	21,380	27,595	28,780
Budget authority:			
Appropriation	21,380	26,383	28,780
Transferred to other accounts		−22	
Appropriation (adjusted)	21,380	26,361	28,780
Proposed transfer from other accounts for pay increases		1,234	
Distribution of appropriations by account:			
"Bureau of Family Services, salaries and expenses"	8,225		
"Children's Bureau, salaries and expenses"	6,151		
"Office of the Commissioner, salaries and expenses"	1,685		
"Salaries and expenses"	5,319		
"Social and Rehabilitation Service, salaries and expenses"		27,595	28,780
Relation of obligations to outlays:			
Obligations incurred, net	20,517	27,595	28,780
Obligated balance, start of year	1,562	1,913	2,132
Obligated balance, end of year	−1,913	−2,132	−2,302
Adjustments in expired accounts	−4		
Outlays	20,162	27,376	28,610
Distribution of outlays by account:			
"Bureau of Family Services, salaries and expenses"	7,810	628	
"Children's Bureau, salaries and expenses"	5,803	704	
"Office of the Commissioner, salaries and expenses"	1,669	90	
"Salaries and expenses"	4,880	491	
"Social and Rehabilitation Service, salaries and expenses"		25,463	28,610

Mr. FLOOD. We will next consider the budget for the Social and Rehabilitation Service, salaries and expenses. The presentation will be made by Mr. John D. Twiname, the Deputy Administrator, Social and Rehabilitation Service.

PREPARED STATEMENT

Mr. TWINAME. Here is a statement which I will submit for the record.

Mr. FLOOD. It will be received.

(The document follows:)

Mr. Chairman and members of the committee, we have highlighted for you the various SRS programs planned for fiscal year 1970. To provide the Federal administrative support of these programs, I am requesting $31,500,000 in general funds and $360,000 in trust funds for salaries and expenses. This represents an increase of $4,247,000 over the 1969 level of operations and will finance 1,868 positions.

By the end of fiscal year 1969, we will have eliminated 55 positions that were filled on June 30, 1968 as a direct result of the Revenue and Expenditure Control Act of 1968. The problems involved in attempting to staff a new organization under such constraints as the Revenue and Expenditure Control Act have been extremely difficult. If the new organization had been simply a rearrangement of

existing responsibilities we could have hoped to make the transition without great difficulty. But the new responsibilities assigned to SRS under the 1967 and 1968 legislation have been demanding and far reaching.

We are continuing to evaluate our staffing plans to find positions assigned to low priority tasks so that we can use them to meet our most urgent needs. We are not only concerning ourselves with vacated positions, but we are reassigning our existing staffs in an effort to concentrate on the tasks of highest priority.

The budget request you have before you provides for 160 positions above our end of year 1969 positions funded from this appropriation. Forty-nine of these positions will be filled on July 1, 1969 by staff already in SRS, but who occupy positions funded by the Office of Economic Opportunity for the work experience program. Since the authorization for that program expires on June 30, 1969, the personnel will be reassigned to fill 49 of the new positions. The other 111 positions will be used to hire new employees to meet other critical needs.

Specifically, the requested staff increases in fiscal year 1970 will provide for increased management support of the assistance payments program. Particular attention will be given to the accounting methods, computer and personnel utilization, overall management practices of the States, and the operational problems involved in separation of eligibility determinations from social services.

Staff will be devoted to carrying out the work incentive program responsibilities authorized by the 1967 Social Security Act amendments. Responsibilities include policy development and assistance to the States in providing child care services, forecasting child care requirements in relation to the work and training program level, and monitoring of the child care activity as well as the overall program development and coordination of the work incentive efforts.

Other new positions will be used for work directly related to the management and evaluation of title XIX, "Medicaid." Responsibilities include guideline development, review of States; management practices, assessment of services provided, and overall evaluation of the program to determine effectiveness and future requirements. Provision is also made for the administrative support of the Medical Assistance Advisory Council and the National Advisory Council on Nursing Home Administration established by the 1967 Social Security Act amendments.

Fiscal year 1970 will be the first full year of operation for the juvenile delinquency program. Additional staff are required to carry out the full range of grants management and technical guidance in administering the various programs of planning, prevention, rehabilitation, training, and model programs in this area.

In the statistical services area, new staff will give particular attention to the development and revision of the reporting systems covering "medicaid," work incentives, work adjustment, characteristics of public assistance recipients, and other program areas to provide data that will serve as a good basis for program analysis and evaluation.

More staff time will be assigned to program planning and evaluation, program coordination of social services, public inquiries, and financial management activities in support of the overall direction and program services required at the top level of management.

In distributing the total positions in 1970, I have placed considerable emphasis on the role of the regional offices. The whole concept of interrelating the varied and complex programs of SRS is dependent substantially on the strong support of regional staff who are in direct contact with the individual States on a day-to-day basis. This staff is in a unique position of assessing and evaluating, at firsthand, the effects of SRS programs and of providing the technical assistance required for successful operations. Additional positions will be used in the regions to expand the technical assistance provided the States in administering the SRS programs. Additional deputy regional commissioners in each of the regions will be established to provide the central point of contact for individual States in furtherance of the SRS objective of interrelating all of the programs to the problems of the poor and other disadvantaged groups.

The 1970 budget estimate also recognizes the need to establish a system that will provide a meaningful basis to project public assistance requirements by investigating and identifying the contributing factors which result in setting the national trends of the public assistance costs. In addition, provision has been made to finance contractual arrangements for data collection in support of program analysis and evaluation activities, for a comprehensive management study of "medicaid" to identify areas of possible savings, for development and improvement of the accounting system, for the relocation of regional offices, and for other program-related service activities.

I believe that with the total 1970 estimate, we can proceed with carrying out our program responsibilities and strengthening the overall management of SRS programs.

Mr. TWINAME. I would like to speak to what we call the "overview" of this budget.

INTRODUCTION OF PRINCIPAL WITNESS

Mr. FLOOD. How long have you been in Washington?

Mr. TWINAME. Two weeks.

Mr. FLOOD. Where do you come from?

Mr. TWINAME. I am previously from American Hospital Supply Corp.

Mr. FLOOD. Where were you born?

Mr. TWINAME. In New York State, Mount Kisco, N.Y.

Mr. FLOOD. Are you an administrator?

Mr. TWINAME. I have been with the company in various positions for the past 8 years in Chicago.

Mr. FLOOD. You are a business executive?

Mr. TWINAME. Business executive would be correct. I was vice president of marketing for that corporation.

Mr. FLOOD. Where did you go to school?

Mr. TWINAME. Cornell University and Harvard Business School after that.

BIOGRAPHICAL SKETCH

Mr. FLOOD. We will place your biographical sketch in the record at this point.

Name: John D. Twiname.

Position: Deputy Administrator, Social and Rehabilitation Service.

Birthplace: Mount Kisco, N.Y., December 27, 1931.

Education: Cornell University, BA 1953; Harvard University, Graduate School of Business Administration M.B.A. 1957 (George Baker Scholar).

Military service: U.S. Army artillery; 1953–1955, honorably discharged, first lieutenant.

Experience: For the past 12 years an employee of American Hospital Supply Corp. in the following positions; 1957–60, sales representative to hospitals and nursing homes in Pennsylvania and New Jersey; 1961, manager of product planning, Evanston, Ill. general offices; 1962, Midwest areas sales manager; 1963, assistant to president, American Hospital Supply Division; 1964–67, marketing manager, organized and implemented product manager system; also responsible for product planning, advertising, sales promotion, and public relations; 1968, vice president, marketing services, responsibilities above plus research and development activity; 1969, given responsibility for corporate marketing function which was prior to HEW appointment.

Other Activities: Founding member and president of the Board of Chicago Business-Industrial Project, one of the first "industrial missions" in the United States. Project was organized to bring together leaders of business, labor, the black community, plus university and Government people, to focus on social problems; board member, Wilmette Human Relations Committee; cochairman, fund raising task force for ghetto self-help project "Toward Responsible Freedom" (project of community renewal society); Chicago Executives Club; Economic Club of Chicago.

Mr. TWINAME. I would like to introduce two associates who will back me up on details. Mr. Lee from our budget division, and Mr. Silverman, in charge of our Office of Administration.

MANAGEMENT OBJECTIVE

As a newcomer from the business world, I am impressed with the dedication and the competence that I have found in just 2 weeks here. I have seen two basic needs both as a citizen and in the past 2 weeks putting on the other hat, by getting into the management area of SRS. The two basic needs are, (1) better relations with the States and the local agencies in carrying out these programs, and——

Mr. FLOOD. That must have surprised you, didn't it?

Mr. TWINAME. That we need that?

Mr. FLOOD. That you have it.

Mr. TWINAME. We don't have it. I mean we need simplification. I have seen it at the other end and I think it is reaffirmed here.

What we also need is more of a modern management approach to the programs we have. I am talking particularly in the area of planning, and if we are going to do better planning, we have to do better forecasting. I am thinking of evaluation and control. These are the standard, classic, management techniques. By control I refer to the medicaid program and some of the excesses, for instance, that you were referring to the other day, also the social services area. To get a better handle on these.

This S. & E. request, Mr. Chairman——

Mr. FLOOD. What is "S. & E.," for the record?

Mr. TWINAME. Excuse me. Salaries and expenses. This request is geared to those two problems. Most of the positions you will see here are directed toward the areas of solution which I think are well directed; that is, to decentralize some of the administrative work into the region, and——

PROPOSED BUDGET INCREASES

Mr. FLOOD. There are quite a few Members of Congress—maybe the majority, I don't know—we haven't had a trial run so far—who are going to be perfectly willing to accept the redutions below the Johnson budget, and they are going to be just as unwilling to accept certain surprising increases in the Nixon amendments to the Johnson budget.

The Nixon amendments would increase your budget by 100 jobs, and $2,720,000? You economizers, you budget-balancers; plus 100 jobs, $2,720,000. Nobody would believe that in October, but there it is.

There it is, over the so-called Johnson budget, and by the way, the Johnson budget had an increase of 11 jobs, and almost $1 million.

Well, you budget-balancers, what will happen if you don't get this increase?

Mr. TWINAME. Perhaps it would be helpful by way of review to say that a year ago Miss Switzer came before you with essentially the same problem. That we had legislated many programs——

Mr. FLOOD. Johnson comes in for 11 positions and $1 million; now you come in asking for 100 more jobs and almost $3 million more dollars. You budget-balancers.

Mr. TWINAME. Last year you granted Miss Switzer 100 new authorized positions.

Mr. FLOOD. That is right.

Mr. TWINAME. Following that authorization, the Revenue and Expenditure Control Act was passed, so instead of getting the 100 positions that you authorized we, in effect, were reduced over the year by 55 positions. So we are 155 positions short of what you authorized this agency a year ago.

And let me say this: As I understand it—and in fact I have before me the testimony of last year where there was listed at your request, Mr. Chairman, 27——

Mr. FLOOD. You don't mean that you thought I would ask you this?

Mr. TWINAME. No, I just was interested to read it and came across it.

I was impressed by the need for more people because of the amendments in 1967 and 1968 regarding family planning, improving dental health of children, and things we have been talking about here in the past 3 days. It was to try to implement these programs that the request for positions was made and you granted it.

Now, we do not only have those programs to implement—and medicaid is an excellent example where the agency has basically stolen positions from other places just to gear up for this——

Mr. FLOOD. We call it piracy.

Mr. TWINAME. Yes. A good word. But we would like to implement this legislation and we would like to make sure we manage it better. We come before you basically with the same request as last year but, as you will notice, a real commitment in this budget, to initiate some of the modern techniques such as computerization, some of the control mechanism, some of the administrative things required to make the Government look like it is committed to carrying these programs out and not just putting them on the books.

IMPROVING PUBLIC ASSISTANCE ESTIMATES

Mr. FLOOD. Your first increase is $143,000. That is in the so-called Johnson budget. Now, that is raised by you budget-balancers to $293,000 in the so-called Nixon budget. That is to improve the estimating of public assistance requirements. We certainly have been concerned here about that. We had an investigation last year and we don't know for certain where we are now. We can't trust the State figures on the basis of past performance.

On the other hand, what difference does it make as far as the Treasury is concerned if these estimates are 99 percent accurate, or only 90 percent accurate? Whatever the bill turns out to be, it has to be paid regardless of how good the estimate is. Is that right?

Mr. LEE. There have been a number of occasions where this committee and other committees of Congress have indicated an intense interest in an estimate of what something is going to cost. We continually get requests from the Senate Finance Committee——

Mr. FLOOD. You shoot an arrow into the air and it falls to earth you know not where.

Mr. LEE. Your comment on recent estimates——

Mr. FLOOD. What is the difference whether it is 90 percent or 99 percent accurate when you submit the budget?

Mr. LEE. It isn't 99 percent. Our record has not been that good, not by any means, and it isn't an easy thing to estimate the cost of the programs authorized by the Social Security Act.

Mr. FLOOD. You have been at least 90 percent right most of the time.

Mr. LEE. If we always came within 90 percent, that would be pretty good, but we don't.

Mr. FLOOD. You are pretty close.

Mr. TWINAME. I think, Mr. Chairman, it isn't only a case of being in position to pay the bill when the waiter comes. It is a problem of planning ahead to know what kind of program is required—and you know how long it takes to——

Mr. FLOOD. Regardless of the estimate when the waiter brings the bill, we have to pay it.

Mr. TWINAME. That is right, but now we are in an area where we have had this migration of population. Many factors which are causing the present welfare problems that we now have.

We don't have those under control because we don't know what those trends really are enough to construct programs——

Mr. FLOOD. I agree with that.

Mr. TWINAME. And I think this forecasting isn't just a matter of saying, "Mr. Treasurer, just be ready to write a check next year for such and such an amount."

I think it is an effort to say, "Let's plan for the needs of people in a realistic way beginning next year and the year after that."

Mr. LEE. One important aspect in forecasting public assistance requirements is to be able to respond intelligently when the question is asked: What will be the effect of a given amendment: What will be the effect of a given policy?

Mr. FLOOD. Would it serve any purpose to ask the full Committee on Appropriations to conduct an investigation of this thing again?

Mr. LEE. I am sorry, I don't understand.

Mr. CARDWELL. He is talking about the review made last year by the investigators of the House Committee on Appropriations of the expenditure-estimating system and the report they filed with the committee a year ago.

Mr. LEE. I think one very important thing to remember is that you can have committee investigations, you can have task forces, you can have working groups and you can have all methods of trying to come up with an improved method and improved approach to a problem, but if everybody goes home after the hearing, or the task force has met and made its report and nobody is around to do the job of collecting the estimates and evaluating the estimates as they come in, knowing what the estimates mean, knowing what they are based on, you are going to have bad estimates.

You do need to have people working day to day on this problem, and it is a question of how much it is going to cost. If you are not willing to put people on the job to compile the estimates, to evaluate the estimates, to understand the estimates, to report them to the Congress with the proper backup, you are just going to get bad estimates.

RELOCATION OF REGIONAL OFFICES

Mr. FLOOD. You have some new items here that weren't in the so-called Johnson budget. One is $500,000 for relocation of regional offices.

Why are you relocating regional offices?

Mr. LEE. President Nixon has developed a plan to make the regional offices of certain agencies colocate so you can get proper cooperation.

Mr. FLOOD. Colocated?

Mr. LEE. In other words, the regional offices of a number of agencies—Health, Education, and Welfare, Housing and Urban Development, Office of Economic Opportunity; they will be in the same city. They are not all in the same city now.

In order to do this, the Department of Health, Education, and Welfare, including the Social and Rehabilitation Service——

Mr. FLOOD. What changes are involved?

Mr. LEE. The Charlottesville office will move to Philadelphia and the Kansas City office——

Mr. FLOOD. How many are there?

Mr. LEE. There are nine regional offices now. They will become eight.

Mr. TWINAME. We are closing one in effect to conform to the overall plan.

Mr. FLOOD. Suppose you list at this point the changes.

Mr. TWINAME. Yes, sir.

(The information follows:)

REORGANIZATION OF HEW REGIONAL OFFICES

Old organization

Region:		States
I	Boston, Mass.	Connecticut.
		Maine.
		Massachusetts.
		New Hampshire.
		Rhode Island.
		Vermont.
II	New York, N.Y.	Delaware.
		New Jersey.
		New York.
		Pennsylvania.
III	Charlottesville, Va.	District of Columbia.
		Kentucky.
		Maryland.
		North Carolina.
		Puerto Rico.
		Virgin Islands
		Virginia
		West Virginia.
IV	Atlanta, Ga.	Alabama.
		Florida.
		Georgia.
		Mississippi.
		South Carolina.
		Tennessee.
V	Chicago, Ill.	Illinois.
		Indiana.
		Michigan.
		Ohio.
		Wisconsin.
VI	Kansas City, Mo.	Iowa.
		Kansas.
		Minnesota.
		Missouri.
		Nebraska.
		North Dakota.
		South Dakota.
VII	Dallas, Tex.	Arkansas.
		Louisiana.
		New Mexico.
		Oklahoma.
		Texas.
VIII	Denver, Colo.	Colorado.
		Idaho.
		Montana.
		Utah.
		Wyoming.
IX	San Francisco, Calif.	Alaska.
		Arizona.
		California.
		Guam.
		Hawaii.
		Nevada.
		Oregon.
		Washington.

New organization

(As announced on March 27, 1969)

Region:		States
I	Boston, Mass. (no change)	Connecticut.
		Maine.
		Massachusetts.
		New Hampshire.
		Rhode Island.
		Vermont.
II	New York, N.Y.	New Jersey.
	(Add Puerto Rico, and Virgin Islands, delete Delaware and Pennsylvania.)	New York.
		Puerto Rico.
		Virgin Islands.
III	Philadelphia, Pa	Delaware.
	(Add Delaware and Pennsylvania, delete Puerto Rico and Virgin Islands.)	District of Columbia.
		Kentucky.
		Maryland.
		North Carolina.
		Pennsylvania.
		Virginia.
		West Virginia.
IV	Atlanta, Ga. (no change)	Alabama.
		Florida.
		Georgia.
		Mississippi.
		South Carolina.
		Tennessee.
V	Chicago, Ill. (add Minnesota)	Illinois.
	(Consolidated with Denver Regional Office, Except Minnesota to Chicago, region V.)	Indiana.
		Minnesota.
		Michigan.
		Ohio.
		Wisconsin.
VI	Dallas, Tex.	Arkansas.
	(No change, except number designation.)	Louisiana.
		New Mexico.
		Oklahoma.
		Texas.
VII	Denver, Colo.	Colorado.
	(Add former region VI except Minnesota.)	Idaho.
		Iowa.
		Kansas.
		Missouri.
		Montana.
		Nebraska.
		North Dakota.
		South Dakota.
		Utah.
		Wyoming.
VIII	San Francisco, Calif.	Alaska.
	(No change, except number designation.)	Arizona.
		California.
		Guam.
		Hawaii.
		Nevada.
		Oregon.
		Washington.

SUMMARY OF HEW REGIONAL OFFICE REORGANIZATION

The Charlottesville regional office will be moved to Philadelphia; The Kansas City regional office will be consolidated with Denver; Minnesota will be part of region V (Chicago); Puerto Rico and the Virgin Islands will be part of region II (New York); Pennsylvania and Delaware will be part of region III (Philadelphia).

Mr. FLOOD. Are you going to change regional boundaries?

Mr. LEE. There will be some change in our regional boundaries. Not great changes, but some.

Mr. FLOOD. It looks like you are not going to save a dime. Apparently, it is going to cost more money

Mr. TWINAME. If I may respond, remembering it from the citizen's viewpoint, we are going to save the taxpayer some money and a lot of confusion and trouble. To impose upon the citizens of our country who deal with the Federal Government in different locations, to have to go to different buildings and different cities just to get services sometimes related to the same problem, I think, is "in the year of our Lord 1969," a late start on the organized approach to dealing with our citizens. We have in the regional boundaries——

Mr. FLOOD. I know. But a lot of Members of Congress don't understand this move. They are very unhappy about this.

Mr. TWINAME. I confess I was looking at it from the standpoint of the citizen and his local agencies. Perhaps someone else can give a better answer.

Mrs. REID. Mr. Chairman?

Mr. FLOOD. Yes.

COST OF REGIONAL OFFICE RELOCATION

Mrs. REID. Do you feel that there will be an overall saving, that you will save more than the $500,000 by coordinating these services?

Mr. FLOOD. By the way, how do you calculate that $500,000?

Mr. LEE. In the first place, I think the savings, although there might be some savings in staff resulting from reducing the number of regional offices from 9 to 8, the real savings in this move result from the fact that you get better coordination between the programs of Health, Education, and Welfare, Housing and Urban Development, and Office of Economic Opportunity as they are applied to the various regions. When you get better coordination you get more for the program dollars spent. The savings that come out of this will be more effectiveness from the $8.7 billion we are spending.

Mr. FLOOD. Mrs. Reid said $500,000. How do you calculate $500,000?

Mr. LEE. There are two regional offices in which people will be moved to other regional offices. Charlottesville and Kansas City. The way the $500,000 was estimated was on the basis of an average cost of a move, the number of people we thought would stay with the agency when the move was made. You have to pay for household goods when you move a person involuntarily from one location to another.

Mr. FLOOD. Could this be called a conjecture?

Mr. LEE. Any estimate requires that you make certain assumptions. I couldn't give you the names of the people that will move. I don't know how much household goods each of them has, but we made our best efforts to estimate what the percentage of the people who would move would be, and on this basis we estimate that there will be this kind of a cost involved in moving.

Mrs. REID. I have talked a great deal about duplication of various agencies and activities throughout the Government. Do you feel that this will eliminate some of the duplication in these various agencies by consolidating them?

Mr. TWINAME. That is right on target. This is what it is all about.

Mr. LEE. It will eliminate some travel.

Mr. MICHEL. Is the physical plant in both of these places so insignificant that you don't even mention what savings there will be when you discontinue use of that facility? Are we renting facilities there?

Mr. LEE. In the case of Charlottesville, it is a Federal building. All Federal employees in a city are not located in Federal buildings and I am sure that the Federal building will be used for another purpose.

Mr. MICHEL. Is it housing just this operation or multiple Federal agencies, do you know?

Mr. LEE. I don't know of any other agency in the building.

Mr. MICHEL. It is declared surplus by GSA or picked up in that area for some other Federal agency.

Mr. LEE. I am not qualified to comment on the use of the building. We can look into that and report on it to you.

Mr. FLOOD. What will be the total cost to the Department for moving these regional offices?

Mr. CARDWELL. Mr. Chairman, this particular item, I must——

Mr. FLOOD. This is a very hot thing.

Mr. CARDWELL. This particular item, I must confess, took me by surprise. The Secretary was not aware, nor was I, that the Social and Rehabilitation Service was proposing in this part of the amendment the $500,000 item that they have here.

Mr. FLOOD. In the last 2 days I have had five members talk to me about that.

Mr. CARDWELL. The whole issue of what the proposed consolidation of Federal regional offices will cost is under review by the Bureau of the Budget. Our Department is participating and we are working in developing an estimate now. We have had a whole series of requests. It is a very complicated subject, as has been pointed out here. In the case of Charlottesville, HEW occupies a federally owned building. There are operating costs and amortization costs related to the operation of that building. We will vacate the building at least insofar as the regional office itself is concerned. We will probably have some other operation in some part of that space, some other HEW operation that will fill in behind it.

There will undoubtedly be another Federal operation, non-HEW, coming in. The net effect might be zero.

Mr. FLOOD. GSA would handle that?

Mr. CARDWELL. Yes. The net effect may be zero. We are trying to now get cost data which would permit us to tell you and other people what the pluses and minuses of such a situation are.

In the case of establishing an office in Philadelphia, we will probably again move into rented space, space that is now being financed by GSA. There may not be any net additional cost.

Mr. MICHEL. It is abundantly clear thus far in the record that what we have to have are good arguments. We say we are going to make savings or have a more efficient operation. I can see where the initial move costs something. Sure, you have to pay for moving people, equipment, et cetera. Then like Mrs. Reid's question, having once made that move, what can we say specifically has been accomplished by way of a savings or a more efficient operation? When you have to have it in

cold turkey for some of these people, we are talking about a distinguished member of not this subcommittee but our full committee very vitally affected, adversely affected, if this is accomplished.

Mr. TWINAME. I would suggest this one item be tabled for the overall statement.

Mr. FLOOD. Tabled? We cannot table anything here.

Mr. MICHEL. Our table is already loaded.

Mr. FLOOD. You want money.

Mr. CARDWELL. That is an acceptable term. What he suggests is that the item be held in abeyance until we give you a full report.

PROPOSED INCREASE IN REGIONAL OFFICE STAFFING

Mr. FLOOD. I agree. Now I have another item of increase that did not appear in the so-called Johnson budget. I quote your language, "Coordination and technical assistance at the regional level of operations."

You budget-balancers want 44 more jobs and an increase of $647,000. You tell me that your people say this is the year of austerity. What is austere about that?

Mr. TWINAME. In a general sense—and I invite others here to comment—I think we might have an example related to day care centers. We have said we should have day care centers. We have had legislation which will enable day care centers to be supported and if they were available as we have had testimony here, we could get mothers who are willing to work, off the welfare rolls to train to get jobs.

We have some people who can tell us in our writing about what you do in a day care center but we don't have out in the field our people to show the States and the local governments how to go about getting a day care center started, how to do it, to really get the job done, get them established and cut through the redtape and get day care centers started. But we don't have the day care centers. That is why we had testimony here that we don't have in the WIN program as many of the jobs as we a year ago wanted to have filled. That is an example of, I think, what we are talking about here from a technical standpoint.

Mr. SILVERMAN. The regional office is the firing line. My feeling is that significant progress can be made in the delivery of our program by strengthening the staff in the regions to enable them to assist the States. The hearings thus far that I have sat through, and the criticisms that I have heard of our program——

Mr. FLOOD. You were going to balance the budget. Is this the way to do it?

Mr. CARDWELL. Mr. Chairman, on the issue of balancing the budget, I would like to point out for HEW as a whole, as a minimum the amended budget would reduce 1,600 jobs, and here is a request for plus 100. What we are trying to say is——

Mr. FLOOD. Very clever.

Mr. CARDWELL. We will give you 1,600 if you give us this 100. As a matter of fact, before the final tally is in, and we are still in debate with the BOB as to what our overall employment ceiling should be for 1970, you may find that the administration is proposing a reduction of 4,900. We still want this 100 plus.

I think this will tell you something about our problems.

Mr. FLOOD. Boy, McNamara of Defense should have had you?

Mr. CARDWELL. Maybe he will get me after today.

Mr. LEE. I think it is also important to note that even with the increase of these positions, that in fiscal year 1970 each employee of the Social and Rehabilitation Service will be handling more programs in terms of the dollars of the programs than in 1969.

STATISTICS GATHERING AND DISSEMINATION

Mr. FLOOD. Here is another increase you are requesting, $200,000 over the Johnson budget and $391,000 over the current bill for something called contractual arrangements for statistical gathering and dissemination. Why is it necessary to do that now?

Mr. LEE. The need to do a better job of getting the statistical information on the programs that we have been talking about for the last few days is there. The matter of getting the need recognized in the budget process——

Mr. FLOOD. How much are you spending this year for disseminating statistics?

Mr. LEE. I don't have that figure.

Mr. FLOOD. Supply it.

Mr. LEE. We will provide that information for the record.

(The information follows:)

The original 1970 budget provided $411,000 for contractual arrangements for statistical gathering and dissemination. This was an increase of $191,000 over the funds available in FY 1969. The revised budget provides an additional $200,000 for this purpose. This makes a total of $611,000 in the 1970 budget for gathering and dissemination of statistical information. Of this amount $551,000 is for gathering and analyzing the information and $60,000 is for dissemination. We are spending $50,000 this year for dissemination of statistics. The major reports disseminated are as follows:

Title	Purpose
1. Advance Release of Statistics on Public Assistance Including Medicaid -- Monthly	Provides information on public assistance recipients and payments.
2. Unemployed Parent Segment of Aid to Families With Dependent Children -- Monthly	Summarizes information on recipients and money payments to unemployed parent segment; number of applications denied or disposed of during month.
3. Trend Report Graphic Presentation of Public Assistance and Related Data -- Annual	Provides information on the development of special types of public assistance under the Social Security Act. Reflects impact on the assistance programs of social, economic and legislative factors. Shows data on recipients and assistance payments.
4. Reasons for Opening and Closing Public Assistance Cases -- Semiannual	Summarizes data on primary reasons for opening and closing public assistance cases.
5. Federally Aided Public Assistance Programs -- Program Facts -- Annual	Provides information on public assistance programs, recipients and services; special types of public assistance as a joint undertaking of State, local and federal grants made to States under public assistance titles of the Social Security Act.
6. Public Assistance - Annual Statistical Data -- Annual	Provides public assistance money payments and/or non-medical vendor payments; expenditures for assistance payments; medical vendor payments, AFDC, payments under work training program; population receiving public assistance by States; number of persons 65 or over; type of service; and selected fiscal data relating to public assistance payments.

Title	Purpose
7. Medical Assistance Financed under Public Assistance Titles of the Social Security Act -- Monthly	Provides information on recipients and payments under the Medical Assistance Programs. Title XIX of the Social Security Act, and medical vendor payments under titles I, IV, X, XIV and XVI of the Act.
8. Public Assistance: Vendor Payments for Medical Care by Type of Service -- Semiannual	Provides information on payments for vendor medical bills covering special types of public assistance and general assistance, old-age assistance, aid to the blind, aid to the permanently and totally disabled, aid to families with dependent children, medical assistance, medical assistance for the aged and general assistance.
9. Medicaid	Provides information on expenditure for medical assistance financed from Federal, State and local funds under the public assistance titles of the Social Security Act.
10. Monthly Cost Standards for Basic Needs Used by States for Specified Types of Old-Age Assistance and Families Receiving Aid to Families With Dependent Children -- Recurrent	Provides information on specified types of needy individuals.
11. OAA and AFDC: Cost Standards for Basic Needs and Percent of Such Standards Met for Specified Types of Cases -- Recurrent	Provides information on assistance standards: on distribution of money payments; by geographic areas; and specific maximums or estimated average basis.
12. State Maximums and Other Methods of Limiting Money Payments to Recipients of Special Types of Public Assistance - Annual	Provides information on OAA, AB, APTD and AFDC. Maximum average payments per recipient subject to Federal participation with federal share uniform for all States; federal share varying in accordance with State fiscal capacities.
13. Money Payments to Recipients of Special Types of Public Assistance -- Annual	Provides data on distribution of amounts of money to recipients of OAA, AB, APTD and AFDC programs.
14. Statistical Report on Social Services -- Quarterly	Provides selective data on social services to applicant cases and recipient cases and defined problems; number and kinds of services received for OAA, AB, APTD, AFDC and MAA.

Title	Purpose
15. Public Welfare Personnel - Annual Statistical Data -- Annual	Provides information from State and local offices regarding full-time and part-time employees who spend time in public welfare and other programs.
16. Progress Report on Staff Development -- Annual	Provides information on staff development positions at State and local levels; supervisory or executive positions; group training; educational leave; and Federal share of expenditures.
17. Source of Funds Expended for Public Assistance Programs -- Semiannual	Provides information on expenditures for assistance to recipients by purpose, program and source of funds.
18. Source of Funds Expended for Public Assistance Payments and for Cost of Administrative Services and Training -- Semiannual	Provides information on expenditures for administration including those for determining initial and continuing eligibility to receive financial assistance, or welfare services only.
19. Public Assistance: Cost of State and Local Administration, Services, and Training -- Semiannual	Provides information on expenditure for determining eligibility to receive assistance as well as services.
20. Cost per Casemonth for Administration, Services, and Training -- Annual	Provides information on costs per casemonth for medical care.
21. Impact on Public Assistance Caseloads of: (a) Public Assistance Work and Training Programs, (b) Training Programs under Manpower Development and Training Act -- Quarterly	Provides information on AFDC and GA cases closed as result of participation of recipients in either of public assistance working training programs or training program under MDT Act.
22. Concurrent Receipt of Public Assistance Money Payments and OASDHI Cash Benefits by Persons aged 65 or over -- Monthly	Provides data on concurrent receipts of payments for the nation for specified years and for the States.
23. Trends in Public Assistance Payments under Federally Aided Programs -- Recurrent	Provides information on monthly payments per recipient of public assistance and on increase in cost of living, improvement of standards of assistance on the basis of which money payments are made, elimination of some restrictive eligibility requirements, and increasing knowledge by needy individuals of the existence of welfare programs.

Title	Purpose
24. Recipients of Public Assistance Money Payments and Amounts of Such Payments, by Program, State and County -- Annual	Provides information on amounts, number of recipients, OAA, AB, APTD, AFDC, UP, GA, institutional services, vendor payments and working experience programs related to public assistance.
25. Statistical Summary of Patients Served Under Maternity and Infant Care Projects -- Quarterly	Provides information on systems of comprehensive health and medical care for the purpose of reducing the incidence of mental retardation, and infant and maternal mortality.
26. Charts, Graphs, Maps, etc (approximately 300)	Provides graphic information on the various activities of SRS programs to include per capita income, recipients, money payments, expenditures for public assistance programs from State and local funds, etc.
27. Miscellaneous Reports	These are one-time releases which provide information on various activities of SRS programs; e.g. characteristics studies, national cross tabulations, highlights of programs, demographic and program characteristics and financial circumstances.

The recipients of these reports are: Library of Congress; Individual Congressional Committees; Members of Congress on request; government agencies; DHEW (Central and Regional); State agencies; universities; public organizations; private organizations; and individuals.

Next year we will add the following reports:

Title	Purpose
1. Quarterly Statistical Report on Fair Hearings	To provide information regarding the extent to which the right of a fair hearing is realized, agency actions, principal issues, and time required to handle cases.
2. A Series of Releases on the Findings of the 1969 AFDC Study	To provide a cross tabulation on characteristics of the AFDC population for the nation as a whole and for the larger States.

3. Report on Child Care Arrangements of AFDC Recipients under the Work Incentive Program	To provide information on number of mothers for whom child arrangements were made, number of children, type of day care arrangement; number of mothers who could not be referred due to lack of day care arrangements; number of children who need day care.
4. Service Report	To provide information on various types of services provided to child welfare, AB, OAA, APTD and AFDC.
5. Crippled Children Services	To provide an analysis of the data collected on crippled children.

These reports will reach the recipients mentioned under the 1969 reports.

In 1969 we will be spending $170,000 contractually for collection and analysis of statistics, broken down as follows:

Contract	Purpose	Estimated Cost
Bureau of Census 51-69-72	Tabulation of Stage 3, OAA	$ 1,000
" " "	Processing routine statistical reports	3,000
" " "	Special Field Surveys to meet administrative needs	2,000
" " 51-69-12	Punching R-300 forms FY 1968 and furnish tabulations of agency and State data and a national summary of the Basic Tabulations and the "Residual" Tabulation for FY 1968 closures.	89,000
NIH 68 (11) 37	Provide Systems Analysis and Programming - AFDC Tabulation for Stage II, III, and IV	38,000
" "	Punching and Revision of R-300	8,000
" "	Tabulation for Statistical Reports and Surveys	2,000
" "	Training needs	5,000
CUDC SRS 69-15-68 (11) 37	Modify 1967 AFDC Study Stage I and modify programs to run on 360/50 in lieu of original computer, RCA 3301. Also punching and verification of cards.	7,000
Data Management Center AFDC	Editing and Tabulation Stage 1, 2, 3 for AFDC	4,000
" " " R-300	Printing Form R-300, EAM Boardwiring, clerical and processing	1,000
C & P Telephone Co.	Rental of Model 33 ASR Teletypewriter 103 data set and message business line GE-265	1,000
General Electric	Rental of remote data console for handling statistical test computations between HEW, SRS and GE, Bethesda. These will be used in developing criteria and procedure for use in simplified methods of determining eligibility and reassessment of QC system.	9,000
	Total	$ 170,000

The $551,000 to be spent for collection and analysis of statistics in 1970 is broken down as follows:

Contract	Purpose	Estimated Cost
Bureau of Census	To complete Tabulation for Stage 2, 3, and 4 of AFDC	$ 62,000
" "	To complete Punching and Tabbing OAA Cards (medical)	85,000
" "	To complete Punching R-300 forms, tab. and editing	100,000
" "	Processing Routine Statistical Reports FY 1970	12,000
" "	Special Field Surveys to meet administrative needs FY 1970	6,000
NIH	To complete Systems Analysis and Programming AFDC	150,000
"	To complete Tabbing for Stage 2, 3, and 4 of AFDC	
"	To complete Tabulation of Statistical Reports and Surveys FY 1970	3,000
"	Training FY 1970	3,000
	To complete Punching and Tabbing and Revision of R-300	120,000
C & P Telephone Co.	Continuing - Rental of Model 33 ASR Teletypewriter, 103 data set and message Business line	1,000
General Electric	Rental of GE-265 remote data console for handling statistical test computations between HEW, SRS and GE, Bethesda. These will be used in developing criteria and procedure for use in simplified sampling methods.	9,000
	Total	$ 551,000

Mr. LEE. It is important, I think, to note that the dissemination of statistics on these programs is a very important part of making the State agencies knowledgeable about what is happening in the program and what the effect of various programs is on the conditions of the people.

CONSULTANTS AND ADVISORY GROUPS

Mr. FLOOD. You are also requesting an increase of $200,000, to pay salaries, travel expenses, and contractual services of consultants and advisory groups.

Mr. LEE. It is a very important point that the staff of the Social and Rehabilitation Service and the Secretary have the advice of people throughout the country involved in the administration of the program.

Mr. FLOOD. What use do you make of consultants and how much do you budget for consultants?

Mr. LEE. The use we make of consultants is to get the expert knowledge of persons whom we cannot hope to keep on our staff full time; people involved in the practice of the programs, the local level people, doctors and specialists.

Mr. FLOOD. I need help. You better help me. I am your mouthpiece when this bill is before the House.

Mr. LEE. Persons who would not be as useful to us in the program if we had them on our staff full time because they are people working in the field that we can call upon.

Mr. TWINAME. You were talking, Mr. Chairman, earlier about a juvenile delinquency program. We are about to embark on a——

Mr. FLOOD. So did Mrs. Reid. We all are.

Mr. TWINAME. An effort for us to take the existing staff that we have here in Washington to write the guidelines and to design the program without consulting those people who have been in the streets with the youths——

Mr. FLOOD. I am not quarreling with you. I just want information.

Mr. TWINAME. I think these are the kinds of—correct me—these are the consultants that we speak of.

Mr. FLOOD. How much is in your budget for consultants and advisory groups?

Mr. SILVERMAN. We can get it for you.

(The information follows:)

SALARIES AND EXPENSES

CONSULTANTS AND ADVISORY GROUPS

The total requested in fiscal year 1970 for advisory groups and consultants is $665,000, an increase of $308,000 over the fiscal year 1969 level. Of this increase, $200,000 is requested to support the advisory groups and consultants under title XIX, Medicaid, and $108,000 is requested for consultants in other activities. This latter amount includes $31,000 for consultants to serve on advisory panels and the remaining $77,000 is for experts and specialists to give advice and guidance on Social and Rehabilitation Service programs. The following details the use of the funds budgeted.

CONSULTANTS

Purpose	1969	1970
To review State and local administration of public assistance programs working on special surveys such as the New York City review of AFDC cases	$55,000	$55,000
To advise in the medical assistance area, including development of program standards for a model State title XIX dental program, preparation of a medical utilization review program for optometric services in State medicaid programs, development of program policy on drugs and mental illness programs, and medical evaluation of State programs and practices under title XIX	15,000	97,000
To provide guidance in the rehabilitation area to give consultation to grantees on rehabilitation training programs, to seek ways to involve clients of rehabilitation facilities in decisionmaking process of the program make site visits for review and advice on mental retardation projects defining interrelationships to other programs	13,000	28,000
To review progress of research projects and advise on special project grant operations and proposals in maternal and child health and welfare areas. Site visits are conducted as a part of this review. Consultants are also used to assist in the conduct and development of workshops to train State agency personnel. Periodically, individuals who are recognized experts in fields affecting children, youth and their families are called on to advise the chief and other top officials of the Children's Bureau on both long-range or short-term issues and problems	15,000	25,000
To advise on programs of the aging, serving as experts on problems of the aged including specialists to advise on the research and demonstration projects and preparation of reports for the President's Committee on Aging	11,000	20,000
To develop guideline materials and advise on implementing the social work manpower program, to provide technical assistance on the agency manpower development task force, and to consult and give guidance on the rehabilitation research and training centers program	13,000	38,000
To give advice and guidance to the Administrator on long-range program development and policies	4,000	4,000
To advise the regional commissioners on problems of State and local administration of programs and to give guidance on project evaluations and interrelationships of programs		18,000
Total consultants	126,000	285,000

SRS ADVISORY GROUPS

Name	Purpose	1969	1970
Child Welfare Training Grants Advisory Group	Reviews applications for training grants and makes recommendations regarding applications to the Chief, Children's Bureau.	$4,500	$4,500
Child Welfare Research and Demonstration Advisory Group.	Reviews applications for research and demonstration grants and make recommendations regarding applications to the Chief, Children's Bureau.	9,000	9,000
Children's Bureau Maternity and Newborn Advisory Committee.	To advise on maternity care policies in relation to high-risk patients.	1,300	1,300
Children's Bureau Technical Committee on Clinical Programs for Mentally Retarded Children.	To advise on policies related to mental retardation programs for children.	2,000	2,000
Maternal and Child Health and Crippled Children's Services Research Grants Advisory Group.	Reviews applications for research grants and makes recommendations regarding applications to the Chief, Children's Bureau.	10,000	10,000
National advisors to the journal "Children"	Provides advice and assistance to the Bureau on the content, quality, presentation, and direction for "Children".	900	900
Pediatric Advisory Committee	Provides consultation and review on Children's Bureau publications for parents.	500	500
Medical Assistance Advisory Council	To advise the Secretary on matters of general policy and make recommendations for improvements in the medicaid program.	48,800	95,000
National Advisory Council on Nursing Home Administration.	For the purpose of advising the Secretary and the States in State programs for licensing of administrators of nursing homes.	33,300	105,000
Advisory Committee on Older Americans	Advises the Secretary concerning national policies and programs.	6,300	14,000
Title IV Technical Review Committee	Makes recommendations concerning applications submitted to the Administration on Aging under title IV.	4,800	6,600
Title V Technical Review Committee	Makes recommendations concerning applications submitted to the Administration on Aging under title V.	3,500	5,400
Inter-Council Committee on Construction of University-Affiliated Facilities for the Mentally Retarded.	Reviews applications and project grants for university-affiliated facilities under title I, pt. B, Public Law 88-164.		5,500
Medical Advisory Committee	Assists in the planning of long-range medical programs relating to the rehabilitation program.	5,732	5,732
Medical Education Advisory Committee	Reviews application for awards to be made to medical schools throughout the basic undergraduate curriculum.	3,017	3,017
Mental Retardation Project Review Committee	Reviews applications for project grants for the hospital improvement and hospital in-service training program.	14,379	14,379
National Policy and Performance Council	Advises on policies and criteria to be used in making grants for projects to provide training to handicapped.	8,284	8,284

SRS ADVISORY GROUPS

Name	Purpose	1969	1970
Nursing Advisory Committee	Provides consultation and advice regarding training needs in the field of nursing.	$1,094	$1,094
Occupational Therapy Advisory Committee	Provides advice on training needs in the field of occupational therapy.	1,517	1,517
Physical Therapy Advisory Committee	Provides advice on training needs in the field of physical therapy.	1,734	1,734
Prosthetics and Orthotics Education Advisory Committee.	Provides advice on administration of training grants in the field of prosthetics-orthotics education.	1,940	1,940
Psychology Advisory Committee	Provides advice on administration of training grants in the field of psychology.	850	850
Recreation Advisory Committee	Provides consultation and advice regarding training needs in the field of recreation for the ill and disabled.	946	946
Rehabilitation Counseling Advisory Committee	Provides consultation on training needs in the field of rehabilitation counseling and psychology.	2,877	2,877
Rehabilitation Workshop Administration Advisory Committee.	Provides consultation and advice regarding training needs in the field of rehabilitation workshop administration.	2,800	2,800
Social Work Advisory Committee	Provides advice on administration of training grants in the field of social work.	4,258	4,258
Speech Pathology and Audiology Advisory Committee.	Provides advice on administration of training grants in the field of speech pathology and audiology.	4,056	4,056
Advisory panel to cooperative research and demonstration grants program.	Reviews all applications for research grants submitted to the cooperative research and demonstration grants program.	5,883	5,900
General research study section	Has the responsibility for the technical and scientific review of applications for research grants in the areas of community organization.	6,669	7,500
Medical research study section	Has responsibility for the technical and scientific review of applications for research grants in the area of medicine and related fields.	6,788	6,800
Medical subcommittee (ad hoc)	Provides consultation on new and continuation applications for medical research and training centers.	809	1,200
National Advisory Council on Correctional Manpower and Training.	Reviews applications for grants covering research and studies into personnel practices, training needs, and resources.	3,536	.....
National Council on Vocational Rehabilitation	Reviews applications for grants and special projects which show promise of making valuable contributions.	7,736	11,600
Psychosocial study section	Has the responsibility for the technical and scientific review of applications for research grants.	6,954	7,000
Research Fellowship Board	Has the responsibility for the technical and scientific review of applications for fellowship grants in the areas of rehabilitation research.	.....	6,000
Sensory study section	Has the responsibility for the technical and scientific review of applications for research grants.	8,140	8,200
Technical Advisory Committee for an Exploratory and Pilot Study for Task Analysis of Social Welfare Jobs.	Reviews proposals, makes recommendations for selection of contractor, and provides technical consultation to the project.	1,275	7,600
Advisory Committee on Application for Grants Under Sec. 707 of the Social Security Act.	Provides consultation on training needs in the field of social work.	4,808	4,808
Total advisory groups		230,982	[1] 379,792
Total consultants and advisory groups		356,982	664,792

[1] Excludes $100,600 in 1969 and $80,000 in 1970 financed from other sources.

PROGRAM PLANNING, ANALYSIS, AND SUPPORTING SERVICE ACTIVITIES

Mr. FLOOD. Here is something else: $766,000 and 32 jobs for "Program planning, analysis, and supporting service activities."

Let us have an explanation, a few good reasons why this must be done this year. This is a bad year.

Mr. SILVERMAN. I came into SRS about a year ago, as Assistant Administrator for Administration. The bulk of this is in that area. There were many areas, and again SRS has just been established with many areas that we lacked any real competence in. For example, in contracts we didn't even have a contracting officer at the time I arrived.

So we had to get this competency. We did not have enough depth in this field. One of the areas we are talking about here is the area of accounting. The GAO asked us to put in what is referred to as accrual accounting system and the Department has established a uniform system for all agencies. We did not have that. We had manual records. We had no computers. No ADP equipment at all.

Prior to coming here I was with the Public Health Service. We had computers, conventional equipment, all types of automated procedures. SRS had nothing. As a matter of fact, we have very little today. We have a few pieces of conventional punchcard equipment on which we run some personnel data and budget statistics. That is all we have.

Two of these positions are requested to bolster the overall planning and evaluation staff at the Administrator's level. Staff are needed to assist in the coordination, review, and analysis of planning and evaluation activities at the program level and to provide the overall view of plans and effectiveness of agency programs.

To keep pace with the public inquiries workload, two additional positions are requested. The positions are needed in order to answer questions from the public on agency programs on a timely basis. Also included in the estimate is $20,000 for contractual services to handle the mail inquiries from the handicapped generated by a special program to provide information on rehabilitative services available.

Sixteen positions are for increased support of budget, data processing, accounting, and management systems areas. Four of these positions will be allocated to the budget function to establish a cost analysis unit that will foster attention on the cost effectiveness of programs and the relationship to program budgets and plans, also to support the financial management of social services provided under public assistance. Seven additional positions will be assigned to the management systems and data processing functions to augment current staff in meeting agency requirements related to financial management, program statistics, and administrative procedures. The remaining five positions are to implement a new accounting system under the technical direction of GAO which is required by the House Subcommittee on Government operations.

Included in the estimate for this activity is $200,000 for contractual services to develop and install a new accounting system that will meet the General Accounting Office, Department, and agency requirements. This system will be designed to provide up-to-date reports on the financial status of the various programs for use in determining the current direction of programs as well as providing a systemized method of controlling funds and reporting to the Congress, Bureau of the Budget, and Treasury on the utilization of funds. Also included is $143,000 to mechanically process the data required.

Twelve additional positions are requested to develop statistical measures, design reports and studies, and furnish statistical data related to the amounts and kinds of services provided to the people served by the SRS programs. In order to carry out these responsibilities staff is needed to work particularly on medical care studies, studies on the aged, and public assistance activities. Staff will assist in the collection and analysis of detailed trend data on universes of people; amounts and kinds of services classified according to programs; title under which service is provided; and significant provisions related to

eligibility conditions. Additional staff is also needed to accelerate and improve the capacity of the automatic data processing staff which is responsible for developing the automated system for the compilation and processing of all the SRS statistics.

Mr. FLOOD. Mr. Michel?

Mr. MICHEL. Thank you, Mr. Chairman.

REASSIGNMENT OF TITLE V WORK EXPERIENCE STAFF

These 49 people supposedly to be reassigned from the work experience program of OEO, will be on board June 30, 1969; is that right?

Mr. TWINAME. Yes, sir.

Mr. MICHEL. You don't say 49 positions. You say 49 employees. If they are part of a program that is being phased out, what is the assurance we have that these people themselves are the kinds of people that ought to be filling these slots?

Mr. SILVERMAN. I would like to answer that.

Mr. MICHEL. Is it just a haven for some people out of a job?

Mr. SILVERMAN. No. The title V program, which is a program we were running, in effect, for OEO, not directly but the title V program, I think, kind of led to the WIN program. The kind of background and expertise of the people in the title V program are what we need in the WIN program. The WIN program, as I understand it, based on what I have read about it, is going forward after the various training programs held under title V were completed. We move on into WIN, replacing title V and four other very similar programs. Now they are out and here comes WIN. These people are qualified for those jobs. It is not a case of filling space.

Mr. MICHEL. If there were no phasing out of this work experience program but we had the WIN program, would there be a request then for 49 additional jobs to run that program?

Mr. SILVERMAN. If we had the WIN program and the title V program—the title V program dealt with setting up a test facility out in a given city and working directly with that, where the WIN is a continuing-type training program across the Nation, and I think we would have them both; yes, sir.

Of the 49 positions filled by employees funded from the OEO work experience program, 10 central office positions and 18 regional positions are scheduled for reassignment to the WIN program. The other 21 positions will be reassigned to the medical assistance, juvenile delinquency, and program services functions. Personnel will be reassigned to these new positions based on their specific experience and abilities.

DECLARATION METHOD OF DETERMINING ELIGIBILITY FOR ASSISTANCE

Mr. MICHEL. I notice that you are requesting an additional $50,000 for contracting services for determining the effectiveness of the simplified declaration system and to evaluate the extent to which the States are complying with the department policy, to convert to the declaration method.

Frankly, I am interested in whether or not the declaration method has been thoroughly tested.

Mr. SILVERMAN. I am not qualified to speak to that.

Mr. LEE. The method has been tested in the State of Maine, for one place.

The program here is to apply it selectively to the various programs in the States and to continue to test it and to prove it.

Now, the funds that are being requested here will help us to really collect the information on the experience that the various States have and it will make it possible to separate fact from fiction in terms of the real results of this.

Mr. MICHEL. How long is it going to take us to do that?

Mr. LEE. The Secretary has reserved the final decision upon complete implementation of the program to later in fiscal year 1970, so this will be accomplished over the course of the fiscal year.

Mr. MICHEL. I have made reference several times in the course of the hearings to our problem in Illinois on the whole welfare business and one of the points of concern they communicated to me was "simplified public welfare administration by use of a 'declaration' form completed by applicants as a method of determining eligibility."

I go back here and I see that we have this money in here, apparently $50,000 for contracting services, to do this. I want to know how much longer we are going to have to wait before we know for sure whether or not this is good or bad and then how many social workers, if any, are going to really be freed for other jobs. if they go by this method.

Mr. TWINAME. As an Illinois man, I have been disappointed that our State hasn't started its own test of this, which is really the first, fundamental place where we should begin.

New York, for example, has started, in one of the welfare offices—there are several—to begin to work this out and test the mechanics and results so it can be applied statewide. I am afraid in Illinois there has been no beginning anywhere. I think this is the real challenge to the States, to work out within their own system of controls how they can put this into effect, and by waiting for everyone else to find out in New York, you know how to work it out is not going to be the best for Illinois, I don't think. I have seen this myself only recently.

Mr. MICHEL. What do we do to encourage the States?

Mr. TWINAME. I think we should put people in the regional offices locking down and holding their hands and saying, "There isn't going to be anything so tough about this. Let's get in the water together here," and that is the people the chairman referred to earlier.

When you get a piece of paper which says, "As of July 1 we will go to a declaration system,"—I have observed it in a limited way——

Mr. FLOOD. What do you mean by a declaration system?

Mr. TWINAME. Where the welfare recipient can show his eligibility in a more simplified way that releases the social worker from the continuing filling out of forms, interviews, followups and police action. I think what has happened is that they are sitting there with that piece of paper, putting it on the bottom of the pile not knowing how or where to begin. Our leadership in this has been limited somewhat to the issuing of the paper and that is not how you get things changed, in my opinion.

Mr. MICHEL. Are you convinced it will be a change for the better?

Mr. TWINAME. Yes, I certainly am, for one.

The social worker, unfortunately, is the second-most unpopular person in the community next to the policeman in the inner city and he is just the person that we are——

Mr. MICHEL. Who tells you that?

Mr. TWINAME. The survey people. The opinion surveys and various investigations.

Mr. MICHEL. This isn't something taken out of thin air. You have something to back it up?

Mr. TWINAME. Oh, yes.

I think that is the really unfortunate part. The chairman referred to the programs we offer and why don't people take advantage of them. We have people we want to do this. Why don't people avail themselves of it? Here we have people who have committed themselves to go out and help rehabilitate, back to the work rolls, people on welfare, and they are very unpopular. They are spending 80 to 90 percent of their time in paperwork trying to define eligibility when they could be offering services and helping people to get rehabilitated. If we can change that, I think we will, in this agency, and with this committee, have accomplished a major breakthrough.

Mr. MICHEL. Has this thing been tested enough to convince you that it is a better way of doing business?

Mr. TWINAME. Well, a thing is never really tested enough, I suppose, like a new product, until finally it has widespread use for a long time. It was interesting to note in your interview on the Foreign Exchange Currencies, that the system had been tried in Israel and it was a rather thorough test that we made in conjunction with the declaration, and it worked out quite well. The followup control proved there were less than 5 percent of the people who had declared for eligibility that proved later to be ineligible.

I think it is reassuring to note that where there is concern about the system that we have had, finding there is less than 1 percent fraud discovered in close scrutiny, I think it is an enlightening figure.

Mr. FLOOD. You think that is good?

Mr. TWINAME. I think it is. That poor people are no less honest than people who declare for their income tax each year, by and large.

Mr. MICHEL. Now, there is a statement in the testimony "the other 111 positions will be used to hire new employees to meet other——" it doesn't mean these are going to be people hiring other people, does it?

Mr. TWINAME. No.

AUDIT STAFF

Mrs. REID. Of the new personnel requested, how many of these will be audit people? It isn't clear to me whether they are included in program analysis and evaluation.

Mr. SILVERMAN. Are we talking about auditors in relation to the States?

Mrs. REID. Are they included in evaluation?

Mr. CARDWELL. No, they are not. The auditors for the Department are requested, under the appropriation "Salaries and expenses, Office of the Comptroller," and they are financed—the HEW audit agency and the audit operations of the agency are centralized.

Miss Switzer alluded to an increase in audit staff requested in her testimony yesterday but she was just trying to support this estimate.

Mr. FLOOD. How long did you say you have been in SRS? I have seen you before.

Mr. SILVERMAN. I used to be with VA. I have been in the Government for 29 years.

STUDY OF MEDICAID COSTS

Mrs. REID. The chairman, in his questioning, went into this to some extent. In your request to finance contractual arrangements for data collection involving analysis and evaluation of the Medicaid cost, how long would you expect this particular study to take? When would this be completed?

Mr. LEE. We would hope to begin to get results from the contractual effort here before the end of the fiscal year. However, in the larger sense, when you are responsible for a program of over $2.5 billion I think on a continuing basis you should be making use of contractual resources to continuously study how well the program is working.

I would hope that we wouldn't think of a contractual effort in this area as a one-time thing that was going to produce all the answers for all time.

Mr. TWINAME. Are you thinking here of utilization, for example, statistics that will help us determine whether the use of nursing homes or intermediate care facilities is relatively equal from one State to another, or whether there is overutilization? Is this the kind of information we need?

Mr. LEE. There would be a variety of questions that would be involved in the contractual study of this nature.

Mr. FLOOD. I don't follow you. What did you say?

Mr. TWINAME. I was just trying to establish the needs related to the item. One of the needs is to know that we are getting the maximum utilization of facilities, so that a person who could be in a nursing home isn't being kept in a much higher cost facility; the general hospital, and that a person who, for example, has appendicitis isn't in some States staying in a hospital for an average of 7 or 10 days when in other States they are staying for an average of 4 days. I think this is an important kind of management control, to make sure that the money spent here is getting fair use throughout the States on some equitable standard.

RELOCATION OF REGIONAL OFFICES

Mrs. REID. Just one other word about the regions and shifting the various locations. I certainly hope that you can show in the record that this will eliminate overlapping, duplication between the agencies, and can show a definite saving through a more efficient operation.

Mr. TWINAME. I think that is a fair challenge and I will guarantee you that support.

Mrs. REID. Thank you, Mr. Chairman.

Mr. FLOOD. You give me the impression that you are a little frustrated, that you want to say something. Do you want to volunteer anything?

Mr. TWINAME. No, sir. Since this is my first appearance before you, I am just intent on making sure that we do an adequate job of justification.

I would say this: This is only three-tenths of 1 percent of the budget, but I think it is extremely important and it relates, in the overall, to this problem of rising expectations among our people, and having this gap between promise of performance and actual delivery of services.

Mr. FLOOD. There are no adversaries here. This is a family. But I had the impression that you wanted to say something.

Mr. TWINAME. My feeling is that the approach we have taken in the past has been to get programs on the books, to get programs outlined. Then we get program people on board who know something about these matters of rehabilitation, mental retardation, children, all of these programs. Some people described it as the philosophy of getting the camel's nose under the tent and the rest of him will come in after we get that done.

Mr. FLOOD. That is pretty motheaten.

Mr. TWINAME. I think so, too. I used one that has been used before because now we find that the tent is just not big enough and we are showing the public we are quite inadequate in our ability to deliver these services.

In summary, Mr. Chairman, we are asking in this budget for the manpower and other management tools to deliver on the promises inherent in the programs authorized by the Congress. We are interested in putting people in the regional offices to assist the States. There is much confusion now at that level and the States are asking us to bring a sense of order to these new programs through more coordinated planning and control.

To accomplish this goal at the field level, the fundamental management needs at the central office must be met. Frankly, as a newcomer, I am shocked at the absence of modern management systems. Apparently the White House and the Bureau of the Budget agree in this conclusion, asking, in effect, to reduce positions in other agencies of the Department and increase the positions in the Social and Rehabilitation Service to put us on a sounder footing. I assure you these new positions will in no way be used as a substitute for the sound management disciplines of setting priorities and reallocating manpower within the agency. If you give us this authorization, we will give you results many times over the investment.

Mr. FLOOD. Thank you very much.

FRIDAY, APRIL 25, 1969.

COST OF REGIONAL OFFICE RELOCATION

Mr. FLOOD. The committee will come to order.

Yesterday during the hearing late in the afternoon some very serious questions arose in connection with the administration's position or attitude on a certain part of this budget. Mr. Cardwell, at that time you suggested we defer any further action until we could get the matter clarified. You said you would have some information for us as soon as you could. I do not know if "as soon as you could" meant this morning.

Mr. CARDWELL. As you recall, yesterday in the presentation of Salaries and Expenses of the Social and Rehabilitation Service, the witness indicated he was requesting an additional $500,000 in 1970 for costs associated with the consolidation of Regional Offices, and I indicated at that time that this particular request had not been approved by the Secretary and asked you to set it aside so that I could look into it. I

wanted to assure the committee that this request is not to be a part of the 1970 budget amendments.

I checked with the Bureau of the Budget last night to find out whether the formal budget amendments from the President addressed to the House had gone forward or not. They are ready and on the President's desk and will be submitted to the House next Monday or Tuesday. They assumed the House would not be in session today or they would have been submitted today. The Bureau of the Budget wanted me to make it very clear that the administration is not requesting funds for this purpose at this time and that HEW is to make a comprehensive cost review of the decision to relocate regional offices. This review may or may not indicate additional costs in particular instances. In the aggregate we do not expect it to add to the HEW budget.

I thank you for this opportunity to present this information.

Mr. FLOOD. Thank you. It got a little sticky yesterday and, as usual, you bailed everybody out.

Mr. CARDWELL. Thank you.

JUSTIFICATION MATERIAL

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE

Salaries and Expenses

Amounts Available for Obligation

	1969	1970
Appropriation	$26,383,000	$28,780,000
Transfer to "Operating Expenses, Public Buildings Service," General Services Administration	-21,709	---
Transfer from OASI trust fund	348,000	360,000
Comparative transfer to "Office of Community and Field Services, Salaries and Expenses"	-580,000	---
Comparative transfer from "Office of Economic Opportunity"	250,000	---
Proposed transfer from "Communicable Diseases" for increased pay costs	1,234,000	---
Total	27,613,291	29,140,000

Obligation by Activity

Page Ref.		1969 Estimate Pos.	1969 Estimate Amount	1970 Estimate Pos.	1970 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
190	Assistance payments	131	$1,952,000	133	$1,977,000	+2	$+25,000
193	Work incentives	6	85,000	16	302,000	+10	+217,000
195	Medical assistance	83	1,438,000	95	1,791,000	+12	+353,000
199	Rehabilitation	165	2,372,000	165	2,370,000	--	-2,000
200	Mental retardation	47	750,000	47	741,000	--	-9,000
201	Family and child health and welfare	222	3,482,000	222	3,449,000	--	-33,000
203	Aging services	75	1,235,000	75	1,241,000	--	+6,000
205	Juvenile delinquency	23	361,000	28	432,000	+5	+71,000
207	Research and demonstrations	140	2,051,000	140	2,074,000	--	+23,000
210	Statistical services	56	944,000	56	1,126,000	--	+182,000
211	Executive direction and program services	242	4,776,000	249	5,182,000	+7	+406,000
213	Regional operations	518	8,167,291	542	8,455,000	+24	+287,709
	Total obligations	1,708	27,613,291	1,768	29,140,000	+60	+1,526,709

Obligations by Object

	1969 Estimate	1970 Estimate	Increase or Decrease
Total number of permanent positions..	1,708	1,768	+60
Full-time equivalent of all other positions.....	45	62	+17
Average number of all employees.....	1,739	1,778	+39
Personnel compensation:			
Permanent positions.....$20,881,000		$21,312,000	$+431,000
Positions other than permanent.....	550,000	776,000	+226,000
Other personnel compensation.....	37,000	45,000	+8,000
Special personal services payments.	24,000	24,000	---
Total personnel compensation..	21,492,000	22,157,000	+665,000
Personnel benefits.....	1,580,000	1,617,000	+37,000
Travel and transportation of persons.	1,156,000	1,294,000	+138,000
Transportation of things.....	81,000	81,000	---
Rent, communications and utilities...	661,000	703,000	+42,000
Printing and reproduction.....	779,000	855,000	+76,000
Other services.....	1,547,291	2,001,000	+453,709
Supplies and materials.....	213,000	232,000	+19,000
Equipment.....	104,000	200,000	+96,000
Total obligations by object.....	27,613,291	29,140,000	+1,526,709

Summary of Changes

1969 total estimated obligations	$27,613,291
1970 estimated obligations	29,140,000
Net change	+1,526,709

Increases	Base Positions	Base Amount	Change from Base Positions	Change from Base Amount
A. Built-in				
1. Reassignment of positions financed in 1969 by the Office of Economic Opportunity in support of the Work Experience Program			49	$884,000
2. Increase in trust fund limitation to cover pay raise costs			--	12,000
Total built-in increases			49	896,000
B. Program				
1. Forecasting of public assistance requirements.	--	--	5	143,000
2. Regional operations support of the juvenile delinquency program	--	--	6	54,000
3. Support for Advisory Groups and Consultants	--	357,000	--	308,000
4. Contractual arrangements for statistical gathering and dissemination	--	220,000	--	191,000
5. Contractual services, communications costs, training and purchase of equipment for ongoing staff activities	--	523,000	--	231,709
Total program increases				927,709

Decreases	**Base Positions**	**Base Amount**	**Change from Base Positions**	**Change from Base Amount**
A. Built-in				
1. Savings resulting from decreased employment occurring as a result of the Revenue and Expenditure Control Act				**-297,000**
Total net changes requested				**+1,526,709**

Explanation of Changes

A total net change of 60 positions and $1,526,709 over 1969 operations is requested. The major portion of the change provides for reassignment of positions financed in 1969 by an allocation from the Office of Economic Opportunity. This allocation is for phasing out the Work Experience Program which expires on June 30, 1969 and it is expected that 49 of these employees will be on board at that time. These positions, together with the 11 new positions and other expenses, will be utilized to bolster and support areas of major emphasis, particularly in carrying out the responsibilities placed on the agency by recent legislation.

Reassignment of Positions

Work incentives: Ten positions will be reassigned to this activity to carry out the work incentive program responsibilities authorized by the Social Security amendments of 1967. Work includes the overall program development and coordination; working closely with the Labor Department officials who have primary responsibility for the training portion of the program; and assessing the requirements, establishing guidelines, and issuing policies for the child care portion of the program.

Medical assistance: Ten positions will be reassigned to this activity to foster particular attention to:(1) formulation of policies, guides, and standards for providing drugs at reasonable charges in conjunction with implementing recommendations in the Secretary's 1968 Report on the utilization problems and costs of prescription drugs (2 positions); implementing the 1967 Social Security Amendments relating to nursing homes, nursing home administrators, and intermediate care facilities (2 positions); assessment of the effectiveness of State medical assistance programs through program administrative review and in-depth evaluation (3 positions); administrative support of the Medical Assistance Advisory Council and the National Advisory Council on Nursing Home Administration established by the Social Security Amendments of 1967 (2 positions).

Juvenile delinquency: Five positions will be reassigned to this activity to further implement the provisions of the Juvenile Delinquency Prevention and Control Act of 1968. FY 1970 will be the first full year of operation for this program, and staff are needed to carry out the whole range of grants management and technical guidance in administering the various programs of planning, prevention, rehabilitation, training, and model programs.

Program services: Six positions will be reassigned to this area to bolster efforts in designing systematic methods of program planning (1 position), in developing and improving the budget estimating and financial management system for SRS (4 positions), in updating and improving the financial reporting system (1 position).

Regional operations: Eighteen positions will be reassigned for work within the regions related to carrying out the work incentive program authorized by the 1967 Social Security Act Amendments.

Program Increases

Forecasting public assistance requirements: Five positions are requested for work in developing and predicting public assistance financial requirements. This staff will serve as the central point for all information on factors contributing to the costs of public assistance. Staff will work closely with the regional offices, the SRS statistical services office, and with individual States in developing a systematic technique of estimating, reporting, and assessing public assistance needs. Two of these positions will be for concentration in the assistance payments area, 2 positions will work in the medical assistance area, and one position will be assigned to the social services portion.

In addition, $100,000 is requested for 1970 for support of contractual arrangements to develop a standardized method of estimating public assistance requirements.

Regional operations support of the juvenile delinquency program: Six positions are requested to provide support of the juvenile delinquency program at the regional level for work directly with the States in developing, planning, implementing and carrying out the provisions of the Juvenile Delinquency Prevention and Control Act of 1968.

Support for Adivsory Groups and Consultants: Of the $308,000 increase requested, $200,000 is for support of the advisory councils established by the Social Security Amendments of 1967 and other consultant costs in the medical assistance area. The remaining $108,000 is for support of consultants and experts to contribute knowledge and guidance to the varied SRS programs.

Contractual arrangements for statistical gathering and dissemination: An increase of $191,000 is requested for mechanically processing statistics on SRS programs for purposes of analyses, studies, and evaluations of specific program areas, and for dissemination of statistical information.

Contractual services, communications costs, training, and purchase of equipment for on-going activities: The requested increase of $231,709 will provide: (1) for the final phase of developing a model ADP plan to provide a unified system of reporting public welfare data by the States ($60,000); (2) for increased communications costs of on-going staff ($23,000); (3) for training SRS staff, particularly concentrating on middle management to develop staff potential ($50,000); (4) for purchase of general purpose equipment, including replacement of obsolete machinery ($91,000); and (5) for payment of overtime, primarily in the accounting area where close deadlines require after hours work ($8,000).

Significant Items in House Appropriation Committee Report

Item	Action taken or to be taken
1969 House Report	
Salaries and Expenses	
1. Committee expectation that $6,168,000 of the total allowed be allocated for the Children's Bureau and none of it be used for any other purpose.	1. The Social and Rehabilitation Service has taken various steps to assure that the intent of the Committee is being carried out. Among these are: (a) specific identification of funds through allowance and memorandum accounts; (b) directives prohibiting shifts of staff that would affect the allocation; and (c) periodic reviews of the on-going operations to assure compliance.

Explanation of Transfers

	1969 Estimate	Purpose
Transfer to:		
"Operating Expenses, Public Buildings Service," General Services Administration.....	$21,709	For rental of space.
Comparative transfer to:		
"Office of Community and Field Services, Salaries and Expenses".....	580,000	For support of the President's Committee on Mental Retardation.
Comparative transfer from:		
"Office of Economic Opportunity"...	250,000	For direct operations support of the Foster Grandparents Program.
Proposed transfer from:		
"Communicable Diseases".....	1,234,000	For increased pay costs.

Salaries and Expenses[a/]

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964[b/]	$14,601,000	$13,957,000	$14,457,000	$14,157,000
1965	16,534,000	16,236,000	16,236,000	16,236,000
1966	20,974,000	19,748,000	20,198,000	20,138,000
1967	24,077,000	23,367,000	23,367,000	23,367,000
1968	25,941,000	24,738,000	24,888,000	24,738,000
1969	27,800,000	26,383,000	26,383,000	26,383,000
1970	28,780,000			

a/ Estimates are provided herein on a comparable basis with fiscal year 1969 which consolidated Federal administrative costs heretofore provided under 6 appropriations of the Welfare, Vocational Rehabilitation and Aging Administrations and the mental retardation activity from the Public Health Service.

b/ Excludes direct operations for mental retardation activities which were funded from various sources within the Public Health Service and are not now identifiable for FY 1964.

SOCIAL AND REHABILITATION SERVICE

Salaries and Expenses

General Statement

The organization of the Social and Rehabilitation Service was created in August of 1967. We have been in the process of assessing activities and establishing new procedures in alignment with the new organization. This has been a monumental task requiring assignment and reassignment of staff to assure the most effective utilization of resources within the funds limitation.

New Systems and Procedures

One of the major requirements associated with the establishment of the new organization was to design and construct a totally new system to provide centrally-furnished services to all program components. Such areas as accounting, personnel, and general services had to be staffed, funded, and in most instances, the basic design for operation had to be formulated.

An example of the problem which had to be faced was in the establishment and operation of a totally new accounting and fiscal operation. Fund accountability responsibilities had to be designated, a financial system developed for the recording and processing of financial documents, and a reporting system devised to serve effectively the needs of management, to identify but a few. Similar difficulties were experienced in the other central areas in establishing operating procedures involving their functions. Central procurement services, data systems management functions, a centralized contracting operation all came into being. The revised use of funds in 1969 is portrayed in the budget submission.

1970 Activities

Also included in the 1970 budget is a new activity which identifies the total resources devoted to the operation of the SRS Regional Offices. This is consistent with the basic design of the new organization which placed the responsibility for conducting the SRS programs primarily with the Regional Commissioner for his geographic area to deploy such manpower resources as are available to him as he considers will be most productive of the total SRS program purposes. A significant portion of the 1970 increased requirements are proposed to strengthen this vital area.

As the plan for the new organization unfolds, we are somewhat better equipped to identify the areas which need bolstering to be able to discharge our responsibilities more efficiently and effectively. Although progress has been made, much still remains to be done. With the total funds requested for 1970, we hope to move forward toward meeting the increasing responsibilities inherent in the present social system.

Redistribution of Employees

Included in the 1970 estimate is a redistribution of employees funded in 1969 through an allocation from the Office of Economic Opportunity for support of the Work Experience Program which expires on June 30, 1969. It is predicted that 49 of these employees will be on duty as of that date. Therefore, 49 of the 60 new positions requested for 1970 will be filled on July 1, 1969, in those program areas that require additional staff because of increased workload.

1970 Total Request

The total amount requested for the costs of salaries and expenses for 1970 is $28,780,000. This compares with a total fund request for programs under the SRS stewardship of about $8,790,000,000. Recognizing the non-controllable nature of a large segment of the total funds requested, responsible management dictates reasonable reviews of the manner in which such funds are utilized, aside from the very magnitude of the effort required in the disbursement of the funds. Comparing the salaries and expenses request to total funds requested, even after eliminating $7.9 billion of so-called "non-controllable" funds, indicates that only about 4 percent of financial resources are identifiable with program management. ($29 million compared with $700 million.)

The individual activity discussions which follow detail our request for resources to satisfy the program support necessary to discharging effectively our responsibilities.

1. Assistance payments

	1969 Estimate		1970 Estimate		Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits.....	131	$1,727,000	133	$1,692,000	+2	$-35,000
Other expenses.....		225,000		285,000		+60,000
Total.....	131	1,952,000	133	1,977,000	+2	+25,000

This activity covers that segment of the administration of the public welfare assistance program involving cash payments to welfare recipients and the reimbursement to State and local agencies for the cost of general administration, including the determination of eligibility. It includes the work involved in the establishment of Federal standards, the provision of leadership and consultation to State and local welfare offices and administrative and quality control reviews of the efficiency of administration and the legality of such expenditures.

Administration of Program

The program is administered through the Federal-State-local partnership structure. The Social Security Act establishes Federal minimum standards of eligibility within which States and localities may establish their own limitations. In general, Federal legislation limits benefits to described categories of the needy, the aged, blind, disabled, and dependent families. The objective of the program is to assure that needy eligibles are provided funds to meet the essentials of life. Technical assistance is provided to States and local offices to help improve administration, with special emphasis on the improvement of automatic data processing systems.

Fiscal Years 1968-69

The following are highlights of program accomplishments during FY 1968-69.

Policy issuance and interpretation.--Policies were developed and issued on eligibility, need and payments to implement the 1967 Social Security Act amendments. These include regulations to implement the new emergency aid program to assist needy families and the policy on work incentives such as increased earning exemptions. During the year, policy was issued on the new simplified application system, protective and vendor payment - AFDC and adults, fair hearings, foster care, need, partial withholding for non-compliance, maintenance of State effort, recipient count, and eligibility. Also a State Letter was issued on the principles governing legal services to the poor. Technical assistance is being provided to States to meet individual problems of interpretation of Federal policy which serves as a basis for State legislation, plans, and operational decisions.

Improvement of State administration of welfare.--A management survey of the Kansas Welfare Department on organizational structure and fiscal procedures was completed and recommendations made. States' reports on frauds over the five-year period 1962-1967 were analyzed, including checking the adequacy of the present method of identifying and reporting frauds. A comprehensive report will be made

available to all States showing that the incidence of fraud in the provision of public assistance is not significant. Also, guidelines for organizing and evaluating welfare field service and outlining duties and responsibilities of the field representative in working with State and local welfare agencies were issued.

Efforts have been made to stimulate States to establish methods for costing eligibility determination under the simplified method of application as compared to the preceding method and be able to assess the cost of specific activities that can be changed as a part of the administrative decision-making process. Initial examinations of findings imply highly promising possibilities of reducing costs of administration by use of the declaration method.

The first phase of the automatic data processing study begun during the fiscal year will have been completed and recommendations made toward operational changes within the organization as well as plans developed for a project of State system studies with national coordination.

Adoption by States of a simplified application system.--The installation of a streamlined application method and the possible separation of the payment process from the provision of services represent fundamental changes in public welfare administration. They hold promise of increased efficiency in the administration of payments and the freeing of the limited social work staff to concentrate more fully on services to problem families. In fiscal year 1969, interim policy guidelines have been issued for the establishment of a simplified application system. At the present time, about one-third of the States are directing their efforts toward this objective. Inasmuch as States and localities differ greatly in their organization structure, basic laws and methods of operations, the proposed change has resulted in increasing demands from State and local offices for Federal technical assistance to effect the change. Workshops to discuss and train representatives from the 54 jurisdictions were held in the fall of 1968. Qualifications and training methods are being developed for eligibility determination staff. Specifications have been issued on a system of validation and continuing review and the method of determining eligibility. Progress has been made in a number of States in adopting use of the system. For example, Wisconsin has implemented use of the declaration form in all categories for half of the State; the State of Washington has adopted use of the form in all categories in four counties, and moving to separation of payments and services; Michigan has gone Statewide in the use of the declaration form in all adult categories.

Administrative Review of State and local operations.--Staff has responsibility for monitoring the adequacy of State and local administration and the proper utilization of funds to carry out program objectives. The primary device for observing the effectiveness of the eligibility determination is the quality control system. This is carried on by the States under the general supervision of the Federal office, with a built-in Federal sample to maintain technical competence of the quality evaluation. Federal requirements were revised in September in response to the recent extension of experiments in the declaration method in order to free State staff for validation of the new system. State and local administration of program is further reviewed by special surveys and studies. A review of State practices on fair hearings is being conducted in 1969 in at least one State in each region. This is a critical area of welfare administration in which there has been an increased volume of complaints. The administrative review will update information on State practices and determine the extent to which new policy is being followed. Also, in 1969, at the request of the Congress, a special study was initiated of the New York City welfare program on eligibility, increased workload trends, etc.

Major Program Efforts for Fiscal Year 1970

Emphasis will be placed on improving State administration of public assistance programs through the standardization of a simple, efficient application method. Policies will be developed relating to practices to safeguard the legal rights of individuals in the application for and receipt of public assistance. This will give consideration to publication of statements of entitlements and to procedures to assure prompt and equitable systems of hearings of complaints.

Continued attention will be given to the overall improvement of the administration of public assistance to assure it is carried out in a proper and efficient manner and the operations are carried on with due regard for cost effectiveness. Special studies will be made of possibilities of cost savings through use of the declaration system.

Increased efforts are planned in the forecasting of State-based budget estimates in relationship to National trend projections and establishment of competence to maintain monitoring of State and local welfare determinations, occurrences and trends having an impact of the Federal level of reimbursement. Special attention is to be given to analysis of reason for case opening, the population at risk, and better understanding of the income maintenance trends.

Fiscal Year 1970 Increases

The budget for 1970 includes $1,977,000, a net increase of $25,000 over 1969. The budget reflects a decrease of $52,000 from 1969 operations due to savings from decreased employment occurring as a result of the Revenue and Expenditure Control Act and an increase of $77,000 for 2 new positions and contractual services.

The following is a detailed justification for the need of two new positions to assist with the increased workload at the Federal level, plus an explanation of the funds necessary to complete an ADP study contract:

Improvement of State budgeting forecasts (2 positions).--The State-Federal Task Force on the Cost of Medical Assistance and Public Assistance, reporting in October 1968, recommended the establishment of a new Federal-State system for improved budget forecasting and, particularly, the interchange of data for a fuller understanding of State caseload trends and the factors affecting such trends. This changes headquarters functions from what was essentially a National projection of Federal monies necessary to reimburse State expenditures to a comprehensive system in which Federal offices and the 54 State offices are coordinated in planning State program trends and the costs involved. This represents a major change in the functional responsibility and the workload of the Federal office involved. There is only one senior person available full-time for budget estimates for the income maintenance program involving over $3 billion. Two additional positions are requested to implement the Task Force recommendation.

Public welfare ADP system ($60,000).--A significant item of other expense requested for 1970 is $60,000 for completion of Phase II of the automatic data processing study contract. The study, begun in 1968, is for the development and implementation of a master plan for public welfare automatic data processing. This unified automatic data processing plan is expected to minimize the present duplicated efforts of many States on an individual basis to develop automatic data processing systems. It is expected the project will result in more uniformity of automatic data processing welfare systems which can provide management information required at both Federal and State levels, and in the long run, more uniform National technical competence to analyze related public welfare data.

2. Work incentives

	1969 Estimate		1970 Estimate		Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits.....	6	$79,000	16	$247,000	+10	$+168,000
Other expenses.....		6,000		55,000		+49,000
Total.....	6	85,000	16	302,000	+10	+217,000

The 1967 Amendments to the Social Security Act authorized the Work Incentive Program under Title IV of that act. The act required that welfare agencies refer all AFDC persons found appropriate for referral for work and training to a manpower agency with the objective of enabling such persons to enter the labor force and, to the extent possible, become self-sufficient.

The request for funds for program direction in fiscal year 1970 is $302,000 and 16 positions to carry out the responsibilities of SRS in administering its share of the program. This represents an increase of $217,000 and 10 positions more than what was allocated to this activity in fiscal year 1969. These positions are necessary to enable the Department of Health, Education, and Welfare through the Social and Rehabilitation Service to carry out its responsibilities in collaboration with the Department of Labor to develop and expand the Work Incentive Program to meet the objective as set forth by the Congress. These responsibilities include the development of a comprehensive work and training program which starts from an assessment of appropriateness of referral and extends through follow-up after placement in the labor market. This involves developmental work on detailed policies, standards, procedures, and guidelines to assure the most effective and efficient administration of the program.

Collaboration with the Department of Labor is necessary in preparing program goals and in developing joint manpower and public welfare work plans to achieve the goals. There **is a continuing need for close coordination both** within the constituent agencies in SRS and with the Department of Labor on the development of policies, regulations, guidelines, goals, work plans, budget, reporting, and evaluation. Consultation and negotiation with the Department of Labor **is necessary with respect to changes of policy, procedure, and guide**lines that become apparent as the Work Incentive Program develops.

Program Implementation

During fiscal year 1969, 38 States will implement the new program. There are 16 States with legal barriers that will not implement until July 1, 1969. There is an immediate need for staff to provide the capability for expansion of the program into these States. Additional staff is urgently needed to fully implement **program requirements, provide consultation, guidelines, and technical assistance to State and local departments.**

As a result of screening for the Work Incentive Program, many cases, heretofore, undetected will be identified as requiring services. Cooperative work will be undertaken with the appropriate SRS agency and other community agencies in developing a program of social, rehabilitation, medical, and other remedial services for potential WIN trainees.

Monitoring the Program

A well coordinated, orderly system of monitoring both the welfare and the manpower components of the WIN program will be strongly emphasized in order to develop a sound, sensible, and current evaluation of welfare and manpower activities as they affect AFDC recipients. Such an evaluation will include

periodic on-site inspection, current analysis of statistics and reports, and other activities designed to give the Department of Health, Education, and Welfare knowledge of what is happening to welfare recipients who have been referred to local manpower agencies. Reviews and analyses will be undertaken in cooperation with the Department of Labor to insure that both the welfare aspects of the Work Incentive Program, as well as the manpower aspects, are measuring up to established goals and objectives. Staff will be needed to build up a capability for performing this kind of in-depth analysis, which will in turn lead to a stronger and more effective program.

3. Medical assistance

	1969 Estimate		1970 Estimate		Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits.....	83	$1,229,000	95	$1,453,000	+12	$+224,000
Other expenses.....		209,000		338,000		+129,000
Total.....	83	1,438,000	95	1,791,000	+12	+353,000

This activity administers programs of medical assistance to the needy, including the medical assistance program (Medicaid) authorized by title XIX of the Social Security Act. The goal of these programs is to provide comprehensive and high quality medical care to the needy, through State medical assistance programs, in the most economical manner possible.

The 1967 Social Security Amendments clarified and increased the responsibilities in the medical assistance provisions of the Social Security Act in many areas including the following:

1. Established a 21 member Medical Assistance Advisory Council and a 9 member National Advisory Council on Nursing Home Administration.

2. Required policy and guidelines for administration of limitations on Federal financial participation under title XIX and maintenance of State effort provisions.

3. Required improved management methods for coordination of title XIX and the supplementary medical assistance program and the administration and evaluation of comparability between benefits under Title XVIII (Medicare), Title XIX (Medicaid), and medical assistance under other titles of tne Social Security Act.

4. Required policy and guides on the provision of extended options of required basic health services under State medicaid plans, including free choice of medical services.

5. Encouraged guidance and management methods advice to assist States who are required to provide consultation to various medical agencies, institutions and suppliers of service to enable them to qualify for payments, establish and maintain adequate fiscal records, and provide information to determine payments under titles XVIII (Medicare) and XIX (Medicaid).

6. Required guidance to States and the provision of standards for licensing nursing homes and for nursing home administrators.

7. Required review, systems advice and audit of records of suppliers of medical services.

8. Required studies and evaluation of experience with respect to reasonable costs of medical care, nursing home and intermediate care facilities, and care of patients in mental institutions.

1968 - 1969 Areas of Major Emphasis

Advice and consultation was given to many States, culminating in the adoption of title XIX programs by 11 States and jurisdictions, bringing the national total of jurisdictions with title XIX programs approved and operating at the end of fiscal year 1968 to 40. In addition, title XIX (Medicaid) plans for the District of Columbia, South Carolina, and Colorado have been approved through the period ending December 31, 1968.

Title XIX programs were reviewed in 15 States and jurisdictions during fiscal year 1968. This brought in knowledge about State operations in terms of meeting the intent of title XIX of the Social Security Act and has also permitted examination of the coordination between the provisions of title XVIII (Medicare) and title XIX (Medicaid). In fiscal year 1969 through the period ending December 31, 1968, six more States were the subject of program reviews and three States received special fact finding visits.

1970 Increase

The total requested for 1970 is $1,791,000, a net increase of $353,000 over 1969. The budget reflects a decrease of $14,000 from 1969 operations due to savings from decreased employment occurring as a result of the Revenue and Expenditure Control Act. An increase of $367,000 and 12 positions is requested for 1970. Ten of these positions are reassigned from another source of financing, 2 positions are new in 1970.

These positions will be primarily responsible for functions closely related to areas of work assigned by the 1967 amendments. This work includes: the formulation of policies, guides and standards related to drug costs and utilization, mental health, nursing homes, and intermediate care facilities; servicing the two advisory councils; furnishing financial and administrative management assistance and guides to States to assist them in performing mandatory requirements; development of new evaluation techniques. Also included is work in development of policies and guides related to comprehensiveness of State medical assistance programs, Federal evaluation and State self-evaluation of title XIX programs; the development of improved information systems for determination of nationwide needs for medical assistance under title XIX; and the development of methods for training State and local title XIX staff.

Following are the specific areas of work to be assigned the positions requested:

Health Services (4 positions)--These positions will be assigned to the major health services areas of drug cost, drug utilization, and nursing homes.

Drug Cost and Drug Utilization (GS-14; GS-7) Currently there are only two professional positions whose full time is devoted to answering inquiries from State agencies requesting information on drug costs and policies. Work will have to begin on implementing recommendations in the Secretary's 1968 Report on the utilization problems and costs of prescription drugs. This has many effects which require joint policy planning with the Social Security Administration to bring a coordinated Medicaid and Medicare program to States. While the provision of prescription drugs is not a mandatory basic service, the public interest in this feature of health care is so great that it has been included by 32 of the 40 States and jurisdictions with title XIX programs in operation as of June 30, 1968. This is an area of great concern in the current struggle with rising costs of medical care.

The requested positions will be assigned to formulation of policies concerning the utilization of drugs in medical care. They will also provide guides and standards for orderly and efficient administration of payments for drugs at reasonable charges consistent with efficiency, economy, and high quality medical care for the needy. Guidance and consultation must also be provided to **States' pharmacy consultants.**

Nursing Homes (GS-15; GS-6) The 1967 Social Security Amendments created an entirely new Federal program relating to nursing homes, nursing home administrators, and intermediate care facilities. These facilities have been, in the past, completely free of Federal guidance. However due to their importance in reducing medical care costs of needy patients who no longer require hospital care, but need additional care, these facilities are now receiving a great amount of attention. This function is currently staffed with 4 positions to initiate essential planning. The 2 new positions requested, along with existing staff must do the tremendous job of providing policies and guides to States with respect to supervision of nursing home care given to patients under State title XIX plans including quality of care, safety of facilities, licensing of facilities and personnel, provision of adequate medical records. This staff will also review relationships of these facilities with hospitals' define levels of services to be given to patients. Fact finding and consultation visits will have to be made to evaluate the performance of States in applying the policies and guides.

Program Evaluation (6 positions).--This function includes the review and assessment of the effectiveness of State medical assistance programs through program administrative reviews and in-depth evaluations. It includes the development of criteria for the determination of quality control effectiveness, the development of guides to assist States in evaluation of their own programs as required by law and the analysis and interpretation of data on medical assistance to determine program effectiveness and trends. It also includes the provision of assistance to States and the development of a system of determination of financial requirements for medical assistance.

Systems for Forecasting and Determination of State Requirements for Federal Funds (GS-13; GS-12; GS-11) At present only one staff member is performing the function of long range and short range forecasting budget requirements and of statistical program analyses. The requested staff will assist in these functions and in developing information systems to implement the recommendations of the Secretary's Task Force on Medicaid Costs. Since the recommendations of the Task Force place heavier responsibility on the States, a substantial portion of the time will be needed to work with State staff to establish information systems which can produce information essential to the development of credible projections. Staff time is also needed to review and evaluate data and projections submitted by States.

Program Administrative Reviews of State Efforts (GS-13; GS-12; GS-5) This highly important function received additional emphasis in the 1967 Amendments. This function is presently being performed by a unit consisting of 4 professional and 2 clerical positions. This staff can only perform a maximum of 12-15 evaluations per year. In order to achieve effective program evaluation, all of the 54 States and Federal jurisdictions should receive a program administrative review of their medical assistance programs at least once every two years.

Advisory Councils (GS-11; GS-7).--The 21 member Medical Assistance Advisory Council and the 9 member National Advisory Council on Nursing Home Administration were both established by the 1967 Amendments. These councils were established to provide the Secretary with advice on public policies concerning the administration of medical assistance and nursing home programs, including the relationship of activities under title XVIII (Medicare). These two councils were provided some

staff support (5 positions) in fiscal year 1969 out of existing resources, but will require two additional full-time positions (GS-11 and GS-7) in order that the councils may meet regularly and perform their mandatory functions which include conducting meetings and hearings on public issues, gathering information, and recording, editing, and publishing their findings.

Additional Costs not Related to Permanent Staff.--An increase of $200,000 is requested to pay salaries, travel expenses and contractual services of consultants and advisory groups. This increase will serve two purposes. First, it will permit the two advisory councils established in the 1967 legislation to meet more frequently, thereby increasing their effectiveness and benefit to the Department. Second, it will also provide for urgently needed part-time professional consultation in fields such as ophthalmology, optometry, dentistry, mental health, pharmacy, hospital and nursing home administration, family planning, and related medical specialties.

4. Rehabilitation

	1969 Estimate		1970 Estimate		Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits.....	165	$2,168,000	165	$2,166,000	--	$-2,000
Other expenses.....		204,000		204,000		--
Total.....	165	2,372,000	165	2,370,000	--	-2,000

The 1970 total request will be used to finance grant administration and related responsibilities for programs offering services to disabled individuals in a wide range of disabilities. Included are activities related to basic support programs, vocational evaluation and work adjustment, innovation project grants, expansion grants, grants for contracts with industry, grants for new career opportunities for and development of services to persons authorized to receive services under the Aid to Permanently and Totally Disabled and the Aid to the Blind programs under titles X, XIV, and XVI of the Social Security Act.

Program Emphasis

Since enactment of the Vocational Rehabilitation Amendments of 1965, major program emphasis has been directed toward the rehabilitation of the more severely disabled including such categories as heart disease, cancer, stroke, kidney disease, emphysema, spinal cord injury, drug addicts, mentally ill, alcoholics and others. Many of these disability groups are receiving increased attention as a result of the development and use of new techniques of treatment and the provision of specialized services which were not possible only a few years ago.

In addition to extending services to new disability categories the total number of persons rehabilitated in all categories has been increasing each year under the impetus provided by new programs and higher Federal matching rates authorized by the 1965 Amendments and more recently the 1967 and 1968 Amendments to the Vocational Rehabilitation Act.

Another area of emphasis in recent years has been the rehabilitation of persons receiving public assistance and, in another closely related area, the rehabilitation of disabled persons receiving assistance under the Social Security Disability Insurance program. The primary purpose of the rehabilitation programs concerned with these disability groups is to restore these persons to productive self-supporting lives and remove them from dependency on assistance from other sources.

1970 Program

The budget for 1970 includes $2,370,000 to continue these activities. It reflects a net decrease of $2,000 from 1969 operations. This includes a decrease of $34,000 reflecting savings resulting from decreased employment occurring as a result of the Revenue and Expenditure Control Act and an increase of $20,000 for services of experts and consultants who will contribute to the knowledge and understanding of problems of rehabilitation and $12,000 to increase the trust funds limitation to cover pay costs.

5. Mental Retardation

	1969 Estimate		1970 Estimate		Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and beneifts.....	47	$579,000	47	$570,000	--	$-9,000
Other expenses.....		171,000		171,000		--
Total.....	47	750,000	47	741,000	--	-9,000

Staff are responsible for and required to plan, direct, and coordinate a nationwide program to expand and improve services and facilities for the mentally retarded.

The duties required of these positions include giving overall direction and coordination to five separate grant programs; coordinating liaison with regional offices and voluntary and professional organizations concerned with mental retardation; providing a central point for information on mental retardation programs and services; providing consultation review and evaluation on the development of university affiliated mental retardation facility programs; and, providing a program focus for all SRS mental retardation activities, including direction and participation in the SRS staff advisory group on mental retardation.

In addition, the administration of the community facilities construction and the community facilities initial staffing programs for the mentally retarded is carried out, which includes the development, evaluation, and approval of state plans and applications for the planning and construction of community facilities; the development of architectural standards and criteria for the construction programs; and the development of forms, guidelines, and administrative and fiscal policies and standards for the implementation and operation of the staffing program. There is consultation with the regional offices, State agencies, and project sponsers, and evaluation of accomplishments and effectiveness of the two programs. Forecast information is developed relative to program needs; data and information are maintained which are essential to the effective administration of the programs; a directory of facilities serving the retarded is maintained; and, information and data for replies and inquiries concerning the community facilities construction and initial staffing programs are prepared.

Clinical consultation on activities and programs for the Division is provided, which includes the review and evaluation of grants to improve residential care in State institutions, and the review of program sections of applications for initial staffing of community facilities, grant proposals, and other materials at the request of other Federal agencies. Program standards for the staffing of community facilities and university affiliated facilities are developed on the residential care and general aspects of the mentally retarded are prepared; and, liaison with professional groups such as the American Academy of Pediatrics, the American Speech and Hearing Association, the American Psychiatric Association, the American Nursing Association, etc., is provided.

The Division also administers and coordinates programs and activities in the areas of National Statistics, program evaluation, research grants, technical information in mental retardation, and special studies under contract.

The budget for 1970 includes $741,000 to continue these activities. It reflects a decrease of $9,000 from 1969 operations resulting from savings due to decreased employment occurring as a result of the Revenue and Expenditure Control Act.

6. Family and Child Health and Welfare

	1969 Estimate		1970 Estimate		Change	
	Pos.	Amt.	Pos.	Amt.	Pos.	Amt.
Personnel compensation and benefits	222	$2,973,000	222	$2,940,000	---	$-33,000
Other expenses		509,000		509,000		---
Total	222	3,482,000	222	3,449,000	---	-33,000

Staff associated with this activity administers grant programs for health services for mothers and children and for child welfare services. In addition, it investigates and reports upon all matters pertaining to the welfare of children and child life among all income levels. The staff also provides program leadership and consultation on the provision of social and other rehabilitative services to persons receiving Aid to Families with Dependent Children. The goal of these programs is to help fulfill the national commitment to enhance the quality of life for all children by providing the opportunity for their full mental, physical and emotional development.

Areas of Major Emphasis

Efforts have been directed toward building high-quality programs of services for mothers and for children. In health services, major emphasis has been given to the development of the special project programs of maternity and infant care, family planning, comprehensive health care of children and youth, and training in the health professions. One of the special ways that health services for mothers and children has been advanced is through workshops, seminars and regional meetings with Federal, State, and local agency personnel working in specialized health fields.

In social services, staff are working to assure that the following major new requirements contained in the 1967 Amendments are met:

-- State Welfare Departments must provide for a program of family and child welfare services for each appropriate member of an AFDC household in order to assist in achieving self-support and in order to strengthen family life and foster child development;

-- State Welfare Departments must provide a program to prevent or reduce the incidence of births out of wedlock and otherwise strengthen family life;

-- State Welfare Departments must provide protective services for children subject to neglect, abuse or exploitation in their own homes.

In the general field of youth services, staff participates in seminars to train professional workers and volunteers for community leadership in family life improvement programs. A special area of emphasis has continued to be the problem of smoking and health. Intensified efforts to inform young people of the hazards of smoking have included distribution of more than 1,000,000 copies of five publications prepared by this staff since 1965. The publications program is continuing in other areas of concern to parents and children, including production of the best-selling "Infant Care" and "Your Child from One to Six".

The staff provides Federal leadership and coordination in the area of early childhood programs. Staff attention is directed toward ensuring that day care and preschool services are of the highest possible quality, reach the children most in need of them, and are appropriately coordinated within a framework of community child care programs. The Bureau chairs and coordinates the Federal Panel on Early Childhood, which was established to guide the development of preschool and day care programs. It includes members from Federal agencies having a primary concern for services to families and children. The Panel is charged with developing plans for the most effective use of Federal operating, research, training, and technical assistance funds.

In carrying out the responsibilities under the Act of 1912, staff provides technical assistance, consultation and related services in juvenile delinquency. Working has been extensively carried out with State and local agencies and the courts in reviewing programs concerned with delinquent children in Illinois, Minnesota, Missouri, Nevada, Louisiana, Alabama and Florida, among other States. During 1968 all the States, Guam and the District of Columbia received either field or office consultation from Bureau staff.

1970 Program

The budget for 1970 includes $3,449,000 to continue these activities. It reflects a net decrease of $33,000 from 1969 operations. This includes a decrease of $43,000 reflecting savings resulting from decreased employment occurring as a result of the Revenue and Expenditure Control Act and an increase of $10,000 for services of experts and consultants who will contribute to the knowledge and understanding of problems of children and youth.

7. Aging Services

	1969 Estimate		1970 Estimate		Change	
	Pos.	Amt.	Pos.	Amt.	Pos.	Amt.
Personnel compensation and benefits	75	$1,064,000	75	$1,070,000	--	+$6,000
Other expenses		171,000		171,000		
Total	75	1,235,000	75	1,241,000		+6,000

This activity is the focal point for the Federal Government's concern with the needs and problems of older persons. The 75 positions financed by this activity are responsible for providing the basic planning and leadership essential to develop and coordinate programs which meet the needs of older persons. In carrying out their responsibilities, the staff of this activity work in conjunction with the other central and regional office components of the Social and Rehabilitation Service and the staffs of other departments and agencies concerned with the well being of older persons.

Responsibilities

Implementation of this responsibility includes: 1) development of policies, procedures, and guidelines for, and the administration of grants to States for community planning and services; 2) administration of a program of project grants for research and demonstration to improve the quality of life of older Americans; 3) administration of a program of project grants to train specialized personnel employed in or preparing for employment in the field of aging; 4) operation of a program to provide persons-to-person services to institutionalized children by low-income older persons; 5) stimulation of interagency program development and coordination of services to older persons; 6) development of guidelines and activities concerning services to the aged as authorized under Titles I, XVI, and XIX of the Social Secuirty Act; and, 7) establishment and maintenance of a clearinghouse for information concerning the aged and aging, including preparation, publication, and dissemination of educational materials dealing with the welfare of older persons, and collection of statistics in the field of aging which other Federal agencies are not gathering. It is the objective of the grant programs and staff efforts involved therein to improve, restore, or retain the capacity of the elderly to engage in meaningful personal and social activities which are conducive to health, happiness and independent living.

Major Emphasis, 1968 and 1969

During 1968 and 1969 the staff focused its efforts on the development of a solid but flexible program base capable of stimulating comprehensive community planning, improving the coordination and allocation of existing resources, encouraging their expansion where needed, promoting the development of new services and opportunities to meet the needs of older persons, providing direct support of research, development, demonstration, and training projects to further these objectives and to provide critically needed specialized manpower, and serving as an information clearinghouse on the needs and problems of the aging.

Staff activities included development of policies and procedures, training of staff at Regional and State levels, and review and approval of State plans and a large number of applications for direct project grants.

At the end of 1968, 52 States and jurisdictions had designated agencies to administer Title III of the Older Americans Act. Forty-nine States had their State plan approved and were operational. Over 700 projects approved by the States had been reviewed. During 1968 and 1969 together, over 300 project

grant applications for research, demonstration and training projects were reviewed, a task which involved numerous consultations and site visits not only during the review process but on a continuing basis once projects were funded.

In the area of program policy, several meetings of the Advisory Committee on Older Americans were held. The Executive Committee for the President's Council on Aging met several times during the year, and the Council issued a comprehensive report on activities affecting the aging, covering the period 1966-67. Contacts with numerous governmental and private non-profit agencies were established in order to further coordination of, and cooperative planning for, programs concerned with the aged and aging.

Several new publications were initiated such as the series titled "Designs for Action." These publications have been well received and constitute measurable progress in the fulfillment of our responsibilities to provide a clearinghouse of information of activities for the aging.

Plans for 1970

The total request for 1970 is $1,241,000 a net increase of $6,000 over the 1969 operations. This includes a decrease of $14,000 reflecting savings resulting from decreased employment occurring as a result of the Revenue and Expenditure Control Act and an increase of $20,000 for services of experts and consultants who will contribute to the knowledge and understanding of the aging programs.

No additional positions have been requested for 1970. The 75 positions will be utilized to refine and expand the program base already established. For instance, despite the thousands of older persons who have benefited significantly from services provided under the various provisions of the Older American's Act, there is still a general lack of awareness of the needs and problems confronting older persons. This situation is compounded by the fact that many older persons themselves are only vaguely aware of the supportive services available to them. Physical problems, low incomes, poor eyesight, and lack of interest in their surroundings too often isolate those who need help the most.

To redirect program emphasis into these areas of special need, the staff has established priorities under each Title. Under Title III, for instance, one priority will be to stimulate area-wide information and counseling services to augment and complement increased efforts in the area of community planning.

Selective allocation of these 75 personnel in priority areas throughout the program is crucial in 1970 if past momentum and future growth are to be assured.

8. Juvenile Delinquency

	1969 Estimate		1970 Estimate		Change	
	Pos.	Amt.	Pos.	Amt.	Pos.	Amt.
Personnel compensation and benefits	23	$307,000	28	$369,000	+5	$+62,000
Other expenses		54,000		63,000		+9,000
Total	23	361,000	28	432,000	+5	+71,000

Administration of the Juvenile Delinquency Prevention and Control Act of 1968 is covered in this activity. Efforts are to provide incentives to communities to plan and implement programs of delinquency prevention and correction that take into account the varied needs of today's youth. Training provisions are to create new manpower resources and upgrade the competence of personnel working with delinquent youth. Also supported is experimentation to refine our knowledge, evaluation of program efforts, and technical assistance to States and communities to develop comprehensive programs.

Staff associated with this activity have responsibility for policy implementation and administration of the granting process. Technical assistance is given to both State and local governments and to public and private agencies and institutions to assist in improving the quality of their programs, in identifying problem areas, and in developing proposals to establish new activities. The staff evaluates the results of the projects, and collects other pertinent information for dissemination to the interested parties. In addition, the staff services the professional committees which review the various grant projects.

Program emphases in FY 1968-1969

During 1968, staff continued to provide program monitoring of the grants and contracts awarded under P.L. 87-274, and conducted program assessment activities designed to evaluate the total delinquency prevention program supported under the Act of 1961.

In 1969, the major work will be related to the planning and awarding of grants and contracts under P.L. 90-445. An amount of $5,000,000 was appropriated by the Congress for 1969 to provide initial support of juvenile delinquency prevention activities.

Program planning activities which must be completed before the new juvenile delinquency program can become fully operational include the preparation of regulations and guidelines, the design of forms and applications, the establishment of administrative procedures for review of grants, and the orientation of State and Regional staff to the new program.

Activities in 1969 are being directed to Title I, with the emphasis on planning and Title II, Training. A small amount of funds are available for technical assistance services.

1970 Program

The budget for 1970 is $432,000, a net increase of $71,000 over 1969 operations. This includes a decrease of $5,000 reflecting savings resulting from decreased employment as a result of the Revenue and Expenditure Control Act and an increase of $76,000 for 5 positions reassigned from another source of financing. These 5 positions (3 professional and 2 clerical) will be used for the expanded activities resulting from the $10,000,000 program increase requested for 1970.

With a $15,000,000 total program level in 1970, staff will further implement the programs of planning, prevention, rehabilitation, training, and technical assistance activities. In doing so, staff will be required to perform the full range of grants and contract management functions and technical assistance services.

9. Research and Demonstrations

	1969 Estimate		1970 Estimate		Change	
	Pos.	Amt.	Pos.	Amt.	Pos.	Amt.
Personnel compensation and benefits	140	$1,891,000	140	$1,914,000	---	$+23,000
Other expenses		160,000		160,000		---
Total	140	2,051,000	140	2,074,000	---	+23,000

The request for 1970 will provide support for a number of program activities including: an intramural research program; administration, in cooperation with the Social Security Administration, of a program of cooperative research and demonstration projects relating to programs under the Social Security Act and related programs; a program of grants and contracts for research and demonstration projects to discover and test new knowledge and techniques for rehabilitating the disabled.

Activities also includes the administration of experimental and demonstration projects in public assistance and medical assistance; administration of the special Research and Training Center program; administration of the social work manpower training program recently authorized under section 7 of the 1967 Social Security amendments to provide for a program of grants to colleges, universities, accredited graduate schools of social work or an association of such schools to meet part of the costs of developing, expanding, or improving their social work training resources; and administration of a Service-wide special foreign currency research and training program.

1969 and 1970 Program Emphases

Intramural Program

During 1969 particualr emphasis is being given to projects which give much needed information on income maintenance, work incentives, alternative case arrangements for dependent older people and studies to provide needed program information on the impact of Title XIX--on the utilization of medical services and on the medical care systems. Studies underway in 1969 include research to develop better techniques and instruments for predicting the rehabilitation potentials of certain disability groups, particularly the deaf and the blind; and studies of alternative methods of organizing the delivery of rehabilitation services in communities of different types.

In 1970, particular emphasis will be given to studies dealing with income maintenance and work incentives for public assistance provisions, prevention and reduction of births out of wedlock, and subprofessional and volunteer staff that would be utilized as aides in public assistance, child welfare and health programs. Studies in rehabilitation will receive particular emphasis in the area of prosthetic-orthotic evaluation and improvement.

Cooperative Research and Demonstrations

Emphasis in 1969 and 1970 will be given to projects concerned with reduction of dependency and motivation for community participation. The 1970 program will provide for special projects which will test the application of research findings in the area of income maintenance.

Rehabilitation Research and Demonstration Grants

Administration of this program during 1969 and 1970 will continue to be directed toward research and demonstrations which will provide more and better rehabilitations to a broad range of disabling conditions, including those related to mental health and illness, the nervous system and sense organs, heart and circulatory disorders, the respiratory system, mental retardation and amputations or orthopedic deformities, especially in the inner city ghettos.

Major emphasis during 1970 will be directed toward the development of rehabilitation projects which will serve the socially and culturally handicapped in model cities. Studies have shown that there are seven times the normal incidence of disability among the poor. Increased rates of mental illness, mental retardation, and behavioral disorders such as drug addiction and alcholism contribute to social handicaps.

Section 1115 Demonstration Projects in Public Welfare

The administration of this program during 1969 will place emphasis on demonstrations in providing social services, medical care and service strengthening or in new approaches to administration, approaches to encouraging education or preparing for self-support, extending eligibility, neighborhood service centers and income maintenance. Program emphasis in 1970 will concentrate on developing and implementing demonstrations in the Model Cities and Neighborhood Service Center program, coordinated services to the aged, center city ghetto problems, medical care and services, and income maintenance.

Special Research and Training Center Program

The administration of this program during 1969 is associated with the support of 19 operating Centers. These centers have developed research environments in which the skills and knowledge of highly-qualified scientists have advanced the discovery of new methods for solving many problems in the rehabilitation of the disabled. During 1970 emphasis will be directed to the basic growth and continuance of these centers, especially the newly established medically oriented developmental center in the Chicago area and involvement of these centers with the socially and culturally disadvantaged.

Research and Training (Foreign Currency Program)

The administration of this program includes the coordination and planning of all SRS international activities under one leadership and organizational component. All staff and program funds are coordinated to meet SRS-wide program objectives. The 1970 program provides for support in developing countries of an increasing number of research and demonstration programs and activities which complement the domestic program. Project areas include: rehabilitation of physically, mentally and socially handicapped persons; maternal and child health; strengthening family life and responsible parenthood; improved living conditions for older citizens and the reduction of juvenile delinquency.

Training of Social Welfare Personnel

The administration of this program includes both coordination of staff development activities for State agency personnel and administration of the newly authorized grant program for social work manpower. The latter provides for grants to colleges, universities, accredited graduate schools of social work to meet part of the costs of developing, expanding or improving their social welfare training resources. In addition there is the mandate under the 1967 Social Security Amendments to use non-professional staff drawn

especially from low income groups and volunteers in the provision of community services. This latter group requires new types of training services. Continuing activities include advice and consultation to State and local agencies on their staff development programs.

An increase of $40,000 is requested for services of experts and consultants to bolster the research and training efforts particularly in major areas of concern such as income maintenance and work incentives, motivation for community participation, and rehabilitation of the socially and culturally handicapped. This is offset by an adjustment of $17,000 in savings from decreased employment from the Revenue and Expenditure Control Act.

10. Statistical Services

	1969 Estimate		1970 Estimate		Change	
	Pos.	Amt.	Pos.	Amt.	Pos.	Amt.
Personnel compensation and benefits	56	$701,000	56	$692,000	---	$-9,000
Other expenses		243,000		434,000		+191,000
Total	56	944,000	56	1,126,000	---	+182,000

This activity provides design, direction, and execution of the statistical programs of the Social and Rehabilitation Service, including collecting, processing, analyzing, and disseminating statistical data on all programs of the Service.

Program emphasis for 1968 and 1969

Efforts in 1968 and continuing in 1969 involve strengthening ongoing statistical reporting programs and developing and revising reports to meet new needs. High priority is given to critical evaluation of established statistical efforts, to strengthening the technical staff, and to the exploration of more efficient methods of collecting and processing data to improve quality and timeliness.

Program emphasis for 1970

Work will continue on the automation of our ongoing statistical work and the development of computer applications for statistical analysis, improved forecasting techniques, and bulk data processing. In addition, new reporting systems will be developed for the Work Incentive Program, Medicaid, characteristics of public assistance recipients, and surveys and analyses of special categories of handicapped or underprivileged groups in order to provide vital information to further National goals.

In the public assistance area, staff will develop statistical reports and conduct analyses concerning the effects of recent legislation and proposed new legislation. For example, staff will develop information on the effects of social services provided for in the 1967 Amendments to the Social Security Act and study and develop statistics concerning the utilization of Medicaid. Particular attention will be given to social services provided in the Aid to Families with Dependent Children program and the effects of such services.

An essential part of these studies and analysis are the funding of services for data collection, processing and dissemination. Following is a listing of the kinds of projects to be funded. An increase of $191,000, including $16,000 for dissemination costs, is requested in 1970 for these purposes. This is offset by a decrease of $9,000 savings occurring as a result of decreased employment related to the Revenue and Expenditure Control Act.

Examples of projects to be funded:

Analysis of the Vocational Rehabilitation Case Service Reports (R-300's)	$83,000
AFDC Study analysis	42,000
AFDC Mail Survey on Employability analysis	22,000
Special field surveys to meet administrative needs	38,000
Medicaid studies analysis	20,000
Ad hoc conferences on statistical reporting and surveys development	10,000

11. Executive Direction and Program Services

	1969 Estimate		1970 Estimate		Change	
	Pos.	Amt.	Pos.	Amt.	Pos.	Amt.
Personnel compensation and benefits	242	$2,948,000	249	$3,019,000	+7	+$71,000
Other expenses		1,828,000		2,163,000		+335,000
Total	242	4,776,000	249	5,182,000	+7	+406,000

In recent years greater recognition of the importance of rehabilitation of disadvantaged or underprivileged Americans has highlighted the need for better, more incisive, and greatly expanded leadership efforts in this field.

This activity covers the staff and expenses of the immediate Office of the Administrator, centralized management services, program planning and evaluation, coordination and review activities, and other specialized services best carried out on a centralized coordinated basis for all programs of the Social and Rehabilitation Service. In addition, expenses are included for program services for all Social and Rehabilitation Service staff for such costs as telephones, Xerox rental, general purpose equipment, and payroll services.

During fiscal years 1968 and 1969, a major portion of this activity's resources were directed toward effecting the reorganization, establishing new policies, and implementing new program responsibilities in order to be most responsive to the missions of the Service. Many inroads have been made in providing staff coordination, leadership, and support services utilizing current or innovative management practices or techniques.

1970 Increase

To assist in carrying out the variety of functions described in other activities, 7 additional positions and a net increase of $406,000 are requested for program services. Six of these positions are reassigned from another source of financing. One new position is requested. Positions and funds will be utilized as follows.

Management Systems (1 position)--Automation has been used to develop or refine systems and provide meaningful management information in order to maximize the utility of our resources. The present modest staff has a large backlog of requests for systems development generated by Agency programs. These include the application of ADP system techniques to current SRS operations, and the insuring against duplication of functions, reports, and workload within SRS. In order to accelerate our progress in these areas a management analyst GS-9 is requested.

Budget Activities (4 Positions)--Our recently created Budget Division has undertaken an aggressive program with a view to establishing a budget estimating and financial planning system for SRS and improving the presentation and justification of the budget to all reviewing authorities. In order to achieve this goal, we request an increase of 4 positions. They are two budget analysts and 2 positions for clerical support.

Accounting Services (1 Position)-- The impetus toward modernization of Federal accounting systems and installation of an accrual accounting system has been proceeding on schedule. In addition we have automated the production of our financial reporting system. In order to further our programs an ADP machine operator GS-7 is requested.

Program Planning (1 Position)--The SRS Office of Program Planning and Evaluation is responsible for the development of program plans for all of the fifteen major SRS social, rehabilitation and health programs. To augment this staff a Program Analysis Officer is requested.

Other Increases--In addition to the increase of 7 positions and related costs of $99,000, an increase of $61,000 is included herein to provide program services (payroll, machine repairs, telephone, and data processing) related to the increased positions requested in all activities. Increases for general purpose equipment ($91,000) and rental charges ($23,000) are requested for on-going staff. An increase of $50,000 is requested to provide for training of SRS employees, $8,000 is for overtime primarily for financial management staff to meet close deadlines, and $100,000 is requested for contractual services to develop an estimating technique for forecasting public assistance requirements. These increases are offset by a decrease of $26,000 reflecting savings resulting from decreased employment occurring as a result of the Revenue and Expenditure Control Act.

12. Regional operations

	1969 Estimate		1970 Estimate		Change	
	Pos.	Amt.	Pos.	Amt.	Pos.	Amt.
Personnel compensation and benefits.....	518	$7,406,000	542	$7,642,000	+24	$+236,000
Other expenses.....		761,000		813,000		+52,000
Total.....	518	8,167,000	542	8,455,000	+24	+288,000

The Regional Operation consists of the Office of Field Operations (a small Central Office staff) and an SRS Regional Office in each of the nine HEW Regions. The Office of Field Operations serves as the immediate staff arm of the Administrator in the direction and management of the nine SRS Regional Offices. These offices, in turn, complement SRS Central Office staffs by ensuring that SRS national goals and objectives are attained within the States in their Regions. They provide, for the Administrator, the focal point for identifying and responding to the needs of State and local Governmental agencies, community agencies, and other public and private organizations involved in or concerned with the planning and provision of social and rehabilitation services.

Multi-Program Activities

SRS Regional Offices are associated not only with the individual program areas of the Washington Bureaus, but also with the joint application of the financial resources and expertise associated with these programs to the beneficiaries of the programs. There has been a significant increase in the involvement of Regional Offices in multi-program activities. These have been occasioned by the Work Incentive Program authorized by the 1967 Amendments to the Social Security Act, the Model Cities and Pilot Neighborhood Centers Programs, and the new Coordinated Community Child Care Program, among others.

The addition and expansion of such programs has intensified need for personnel competent to deal with multi-faceted SRS activities--personnel who can devote their efforts to total Regional representation--as well as with individual SRS programs.

1969 Program Emphasis

The major emphasis in FY 69 is the implementation of additional and expanded responsibilities placed with the Social and Rehabilitation Service, as a result of new authorizations enacted by Congress, without diminution of efforts devoted to ongoing programs. Continuing emphasis is being placed on effective implementation of the various programs, providing for their energetic development and extension to additional needy and disabled persons, assuring the prudent and effective expenditure of Federal funds, improving programs and counseling on the various means by which they can be strengthened, and facilitating program planning activities leading to recommendations for extension and strengthening of existing programs and formulation of new programs.

Specific priorities were developed on the basis of (1) providing maximum opportunities for those receiving public assistance to become as self-sufficient as possible; (2) tying projects and activities to the maximum extent possible, to the Model Cities program and Neighborhood Center program; (3) preparing for significant program changes and relationships resulting from the enactment of the Social Security Amendments of 1967; and (4) maximizing the benefits that accrue from a joint approach by SRS agencies to local and State problems. These priorities are:

1. Increasing the number of rehabilitated public assistance clients by State Vocational Rehabilitation agencies.

2. Development of programs or projects by the vocational rehabilitation and payments assistance agencies for rehabilitation of the "socially disadvantaged", including, for example, joint evaluation of persons considered for work and training projects; concerted effort in multi-service centers and in inner city efforts such as in neighborhood centers, model cities, and concentrated employment programs; and utilization of rehabilitation centers and workshops for the socially disadvantaged.

3. Expanding service programs and projects for older people designed to prevent or alleviate financial and social dependency.

4. Developing day care and other child care arrangements related to carrying out the provisions of the Social Security Amendments of 1967.

5. Developing plans and programs for increasing the identification, diagnosis and treatment of children with handicapped conditions.

6. Developing plans and programs for initiating or expanding family planning activities.

7. Developing plans and programs for the organizational separation of the payments and social services activities in the State Public Assistance Agencies.

1970 Program Plans

Development of programs and projects which will produce maximum benefits from recently enacted legislation will be given top priority. Leadership and drive will be provided to instill vitality in State planning and programs directed to extracting the greatest returns possible from resources available to State, local and private organizations, and resources made available by Federal legislation. Prevention and control of developing social problems will be accorded major emphasis.

Specific areas of emphasis will include technical assistance in planning, development of improved practices for rehabilitation and preventive services, training of youth for new career opportunities, and all other measures possible to attain the objectives of the Juvenile Delinquency Prevention and Control Act of 1968. States will be encouraged to develop methods of utilizing the means made available to them in the act. The assistance of specialists and expert consultants will be offered and provided to the extent possible.

New and intensified emphasis will be directed to the Work Incentive Program which will provide a wide variety of training, education, and support services leading to potential career development and eventual permanent employment for AFDC recipients. This program replaces both the Title V provisions of the Economic Opportunity Act and the Community Work and Training programs under Section 409 of the Social Security Act. Our efforts will be focused on working with the State agencies in the development of retraining and reemployment opportunities for AFDC recipients using resources of all Federal programs where possible to accomplish this. Assistance will be provided in the development of a whole range of supportive services such as day care, medical and health services, case work services, group work services, and rehabilitative services which will be brought to bear on a case-by-case basis.

Greater coordination of major programs with new resources made available in recent Federal legislation, and greater expansion and utilization of State and local resources will be effected through the provision of additional program specialists to insure bringing maximum effort and means to bear on social welfare and rehabilitation needs.

Staff resources are inadequate in all areas of Regional Office responsibilities--ranging from provision of consultation to States on the development of comprehensive day care services to working with public and private agencies in the development of coordinated means for provision of a full range of human services for needy and otherwise disadvantaged people.

There is a clear need now, in Regional Offices, for professional and technical specialists in research and demonstrations, medical services, training and manpower development, statistics and reports, management methods, grants management, family and child welfare, and general Federal-State relations. In 1970, these needs will be compounded by important new or expanded programs in juvenile delinquency prevention and control, family planning and child welfare services, rehabilitation services, and the internal and external coordination of SRS program activities with other related programs.

A net increase of $288,000 and 24 positions is requested over 1969 operations; 18 of these positions are reassigned from another source of financing and 6 positions are new in 1970. The 24 positions include 6 professionals for juvenile delinquency prevention and control, 9 professionals for the Work Incentive Program and 9 supporting clerical positions. An increase of $18,000 is also requested to support the services of part-time consultants who are experts in such areas as day care, foster care, home-making and medical services administration. These increases are offset by a decrease of $74,000 reflecting savings resulting from decreased employment occurring as a result of the Revenue and Expenditure Control Act.

Positions Requested

Fiscal Year 1970

	Number	Grade	Annual Salary
I Reassignment of positions funded from other source of financing			
Work incentives			
Director	1	GS-16	$22,835
Program Development and Planning Officer	1	GS-15	19,780
Program Development Officer	2	GS-14	33,892
Project Officer	1	GS-13	14,409
Child Care Officer	1	GS-13	14,409
Program Analyst	1	GS-9	8,462
Administrative Aide	1	GS-7	6,981
Secretary	1	GS-7	6,981
Secretary	1	GS-6	6,321
	(10)		134,070
Medical assistance			
Medical Officer	1	GS-15	19,780
Program Management Specialist	1	GS-14	16,946
Program Evaluation Specialist	1	GS-13	14,409
Program Evaluation Sepcialist	2	GS-12	24,348
Medical Care Policy Specialist	1	GS-11	10,203
Secretary	2	GS-7	13,962
Secretary	1	GS-6	6,321
Secretary	1	GS-5	5,732
	(10)		111,701
Juvenile delinquency			
Planning and Program Development Specialist	2	GS-13	28,818
Training Specialist	1	GS-13	14,409
Administrative Aide	1	GS-7	6,981
Secretary	1	GS-6	6,321
	(5)		56,529
Executive Direction and Program Services			
Program Analysis Officer	1	GS-13	14,409
Budget Analyst	1	GS-11	10,203
Management Analyst	1	GS-9	8,462
ADP Machine Operator	1	GS-7	6,981
Administrative Aide	1	GS-7	6,981
Clerk	1	GS-4	5,145
	(6)		52,181

	Number	Grade	Annual Salary
Regional operations			
Work and training specialist.....	9	GS-14	152,514
Secretary.....	9	GS-5	51,588
			(18) 204,102
Total, reassigned positions requested..			(49) 558,583
II. New positions requested:			
Assistance payments			
Program analyst.....	1	GS-13	14,409
Program analyst.....	1	GS-11	10,203
			(2) 24,612
Medical Assistance			
Program analyst.....	1	GS-13	14,409
Program analyst.....	1	GS-11	10,203
			(2) 24,612
Executive Direction and Program Services			
Budget analyst.....	1	GS-12	12,174
Regional operations			
Juvenile delinquency.....	6	GS-13	86,454
Total new positions requested.....			(11) 147,852
Total, reassigned positions and new positions requested.....			(60) 706,435

FRIDAY, APRIL 25, 1969.

SOCIAL SECURITY ADMINISTRATION

WITNESSES

ROBERT M. BALL, COMMISSIONER OF SOCIAL SECURITY
ARTHUR E. HESS, DEPUTY COMMISSIONER
JACK S. FUTTERMAN, ASSISTANT COMMISSIONER, OFFICE OF ADMINITRATION
J. DEANE GANNON, DIRECTOR, BUREAU OF FEDERAL CREDIT UNIONS
MRS. MILDRED L. TYSSOWSKI, DIRECTOR, DIVISION OF FINANCIAL MANAGEMENT
ALVIN D. DIAMOND, BUDGET OFFICER
PHILIP A. O'BRIEN, ASSISTANT BUDGET OFFICER
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

Mr. FLOOD. We have the Social Security Administration. Of course, almost like night follows day we have Mr. Robert M. Ball, the Commissioner, to make the presentation.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

We will insert your biographical sketch in the record at this point. (The sketch follows:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL SECURITY ADMINISTRATION

Name.—Robert M. Ball.

Position.—Commissioner of Social Security, Social Security Administration, Department of Health, Education, and Welfare since April 17, 1962.

Former Positions.—Joined Bureau of Old-Age and Survivors Insurance, Social Security Administration in 1939. Assistant Director, 1949; Deputy Director, 1952–62. Assistant director, Committee on Education and Social Security, American Council on Education, 1946–49. Staff director, Advisory Council on Social Security to U.S. Senate Committee on Finance, 1947–48.

Education.—Wesleyan University, A.B., 1935; M.A. in economics, 1936. Elected to Phi Beta Kappa.

Publications.—Author of many articles and reports on social security.

Affiliations.—Committee on Social Security Experts, International Labor Organization; Member of the governing body, International Social Security Association.

Awards.—Distinguished Service Award, Department of Health, Education, and Welfare, 1954; Career Service Award, National Civil Service League, 1958; Rockefeller Public Service Award, 1960.

Personal.—Born in New York, N.Y., March 28, 1914. Married to the former Doris Jacqueline McCord of East Orange, N.J. Two children: Jacqueline Elizabeth and Robert Jonathan.

Mr. FLOOD. Mr. Ball, as I am sure you know—and we do not say this very often—we consider you one of the outstanding administrators with which this subcommittee does business. I want you to know that the members advise me, and I join, that there is not any bureau or department in the government that matches the promptness and the care and the attention that is given to letters and telephone calls from the members. I do not know how much you have to do with it personally, but you can be assured it is noted. It is a regular daily thing, but, it does not go unnoticed.

Mr. BALL. Mr. Chairman, I appreciate that very much.
Mr. FLOOD. There are very few amateurs around this table.

PREPARED STATEMENT

Mr. Ball, you have a statement. How do you want to proceed?
Mr. BALL. I have a rather long general statement before going to the individual items, and I would suggest, if it is agreeable to you and the members of the committee, that we insert that long statement in the record and then I can give you some highlights from it rather than reading the whole thing.
Mr. FLOOD. Very well. It is your show.

Mr. Chairman and members of the committee, the Social Security Administration has before you several requests for appropriations from general revenues and our appropriation request for administrative expenses which is funded from the social security trust funds. Before presenting to you the specifics of these requests, I would like to report to you, in a more general way, on the social security programs and their administration.

SCOPE OF PROGRAM

Over the years the Social Security Act has been changed and expanded by the Congress to make the programs more comprehensive and responsive to the needs and welfare of the public. In the early years, the program provided for only retirement and survivors cash benefits and coverage of workers in industry and business. Various amendments have broadened the coverage extensively, increased the benefits, included disability protection as part of the program, and most recently, incorporated the medicare program for protection of the aged against the high cost of health care services.

Today we have a national social insurance system which directly affects practically every man, woman, and child in the United States. Nearly 25 million people—one out of every eight Americans—receive cash benefits under the program each month. These are the people—the retired aged, the widows and orphans, and the totally disabled—who without social security would be the most economically vulnerable groups in America.

Today 9 out of 10 jobs are covered under social security. Coverage extends to the Armed Forces, the self-employed, the farmer, most farm workers, and just about everyone except certain Government employees covered by separate systems.

Altogether, about 93 million people will work in covered employment during 1969. About 90 percent of the people age 65 and over are protected under the cash benefit program; 95 out of 100 children under age 18 and their mothers would be entitled to monthly benefits in the event of the death of the main breadwinner in the family. The face value of survivors insurance alone under social security is now $960 billion.

One way of seeing the great growth of the program is to compare the current rate of benefit payments with the rate before the 1965 medicare amendments. In June 1965, the social security system was paying benefits at the annual rate of $17 billion. This month the program, including medicare, is paying benefits at the annual rate of $33 billion, or almost a 100 percent increase in 4 years.

Thus far, in the 2½ years of medicare, the program has paid out a total of $8.4 billion in hospital insurance benefits and $2.9 billion for other medical expenses, primarily doctors' services.

As you know, the medicare program is divided into two parts. Practically all of the 20 million people over 65 have hospital insurance automatically—those who are insured under social security or railroad retirement receive this protection through the trust fund operations and most people who are uninsured under these programs receive protection as a result of general revenue contributions. They voluntary part of the program, primarily covering physicians' services, was elected by about 92 percent of the aged during the first enrollment period. Presently, about 95 percent, or nearly 19 million persons over age 65, are enrolled in the program. Therefore, just about all of the aged have protection against a major part of the cost of health services.

In 1969, we estimate that 4.1 million aged will receive health services paid for by the hospital insurance program and 8.2 million aged will receive physician and other medical and health services covered by the voluntary medical insurance program. But, in a very real sense, the aged are not the only beneficiaries of medicare. Their sons and daughters and other family members who before medicare bore the burden of paying or helping to pay for the high cost of hospital and other medical care for their aged parents and relatives benefit also from medicare because they have been relieved of the greater part of that burden.

Medicare has gone a very long way toward eliminating the major financial threat of illness among older Americans. But the impact of medicare carries far beyond the specific insurance coverages provided by the program. Patients of all ages, young and old, are benefiting from the higher-quality standards that medicare stimulates and supports. One of the great accomplishments of medicare is that it has helped advance the concept of providing the best and most efficient health service appropriate to the patient's needs. Medicare coverage, not merely hospitalization but also alternative modes of care, has meant that the choice of the most appropriate level of care—hospital, posthospital extended care, outpatient hospital care, or home health care, has been made more nearly realizable. The extended care benefit represents a new level of care conceived in the medicare legislation, distinct from the intensive care provided in hospitals on the one hand and long-term care that does not require full-time skilled nursing care. It has helped to build a bridge from the hospital to the home.

But the social security program is not complete or static. A continuing evaluation of the provisions of the law and their relationship to economic and social needs is being made by both the legislative and the executive branches of the Government. In addition, the Congress provided in the 1967 amendments to the Social Security Act that an Advisory Council on Social Security be appointed by the Secretary in calendar year 1969, and every fourth year thereafter, to review the status tof the four trust funds in relation to the long-term commitments of the old-age, survivors, disability, and health insurance programs, and to review the scope of coverage, the adequacy of benefits, and all other aspects of these programs. The report of the committee to be selected in the current year is to be received by the Secretary no later than January 1, 1971.

ADMINISTRATION OF THE PROGRAM

The trust fund resources used for payment of administrative expenses of the social security program continues at a low level. Administrative expenses budgeted for the old-age and survivors, disability, and hospital insurance programs for 1970 are equivalent to about 2 percent of the income to the trust funds which finance these programs. In the voluntary supplementary medical insurance program, which is financed by premiums paid by the participants and matched by the Federal Government, the ratio of administrative expenses is equivalent to about 12 percent of income. This is due primarily to the high volume of small bills that are handled under this program. In each of the programs, administrative expenses compare quite favorably with comparable expenses under private insurance.

The organization of the Social Security Administration for administering the social security program consists of the Office of the Commissioner, six operating bureaus, and five staff offices. The field organization includes six payment centers and over 800 social security offices located throughout the United States which serve as the contact points for the millions of new and potential beneficiaries, beneficiaries already on the rolls, and the general public.

In addition, the Administration contracts with State agencies for making disability determinations under the disability program and for the certification of hospials, other providers of services, and laboratories participating in the medicare program. Fiscal intermediaries, such as Blue Cross and Blue Shield organizations and private insurance companies, contract with the Administration to help in the administration of the medicare program. Among their responsibilities are the determination of payments for covered institutional services on the basis of reasonable cost and the payment for physician and other medical and health services on the basis of reasonable charges. In addition, they audit records of providers of services, assist providers in the application of safeguards against unnecessary utilization of services, and serve as a channel of communication betweeen the Administration and providers.

The task of administering medicare is immense, but steady progress is being made in handling the large volume of work under that program, and in doing

so more efficiently and effectively. From the beginning of the program we have worked hard to streamline our procedure, forms and methods. We have instituted administrative improvements wherever possible and the 1967 amendments made possible further important simplifications in medicare administration as well as improving medicare benefits.

We have also been working within the intermediaries to effectuate improvements in their procedures and systems in order to make their operations more efficient. In this connection, we have emphasized to intermediaries the need for them to focus on the importance of assessing the utilization of services as well as the amount of payment for services. We are continuously working with them on ways to build in utilization safeguards in their claims process.

Refinements in this aspect of intermediary systems will also assure early identification and reporting of situations that suggest potential violation or abuse of the medicare program. We are pursuing to the best of our ability, and within the limits of our resources, all of the steps necessary to assure the continuing integrity of the medicare program.

Efforts have been continuously underway to improve the intermediaries' ability to make proper determinations of reasonable cost payments for institutional services. In addition, we have been working very closely with carriers, who under the law have the primary responsibility for determining the reasonable charges for physicians' and other medical services, to improve their mechanisms for meeting the standards of performance we have established. Because of the rapid rise in these costs in the past few years and the need to maintain benefit payments at a level consistent with programs income, we have urged physicians to exercise restraint in the charges they make for their services. The AMA has made a similar request of the Nation's physicians.

Thus, our efforts—initial and continuing—to contain the cost of the program have been directed toward both the proper utilization of services as well as the proper level of payment intended by the Congress. The problem of the rising cost of health care is tremendous and the Social Security Administration is particularly concerned and acutely aware of the significant role it can play in attacking that problem. During the past year, for example, we held nine regional health care cost conferences to which we invited leading representatives of professional health care organizations, physicians, medical economists, and others to discuss the need for improvements and economies in the delivery of health services.

In addition, as authorized by the Congress in 1967, we are also engaging in experimentation with a variety of methods of reimbursement to institutions and organizations providing services under the medicare, medicaid and maternal and child health programs with a view to creating effective incentives to efficiency and economy while supporting high-quality service.

MANAGEMENT IMPROVEMENTS

As an integral part of our administration of the cash benefits and medicare programs, we continuously search for ways to improve the effectiveness and economy of our operations without impairing the rights of beneficiaries. When such improvement cannot be accomplished without legislation, we seek such authority to effect such improvements. One recent example of a very significant improvement is the authorization given in the 1965 amendments to the Social Security Act for the Administration to automatically recompute benefit increases due beneficiaries. Before that time a beneficiary had to file an application for a benefit increase and the provisions of law relating to recomputations were so complicated that many beneficiaries did not know they were entitled to benefits, did not file applications and, hence, did not get the increased benefit. The amended law relieved the beneficiary of the requirement to file an application for a recomputation, and made it possible for us to handle most recomputations by automatic processes. The elimination of the requirement for the beneficiary to file an application made it possible for the Administration to save $15.7 million in administrative costs in the first year and similar amounts each year thereafter. The fact that we did not have to handle applications and could substitute automatic processes for manual claims processing permitted an additional saving of $16.6 million in the first year, an amount which is typical of the ongoing savings.

Although we have made substantial economies because of amendments to the act, most of our savings in administrative costs over the years have been

achieved by improving our procedures and through greater use of automation. We are now in the process of making improvements in our systems that will establish a single and largely automated processing route for claims and post-adjudicative payment actions in the payment centers. This is a further step in the evolution from manual and electrical accounting machine processes to advanced automated processes. In our present system, we have multiple routes for handling claims and actions affecting beneficiaries already on the rolls—some routes requiring large amounts of manual handling. By changing procedures and by expanding the control of records maintained by automatic data processing equipment, we plan to eliminate those routes for claims processing that today require considerable manual effort. This will simplify our operations and decrease costs. Furthermore, it will be a major improvement in the speed with which we handle about 4.5 million new claims for cash benefits each year.

We are also extending the use of magnetic tape reporting by medicare intermediaries and providers dealing directly with SSA in submitting hospital bill data for posting to records of utilization of hospital services maintained at our data processing center in Baltimore. The reporting by intermediaries of hospital bill data on magnetic tape will eliminate the need for punching this data from paper reports at our headquarters office.

Another management improvement which will be started soon and completed in fiscal year 1970 involves all of our more than 800 social security offices throughout the country. Each such office will be supplied with pertinent portions of the master beneficiary tape record on film so that more complete, accurate, and current information will be immediately available for answering inquiries from people visiting, writing, or phoning our office for information. This record in the local office, together with a limited direct access by wire to the master record in Baltimore, will allow us to answer most questions immediately, and all but 2 or 3 percent within 48 hours. Eventually, we hope to get rid of the 2 or 3 percent. In addition to giving much better service to the public, we will reduce operational costs by eliminating certain records now maintained in the district offices and by substantially reducing the number of requests now being sent to the payment center from the district offices for information to answer inquiries.

The case control system that was installed in the payment centers during calendar year 1968 has made it possible for the Administration to more effectively serve the public. Under this system, a computer is used to keep track of case folders as they move among the various work stations in the payment center. The system keeps all correspondence under close control at all times. The system has enabled us to overcome a deficiency in our payment centers that developed with rapidly increasing workloads; namely, our difficulty in associating incoming correspondence with about a million or so case folders out of file. Now that we can keep track of where in operations these case folders are located, we can quickly associate incoming correspondence and provide much prompter service to persons writing to our offices. Moreover, special attention can more easily be given to processing delayed cases, and the management of the huge volume of work in process becomes much easier. In 1970, we plan to link the case control system with another system being developed. It will place a control on all post-entitlement actions whether they are handled by manual processes or largely automated processes.

Numerous other management improvements are presently planned or are being considered by the Administration in its continuous effort to achieve all possible cost reductions as well as quality improvements in its operations. Through better control over our processes, we will be able to manage our work more effectively and be sure that all of it is done as quickly and accurately as possible. Through improved processes, we will be making better use of the computer's potential, thereby releasing more people from the routine clerical operations that can be done better and more quickly by the computer.

As a result of improvements similar to the ones I have mentioned, the Administration has been able since 1965 to handle a workload that has doubled with about a 50-percent increase in staff.

MONEY AND MANPOWER REQUIREMENTS

The requests for new obligational authority in fiscal year 1970 for the Social Security Administration include (1) $2 billion in transfers from general revenues to the social security trust funds to finance the Government's share of the supplementary medical insurance program and to finance program benefits to groups not contributing to the hospital insurance program during their working years;

(2) $300,000 for training of low-income groups on proper consumer purchasing practices and credit union activities; and (3) a $901.5 million limitation on use of trust fund moneys for administrative expenses of the Social Security Administration.

We are not requesting any new obligational authority for construction; however, it is expected that substantial progress will be made in 1969 and 1970 on the projects already authorized.

Under the headquarters program, an office building and a warehouse are presently under construction and will be completed in the fall of 1969. The design contract for another office building was awarded in July 1967 and construction is expected to begin in the summer of 1969, with completion in about 2 years. This construction, when completed, will still not house all headquarters employees who are now located in leased space. However, before requesting funds for added construction, we wish to give further study to the most effective utilization of the headquarters site.

Of the 107 offices currently authorized in the district office program, seven have been completed and occupied, 21 are under construction, seven more construction contracts are expected to be awarded during the remainder of fiscal year 1969, and plans provide for an additional 35 contracts to be let during fiscal year 1970.

Thus, by the end of fiscal year 1970, 70 of the 107 offices authorized will be either constructed or under construction, and the remaining offices will be in the site acquisition or design phases preliminary to actual construction.

As of April 18 the Social Security Administration had 50,938 employees in permanent positions. All but 626 of these employees are financed from the social security trust funds, and the remaining are financed from reimbursements and fees from private and public groups or individuals for special services rendered to them. The current staff is 2,192 less than the 53,130 on duty on July 1, 1968, when the staffing limitations of the Revenue and Expenditure Control Act became effective.

The comments the Secretary made to this committee in his opening session with you about the staffing limitations contained in the Revenue and Expenditure Control Act clearly describe some of the problems we are experiencing as a result of these restrictions.

You may recall that the Congress exempted social security trust fund expenditures from the limitations placed on spending contained in that act because it recognized that these expenditures were not subject to administrative control—the amount spent in any year is the result of congressional action in defining benefit rights and of demographic, social, and health factors. Likewise the volume of work handled by the staff of the Social Security Administration is governed by these same factors. However, the Social Security Administration was not exempted from the staffing limitations of the Revenue and Expenditure Control Act. The result has been that during a period of rising workloads we have had to operate with a declining staff. We have been able to continue processing these increased workloads with a declining work force only by substituting overtime for permanent staff on an equivalent basis and by adopting expedient measures to alleviate imbalances in the composition of the staff. This is an expensive and inefficient use of the Administration's resources, and if the staffing limitation continues over a long period of time, it will not be possible to bridge the gap between a declining staff and increasing workloads through the use of overtime. The result will be less timely payment of benefits and a general deterioration in our service to the public.

INTRODUCTION OF SUPPORTING WITNESSES

Mr. BALL. I want first to introduce to you the members of the Social Security Administration staff who are here.

Mrs. Tyssowski, who is the Director of our Division of Financial Management, is on my left.

Mr. FLOOD. Where were you born?

Mrs. TYSSOWSKI. In Iowa.

Mr. BALL. The Deputy Commissioner, Mr. Hess, is here and you can ask him where he spent a lot of his life.

Mr. FLOOD. Very well, where?

Mr. HESS. Wilkes-Barre, sir.

Mr. BALL. Mr. Hess, before he became Deputy Commissioner, had the responsibility for putting together the whole Medicare program and he did such a good job on that that we made him Deputy Commissioner. That was a fantastic job. It is still a very difficult job.

That is title XVIII, Medicare, I am talking about, not Medicaid, title XIX. As you know, my entire testimony will be dealing only with the Federal contributory social security program in all its aspects, not the various assistance programs.

Mr. Futterman is the Assistant Commissioner for Administration in the Social Security Administration and has been with us, as you know, for a very long time in that position.

Mr. FLOOD. Yes, we know him very well.

Mr. BALL. And I have with me today Mr. Deane Gannon, the Director of the Bureau of Federal Credit Unions, because there is a special item on the credit unions.

Mr. FLOOD. They have muscle, you know. They write letters and have conventions, and so on, that have a lot of influence.

Mr. GANNON. I remember very well seeing you at a convention 2 years ago, Mr. Chairman.

Mr. BALL. And I have with me, also, Mr. Alvin Diamond, our budget officer; and Mr. Philip O'Brien, our asistant budget officer.

Mr. FLOOD. That has to be a good man, O'Brien.

GENERAL STATEMENT

Mr. BALL. Mr. Chairman, I thought it might be helpful to the committee to just review very quickly——

Mr. FLOOD. Do not be too quick. Take your time.

Mr. BALL. What I want to do first, is to bring you up to date on the highlights of the social security program and where it stands administratively. This has been a very rapidly growing program.

USE OF COMPUTERS

Mr. FLOOD. How are your electronic data processing and computer programs coming along? Are you finally ahead with it? As you know, I have been on the Defense Subcommittee for many, many years and we first started the computer hardware business. I know that it is an extemely difficult problem. You fellows did not have a very good record on computer hardware some time ago. Have you come along?

Mr. BALL. Yes, and that is largely the reason why from 1965 to date we have been able to do the work with an increase in staff of only about half that would be called for by the workload increase.

Mr. FLOOD. Have you mastered these iron horses?

Mr. BALL. Yes. I would say there still are a few bugs in the system but we have made tremendous progress. We just could not do the job without them. We could not begin to handle the kind of work we have without it, and it has made possible a real improvement in service.

Mr. FLOOD. You know that the members have had tons of mail about this in the last 3 or 4 years, about delays, but you are on top of it now you think?

EFFECT OF THE REVENUE AND EXPENDITURE CONTROL ACT
PERSONNEL LIMITATIONS

Mr. BALL. I would not want to say we are on top of all the delays. We are very hard hit by the limitation in personnel, but there are very few problems today that I would attribute to computer problems. Where we are in trouble is lack of people.

Mr. FLOOD. Well, that is our fault and not yours. We passed the law.

Mr. BALL. That is correct, Mr. Chairman. As a matter of fact, Congress, you will remember, in the 1969 budget authorized us to increase the staff roughly 2,200 people. Instead of that, because of the operation of the Expenditure Control Act, we had to go down about 2,800 so we are 5,000 people under what you authorized us to go to last year, and that is creating a very grave difficulty. We have managed to handle the most important and visible workloads by using tremendous amounts of overtime. There is one rather unusual situation in the way the Expenditure Control Act was applied to social security——

USE OF OVERTIME

Mr. FLOOD. Does that overtime cost you much money?

Mr. BALL. Yes. It is an expensive way to do the work. For people who get less than about $9,000 a year we have to pay time and a half. Beyond that, Mr. Chairman, I am sure the productivity of people is not as great during the overtime period after they have already worked a full shift as it is during regular time. Also, I find increasingly that overtime is a morale problem in the administration.

Mr. FLOOD. You mean in direct ratio to the overtime the efficiency goes down?

Mr. BALL. Not for short periods, I would say. We have used overtime very well for short periods of time with new amendments and that kind of thing, but when you continue it month after month I would accept your statement.

Mr. FLOOD. When you work a girl overtime, how many hours would it be, about?

Mr. BALL. In a week it could be as much as 7 or 8 hours.

Mr. FUTTERMAN. A large part of it is scheduled sometimes for the sixth day.

Mr. BALL. It is hard for our staff to understand why they have to do all this overtime when straight time and more people would be a less expensive way to do the work. But of course we have no choice with the limitation. The act exempts social security trust funds from the money limitation but we are subject to the personnel limitation. One of the greatest problems is the unevenness that occurs——

Mr. FLOOD. What do you mean by "unevenness"?

Mr. BALL. We have 800 district offices in the country, for example. Some may not lose a staff member throughout the year and they are in good shape. Another place may be very hard hit, and you cannot transfer people from one district office to another very easily. This fact adds to other costs because we have to do some detailing for the time being, having people detailed to work in that understaffed office and paying them per diem and travel costs.

Another way it affects us—you tend to have a greater turnover in the lower paid jobs and we have to have higher paid people doing the lower level work to get it done.

Mr. FLOOD. Of course your problem can only progressively get tougher. You cannot win.

Mr. BALL. That is, if this continues. I am assuming the Expenditure Control Act just could not continue to apply to social security without really very, very serious backlogs. If people had trouble a couple years ago on delays in social security payments because of the introduction of medicare, the difficulty arising from this personnel limitation would be much, much greater. Actually, if the Expenditure Control Act continues without change the Social Security Administration would end up with a staff smaller than before medicare started.

WORKLOAD IMPACT OF MEDICARE

Mr. FLOOD. In what year did medicare start?

Mr. BALL. The law was passed in 1965 but we actually began operations in July of 1966.

Mr. FLOOD. And medicaid?

Mr. BALL. Medicaid was the same, in a sense, but medicaid had had a predecessor type of program that had been going on for some time.

Mr. FLOOD. Then you have had 3 tough fiscal years?

Mr. BALL. Yes, sir. The impact of medicare on the whole organization was such that it resulted in less than desirable service in the cash benefit area. We had to develop new systems so as to absorb the medicare work in our recordkeeping and other operations. That was really the cause of the difficulty you referred to when you indicated earlier that we had had some computer-caused problems and some delays in payment. I think with the staff that is asked for in the request that is before you, and with the closest attention to holding down any lower priority activities, and the closest attention to the best utilization of manpower, we can operate in the next fiscal year in a way that will make you proud of the organization.

SIZE OF THE SOCIAL SECURITY PROGRAM

I wanted also to remind the committee how over the years this program has become a very large one. Just take the cash benefit part now. We are up to nearly 25 million beneficiaries that we are paying every month. That is one out of every eight people in the United States.

When you say "social security" what flashes in the minds of most people is older people——

Mr. FLOOD. Comparing that to Scandinavia and Great Britain, is this figure big in our country?

Mr. BALL. Yes. For the risks covered, we have really one of the largest and most comprehensive social insurance cash programs in the world.

Mr. FLOOD. By percentage?

Mr. BALL. Yes, roughly the same for the risks covered. Our program by now is quite mature. It covers 90 percent of the people 65 years or more of age and it covers 95 percent of the women and children in the country in the event of the death of the breadwinner. In-

cidentally, we just celebrated the three millionth young survivor beneficiary, a young widow and two children. The program provides important protection for the young as well as the elderly.

WIDOWS BENEFITS

Mr. FLOOD. When is a widow without dependent children entitled to benefits?

Mr. BALL. A widow is entitled to benefits at age 60 if she wants to or age 62 regardless of whether there are children——

Mr. FLOOD. Would you vote to reduce that age to 55 if I introduced a bill to that effect?

Mr. BALL. That would be a very expensive change, I think——

Mr. FLOOD. How would you vote?

Mr. BALL. For widows only?

Mr. FLOOD. Yes.

Mr. BALL. I really believe there are higher priorities than that.

Mr. FLOOD. How would you vote on my bill?

Mr. BALL. I do not think I would have a vote.

Mr. FLOOD. Well, I am giving you one. You are a pro. Here is the Flood bill, age 55.

Mr. BALL. Widows regardless of dependent children?

Mr. FLOOD. Yes, across the board.

Mr. BALL. Mr. Chairman, I think I would be against it. One of the reasons is the difference in treatment that would arise between the working women and her rights—one who has contributed to the program. She has to wait until she is 62 to get benefits. We get quite a bit of mail in which the working woman is already objecting to a widow being able to get benefits at age 60.

LOWERING AGE OF ELIGIBILITY FOR BENEFITS

Mr. FLOOD. What about making the man eligible at age 60? Is that OK? How would you vote?

Mr. BALL. I would vote against that, too. The lowering of the age of eligibility is one of the most expensive things you could do on the program. I would hope we would put the emphasis on providing job opportunities for these older people to the extent we can and keep the age of retirement benefits up to 65. You now have a 62 provision where people can get it on a reduced basis. To my mind a more productive approach would be to liberalize disability benefits.

Mr. FLOOD. How would you vote on a working woman of 60?

Mr. BALL. I would like to keep it at 62 on a reduced basis and 65 for the full amount and for people who cannot work I would like to liberalize the disability benefits. I think that is a better approach and costs less money and does not encourage employers to let people out earlier when they can still work. I would like people to have the opportunity to work at least to age 62 or 65. There is such a long period of life left from 60 on. We live longer today and I don't like to see the retirement age getting lower. There is a lot of difference of opinion on these matters as you know.

ADVISORY COUNCIL ON SOCIAL SECURITY

One important matter I should call to the attention of the committee is that there is a statutory Advisory Council on Social Security that will be appointed in the very near future that will study all matters relating to he program.

Mr. FLOOD. When was this created?

Mr. BALL. In its present form this was in the amendments of 1967. There had been earlier councils provided for in previous amendments, but this one was provided for in the 1967 amendments.

Mr. FLOOD. Who would make it up?

Mr. BALL. The statute requires that there be equal numbers of employer and employee representatives.

Mr. FLOOD. Will you insert in the record a synopsis of that, a couple paragraphs?

Mr. BALL. Yes.

(The information follows:)

A SYNOPSIS OF THE STATUTORY REQUIREMENTS PROVIDING FOR THE FORTHCOMING ADVISORY COUNCIL ON SOCIAL SECURITY

The 1956 amendments to the Social Security Act provided for the periodic appointment of an Advisory Council to study all aspects of the social security program and to report its findings and recommendations to the Board of Trustees of the old-age and survivors insurance and the disability insurance trust funds. The last such Council was appointed in 1963 and reported its findings and recommendations on January 1, 1965.

Under the Social Security Act, as amended by the Social Security Amendments of 1967, the Secretary of Health, Education, and Welfare is required to appoint in 1969, and every 4 years thereafter, an Advisory Council on Social Security to review the status of the four social security trust funds, the scope of coverage under the program, the adequacy of benefits, the impact of social security on public assistance programs, and all other aspects of the social security program. The 1969 Council has also been specifically directed by the Committee on Finance of the U.S. Senate to study methods of increasing the interest income to the trust funds.

Under the law, the Council is to consist of a Chairman and 12 other members who, to the extent possible, shall represent organizations of employers and employees, in equal numbers, and represent self-employed people and the public.

The Council is required to submit a report (including any interim reports it may have issued) of its findings and recommendations not later than January 1, 1971, to the Secretary of Health, Education, and Welfare, who will then transmit the report to the Congress and the Board of Trustees of the social security trust funds.

Mr. BALL. There are 12 members and a chairman and the composition of the one before this, in 1964, had three employer representatives, three employee representatives, and six public representatives.

Mr. FLOOD. What is its mission?

Mr. BALL. Its mission is to examine all parts of the social security program primarily to make recommendations for changes in legislation—the level of benefits, the coverage of the program, whether you should add something to medicare, like drugs or extend it to the disabled.

PAYMENT FOR DRUGS UNDER MEDICARE

Mr. FLOOD. All right, here is another amendment—making all drugs covered under medicare. How would you vote?

Mr. BALL. I would vote personally for the extension of medicare to drugs.

Mr. FLOOD. You would?

Mr. BALL. I would. I would hope, though, that the bill would provide for a relatively limited beginning in the drug area.

Mr. FLOOD. In what way?

Mr. BALL. Let me give you an example. If you covered all drugs for elderly people, just from an administrative standpoint, I think there would be some question whether you could do it well, right away. There would be about 300 million pieces of paper to handle, if every prescription an elderly person had was included.

Mr. FLOOD. I go to the corner drug store, two blocks from the house, and get a prescription. What do I do then?

Mr. BALL. If it were just added to the way medicare now operates, you would include the bill for that prescription along with your doctor's bills and send it to the medicare carrier that handles the program in the State in which you live.

Other possibilities for a drug proposal are to limit the coverage at the beginning at least with a sizable deductible so that you would pay only the drug bills that exceeded $50 or $75 say. That would decrease the volume a great deal.

Mr. FLOOD. But you view it as an administrative problem?

Mr. BALL. Yes. I think we should get started in that area. That is not administration policy at the present time. That is my personal opinion. The administration is considering the problem of drug coverage at present.

This program, as a whole, as I was indicating, is now so very pervasive, that over 90 million people will be contributing to social security this current year. That is larger than the number in the labor force at any one time, but it includes those entering and leaving the labor force during the year.

U.S. POPULATION OVER AGES 45 AND 65

Mr. FLOOD. Will you supply for the record the percentage of the population over 45 as of today and also the percentage over age 65.

Mr. BALL. Yes; I will.

(The information follows:)

PERCENTAGE OF TOTAL U.S. POPULATION OVER AGE 45 AND OVER AGE 65 AS OF MAY 1, 1969

Of the total U.S. population on May 1, 1969, about 30 percent were aged 45 and over, and about 10 percent were aged 65 and over. Corresponding figures for each sex, as well as for both sexes combined, are shown in the following table:

PERCENTAGE OF TOTAL U.S. POPULATION[1] IN SELECTED AGE GROUPS, BY SEX, MAY 1, 1969

	Total	Men	Women
Aged 45 and over	30	28	31
Aged 65 and over	10	9	11

[1] Includes persons residing in Puerto Rico, Virgin Islands, American Samoa, and Guam.

Mr. BALL. The latest addition to the program, as you know, is medicare, which has two parts to it. The hospital insurance part,

provides automatic protection for people when they reach 65 years of age. This protection grows out of the prepayment of contributions under social security.

U.S. LIFE EXPECTANCY

Mr. MICHEL. Mr. Chairman, may I ask one question now?

Mr. FLOOD. Yes, Mr. Michel.

Mr. MICHEL. What is the life expectancy for men and women today?

Mr. NATCHER. 71, I think.

Mr. BALL. And for women alone it is higher than for men alone.

Mr. NATCHER. It is about 71, is it not?

Mr. BALL. Yes, just about, for both men and women together. I believe 74 for women and 67 for men.

Mr. MICHEL. How many more people today, percentagewise, are living beyond the age of 65 than they were, say, 10 years ago? Are those figures available?

Mr. BALL. Yes. I shall be glad to supply something for the record on that.

(The information follows:)

PROBABILITY OF REACHING AGE 65, 1957 AND 1967

On the basis of the mortality experience of the U.S. population in calendar 1967 (the latest year for which such data are available), the probability of reaching age 65 was 717 per thousand births compared with 702 in 1957, an increase of 2.1 percent. Figures based on mortality experience in 1957 and 1967 are shown in the following table, by sex:

PROBABILITY OF REACHING AGE 65 PER 1,000 BIRTHS, 1957 AND 1967, BY SEX

	Total	Men	Women
1957	702	632	775
1967	717	641	795
Percent change	+2.1	+1.4	+2.6

Mr. BALL. The average expectancy after 65 has not changed a great deal, but what has happened, we have reduced the infant mortality rate so that on the average, a higher percentage survive into old age, but those that do, do not live a great deal longer; a little bit but not a great deal longer so far.

Mr. FUTTERMAN. It is attributable largely to the reduction of infant mortality.

ATTITUDES OF PHYSICIANS, DENTISTS, AND NURSES, TOWARD MEDICARE

Mr. BALL. One of the most remarkable things to me in this medicare program is the way we have been able to put together a plan, that is now working well, involving as many diverse groups as this plan does. We have cooperating in the plan, a couple hundred thousand physicians——

Mr. FLOOD. Has the AMA resistance just about disappeared?

Mr. BALL. Yes. As soon as the act was passed the official position of the American Medical Association was to cooperate with the Government. They formed committees to work with us on the regulations and to help with the distribution of information and were very cooperative. They still maintain their official position through, that it was not a good idea.

Mr. FLOOD. This was so for a number of years but we have heard that in the last 2 or 3 years there has been a rebirth of hard-core opposition.

Mr. BALL. It has not been noticeable to us in the administration of the program, Mr. Chairman. I think perhaps we should distinguish between the feeling on the part of some physicians that it is a bad law and they wish it did not exist, and their willingness to cooperate.

Mr. FLOOD. What about the dentists?

Mr. BALL. Their services are only covered to a tiny extent under the program.

Mr. FLOOD. What about the nurses?

Mr. BALL. The nurses' association was for the program ahead of time.

Mr. FLOOD. And they still are?

Mr. BALL. Yes. And there are about 6,800 hospitals involved in the program and home health agencies and extended care facilities.

EXTENDED CARE FACILITIES

Mr. FLOOD. What is extended care?

Mr. BALL. That is a concept that really developed in medicare, and I think it is a very important one. The idea is, in medicare, instead of putting the emphasis solely on hospitalization, to include benefits that would be less expensive than hospitalization. It makes it possible for people to leave the hospital at the earliest possible moment and move to a skilled nursing facility to which the act gives the name "extended care facility."

Mr. FLOOD. That is in the private sector?

Mr. BALL. Yes. These are operated largely for profit but not entirely.

Mr. FLOOD. Not entirely?

Mr. BALL. No. there are some nonprofit ones too. Some are church oriented and hospital administered as well as the profitmaking ones. The concept was that we would not cover custodial care if a person had to be in a nursing home for a long time, but rather to have a benefit that had an important medical content and was curative in its emphasis.

UTILIZATION REVIEW COMMITTEES

Mr. FLOOD. Who decides where they go and when?

Mr. BALL. The physician makes the decision for the patient in the first instance about the need to go to an extended care facility instead of immediately home after a hospital period, but it is not left entirely to him. For instance, every hospital is required to have a utilization review committee made up of physicians and other professional people.

Mr. FLOOD. This is very recent?

Mr. BALL. It came in generally, with the medicare program. There was some experience earlier.

Mr. FLOOD. Do they really function?

Mr. BALL. Yes, indeed. I would not want to give the impression they do a bangup job everywhere yet, but they are functioning in all covered facilities and some do very well. They review these long-term cases and decide whether an individual has reached the point that he or she could go to an extended care facility or home.

Mr. FLOOD. How do they function? Do they meet every Monday morning?

Mr. BALL. They actually meet and go over cases, for example, that have been in a hospital for a given length of time, and if they have a question about it they will interview the physician in charge after they have reviewed his records. They will discuss it with him and usually they come to an amicable agreement with him.

Mr. FLOOD. Do they have authority to reach a final decision?

Mr. BALL. They have the authority to decide that after notice we will not pay for a longer stay in the hospital.

Mr. FLOOD. This is extremely important. The public does not know this.

Mr. BALL. I think the combination of this utilization review approach and the fact the program covers benefits other than in-hospital benefits—for example, we cover physicians' visits in the home, visits in the physicians' offices, stays in extended care facilities, and home health care——

Mr. FLOOD. This goes on day by day countrywide?

Mr. BALL. Yes, sir. Now the combination of these two things means that in the medicare program we are set up to take some of the pressure on admission into hospitals off, because you get paid for these other services outside of hospitals and because the utilization committees are concerned about the unnecessary use of hospitals.

Mr. FLOOD. Why do you not publicize this? Why isn't this known in my hometown of Wilkes-Barre?

Mr. BALL. I will have to look into that. It should be publicized more. It is in some pamphlets, of course.

Mr. FLOOD. I don't mean only in my hometown but this is not known, generally.

Mr. BALL. Well, we should give it more publicity, I think.

You might be interested in the fact that in the private insurance area, in Blue Cross-Blue Shield too, partly because of medicare having this package of benefits, there has been a trend toward broader coverage in the private sector, which used to put a lot of emphasis on in-hospital care——

Mr. FLOOD. I get a letter: "My husband Joe is in a hospital and somebody wants me to take him out. Why?"

What do I say to her?

Mr. BALL. Well, the chances are quite overwhelming that in almost all those cases it would be a decision by the patient's own doctor and, as I say, even when the utilization review committee has come to a conclusion contrary to the first impression of the patient's doctor, by meeting with him they usually come to an amicable decision so that it is his own doctor who acts to take him out. In that case, or if the utilization committee overules the attending physician, you can tell him that the medical opinion is that the patient does not need hospitalization any longer. He may need to go to an extended care facility or go home and receive home care from a home health agency, but the medical decision is that the level of hospital care is not necessary.

The hope of holding down rising medical costs, to my mind, more than anything else depends on making sure people do not use the expensive part of care when a less expensive one is available and is appropriate.

SUPPLEMENTARY MEDICAL BENEFITS

The other part of the Medicare program that I just touched on is the voluntary part that covers primarily physician's fees. A person has to make a decision to come into the program. We have been amazed at the almost universal favorable response of older people; 95 percent have elected to come into the program and are paying $4 a month, 92 percent signed up at the very beginning.

Mr. FLOOD. I have had some mail very critical of this charge, have you?

Mr. BALL. You mean the $4?

Mr. FLOOD. Yes.

Mr. BALL. Yes. It is true that a very high proportion of the social security beneficiaries are very low-income people. About half have no other significant regular income than social security.

Mr. FLOOD. If I offered an amendment to strike it out, how would you vote?

Mr. BALL. I would want to keep the program. You would have to tell me how you wanted to finance it. One suggestion that has been made is that this part of the program be put on a prepayment basis and pay for it during your working life. That would add to the contribution rate over one-half percent of payroll.

Mr. FLOOD. You would vote yes with an amendment?

Mr. BALL. I would vote for it as a personal matter if you provided it on a prepayment basis. You must recognize there would be opposition to that from those who value the fact the program now is voluntary. Even through 95 percent have elected to come under the program, it is a voluntary program, where as if it is automatic and everybody pays for it while he works there might be opposition from some physician groups and probably other groups on that ground.

Mr. MICHEL. What is the total amount the Government pays on those $4 premiums?

Mr. FUTTERMAN. It is about $75 million a month.

Mr. BALL. About 18.8 million people are signed up right now, times $4.

The matching amount from the Government is one of the items we have before the committee. That is the automatic matching of the $4 and the total depends on how many sign up.

Now this supplementary medical program is one that is very difficult to administer partly because of the very large number of bills. We estimate about 60 million bills a year in the two parts of the program, but the great majority are in the supplementary program.

Mr. FLOOD. What do you mean by "bills"?

Mr. BALL. The way this supplementary medical part works, an individual goes to a physician and after he pays the first $50 himself he has the right to recover 80 percent of the reasonable charge the physician makes. If the physician agrees, the physician can take an assignment and he submits the bill to Blue Shield or to the private insurance carrier. The alternative is that the individual may submit the bill directly to the carrier.

Mr. FLOOD. How does the individual do this?

Mr. BALL. He makes out a claims form.

Mr. FLOOD. Where does he get the form?

Mr. BALL. First of all one is included in his medicare handbook that has been sent to everybody, and after he fills one out another is sent to him.

Mr. FLOOD. By the way, the manner in which you people did that was a marvelous example of efficient Government operation. That was a marvelous performance.

Mr. BALL. Thank you. Mr. Hess was in charge of that in the early days.

The second edition of that handbook, particularly, we worked very hard to make it understandable. We got older people together and had them read it to find out where they had difficulty understanding it, and considering how complicated the program is I think it turned out to be a good job.

BACKLOGS OF UNPAID MEDICARE BILLS

The main point I wanted to make was that the very large volume of work involved in this medicare program and the very large number of cooperating agencies and individuals makes this an extremely difficult administrative operation, but every month it has been improving. There are some parts of the country where we still have significant problems.

Mr. FLOOD. Where?

Mr. BALL. Well, California is one, for example. The Blue Shield organization has both the medicaid program and the bulk of the medicare program and they have never quite gotten on top of the tremendous loads they need to handle.

Mr. FLOOD. How are we doing in Pennsylvania now? It was in bad shape for a while.

Mr. BALL. It is improving.

Mr. FLOOD. They had a terrible problem.

Mr. HESS. They had a computer problem but they have a new computer arrangement now.

Mr. FLOOD. So they are out of the woods?

Mr. HESS. Yes.

Mrs REID. What about Illinois?

Mr. HESS. We are talking now about medical insurance bills and not hospital bills. Hospital bills are handled largely by the Blue Cross organization across the country. In Illinois practically all hospital bills are handled by Blue Cross. There is no problem there. For part B bills in the greater Chicago area, Illinois Medical Service, a Blue Shield plan, is the carrier, and it has had some workload difficulties. Downstate, Continental Casualty Co. is the carrier, and they have been on top of the job pretty much from the beginning. The Blue Shield operation in Chicago has the same problem as in many places: a very heavy volume, computer problems, and recruiting difficulties.

Mr. FLOOD. What about Kentucky?

Mr. HESS. We have Metropolitan Life in Kentucky and, they are now doing a good job.

Mr. FLOOD. What about Iowa?

Mr. HESS. That is Iowa Medical Service, another Blue Shield plan and they were in difficulty in the first year or year and a half in the sense that payment of bills was slow.

Mr. FLOOD. What about Kansas?

Mr. HESS. As far as I know that has been all right almost from the beginning.

Mr. FLOOD. What about Missouri?

Mr. HESS. General American Life Insurance Co. in the St. Louis area has most of the Missouri workload and Kansas City is handled by Surgical Care, Inc., a Blue Shield plan.

Mr. FLOOD. What about Texas?

Mr. HESS. Texas is Blue Cross-Blue Shield. They are in pretty good shape but they were, like Pennsylvania and California, in difficulty for awhile. They had a tremendous medicare load, and they have also undertaken the underwriting of title 19.

Mr. FLOOD. You are speaking as of today?

Mr. HESS. Yes. I wanted to make it clear for the record that the Missouri situation is quite satisfactory. They have done a good job on it.

Mr. BALL. I think one of the key reasons for the problems was that some of these organizations had not dealt with the volume that medicare brought on them and it took a while to develop the computer systems, and some tried to handle it manually at first.

Mr. FLOOD. That was a disaster.

Mr. BALL. And sometimes when you first put in a computer system it is not entirely debugged for a while and that caused a problem, but most are in pretty good shape now.

Mr. FLOOD. Computers do not work by themselves. People must put things in them, and they must be the right things.

Mr. BALL. And you must have time to test your programs. Sometimes if you have to move very fast in an emergency situation you do not do that and you are in trouble.

Mr. FLOOD. But you feel pretty cocky right now?

Mr. BALL. Except in some places. I am quite concerned about California in the supplementary program, and one or two others, but by and large they are on top of their workload now and the problem is to get more refined techniques in the review of the need for services and making sure the charges of physicians are reasonable. It is now more of a quality emphasis. At the beginning it was frequently a scramble to get on top of the workload.

Mr. HESS. There is a part of California handled by Occidental Insurance Co., in southern California, that is all right. They are handling the workload from Los Angeles and Orange County. California Blue Shield has the majority of the California workload under both title 18 and title 19.

Mr. FLOOD. But you feel much better than you did 2 years ago, obviously?

Mr. BALL. Yes, Mr. Chairman. I feel compelled to say to the committee, though, that the program we administer entirely ourselves, the cash benefit program, here I am greatly concerned about the fact that while our workload is increasing our staff has had to go down, and I do not feel cocky. I do not feel good about it at all. I feel we are getting in a worse situation every day.

Mr. HESS. In order to get the operation in the shape it is now we have had to give the carriers and fiscal intermediaries the kind of fiscal support that they need, which means we have had to respond to their needs. They are under contract to us.

Mr. FLOOD. This is an important part of our social structure today.

Mr. HESS. They are under contract to us on a cost basis, just their cost of operation.

Mr. BALL. Mr. Chairman, would you want me to turn to the first item payment to the trust fund to finance the Government's share of the supplementary medical insurance program and to finance program benefits to groups not contributing to the hospital insurance program during their working years?

Mr. FLOOD. This is your show.

Mr. BALL. We have been talking about the matching amounts that are paid from general revenues to this voluntary part of the program and that is our first appropriation request.

Mr. NATCHER. Mr. Chairman, before we take that up, could I ask Mr. Ball a question?

Mr. FLOOD. Mr. Natcher.

FINANCIAL SOUNDNESS OF SOCIAL SECURITY PROGRAM

Mr. NATCHER. Mr. Ball, is the social security system now in operation in this country financially sound?

Mr. BALL. Yes; it is, Mr. Natcher. The reason there has been a question about that has been because some people try to judge a compulsory social insurance system by the same test you judge a voluntary private insurance system. What I mean by that is that a private insurance system, to be considered soundly financed, has to be able to pay off all of its obligations in the event it never sold another policy. Since it is voluntary, you do not consider it sound unless it has funds enough to pay off all the obligations it has incurred. That has never been the view taken of social insurance where it is a compulsory plan. And outside people—actuaries from private insurance companies for example—have all looked at the program and said the right test for financial soundness of this sort of program is, will the contribution rates——

Mr. FLOOD. We get mail once in a while raising this question. Sometimes newspaper columns raise this bugaboo.

Mr. BALL. The test that is widely agreed upon among people who have looked at this program for financial soundness is that the contribution rates in the law plus the interest earnings on the reserve should meet all benefit costs and administrative costs as they fall due, and the program fully meets that test. It is not a test of going out of business tomorrow and paying off all your obligations. That is not the test.

The test is, as benefits fall due in the future, there will be money there to pay them out of the contribution rates in the law and out of the interest earnings on the fund. If you were to take the other view, you would have a huge government trust fund and you would be up to $400 billion or so, and it would not be necessary or serve any very useful purpose.

Mr. NATCHER. Mr. Ball, I want to concur with what my chairman has said about the way you and your associates and your staff operate this program. You do it in a wonderful way. It is an excellent operation and I too want to thank you for being of tremendous service to me all year long for many years.

Mr. BALL. I appreciate that very much.

If I could be permitted just a word on the administration of the program from one standpoint. What I value as much as anything in

the administration of the social security program is the attitude that our district office people have towards the public that comes in and the way that they deal with them. One of the things that is upsetting us so much right now—and I do not mean to play this theme to boredom—but when everybody is working overtime and people have to wait before they get served, you are not going to be able to maintain that friendly, helpful attitude that I believe is quite universal among our district office people. If you lose the spirit of service and interest in the people that come in it will take a long time to build it back. That is one concern I have about the situation we are in.

I appreciate very much the comments that you have made.

Mr. FLOOD. Thank you, Mr. Ball.

FRIDAY, APRIL 25, 1969.

PAYMENT TO TRUST FUNDS FOR HEALTH INSURANCE FOR THE AGED

WITNESSES

ROBERT M. BALL, COMMISSIONER OF SOCIAL SECURITY
ARTHUR E. HESS, DEPUTY COMMISSIONER
JACK S. FUTTERMAN, ASSISTANT COMMISSIONER, OFFICE OF ADMINISTRATION
MRS. MILDRED L. TYSSOWSKI, DIRECTOR, DIVISION OF FINANCIAL MANAGEMENT
ALVIN D. DIAMOND, BUDGET OFFICER
PHILIP A. O'BRIEN, ASSISTANT BUDGET OFFICER
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Grants, subsidies, and contributions	723,287	895,000	928,151
Insurance claims and indemnities	556,372	465,227	617,262
Total obligations	1,279,659	1,360,227	1,545,413

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Reimbursement for hospital insurance expenditures for the uninsured	556,372	465,227	617,262
2. Contributions to supplementary medical insurance trust fund	723,287	895,000	928,151
Total obligations	1,279,659	1,360,227	1,545,413
Financing:			
Unobligated balance available, start of year	−100,000		
Unobligated balance lapsing	100,000		
Budget authority (appropriation)	1,279,659	1,360,227	1,545,413
Relation of obligations to outlays:			
Obligations incurred, net	1,279,659	1,360,227	1,545,413
Obligated balance, start of year		373,028	
Obligated balance, end of year	−373,028		
Outlays	906,631	1,733,255	1,545,413

Mr. FLOOD. Next we will have the Social Security Administration, Payment to Trust Funds for Health Insurance for the Aged.

Again Mr. Ball, the Commissioner, will make the presentation.

GENERAL STATEMENT

Mr. BALL. I have a short statement, Mr. Chairman.

Mr. FLOOD. You may proceed.

Mr. BALL. Our first appropriation request is for general fund payments to the medicare trust funds for health insurance for the aged. The Social Security Act provides: (1) that the hospital insurance trust fund be made whole by payments from the general funds of the Treasury for the benefit and administrative costs for extending hospital insurance protection to certain persons age 65 and over who are not insured for social security or railroad retirement cash benefits. That is a point we had not talked about.

COVERAGE OF UNINSURED PERSONS

Mr. FLOOD. How would you vote on a bill to bring in these people who were not covered because of age and effective date?

Mr. BALL. That is what this provision does.

Mr. FLOOD. How would you vote?

Mr. BALL. You mean for cash payments?

Mr. FLOOD. Yes.

They are calling the roll now. How would you vote?

Mr. BALL. Would you give me a minute?

Mr. FLOOD. You see we have to do this every day. We have to vote "Yes" or "No."

Mr. BALL. I believe, Mr. Chairman, you cannot qualify your vote so I would vote "No."

Mr. FLOOD. You vote "No"?

Mr. BALL. I vote "No." The theory of this is just what you are talking about for hospital insurance, but it was on a transitional basis. That is one reason I voted "No," if it were to be permanent in effect. But the theory of this provision we are now talking about is—that when you put in the medicare program and hospitalization, there were a lot of people who had not had the opportunity to work under social security many, many years ago. Their occupations perhaps were not covered, and so on.

What the act did was say if you attain age 65 prior to 1968 and you were not insured under the program, then the general revenues would pay the cost of your protection.

Mr. FLOOD. But Mr. Ball, you sat in that chair about 8 or 9 years ago and I was examining you, and you said you envisioned the day when every man, woman, and child in the United States would be covered by this law. You told me that.

Mr. BALL. We are very close to it, Mr. Chairman.

As I say, over 90 percent of all the jobs in the country are covered and of the ones that are left out now, the biggest group is Federal civilian employees, who have their own system. Railroad retirement has a close interchange with social security. There are some State and local government plans that are not built on social security. They have the opportunity to come under the Federal act, but some have not

chosen to. Those are the largest excluded groups so you have almost a universal system.

But when hospital insurance went in, even though we have almost universal coverage now, we did not back 10 or 15 years ago, and some of the people now considerably past 65 were in occupations not covered when they were working. So the act said, let's pick them up and pay for it out of general revenue. So that is one item of payment from general revenues into the hospital insurance trust fund.

Second, that the total premiums paid into the supplementary medical insurance trust fund by enrollees in the medical insurance program be matched by an equal payment out of general funds.

The Social Security Administration, of course, cannot influence to any major degree the amount of covered services paid for these beneficiaries under the HI program, or the amount of premium paid under the SMI program. Payments from the general fund to the trust funds for these purposes for fiscal year 1970, plus some adjustments based on prior years' experience, total $1,545,413,000.

The act says to make the trust fund whole and if 1 year our estimates are somewhat off, the next year it can be made up for with interest.

During fiscal year 1970, it is estimated that there will be an average of 2 million uninsured persons covered by the hospital insurance program—that is this group I was speaking of who were not in covered occupations when they were younger—and that $490 million will be paid out for covered services rendered to beneficiaries in this group.

This provision will not stay with us. It is assumed just about everybody has the opportunity for coverage who was younger than 65 in 1968. Thus, the number of uninsured persons is a gradually declining figure (in 1970, there will be 200,000 less than in 1969), and the average age of the group increases each year.

In fiscal year 1970, it is assumed that the effect of these two counter-influences on hospital insurance costs for this group will offset each other, thus, the $490 million in benefits estimated for 1970 is the same amount as estimated for 1969. Reimbursement to the trust funds for administrative costs related to the uninsured group amounts to $12.7 million in 1970—a decline of almost $1.6 million from the 1969 level due largely to the declining number of uninsured persons serviced. Thus, the 1970 cost of providing hospital insurance to the uninsured amounts to $502.7 million ($490 million in benefits and $12.7 million in administrative costs) and is about the same as the 1969 cost of $504.3 million.

FISCAL YEAR 1968 AND 1969 COSTS

In addition to the current costs of the program, the appropriation estimate for 1970 provides for reimbursing the Hospital Insurance Trust Fund by $114.6 million for costs incurred in fiscal years 1968 and 1969 which were not funded by the appropriations for these years largely because the appropriations were based on underestimates of utilization of hospital and extended care facility services per individual covered by the program. Included in the $114.6 million reimbursement for prior years' cost is $8.1 million in interest lost to the trust fund.

SUMMARY OF BUDGET REQUEST

The 1970 request for general fund payment to the Supplementary Medical Insurance Trust Fund is $928.2 million. Of this amount, $917 million represents the estimate of the Government's contributions to match the premiums of $4 per month paid by the 19.1 million persons expected to be enrolled in the voluntary medical insurance plan in 1970. Actual enrollment in fiscal year 1969 is 18.8 million, or about 200,000 more than estimated in our 1969 appropriation request. As a result, the 1969 appropriation for matching premiums is short by $10 million. The 1970 estimate provides for recovering this 1969 shortage plus $1.2 million for interest lost as a result of this shortage and as a result of delays in depositing the Government's contributions during 1968.

That concludes my statement on that item.

BUDGETING FOR 1968 AND 1969 COSTS

Mr. FLOOD. We have talked about the philosophy of the act and its purpose and intent and administration, but after all, this is appropriations. Our business is money.

If I understand you, the increase for 1970 of $185,186,000 includes adjustments for 1968 and 1969.

Mr. BALL. Yes, Mr. Chairman.

Mr. FLOOD. As well as the estimate for 1970, is that right?

Mr. BALL. That is right.

Mr. FLOOD. Would it not be better to take the 1968 and 1969 requirements as supplementals for those years?

Doesn't the present method underestimate the program level for 1968 and 1969, and overstate the level for 1970?

Mr. BALL. No, Mr. Chairman, not if I follow your point.

In 1968 and 1969, the reason that appropriation was under was we just did not have the experience to make an exact estimate of the rate at which older people entered hospitals. That is really what the problem was. It ran through the whole hospital insurance program.

Mr. FLOOD. But you did understate 1968 and 1969 and you are now overstating 1970, is that not right?

Mr. BALL. We did underestimate 1968 and 1969 and the main factor was that under this program older people have entered hospitals at a greater rate than we assumed in the original estimate of the program. As soon as we found out about that from experience, we have corrected it.

Mr. FUTTERMAN. The law is that the trust fund be made whole regardless of whatever method you use.

Mr. FLOOD. What does that mean, the law says the trust fund must be made whole?

Mr. FUTTERMAN. In respect to the reimbursement for the expenditures for the uninsured, the law says the trust fund will bear no costs for the expense of the protection of the uninsured.

Mr. BALL. In other words, the general revenue has to cover the full costs of benefits to this group of people.

Mr. FUTTERMAN. Regardless of which method you use, you come out exactly the same way.

Mr. FLOOD. What difference does it make to the Treasury Department?

Mr. FUTTERMAN. This is the point: Nobody has any discretion, even the Congress if they follow the dictates of the law, to change the amount. The amount is determined by the fact of the situation, how many people are involved, and neither the Social Security Administration nor anybody else can change it.

Mr. BALL. That is correct, Mr. Chairman. These estimates for 1968 and 1969 were done entirely by the actuaries of the Social Security Administration and those included were the best we could make.

Mr. FLOOD. How about the interest adjustment. What differences does it make?

Mr. FUTTERMAN. It does not make any difference. Whichever way it is financed, it comes out the same.

CHANGES IN NUMBER OF BENEFICIARIES

Mr. FLOOD. Look at page 48 of your justifications where I find this language:

> An estimated increase in the average number of enrollees from 18.8 million in 1969 to 19.1 million for 1970.

Now I have another quotation:

> The average number of uninsured persons on the hospital benefit rolls is expected to decrease from 2.2 million in 1969 to two million in 1970.

And then this:

> The total hospital insurance enrollment is expected to increase from an average of 19.7 million in 1969 to 20 million in 1970.

As usual, we have respect for your people, I am sure your figures are correct, but I would like you to explain these figures and tell us what effect this will have on the budget.

Mr. BALL. If I could take them one at a time, Mr. Chairman, the decrease in the number of uninsured, the 200,000, the result of that, taken by itself, of course is that the general revenues would have to pay less money over to the hospital insurance trust fund.

But there is an offsetting factor; the age composition of the total uninsured group is higher next year than last year. It is a closed end group we are dealing with. The only people in here are those who become 65 prior to 1968. So it is a closed group and each year it gets older. The higher the age of the population, the more hospitalization that they need. So that just about balances. Although you take the reduction of the 200,000, it is largely offset by the higher rate of hospitalization among the older age group. That is the explanation of one of the quotations you read.

On the question of a greater number of individuals signed up——

Mr. FLOOD. The average number?

Mr. BALL. The average number of individuals signed up for the voluntary part of the program—that would increase the matching amounts from general revenues by about $12 million. The $4 has to be matched by general revenues for that larger number of participants.

Mr. FLOOD. But you also say in the third point that your population will go up about 300,000.

Mr. BALL. That is for the hospital insurance in 1970.

Mr. FLOOD. You tell me it is going down one place and now say it is going up 200,000.

Mr. BALL. I think I can straighten that out, Mr. Chairman.

The number of uninsured paid for by general revenue is going to go down. That is because the only people in that group are those who become 65 prior to 1968. So as people in that group die, there are no new ones coming in and that will decline each year. That is the 200,000.

Mr. FLOOD. Where do the 300,000 come from?

Mr. BALL. The larger number under hospital insurance is just a factor of the growth of the total number of older people in the population, more people reaching 65. Plus the fact a somewhat higher proportion of all aged each year is insured so more are in that group.

On the voluntary program we are assuming about the same rate of people signing up, but the larger population means there will be more participants on the average during the year.

PROPOSED CHANGE IN REGULATIONS ON MEDICARE REIMBURSEMENTS TO HOSPITALS

Mr. FLOOD. The Secretary made a very good statement, about the regulations on reimbursing hospitals.

How does this affect the budget?

Mr. BALL. The part that affects the medicare program is the dropping of the 2-percent payment in the reimbursement formula. This 2 percent in the current regulations is over and beyond the identifiable costs of hospitals. It is 2 percent on top of all of these identifiable costs. The new regulations will eliminate that 2 percent. That would save from trust fund operations an estimated $65 million in the next fiscal year.

It would not affect the general budget significantly. There would be somewhat less reimbursement for this uninsured group we are speaking of.

Mr. FLOOD. This is another one of these uncontrollable programs where the law says what shall be paid by the Federal Government.

Mr. BALL. Yes.

Mr. FLOOD. When the bills are in, the appropriation must be made to pay them, is that right?

Mr. FUTTERMAN. Yes.

IMPROVEMENTS IN THE SOCIAL SECURITY PROGRAM

Mr. FLOOD. A windup ball park question. I am asking it of you because we respect your opinion and your staff.

Are you satisfied with the program? Are there any changes that should be made, in your opinion?

Mr. BALL. Mr. Chairman, I think there are many ways that the social security program could be improved.

The President has recommended two immediate improvements. One would be a 7-percent across-the-board benefit increase, which would be designed to make up for cost-of-living increases that would have taken place by the time this could go into effect from the last time there was a benefit increase, and then he is suggesting a liberalization of the retirement test.

Mr. FLOOD. I meant just this particular program now.

Mr. BALL. You mean just in health insurance.

Mr. FLOOD. Yes.

Mr. BALL. The two most important improvements in the health insurance program seem to me, Mr. Chairman, to be the one we spoke of earlier—of extending the program for the aged to at least a part of the prescription drug area, and the other is that personally I have felt it would be desirable to extend this whole program to the disabled. Both of these things are under study.

Mr. FLOOD. What do you mean by disabled?

Mr. BALL. Disabled social security beneficiaries.

Mr. FLOOD. Total and permanent?

Mr. BALL. It is largely that.

Mr. FLOOD. Is it or is it not?

Mr. BALL. It is total, but not strictly permanent. There has to be a prognosis the disability will last 12 months. There is a 6-month waiting period and then only disabilities that are expected to last a total of 12 months can be paid.

Mr. FLOOD. That changes the original concept?

Mr. BALL. The original was closer to permanent. It was never permanent.

Mr. FLOOD. Mrs. Reid?

Mrs. REID. Thank you, Mr. Chairman.

I would certainly like to join the others on the committee in commending you, Mr. Ball. I have had marvelous cooperation whenever I have contacted your office, and I appreciate it very much.

Mr. BALL. Thank you.

PAYMENT FOR CHIROPRACTIC SERVICES UNDER MEDICARE

Mrs. REID. As I am sure you know, legislation has been introduced to provide payment for chiropractic service to medicare recipients. I am receiving all kinds of mail in favor of this proposal. I am sure others are too.

Do you have any estimates on what the addition of chiropractic service would cost on an annual basis?

Mr. BALL. I believe we did make an estimate of that, but I do not recall it. I will be glad to provide it for the record.

Mrs. REID. I wish you would.

(The information follows:)

COST OF COVERING CHIROPRACTIC SERVICES UNDER MEDICARE

It is estimated that the actuarial cost in 1969 of covering chiropractic services under the supplementary medical insurance part of medicare would be $60 million for the full calendar year. Under the present provisions for financing the supplementary medical insurance program, one-half of this cost would be paid by premium income and one-half from the general revenues of the Treasury.

Mr. FLOOD. How would you vote?

Mr. BALL. I would vote no, Mr. Chairman.

We have submitted a report on this question that was prepared—when I say we, I mean the Department—it was prepared largely by the Public Health Service on the question of additions of various kinds of other services under medicare, and chiropractic service was one of

the key parts of that report. If you have not seen this, I will be glad to send you a copy.

Mrs. REID. I would appreciate it.

IDENTIFICATION OF ACCOUNT NUMBERS OF WIDOWS

Mrs. REID. One of the frequent causes I find for delay in handling claims for benefits, and this is through the mail I receive, is the fact that widows will file under their husband's account number rather than their own, which I understand results in a delay in processing.

I wonder if your new records system which you mention on page 9 and 10 will overcome this problem.

Mr. BALL. This is, I presume, a widow who has worked herself so she has a record?

Mrs. REID. Yes.

Mr. BALL. In that case, what we need to do is in effect compute the benefits both on her wage record and then on her husband's and see which is the larger. Therefore, we do need both account numbers.

I do not believe there ought to be any major problem in the way the system operates if we have both account numbers. The problem may be that she has not given us both, may have given just her husband's or just her own, and we do need both in order to locate the records and figure the benefits both ways.

Mr. FUTTERMAN. I just reviewed the specifications of the next step forward in our records system, and one of the specifications is precisely directed at this point, to bring together into the basic master record those two parts. I think in about a year we will be able to do this.

Mrs. REID. In other words, if she would send just the one you could still process this?

Mr. FUTTERMAN. We are bringing together both the data on her own record as a wage earner and the entitlement she would have under her husband's account, and make all the calculations under control of the computer process which brings together the two parts.

The delay that sometimes occurs now happens because there is a response to one or the other claim but final disposition of the total claim is held up for action on the other.

Mr. FLOOD. Mr. Cardwell, you seem to want in this discussion.

EFFECT OF REVENUE AND EXPENDITURE CONTROL ACT LIMITATIONS

Mr. CARDWELL. From what I have seen of the social security staffing problems in the recent months, I would be interested to know whether Mr. Futterman would agree that he might not in a year's time make the improvement he just described in the event the Revenue and Expenditure Control Act is not repealed as the President has requested.

Mr. FUTTERMAN. In saying about a year's time, I am assuming we will get relief from the provisions of the Revenue Expenditure Control Act that relate to staffing, and that in the absence of this, I think it would not be possible to postulate significant improvements of this kind in our system. Because we are having great difficulty in developing an adequate size staff to do this very difficult work I think it would be just barely possible if we continue to operate under staff limitations to only keep the current system going.

Mr. FLOOD. How long have you been at this business, Mr. Ball?

Mr. BALL. I came to Social Security in January of 1939. I was out for a couple of years, but in total I am in my 28th year.

Mr. FLOOD. What about you?

Mr. FUTTERMAN. I came to Social Security in November of 1936.

Mr. FLOOD. What about you?

Mr. HESS. November of 1939, I am in my 29th year.

Mr. FLOOD. Mrs. Tyssowski?

Mrs. TYSSOWSKI. I came November 1943.

Mr. FLOOD. Mrs. Reid?

DELAYS IN PROCESSING MEDICARE CLAIMS

Mrs. REID. We discussed this earlier, but I do receive, as I am sure other Members do, complaints from beneficiaries because of the delays on the part of carriers in processing medicare claims, and I gather from our conversation here today that this does vary according to the carrier.

Mr. HESS. May I add it varies according to the time of the year too.

Mr. FLOOD. Why?

Mr. HESS. Part B which is the part of the program that pays primarily for doctor bills, has its eligibility provision on an annual base.

There is a $50 annual deductible and while many doctors who present their bills on behalf of a patient send them in promptly on a 30-day billing period and there is heavy workload throughout the year, there are a lot of people who save their bills as you would if you were going to file for major medical insurance, until toward the end of the year, to get reimbursement. Others have not made up the deductible in the early part of the year. There tends to be a flood of bills right after the end of the year and it gangs up in January.

Mr. FLOOD. Is this related to the income tax problem?

Mr. HESS. That is true too. Some people wait until they make up their income tax and present their bills, but I do not think that is characteristics of most of the elderly people. The big peak is January and February, and even though carriers try to anticipate this, it takes several months to get out of the workload and that results in a slowing up.

Of course, also you have more illness in the winter so there are more people who present their bills currently with more hospitalization and more illness then.

Mrs. REID. That is all, Mr. Chairman.

JUSTIFICATION MATERIAL

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL SECURITY ADMINISTRATION

Payment to Trust Funds for Health Insurance for the Aged

Amounts Available for Obligation

	1969	1970
Appropriation	$1,360,227,000	$1,545,413,000

Obligations by Activity

Page Ref.		1969 Estimate	1970 Estimate	Increase or Decrease
51	Reimbursement for hospital insurance expenditures for the uninsured	$465,227,000	$617,262,000	+$152,035,000
55	Contributions to Supplementary Medical Insurance Trust Fund	895,000,000	928,151,000	+33,151,000
	Total obligations	1,360,227,000	1,545,413,000	+185,186,000

Obligations by Object

		1969 Estimate	1970 Estimate	Increase or Decrease
41	Grants, subsidies and contributions	$895,000,000	$928,151,000	+$33,151,000
42	Insurance claims and indemnities	465,227,000	617,262,000	+152,035,000
	Total obligations by object	1,360,227,000	1,545,413,000	+185,186,000

Summary of Changes

1969 estimated obligations	$1,360,227,000
1970 estimated obligations	1,545,413,000
Net change	+185,186,000

Increases	Base	Change from Base
A. Built-in		
1. Underfinancing in 1968 and 1969 appropriations		
a. Adjustment in appropriation for 1968:		
(1) For reimbursement to HI trust fund for uninsured individuals		+$73,261,000
(2) For reimbursement to SMI trust fund for interest loss on delays in matching contributions		+869,000
b. Adjustment in appropriation for 1969:		
(1) For reimbursement to HI trust fund for uninsured individuals		+41,277,000
(2) For deficit in matching contributions to the SMI trust fund		+10,282,000
2. Additional requirements for 1970		
a. Increase in aged population covered by SMI program	$905,000,000	+12,000,000
b. Cost of hospital services for uninsured individuals	490,000,000	---
3. Adjustment to 1969 base figures shown in 2(a) and 2(b) above	-49,050,000	+49,050,000
Total increases		+186,739,000

Decreases	Base	Change from Base
A. Built-in		
1. Administrative costs related to hospital insurance for uninsured individuals	$14,277,000	-$1,553,000
Total decreases		-1,553,000
Total net changes requested		+185,186,000

Explanation of Changes

Increases:

A. Built-in

1. Underfinancing in 1968 and 1969 appropriations

a. Adjustment in appropriation for 1968:

(1) For reimbursement to HI trust fund for uninsured individuals.....+$73,261,000

The 1968 actual hospital costs for uninsured persons were $67,412,000 greater than amounts in the appropriation for that year. This excess is largely due to greater than estimated utilization of services per individual covered by the program. Interest loss on these higher costs amounts to $5,849,000.

(2) For reimbursement to SMI trust fund for interest loss on delays in matching contributions.....+$869,000

During fiscal year 1968, Government contributions for matching premiums, deposited in the trust fund, lagged behind the contributions of participants. The request of $869,000 represents reimbursement for loss of interest to the trust fund as authorized by section 1844 of the Social Security Act, as amended, resulting from this lag in depositing the matching premiums.

b. Adjustment in appropriation for 1969:

(1) For reimbursement to HI trust fund for uninsured individuals.....+$41,277,000

Benefits and administrative costs for fiscal year 1969 are now estimated to exceed the appropriation for that year by $39,050,000. The revised estimate reflects the experience in 1968 when benefit payments to the uninsured exceeded the estimate of $435,200,000 by 16.7 percent on an annual basis. Also included in the adjustment is interest amounting to $2,227,000.

(2) For deficit in matching contributions to the SMI trust fund.....+$10,282,000

Current data show that an average of 18,800,000 persons will be enrolled in the program during fiscal year 1969. The 1969 appropriation was based on an estimate of 18,600,000. The higher number of participants will result in additional premium collections of $10,000,000, and the need for the Government to match a

like amount. Also included in the adjustment is interest amounting to $282,000.

2. Additional requirements for 1970

a. Increase in aged population covered by SMI program.....+$12,000,000

This represents the increase in contributions to the trust fund from the general fund due to an estimated increase in the average number of enrollees from 18,800,000 during 1969 to 19,100,000 during 1970.

3. Adjustment to 1969 base.....+$49,050,000

The added requirements for 1970 explained above are related to a 1969 base which has been adjusted to program costs rather than the 1969 appropriation to the HI and SMI trust funds. This adjustment brings the base down to the 1969 appropriation.

Decreases:

1. Administrative costs related to hospital insurance for uninsured individuals.....-$1,553,000

The decrease is related to the decline in ratio of hospital insurance benefits for the uninsured to total hospital insurance benefits. The average number of uninsured persons on the hospital benefit rolls is expected to decrease from 2,200,000 in 1969 to 2,000,000 in 1970 while total hospital insurance enrollment is expected to increase from an aver- of 19,700,000 in 1969 to 20,000,000 in 1970. Estimated administrative costs for the uninsured decrease from $14,277,000, to $12,724,000.

Payment to Trust Funds for Health Insurance for the Aged

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1966	$367,800,000	$125,800,000	$125,800,000	$125,800,000
1967	924,050,000	924,050,000	924,050,000	924,050,000
1968	1,279,659,000	1,279,659,000	1,279,659,000	1,279,659,000
1969	1,360,227,000	1,360,227,000	1,360,227,000	1,360,227,000
1970	1,545,413,000			

Justification

Payment to Trust Funds for Health Insurance
for the Aged

General Statement

The Social Security Amendments of 1965, enacted July 30, 1965, provided a basic hospital insurance plan to pay, for most individuals age 65 and over, the costs of hospital and related post-hospital services, and a voluntary medical insurance plan to cover the costs of physician and related services. Both plans provide for payment of these costs subject to certain deductible and co-insurance amounts.

The hospital insurance plan covers all persons entitled to social security or railroad retirement benefits, as well as practically all others who are age 65 and over. The hospital insurance benefits and administrative costs for those on the social security or railroad retirement rolls are financed by a payroll tax on employees, employers, and self-employed persons. The tax receipts are deposited in the Federal Hospital Insurance Trust Fund, from which all benefit and administrative costs of the hospital insurance program are paid. Costs of providing benefits to those not insured under the social security or railroad retirement programs, and related administrative costs, are financed by general fund appropriations to the Federal Hospital Insurance Trust Fund. During fiscal year 1970, an estimated $4,940,000,000 in benefits will be paid under the hospital insurance plan. Of this total, $490,000,000 will be paid to uninsured individuals, who represent 10 percent of the 20,000,000 aged persons covered for hospital benefits.

The voluntary medical insurance plan is financed by monthly contributions from persons age 65 and over who elect to enroll in this plan. The Federal Government matches these contributions by appropriations from general revenues. The contributions of both the enrolled individuals and the Federal Government are deposited in the Supplementary Medical Insurance Trust Fund, from which all benefit and administrative costs are paid.

Of the estimated 20.1 million persons age 65 and over in the United States in fiscal year 1970, an average of about 19.1 million will be enrolled in the supplementary medical insurance plan.

The general fund financing in fiscal year 1970 of the hospital plan for the uninsured and of the government's matching contributions for the supplementary medical insurance program is estimated to amount to $1,545,413,000. The basis for this estimate is explained in the activity justifications.

Activity 1 - Reimbursement for Hospital Insurance
Expenditures for the Uninsured

	1969 Estimate	1970 Estimate	Increase or Decrease
Insurance claims and indemnities	$465,227,000	$617,262,000	+$152,035,000

Explanation of Payment for Hospital Insurance Program

The Social Security Act, as amended, provides a basic hospital insurance plan to pay for most individuals age 65 and over the costs of hospital and related post-hospital services subject to certain deductibles and co-insurance requirements. Coverage extends to all persons entitled to social security or railroad retirement benefits and to practically all others age 65 and over not entitled to benefits under those systems. The hospital insurance benefits and administrative costs for those on the social security or railroad retirement rolls are financed from a separate payroll tax on employees, employers, and self-employed persons. Costs of providing benefits to those not insured under the social security or railroad retirement programs are met from general revenues of the Treasury.

The estimate $617,262,000 for reimbursement from the general fund to the hospital insurance trust fund includes $502,724,000 for costs to be incurred in fiscal year 1970 in providing hospital insurance benefits to uninsured individuals and $114,538,000 for costs incurred in fiscal years 1968 and 1969 in excess of the amounts appropriated for those years. The 1970 costs are composed of: (1) $490,000,000 for benefit payments; and (2) $12,724,000 for administrative costs.

Explanation of Fiscal Year 1970 Estimate

The estimate of $617,262,000 is composed of:

1. 1970 program costs:	
a. Benefit payments	$490,000,000
b. Administrative costs	12,724,000
2. Underfinancing of 1968 costs, including interest lost	73,261,000
3. Underfinancing of 1969 costs, including interest lost	41,277,000
Total	$617,262,000

Benefit Payment Estimate - 1970

It is estimated that during fiscal year 1970 the average number of uninsured individuals on the hospital benefit rolls will decline to an average of 2,000,000 from the average of 2,200,000 in fiscal year 1969. The effect of the decline in the number of uninsured individuals on the rolls, however, is offset because of the advancing age of the uninsured group which results in an increase in the rate of utilization of services and because of the rising costs of hospital services.

Administrative Cost Estimate - 1970

The detail supporting the estimates of administrative costs for the hospital insurance program for both the insured and uninsured groups is contained in the Salaries and Expenses, SSA, appropriation request. The distribution of costs between the insured and uninsured groups is based on an identification of costs which are 100 percent chargeable to the general fund and adding to that amount a pro-rata share of other hospital insurance costs based on the ratio of benefit payments for the uninsured group to total hospital insurance benefit payments (9.9 percent in fiscal year 1970). Estimated administrative costs in 1970 are $12,124,000 or 2.6 percent of estimated hospital insurance benefits for the uninsured group.

Underfinancing of 1968 and 1969 Costs

The underfinancing of 1968 and 1969 costs is due to greater than previously estimated utilization of hospital and extended care facility services per individual covered by the program. The current estimates reflect more utilization of services than that assumed in the 1969 budget. A comparison of the principal elements making up the estimated deficit of $114,538,000 in 1968 and 1969 costs follows:

Fiscal Year 1968

	Amounts Deposited in the Trust Fund	Estimated Actual Requirements	Increased Requirements
Total	$556,372,324 1/	$629,633,019	$73,260,695
a. Benefit payments.....	$440,588,593 1/	508,000,000	67,411,407
b. Administrative costs 2/..	17,782,854 1/	17,782,854	---
c. Underfinancing of 1967 benefit payments and administrative costs.....	79,246,000	79,246,000	---
d. Interest lost on 1967 administrative costs.....	11,307,327 1/	11,307,327	---
e. Interest lost on 1966 administrative costs.....	150,936 1/	150,936	---
f. Interest lost on 1968 costs.....	7,296,614 1/	13,145,902	5,849,288

Note: See footnotes on following page.

Fiscal Year 1969

	Amounts Deposited in the Trust Fund	Revised Estimated Requirements	Increased Requirements
Total	$465,227,000	$506,504,000	$41,277,000
a. Benefit payments.....	451,200,000	490,000,000	38,800,000
b. Administrative costs..	14,027,000	14,277,000	250,000
c. Interest lost on 1969 costs.....	---	2,227,000	2,227,000

1/ Includes funds transferred to this activity from amounts budgeted but not required for Activity 2, Contributions to Supplementary Medical Insurance Trust Fund as follows:

Benefit payments.....	$5,388,593
Administrative costs..	2,391,854
Interest lost on 1967 administrative costs.	359,327
Interest lost on 1966 administrative costs.	936
Interest lost on 1968 costs.....	7,296,614
	$15,437,324

2/ The costs shown in this chart are on an obligations basis.

Benefit Payments - Fiscal Years 1968 and 1969

The current estimate of actual benefit payments in 1968 amounts to $508,000,000 and exceeds the prior estimate of $435,200,000, which was fully funded in the fiscal year 1968 appropriation, by $72,800,000. This deficit has been reduced to $67,411,407 by transferring $5,388,593 to this Activity from funds budgeted in the 1968 appropriation for Activity 2 (matching contributions to the SMI trust fund). The amount of the transfer represents funds appropriated in excess of actual needs for matching contributions.

The current 1969 estimate is $490,000,000 and exceeds the amount funded in the 1969 appropriation by $38,800,000. The total unfunded deficit in benefit payments for both fiscal years 1968 and 1969 amounts to $106,211,407. The principal reason for this unfunded deficit is higher than estimated utilization of hospital services by the uninsured group.

Administrative Costs - Fiscal Years 1968 and 1969

Actual administrative costs of $17,782,854 for fiscal year 1968 exceeded the prior estimate of $15,391,000 by $2,391,854. The increase, which has been fully financed by the reprogramming between activities of the 1968 appropriation, was due to a higher than estimated number of claims by uninsured persons to establish eligibility for hospital insurance protection and a higher than budgeted unit cost for processing those claims. The revised 1969 estimate of $14,277,000 is $250,000 above the $14,027,000 appropriated. This increase is primarily the result of greater than originally estimated utilization of services during fiscal year 1969.

Interest Lost on Fiscal Year 1968 and Fiscal Year 1969 Costs

Included in the fiscal year 1970 estimate is a total of $8,076,000 for interest lost to the hospital insurance trust fund due to the underfinancing of program costs for fiscal years 1968 and 1969. This estimate is based on the following calculations:

1. Interest loss due to underfinancing of fiscal year 1968 benefit payments: The current estimate of benefit payments of $508,000,000 for fiscal year 1968 exceeds the prior estimate of $435,200,000 by $72,800,000. The deficiency has been reduced to $67,411,407 by reprogramming $5,388,593 of the 1968 appropriation which was not required for 1968 premium matching. Interest lost for the period after June 30, 1968, on the remaining deficiency amounts to $5,849,288 assuming that this amount will be deposited in the trust fund on December 31, 1969. In this calculation an interest rate of 5 5/8 percent was used--the same rate that applied to special obligations issued in June 1968. The total deficit for fiscal year 1968 is $73,260,695 which is rounded to $73,261,000.

2. Interest loss due to underfinancing of fiscal year 1969 program costs: The current estimates of $490,000,000 for benefit payments and $14,277,000 for administrative costs for fiscal year 1969 exceed the appropriation by $38,800,000 and $250,000 respectively. The interest loss on these deficiencies, at a rate of 5 5/8 percent, assuming that the amounts due are deposited in the trust fund on December 31, 1969, are as follows:

On benefit payments:	$2,213,191
On administrative costs:	14,260
Total	$2,227,451

The total deficit for fiscal year 1969 is $41,277,451 which is rounded to $41,277,000.

Activity 2 - Contributions to Supplementary Medical Insurance Trust Fund

	1969 Estimate	1970 Estimate	Increase or Decrease
Grants, subsidies, and contributions	$895,000,000	$928,151,000	+$33,151,000

As provided in the Social Security Amendments of 1965, medical insurance benefits are financed from payments of monthly premiums by enrollees in the voluntary medical insurance program and by matching Federal contributions from the general fund. It is estimated that the average number of enrollees during fiscal year 1970 will be about 19.1 million. At $48.00 per year, per enrollee, the government's matching contribution will amount to $917,000,000.

Explanation of Fiscal Year 1970 Estimate

The estimate of $928,151,000 is composed of:

1. 1970 requirements	$917,000,000
2. Underfinancing of 1969 costs	10,000,000
3. Interest on delays during 1968 and deficiency for 1969 in the government's contributions for premium matching	1,151,000
Total	$928,151,000

Underfinancing of 1969 Costs

The current estimate of the amount required to match premiums collected in fiscal year 1969 is $905,000,000, an increase of $10,000,000 over the appropriation. The increase is based on the latest enrollment data which shows that there will be an average of 18.8 million enrollees in fiscal year 1969, an increase of 200 thousand over the prior estimate.

Interest Lost on Fiscal Year 1968 and Fiscal Year 1969 Matching Contributions

Included in the fiscal year 1970 estimate is a total of $1,151,000 for interest lost to the Supplementary Medical Insurance Trust Fund due to delays in depositing matching contributions for fiscal year 1968 and the underfinancing of matching contributions for fiscal year 1969. The estimate is based on the following calculations:

1. Interest loss due to delays in depositing matching contributions for fiscal year 1968: The 1970 estimate includes $869,000 interest lost to the Supplementary Medical Insurance Trust Fund due to delays in depositing the government's contributions for matching premiums in the trust fund. During fiscal year 1968 the deposit of government's contributions for matching premiums lagged behind the deposit of contributions from participants. This occurred primarily during the early months of the year and at the end of the fiscal year when the appropriation was exhausted. Starting on November 27, deposits of the government's contributions for matching were made daily based on estimates of amounts due. This method has decreased the amount of interest loss. Daily deposits continued until the regular 1968 appropriation for matching funds was exhausted June 3, 1968. The balance of the government's contributions for 1968 was deposited in the trust fund on July 1, 1968, when the 1968 supplemental appropriation became available. Interest loss or gain

on the differences between deposits of contributions from participants and from the government on a cumulative basis was determined separately for each month using the interest rate which was applicable to new special issues of that month. The net loss of interest through June 30, 1968, amounts to $800,000. For the period after June 30, 1968, this amount accumulates $69,416 additional interest, assuming that these amounts will be deposited in the trust fund on December 31, 1969. In this latter calculation an interest rate of 5 5/8 percent was used--the same rate that applied to special obligations issued in June 1968.

2. Interest loss due to underfinancing of fiscal year 1969 matching contributions: The current estimate of $905,000,000 for premiums collected from participants during fiscal year 1969 exceeds the appropriation by $10,000,000. The interest loss on that deficiency at a rate of 5 5/8 percent, assuming that the amount due is deposited in the trust fund on December 31, 1969, amounts to $281,362.

The total deficit for fiscal years 1968 and 1969 is $11,150,778 which is rounded to $11,151,000.

FRIDAY, APRIL 25, 1969.

PAYMENT FOR MILITARY SERVICE CREDITS

WITNESSES

ROBERT M. BALL, COMMISSIONER OF SOCIAL SECURITY
ARTHUR E. HESS, DEPUTY COMMISSIONER
JACK S. FUTTERMAN, ASSISTANT COMMISSIONER, OFFICE OF ADMINISTRATION
MRS. MILDRED L. TYSSOWSKI, DIRECTOR, DIVISION OF FINANCIAL MANAGEMENT
ALVIN D. DIAMOND, BUDGET OFFICER
PHILIP A. O'BRIEN, ASSISTANT BUDGET OFFICER
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

PROGRAM AND FINANCING (In thousands of dollars)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
Reimbursement for noncontributory military service credits (costs—obligations) (object class 42.0)	105,000	105,000	105,000
Financing: Budget authority (appropriation)	105,000	105,000	105,000
Relation of obligations to outlays:			
Obligations incurred, net	105,000	105,000	105,000
Obligated balance, start of year	105,000	105,000	
Obligated balance, end of year	−105,000		
Outlays	105,000	210,000	105,000

Mr. FLOOD. We will continue with the Social Security Administration and take up the item of payment for military service credits.

PREPARED STATEMENT

Again Mr. Ball, the Commissioner, will make the presentation. We shall insert your prepared statement. You may proceed. (Prepared statement follows:)

The next request is for $105 million for reimbursement to the trust funds from the general fund for benefit payments (and related administrative costs and trust fund interest loss) to certain veterans and their dependents.

Amendments to the Social Security Act in 1946 and later years provided for paying benefits to survivors of certain World War II veterans by extending coverage on a noncontributory basis and for granting noncontributory wage credits of $160 for each month of active military service from September 1940 through December 1956.

This has made payment of social security benefits possible in some cases and has increased the amount of the benefit in others.

The Social Security Act provides for making the old-age and survivors insurance, the disability insurance, and the hospital insurance trust funds whole by reimbursements from the general funds of the Treasury for the additional costs incurred since September 1, 1950, in paying benefits based on noncontributory military service credits. The reimbursement for past and estimated future costs is to be amortized in equal installments over a 50-year period with the objective that the trust funds will be in the same position on June 30, 2015, as they would have been if noncontributory military service credits had not been provided. The amount of the annual installment is refigured periodically to reflect actual and revised future costs.

This method of reimbursement was provided for in the 1965 amendments to the Social Security Act. Since that time the Congress has appropriated $105 million each year, beginning with fiscal year 1966.

The 1970 request is for the same amount and the $105 million will be distributed among the trust funds with $78 million to the Old-Age and Survivors Insurance Trust Fund, $16 million to the disability insurance trust fund and $11 million to the hospital insurance trust fund.

GENERAL STATEMENT

Mr. BALL. The next request is for $105 million for reimbursement to the trust funds from the general fund for benefit payments (and related administrative costs and trust fund interest loss) to certain veterans and their dependents.

Amendments to the Social Security Act in 1946 and later years provided for paying benefits to survivors of certain World War II veterans by extending coverage on a noncontributory basis and for granting noncontributory wage credits of $160 for each month of active military service from September 1940 through December 1956.

Then later on the Congress, instead of having that burden fall on the contributions of workers that go in the trust fund, decided to put that cost on the general revenue and the provisions are that we estimate equal payments over the next 50 years.

Mr. FLOOD. Somewhat like making a payment on a mortgage?

Mr. BALL. And we figure exactly what this costs, estimate it, and then make annual requests, and for the last several years it has been at $105 million growing out of our experience with this provision, and the actuary will make a new estimate in a couple of years and see if we are on target with this amount and maybe change it.

Mr. FLOOD. There is nothing new about this?

Mr. BALL. No, this has been in the same amount in previous years, Mr. Chairman.

Mr. FLOOD. This is the fifth installment?

Mr. BALL. Yes, sir.

Mr. FLOOD. Of course, this is what is owed to the trust fund because of the military service credits, for which the individuals made no contributions.

Mr. BALL. That is correct.

Mr. FLOOD. This is organic law, the specifications are provided by law for the payments?

Mr. BALL. That is right, Mr. Chairman.

I might point out that since those free wage credits were given, the law has been changed so that the Armed Forces are now covered under the regular social security program. So today in the Armed Forces you earn social security credits just as if you were working for a company.

The Government now matches the payment by the soldier or sailor just like everybody else. But we still have benefits being derived from the noncontributory credits in the earlier days of the program, and that is what we are asking for reimbursement for here.

Mr. FLOOD. I think that takes care of that.

JUSTIFICATION MATERIAL

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL SECURITY ADMINISTRATION

Payment for Military Service Credits

Amounts Available for Obligation

	1969	1970
Appropriation	$105,000,000	$105,000,000

Obligations by Activity

Page Ref.		1969 Estimate	1970 Estimate	Increase or Decrease
62	Reimbursement for noncontributory military service credits (object class 42)	$105,000,000	$105,000,000	---

Summary of Changes

1969 estimated obligations	$105,000,000
1970 estimated obligations	105,000,000
Net change	---

The 1970 request represents the annual payment to the trust funds, based on an estimate of the average yearly amount necessary to reimburse the trust funds over a 50-year period ending June 30, 2015, for the cost, including related administrative expenses and interest loss, of paying old-age, survivors, disability and hospital insurance benefits based on noncontributory military service credits.

Payment for Military Service Credits

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1960	--	--	--	--
1961	--	--	--	--
1962	--	--	--	--
1963	$78,600,000	--	--	--
1964	--	--	--	--
1965	--	--	--	--
1966	105,000,000	$105,000,000	$105,000,000	$105,000,000
1967	105,000,000	105,000,000	105,000,000	105,000,000
1968	105,000,000	105,000,000	105,000,000	105,000,000
1969	105,000,000	105,000,000	105,000,000	105,000,000
1970	105,000,000			

Justification

Payment for Military Service Credits

General Statement

The estimate of $105,000,000 is the annual payment to the Old-Age and Survivors Insurance, the Disability Insurance, and the Hospital Insurance trust funds, for benefit payments (and related administrative costs and interest loss) based on non-contributory military service credits.

Background

Amendments to the Social Security Act in 1946 and later years provided for (1) paying benefits to survivors of certain World War II veterans by extending protection on a non-contributory basis and (2) granting non-contributory wage credits of $160 for each month of active military service from September 1940 through December 1956.

The Social Security Act, as amended, provides for reimbursement to the Old-Age and Survivors Insurance, the Disability Insurance, and the Hospital Insurance trust funds for the additional costs incurred since September 1, 1950, in paying benefits based on non-contributory military service credits. (For costs incurred prior to September 1, 1950, the Old-Age and Survivors Insurance Trust Fund was reimbursed $15,500,000). The 1965 Social Security Amendments established a fifty-year period for reimbursement, instructing the Secretary to determine by September 1965 the amount of reimbursement, in equal annual installments, necessary to place the trust funds in the same position on June 30, 2015, as they would have been if non-contributory military service credits had not been provided. (This amount would be redetermined each fifth September thereafter ending September 2010). After June 30, 2015, annual appropriations for current costs are authorized.

Public Law 90-248 further amended the Social Security Act to provide that, for social security benefit purposes, after December 1967, the pay of a person in the uniformed services would be deemed to be up to $300 a quarter more than his basic pay to cover the cost of wages-in-kind--such as food, shelter, and medical services. The additional cost of paying the benefits resulting from these deemed additional earnings will be borne by general revenues. Under the law, the Secretary is instructed to determine annually the amount of the additional costs. The Congress recommended, however, that annual reimbursements of the trust funds for these additional costs be provided for in the Defense Department appropriation. Actuarial data required for the determination of additional costs for the six-month period, January-June 1968--these new provisions first became effective after December 31, 1967--are expected to become available in the latter part of calendar year 1969. The amount of the first reimbursement of the trust funds is therefore expected to be included in the appropriation request for the fiscal year beginning July 1, 1971.

Estimated Annual Payment

The accumulated liability to the trust funds as of June 30, 1965, based on a detailed actuarial analysis of a random sample of actual benefit awards, was $1,005,000,000--$853,000,000 to the OASI trust fund and $152,000,000 to the DI trust fund. The annual installment required to amortize this debt over a 50-year period at the statutorily-determined rate of 4 1/8 percent interest is $45,900,000. The estimate of $105,000,000 includes this liability plus an estimate of future costs. The payment will be distributed by trust fund as follows:

OASI Trust Fund	-	$78,000,000
DI Trust Fund	-	16,000,000
HI Trust Fund	-	11,000,000
Total		$105,000,000

FRIDAY, APRIL 25, 1969.

PAYMENT FOR SPECIAL BENEFITS FOR THE AGED

WITNESSES

ROBERT M. BALL, COMMISSIONER OF SOCIAL SECURITY
ARTHUR E. HESS, DEPUTY COMMISSIONER
JACK S. FUTTERMAN, ASSISTANT COMMISSIONER, OFFICE OF ADMINISTRATION
MRS. MILDRED L. TYSSOWSKI, DIRECTOR, DIVISION OF FINANCIAL MANAGEMENT
ALVIN D. DIAMOND, BUDGET OFFICER
PHILIP A. O'BRIEN, ASSISTANT BUDGET OFFICER
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities: Reimbursement for benefits for certain noninsured persons (costs—obligations) (object class 42.0)		225,545	364,151
Financing: Budget authority (appropriation)		225,545	364,151
Relation of obligations to outlays: Obligations incurred, net		225,545	364,151
Outlays		225,545	364,151

GENERAL STATEMENT

Mr. BALL. The next item covers payment from general revenues for certain special benefits—cash benefits paid to uninsured people at age 72 or over. That was the Senate amendment of a few years back. They are paid at the rate of $40 a month——

Mr. FLOOD. We call the line item on this matter, "Payment for special benefits for the aged."

Mr. BALL. Yes.

Mr. FLOOD. What is special about the payments?

Mr. BALL. It is in a sense not part of the regular contributory social insurance program. It is paid for entirely by general revenues and goes to individuals 72 or over who did not contribute to social security. So it is special in the sense they are not regular social security benefits.

These payments, as you remember, are $40 a month, $20 for a wife, and they go to an individual as long as he is not receiving an assistance payment for that month.

Mr. FLOOD. A lot of people do not like this, you know.

Mr. BALL. Yes; I know there is some feeling——

Mr. FLOOD. Indeed there is.

Mr. BALL (continuing). That this is harder to justify, paying these amounts without contribution and without a test of need.

Again the basic law establishes the conditions under which we have to make these payments and the law provides it should be 100 percent reimbursed from general revenues for the payments and administrative costs.

Our estimate is $364,151,000, as reimbursement to the trust fund for amounts that we spend.

This was an amendment to the tax adjustment act of 1956. Perhaps the statement could be put in the record at this point.

Mr. FLOOD. Yes.

(Prepared statement follows:)

We now have the 1970 request for the general fund payment for special benefits for the aged. This appropriation also is designed to restore the trust funds to the same position they would have been in had not special benefits for the aged been enacted.

The appropriation request provides for a general fund payment of $364,151,000 to the Old-Age and Survivors Insurance Trust Fund as reimbursement for benefit payments, related administrative expenses and interest loss to the trust fund connected with the payment to certain noninsured individuals ages 72 and over.

The Tax Adjustment Act of 1966 added section 228 to the Social Security Act, which provided for a monthly benefit to persons aged 72 and over who have less than three quarters of work covered under social security. These monthly benefits are reduced by the amount of any Government pension, other than workmen's or veterans' compensation, that the individual or his spouse is receiving or is eligible to receive. Also, benefits are not payable to persons receiving public assistance cash payments. Monthly benefits to certain noninsured persons aged 72 and over first became payable for the month of October 1966. These benefits, initially, $35 a month plus an additional $17.50 for an eligible wife, were increased effective February 1968 to $40 and $20, respectively.

Section 228(g) of the Social Security Act, as amended, is the provision of law which authorizes an appropriation for the amount which is necessary to place the Federal Old-Age and Survivors Insurance Trust Fund in the same position as it would have been if the payments made from the trust fund to persons with fewer than three quarters of coverage had not been made. The first authorized appropriation of $225,545,000 was for the fiscal year ending June 30, 1969, for funds expended by the trust fund in the fiscal year ending June 30, 1967.

The 1970 request for $364,151,000 includes $359,217,000 for benefits and related costs of the program paid out of the Old-Age and Survivors Insurance Trust Fund during fiscal year 1968 and $4,934,000 for adjustments, primarily in the interest loss calculation, to the reimbursement made in the 1969 appropriation for 1967 expenses.

The amount of this request exceeds the 1969 appropriation by $138,606,000. The factors accounting for this increase are: (1) Benefit payments in fiscal year 1967, the first year of the program were made for only 8 months of the fiscal year; the 1970 request is based on a full 12 months of payments in fiscal year 1968, (2) a benefit increase effective during fiscal year 1968 was enacted; and (3) the average number of persons receiving benefits during 1968 was somewhat higher than in 1967.

The number of persons entitled to these benefits, which totaled 702,000 as of June 1968, will gradually decline from year to year and in the absence of legislative changes future annual amounts of reimbursement will become smaller.

Mr. FLOOD. As often happens in your shop, we are simply boxed in on this. You are required by law to make these payments?

Mr. BALL. Yes.

Mr. FLOOD. If we do not make the appropriation, the cost would have to be borne by the trust fund and that is certainly manifestly inequitable.

Mr. BALL. Yes

REASONS FOR SPECIAL BENEFITS FOR UNINSURED PERSONS OVER 72 YEARS OF AGE

Mr. FLOOD. As I mentioned a few minutes ago, there are a lot of people who do not like this. There is a lot of opposition to this. What are the good points?

Mr. BALL. I think the reasoning, Mr. Chairman, for this provision was something like the blanketing-in in the hospital insurance program that we discussed earlier.

The reasoning I believe was there were quite a few people in the older age group who had worked in occupations that, when they were young, were not covered under social security, and that therefore they ought to be given a cash benefit paid out of the general revenues because people like them in the future would be covered by social security.

Mr. FLOOD. I am interested in the answer that can be made to these objections.

Mr. BALL. The reasoning was it was not the fault of these older people that their occuptions were not covered and that everyone like them in the future will be getting a social security benefit. As a transitional device, the thought was to pick them up, pay them an amount near the minimum social security, and put the cost on general revenue, and in the future the contributory program would be taking over for just about everybody.

Mr. FLOOD. What about the new administration? Are they going to recommend any changes in this, do you know?

Mr. BALL. The 7 percent across-the-board benefit increase recommended by the President, Mr. Chairman, would apply also to this. So that the $40 would go up to $43 under the proposal. That is really just a cost-of-living adjustment, it does not change the basic level; it just restores the purchasing power to where the benefit was at the last time a change was made.

Mr. HESS. The composition of this group might help to explain or justify it. It is very heavily, very aged widows, whose husbands died before the husbands had a chance to work long enough under social security to get protection for the widows.

Mr. FLOOD. That is a very good point.

Mrs. REID. I receive a good deal of mail about this.

Mr. HESS. They have no pensions because, also, their husbands died at the time when there was very little in the way of private pensions in industry.

Mr. FLOOD. In my district we have had great economic trouble for the last quarter of a century in the hard coal regions. The average age bracket in my district is above the average for the Nation and because of the nature of the industry years ago and the age of the men who died, with the women surviving, I have a great deal of this problem.

JUSTIFICATION MATERIAL

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL SECURITY ADMINISTRATION

Payment for Special Benefits for the Aged

Amounts Available for Obligation

	1969	1970
Appropriation	$225,545,000	$364,151,000

Obligations by Activity

Page Ref.		1969 Estimate	1970 Estimate	Increase or Decrease
71	Reimbursement for benefits for certain non-insured persons	$225,545,000	$364,151,000	+$138,606,000
	Total obligations	225,545,000	364,151,000	+138,606,000

Obligations by Object

		1969 Estimate	1970 Estimate	Increase or Decrease
42	Insurance claims and indemnities	$225,545,000	$364,151,000	+$138,606,000
	Total obligations by object	225,545,000	364,151,000	+138,606,000

Summary of Changes

1969 estimated obligations	$225,545,000
1970 estimated obligations	364,151,000
Net change	+138,606,000

Increases	Base	Change from Base
A. Built-in		
1. Interest and other adjustments to 1969 appropriation		+$4,934,000
2. Additional requirements for 1970:		
a. Reimbursement for benefit payments	$197,925,000	+117,523,000
b. Reimbursement for interest loss to the trust fund	19,762,000	+18,239,000
3. Adjustment to 1969 base figures shown in 2a and 2b of "increases" and 1 of "decreases"	-4,934,000	+4,934,000
Total increases	---	+145,630,000
Decreases		
1. Reimbursement for administrative costs related to benefit payments	12,792,000	-7,024,000
Total decreases		-7,024,000
Total net changes requested		+138,606,000

Explanation of Changes

Increases:

A. Built-in

1. Interest and other adjustments to 1969 appropriation.....+$4,934,000

The fiscal year 1969 appropriation provided for reimbursement to the OASI trust fund for benefits paid during fiscal year 1967, related administrative costs, and interest loss to the trust fund. The interest calculation contained in the 1969 appropriation was based on the assumption that the amounts due would be deposited in the trust fund on July 1, 1968. The interest loss has been refigured taking into account the fact that reimbursement actually took place on December 31, 1968. The interest loss to the trust fund through the date of reimbursement exceeds the appropriation by $5,625,000. Partially offsetting this higher interest cost is a reduction of $691,000 due to a redetermination of reimbursable benefits paid during fiscal year 1967. The new determination excludes $603,000 which was paid to persons who in fact had at least three quarters

of coverage. The amount of reimbursable administrative costs for 1967 has also been revised downward by $88,000 to exclude costs connected with those benefit payments and to adjust certain other charges made for 1967.

2. Additional requirements for 1970

a. Reimbursement for benefit payments.....+$117,523,000

The 1970 appropriation request is based on benefits paid during fiscal year 1968. The increase of $117,523,000 in benefits paid during fiscal year 1968 over 1967 is due to:

(1) Annualization of 1967 costs..... +$99,000,000

Benefits first became payable under this program for the month of October 1966, with the first checks issued to beneficiaries in November 1966. The fiscal year 1969 appropriation covered disbursements made in November 1966 through June 1967. The fiscal year 1970 request represents the first full 12 months of benefit payments--July 1967 through June 1968.

(2) Benefit increase.....+$13,000,000

The Social Security Amendments of 1967 (P.L. 90-248) increased the benefits payable under this program from $35 to $40 for an individual beneficiary and from $17.50 to $20 for an eligible wife. The increase was effective with the checks issued to beneficiaries in March 1968.

(3) Increase in the number of beneficiaries receiving benefits in 1968 over 1967.....+$5,523,000

During fiscal year 1968 the number of persons receiving benefits under the program continued to increase through December 1967 and then gradually decreased to 702,000 at the end of June 1968 from 729,000 at the end of June 1967. The average number of persons receiving benefits during fiscal year 1968, however, was greater then the average for fiscal year 1967.

b. Interest loss to the trust fund.....+$18,239,000

Interest loss to the trust fund has been computed on the assumption that reimbursement takes place December 31, 1969. The interest payment request of $38,001,000 represents reimbursement to the trust fund for the interest income loss on the principal expended for benefit payment and administrative costs during fiscal year 1968. The increase of $18,239,000 in the interest loss is due primarily to the increase in prinicipal expended for higher benefit payments in fiscal year 1968.

3. Adjustment to 1969 base.....+$4,934,000

The added requirements for 1970 explained above and the decrease item detailed below are related to a 1969 base which has been adjusted to program costs rather than the 1969 appropriation to the OASI trust fund. This adjustment brings the base down to the 1969 appropriation.

Decreases

1. Administrative expenses related to benefit payments.....-$7,024,000

Total administrative expenses related to benefit payments incurred in fiscal year 1968 were $5,768,000, a decrease of $7,024,000 from the prior year's cost. These expenses represent the cost to the Social Security Administration of determining eligibility to the special benefit payments and maintaining the benefit roll. Also included are the costs of the Treasury Department for issuing and mailing benefit checks.

The substantial decrease in administrative costs in fiscal year 1968 is primarily because the cost of establishing eligibility for most of the persons who qualify for these benefits was incurred during fiscal year 1967. During fiscal year 1968, 117,558 persons were enrolled in the program at a cost of $2,655,090, a decrease of $6,743,326 from the prior year when 936,930 persons established eligibility for benefits. The cost per person added to the rolls in fiscal year 1967 was less than in fiscal year 1968 because those individuals who were already eligible for benefits in October 1966 and who were on the hospital insurance rolls did not have to file an application for benefits and their ages had already been established. There were 857,073 of these persons in the fiscal year 1967 workload of 936,930.

Additional administrative costs incurred in fiscal year 1968 include: (1) The cost of making 670,321 changes to the beneficiary rolls such as terminations and changes of address which were processed at a total cost of $2,417,477, a decrease of $477,366 from the prior year when over 1.2 million changes were processed (The higher volume of changes in fiscal year 1967 was due to the actions necessary to set up payment records for the relatively large number of persons who established eligibility in that year.); and (2) the cost of issuing and mailing benefit checks. (This is a cost initially incurred by the Treasury Department for which that Department is reimbursed by the trust fund.) Checks issued totaled 8,692,914 at a cost of $.08 each, or $695,433 in total.

Payment for Special Benefits for the Aged

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1969	$225,545,000	$225,545,000	$225,545,000	$225,545,000
1970	364,151,000			

Justification

Payment for Special Benefits for the Aged

This appropriation provides for a general fund payment of $364,151,000 to the Old-Age and Survivors Insurance Trust Fund as reimbursement for funds expended through fiscal year 1968 relating to the payment of benefits to certain non-insured individuals aged 72 and over. The appropriation represents reimbursement for benefit payments, related administrative expenses, and interest loss to the trust fund.

Background

Section 228(g) of the Social Security Act, as amended, provides monthly payments to certain non-insured persons aged 72 and over. These monthly benefits are reduced by the amount of any government pension, other than workmen's or veterans' compensation, that the individual or his spouse is receiving or is eligible to receive. Also, benefits are not payable to persons receiving public assistance cash payments. Monthly benefits to certain non-insured persons aged 72 and over first became payable for the month of October 1966. Initially $35.00 a month plus an additional $17.50 for an eligible wife, these benefits were increased effective February 1968 to $40.00 and $20.00 respectively.

Section 228(g) of the Social Security Act, as amended, authorizes an appropriation for the amount which is necessary to place the Federal Old-Age and Survivors Insurance Trust Fund in the same position as it would have been if the payments made from the trust fund to persons with fewer than three quarters of coverage had not been made. The first authorized appropriation was for the fiscal year ending June 30, 1969, for funds expended in the fiscal year ending June 30, 1967. Similar appropriations are authorized for each fiscal year thereafter.

Explanation of Fiscal Year 1970 Request

The estimate of $364,151,000 is composed of:

1.	Reimbursement for 1968 program costs:	
	a. Benefit payments	$315,448,000
	b. Administrative costs	5,768,000
	c. Interest loss to the trust fund	38,001,000
2.	Adjustment in reimbursement for 1967 program costs:	
	a. Benefit payments	-603,000
	b. Administrative costs	-88,000
	c. Interest loss to the trust fund	5,625,000
	Total	$364,151,000

Reimbursement for 1968 Program Costs

The total amount requested for reimbursement for amounts expended during fiscal year 1968 is $359,217,000. The request of $315,448,000 represents reimbursement for benefits actually paid during fiscal year 1968 to persons with fewer than three quarters of coverage. Administrative expenses incurred during fiscal year 1968 related to payment of benefits to persons with fewer than three quarters of coverage totalled $5,768,000. The principal administrative cost items in fiscal year 1968 were $2,655,090 for establishing eligibility for monthly benefits for 117,558 individuals at a unit cost of $22.59, and $2,417,477 for maintaining the beneficiary roll. The maintenance of the beneficiary roll during 1968 entailed making 670,321 changes such as terminations, and changes of address at a unit cost of $3.61. The cost of reimbursing the Treasury Department for issuing 8,692,914 checks at a unit cost of $.08 totalled $695,433.

Interest loss to the trust fund has been computed as explained below on the assumption that reimbursement will take place December 31, 1969:

For benefit payments: An amount equal to total benefits paid in each month was assumed to be available for investment at the beginning of such month at a rate of interest applicable to special obligations issued during that month. Interest was assumed to be payable semi-annually on June 30 and December 31. For the calculation of interest loss for the period after June 30, 1968, an interest rate of 5 5/8 percent was used--the same rate that applied to special obligations issued in June 1968.

For administrative costs: For administrative costs incurred in fiscal year 1968, the interest rate used was the average of the rates applicable to new special issues for the 12 months of fiscal year 1968. For the calculation of interest loss for the period after June 30, 1968, an interest rate of 5 5/8 percent was used.

The interest loss on expenses incurred during fiscal year 1968 assuming that the amounts due are deposited in the trust fund on December 31, 1969, is as follows:

On benefit payments:	$37,156,383
On administrative expenses:	844,631
Total	$38,001,014

Adjustment in Reimbursement for 1967 Program Costs

A net total of $4,934,000 is requested to adjust the amounts included in the 1969 appropriation as reimbursement for 1967 program costs. The request includes $5,625,000 for reimbursement for additional interest loss on expenditures incurred during fiscal year 1967. The interest loss on 1967 expenses has been recalculated, after adjustment of the principal because of the reductions in the reimbursable amounts for benefits and administrative expenses explained below. The amount of interest included in the original appropriation for 1969 was calculated on the assumption that the amounts due would be deposited in the trust fund on July 1, 1968. The deposit was actually made on December 31, 1968. The interest on the adjusted principal through the date of deposit plus additional amounts to be accumulated through December 31, 1969 when this appropriation is expected to be deposited in the trust fund is compared to the amounts included in the appropriation for 1969 in the following table.

	Interest included in the 1969 appropriation	Interest as redetermined	Change
On benefit payments	$13,130,229	$18,417,145	+$5,286,916
On administrative expenses	1,006,788	1,345,149	+338,361
Total	$14,137,017	$19,762,294	+$5,625,277

The higher interest cost is partially offset by a reduction of $691,000, primarily due to a redetermination of reimbursable benefits paid during fiscal year 1967. The reduction of $603,000 in the request is to adjust the reimbursement for 1967 benefits. In a re-examination of payment records there were identified payments to persons who actually had at least three quarters of coverage. Benefit payments to those persons should have been borne by the trust fund and not by the general fund.

The reduction of $88,000 in the request to adjust the reimbursement for 1967 administrative expenses is the result of two separate factors: (1) The amount of reimbursable administrative expenses incurred during fiscal year 1967 has been revised downward to exclude costs related to persons now identified as having at least three quarters of coverage. The expenses for establishing entitlement and maintaining the beneficiary roll related to those persons has been determined to be $38,000. (2) The method of determining reimbursable expenses has been revised resulting in a reduction of $50,000.

FRIDAY, APRIL 25, 1969.

CONSUMER CREDIT TRAINING

WITNESSES

J. DEANE GANNON, DIRECTOR, BUREAU OF FEDERAL CREDIT UNIONS
ROBERT M. BALL, COMMISSIONER OF SOCIAL SECURITY
ARTHUR E. HESS, DEPUTY COMMISSIONER
JACK S. FUTTERMAN, ASSISTANT COMMISSIONER, OFFICE OF ADMINISTRATION
MRS. MILDRED L. TYSSOWSKI, DIRECTOR, DIVISION OF FINANCIAL MANAGEMENT
ALVIN D. DIAMOND, BUDGET OFFICER
PHILIP A. O'BRIEN, ASSISTANT BUDGET OFFICER
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

CONSUMER CREDIT TRAINING

Object Classification (in thousands of dollars)

Identification code 09-60-0408-0-1-653		1968 actual	1969 est.	1970 est.
11.1	Personnel compensation: Permanent positions			96
12.1	Personnel benefits: Civilian employees			12
21.0	Travel and transportation of persons			31
24.0	Printing and reproduction			4
25.0	Other services			31
41.0	Grants, subsidies, and contributions			72
41.1	Stipends to students			54
	Total cost funded			300
94.0	Change in selected resources			
99.0	Total obligations			300

Personnel Summary

Total number of permanent positions			12
Full-time equivalent of other positions			1
Average number of all employees			8
Average GS grade			6.5
Average GS salary			$7,912

Program and Financing (in thousands of dollars)

Identification code 09-60-0408-0-1-653		1968 actual	1969 est.	1970 est.
	Program by activities:			
10	Training and credit management (costs—obligations)			300
	Financing:			
40	**Budget authority (appropriation)**			**300**
	Relation of obligations to outlays:			
71	Obligations incurred, net			300
74	Obligated balance, end of year			−17
90	Outlays			283

OPERATING FUND, BUREAU OF FEDERAL CREDIT UNION

Object Classification (in thousands of dollars)

Identification code 09-60-4056-0-3-653		1968 actual	1969 est.	1970 est.
	Personnel compensation:			
11.1	Permanent positions	4,573	5,089	5,385
11.3	Positions other than permanent	46	80	70
11.5	Other personnel compensation	24	65	93
11.8	Special personal services payments	30	30	32
	Total personnel compensation	4,673	5,264	5,580
12.1	Personnel benefits: Civilian employees	407	433	464
21.0	Travel and transportation of persons	744	728	765
22.0	Transportation of things	33	35	35
23.0	Rent, communications, and utilities	85	90	90
24.0	Printing and reproduction	64	65	66
25.0	Other services	235	301	307
26.0	Supplies and materials	28	32	33
31.0	Equipment	29	34	34
41.0	Grants, subsidies, and contributions	48	48	65
	Loss on sale of equipment	3	---	---
	Total costs, funded	6,349	7,030	7,439
99.0	Total obligations	6,349	7,030	7,439

Personnel Summary

Total number of permanent positions	512	481	500
Full-time equivalent of other positions	9	14	12
Average number of all employees[1]	483	488	497
Average GS grade	6.3	6.6	6.5
Average GS salary	$7,243	$7,890	$7,912

[1] Excludes overtime equivalent as follows: 1968, 1 man-year; 1969, 7 man-years; 1970, 10 man-years

Program and Financing (in thousands of dollars)

Identification code 09-60-4056-0-3-653		1968 actual	1969 est.	1970 est.
	Program by activities:			
	Operating costs, funded:			
	1. Chartering	90	105	108
	2. (a) Examination	4,896	5,050	5,417
	(b) Supervision	943	1,316	1,352
	3. Administration	271	369	367
	4. Consumer education training	120	156	161
	Total operating costs, funded	6,320	6,996	7,405
	Capital outlay, funded:			
	Purchase of equipment	29	34	34
	Total program costs, funded	6,349	7,030	7,439
10	Total obligations	6,349	7,030	7,439
	Financing:			
	Receipts and reimbursements from:			
11	Federal funds	−120	−106	−136
14	Non-Federal sources (12 U.S.C. 1755-1756, 1766)	−6,165	−6,693	−7,578
21	Unobligated balance available, start of year	−1,423	−1,359	−1,128
24	Unobligated balance available, end of year	1,359	1,128	1,403
	Budget authority	---	---	---
	Relation of obligations to outlays:			
71	Obligations incurred, net	64	231	−275
72	Receivables in excess of obligations, start of year	−18	−88	−113
74	Receivables in excess of obligations, end of year	88	113	123
90	**Outlays**	134	256	−265

Mr. FLOOD. Now we will have the Social Security Administration consumer credit training, and the presentation will be made by Mr. J. D. Gannon, the Director of the Bureau of Federal Credit Unions.

I might add, as I am sure you know, this has become quite a thing in recent years.

Mr. GANNON. Yes, Mr. Chairman; I am sure you know that Pennsylvania is our No. 1 State with regard to Federal credit unions. There are more in Pennsylvania than in any State.

Mr. FLOOD. I have spoken to them all, I think.

Mr. GANNON. I am sure you have.

Mr. FLOOD. What is your background, where were you born?

Mr. GANNON. I was born in Wisconsin, Mr. Chairman. I was there with the banking department in the credit union division before I came here.

Mr. FLOOD. How long have you been here?

Mr. GANNON. Since 1953.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Mr. FLOOD. We will insert your biographical sketch in the record. (The biographical sketch follows:)

BIOGRAPHICAL SKETCH OF J. DEANE GANNON

Position: Director of the Bureau of Federal Credit Unions, Social Security Administration, Department of Health, Education, and Welfare, since June 15, 1953.

Former positions: In 1933 became an examiner in the Wisconsin State Banking Department. The State chartered credit unions in Wisconsin are chartered, supervised, and examined by the banking department. As the number of credit unions increased, a credit union section was established in that department, and in 1941 he became supervisor of this section, which position he held until appointment with the BFCU.

Education: Graduate of the University of Wisconsin School of Commerce, A.B. in accounting 1930. Graduate school through 1931 studying law.

Awards: Presidential citation "for outstanding contributions to greater economy and improvement in government operations" November 30, 1964.

Personal: Born in Madison, Wis., March 2, 1907.

Married to the former Doretha Schoman of Milwaukee, Wis. Two children: James and John.

GENERAL STATEMENT

Mr. FLOOD. Please proceed with your statement.

Mr. GANNON. Mr. Chairman and members of the committee, I would like to present to you next our request for $300,000 for consumer credit training to be appropriated to the Bureau of Federal Credit Unions.

This is a new appropriation account and it stems from the Federal Credit Union Act of 1968 (P.L. 90-375) which was signed into law on July 5, 1968. This act authorized appropriations of Federal funds for consumer credit training not to exceed $300,000 in fiscal year 1970 and $1,000,000 in fiscal year 1971. The primary intent of the legislation is to permit the Bureau of Federal Credit Unions to deliver intensified and improved training programs along the lines of the highly regarded Project Moneywise.

PROJECT MONEYWISE

Project Moneywise was initiated in February 1966 when the Bureau of Federal Credit Unions and the Office of Economic Opportunity entered into an agreement under which the Bureau of Federal Credit Unions would conduct a series of six training classes for local leaders in the limited-income areas. BCFU personnel provided the instruction while the Office of Economic Opportunity funded the program. These training programs, christened "Project Moneywise," were held in Boston, New York, Los Angeles, Chicago, and Washington during 1966.

The 4-week program covered such topics as consumer education, family financial counseling, and credit union operations and management. Emphasis was given to the special services that credit unions can provide for limited-income members in an effort to help them get the most value out of the money they already had.

ROXBURY PROJECT

The first limited-income credit union established as a result of Project Moneywise was started in the Roxbury section of Boston in May 1966—an area hard hit by riots in July 1967.

Mr. FLOOD. Do you remember what strong opposition you had from certain Members in the past?

Mr. GANNON. Yes, I do.

Mr. FLOOD. The ranking minority member, some years back, was part of that opposition.

Mr. GANNON. That is right.

Since organization, the credit union has made over 600 loans amounting to $120,000. These loans were made to low-income people with almost no source of legitimate credit. Most of the loans had a maturity of 1 year and were generally for durable goods, medical, dental and funeral expenses, debt consolidation, and repayment of personal loans from other sources.

The credit union treasurer was a Project Moneywise participtant and as a result of his training, helped his members establish budgets, arranged debt repayment plans with creditors, and provided family financial counseling for countless members of the community. The treasurer also provided a complete range of consumer education to help the members obtain quality goods at lower prices and to avoid the fradulent and deceptive practices prevalent in the low-income market.

This first credit union, established as a result of Project Moneywise, now has 325 members, assets of $105,000 and paid a 4-percent dividend in 1968. The credit union has been designated as a fiscal agent of the United States for disbursal of funds under the emergency loan program. It is expected that the credit union will also issue food stamps to the poor as soon as the program has been approved for Boston.

Since Project Moneywise was started, it has provided for the training of approximately 450 persons from low-income areas on proper consumer practices. The community leaders thus trained have conducted similar training sessions for people in their community and have been instrumental in establishing 669 credit unions in low-income areas similar to the first one in the Roxbury section of Boston.

PROGRAM FOR FISCAL YEAR 1970

The Office of Economic Opportunity is providing $90,000 for continuation of Project Moneywise in fiscal year 1969. Whether it will be able to contribute toward this project in fiscal year 1970 is uncertain. The $300,000 which we are requesting for fiscal year 1970 will permit us to significantly augment our current consumer training effort in low-income areas. We plan to use the funds to conduct 18 training sessions, each with approximately 25 students, in proper consumer purchasing practices and in the benefits from operations of a credit union for limited-income persons. In addition, we will establish a program of experimental projects designed to promote more effective operation of credit unions and related consumer counseling programs among the poor. Full and thorough consideration will be given to whether each specific project should be carried out directly or be carried out by means of a grant or contract with a college or university, a State or local educational agency, or some other appropriate public or private nonprofit organization.

REVIEW OF THE BUDGET

Mr. FLOOD. Do you not feel like the forgotten man? Do you ever have that feeling?

Mr. GANNON. In a way we do, Mr. Chairman, but when we realize how much we have been able to achieve in this limited effort, we feel we are doing something for the forgotten man.

Mr. FLOOD. It is a pretty small amount, I know that. This was totally ignored by the Nixon review. You do not have a very high priority, do you? They forgot you or ignored you. What happened, which one?

Mr. GANNON. I am not sure what happened. I do know the people who are involved, especially in the Project Moneywise classes, think very highly of the effort.

Mr. FLOOD. Mr. Cardwell?

Mr. CARDWELL. I do not feel they were ignored. This item was reviewed.

Mr. FLOOD. This is what is known as an affirmative defense.

Mr. CARDWELL. The item was reviewed and I think the fact it was left intact shows the Secretary's support for it.

Mr. BALL. I believe it is the full authorization for 1970.

Mr. CARDWELL. It is.

RELATION TO OTHER PROGRAMS TO PROMOTE BETTER MONEY MANAGEMENT

Mr. FLOOD. Mr. Cardwell knows this.

The public assistance people were here and they talked about their program, and did it very well, "Services to Families to Improve Money Management." I remember Mrs. Reid said, how do you do that? She wanted to know, and I said I would like to know because I would like to tell Mrs. Flood. And the witness went on and told us about the public assistance program to help people in money management.

Then the adult education people. They have not officially been here this year, but my spies tell me they, as they did last year, will tell us about their activities in this area.

Then there is the Office of Economic Opportunity. They have quite a few programs that support these activities. They will have quite a speech about this.

The Department of Agriculture; they are real oldtimers at this. They give this kind of advice to the rural families. I am not sure about the Department of Interior.

Mr. MICHEL. They probably have such a program for Indians.

Mr. FLOOD. There are probably three or four more I have forgotten about.

Why are you getting into this act? I mentioned four and there must be two or three others, I do not know about.

Mr. GANNON. In all due modesty, I would not say our program is going to solve all the problems of limited income people. We have found in Project Moneywise that these people have no established credit, therefore they have to buy merchandise where they can obtain credit.

A man will buy a suit of clothes which he will pay for at the rate of $2 a week, but he makes 50 weekly payments on a suit of clothes so it costs him a $100.

Mr. FLOOD. Plus a carrying charge on the items.

Mr. GANNON. That is right.

If he could go into the legitimate market, he could buy that suit of clothes for $25 or $30. So immediately, there will be the savings between $25 and the $100, let alone the saving on carrying charges.

Mr. FLOOD. That is a good point.

Mr. GANNON. So the credit unions therefore are a means of him establishing credit.

OPERATION CREDIT WORTHY

We have had a very interesting experiment in Boston called operation credit worthy project. We have worked with the Better Business Bureau there and the retail merchants, and the merchants in Boston now are willing to take our credit union people whom we will recommend to them, and extend credit to them—Filene's, Jordan Marsh, and others.

Mr. FLOOD. You mean you have people you do not recommend?

Mr. GANNON. Oh, yes, we do have.

Mr. FLOOD. Why?

Mr. GANNON. Because their credit habits are not good. We are training them and as soon as we can say these people will repay, then we can recommend them. So these people in Boston now are going to have access to the legitimate market for the first time in their lives, and the business community is very excited about this. They are extending credit up to $100 now, and as these people perform credibly with them, they will extend it so they can be able to buy merchandise as anybody else, and at the same rate.

BUDGETING FOR EXPENSES OF THE BUREAU OF FEDERAL CREDIT UNIONS

Mr. FLOOD. There was a time, you remember when the Bureau of Federal Credit Unions, was a line item, an appropriated item.

Mr. GANNON. That is right up to fiscal year 1954.

Mr. FLOOD. There were not very many, but there were, I am sure you know, some Members up here that raised the roof about this. There are still a few who don't like you. As I said, in that group was a former very distinguished, very important minority member of this subcommittee. I never knew why. He pounded the table about this.

Since you are supporting yourself, I have heard very, very little opposition to your operation. Do you want trouble again, do you want to become controversial?

Mr. GANNON. No, Mr. Chairman.

Mr. FLOOD. You are asking for it.

Mr. GANNON. As you say, we are self-financed and we feel this is a problem of a dimension we just cannot assume through a fee structure. We think it is unfair to assess fees against all credit unions to carry this project.

Mr. Chairman, our average credit union is a relatively small organization, the majority of Federal credit unions have assets of less than $250,000.

Mr. FLOOD. I know, but why do you want to become controversial again? You went through this once.

Mr. GANNON. We want to render service to the limited income people and this is a program we know will be successful in helping these people, to help them help themselves. This is really a self-help program, the Federal credit union program, because the people save money in small sums, nickels, and dimes, and quarters, then they pool their savings and that is the fund that becomes available for loans.

We have a marvelous loss experience. Our loss experience on loans made is less than a quarter of 1 percent.

Mr. FLOOD. That is a good point.

Mr. GANNON. This is because these people feel a close affinity for one another and for the cause they are part of. So we feel, Mr. Chairman, that with this sum of money we will be training leaders in good money management, and they in turn will go out into their community and train others. So this will spread far and wide.

Mr. FLOOD. Just so you know, if the argument starts again, you asked for it. We will do our best to help you, but you may be asking for trouble again. I do not know. Nobody said a thing last year.

Mr. GANNON. I think our experience ought to help support our cause, Mr. Chairman, and I am sure you know what we have done with credit unions in Pennsylvania. I think the record throughout our country is pretty generally the same.

Mr. FLOOD. But all of the Members do not have the good sense to come from Pennsylvania.

ENCOURAGING GOOD MONEY MANAGEMENT

Mrs. REID. May I make one comment?

I have reservations about the whole concept.

Mr. FLOOD. There you are.

Mrs. REID. You say "good money management." To my way of thinking, a person going into debt is not the way to good money management. Also, I might add that projects such as these—Moneywise and Project Worthy—projects with appealing titles so often do not come through, and I think promise more to people than they

actually produce. I would like to know more about these particular projects, however, before commenting further.

Mr. GANNON. We do not encourage people to go into debt. The fact is, these people are in debt. As I indicated, they are buying merchandise for which they are paying three or four times the fair value. So, right at the beginning they are disadvantaged. We are not saying they should borrow money. As a matter of fact, we encourage them to save.

The primary purpose of a credit union is thrift. The poor have no place to save money, the people in the ghettos. So just like the rest of us, where they can, they save for a new suit of clothes or whatnot, they do. It may not necessarily be going into debt but if they do they will be paying much less interest than otherwise.

Mr. BALL. It may not have been completely clear from what we said on this up to now that this is not a new project. This is not a new idea that we are going to do. It is one we have tried out.

Mrs. REID. I realize that.

Mr. BALL. I do not know how many of these we have run, but they have really been very successful in terms of getting a very good reaction from the lower income people who attended these programs. They learn about how to avoid getting caught in some very expensive credit operations when they go to stores that specialize in credit operations. Sometimes they never get out of debt. They learn enough about buying through this training to help make their low incomes go much further. I had thought it was a very good idea to make this available.

REASONS FOR APPROPRIATION REQUEST

Mr. FLOOD. The point I am trying to make, you are coming here now and asking for money.

Mr. GANNON. Yes.

Mr. FLOOD. This is very likely to make some members unhappy. They think perhaps you shouldn't exist at all, but if you do you should be 100 percent self-supporting.

Mr. GANNON. Mr. Chairman, the ordinary member of a local credit union is interested primarily in his own savings and his own ability to borrow from his credit union. We feel that it is not quite fair to him as an individual member to assess his credit union for a training program he would not necessarily benefit from. This idea was to go into the ghetto areas and low-income areas with a skill that this group had developed to make people more sophisticated buyers.

If we are going to use that skill, it did not seem to us quite proper to put the entire cost of the project on credit union members, but rather, make it a general revenue contribution because it was important to help low-income people do a better job in managing their money.

Mr. FLOOD. You are asking for trouble. Do you have to do this?

Mr. GANNON. If you are going to do the program, the only alternative would be to assess the individual credit union and I just wonder if that is quite fair for this purpose.

Mr. CARDWELL. This issue of whether you could fund this activity out of fees is something that our office examined last year when it became clear OEO is no longer able to continue with the funding. We asked the same basic question you asked and came to the conclusion

that primarily, the point Mr. Gannon made, the average credit union really could not afford it, that we should go ahead and support the legislation and then the appropriation request.

I do not want to prolong the hearing, but it seems to me the committee has raised four points so far, all of which run against us.

One is, are we not really asking for a new controversy over how you fund the Federal credit union system by making this item a direct appropriation, and the answer we have, it is the only way we have been able to devise to fund the activity.

Now you also directed some questions at the activity itself, is it an appropriate activity? One of those questions in effect was, how many people are going to get in this act?

We have all kinds of Federal programs described as moneymaking. Assistance, money management education, how to stretch your dollars, and we find them in the OEO, the original funder of this program, we find them as was pointed out in the public assistance program and social service activities. But here I think we have something that is rather unique.

The Federal credit union movement was and is a thrift movement. It started out to serve, even originally what I believe were poor people, and low middle class.

Mr. FLOOD. It is no new thing.

Mr. CARDWELL. It has been a very successful movement. It has taught people how to save money, people who did not even know they could save money. There is a hue and cry to help poor people become self-sufficient, help them adopt the middle-class values, help them save money. We credit people for being thrifty if they save money. We think that is an attribute we all should have and if we find it in a poor person we admire and give him credit for it. Here we are saying that in the ghetto there are poor people just running in a circle and being supplied by people who have money. They themselves, who have so little, and their interest and demand for more is so great, they get caught in the competition.

The proposition is, let's use the credit union as a device for getting out and reaching some of these people.

DISCONTINUANCE OF OEO SUPPORT FOR PROGRAM

Mr. FLOOD. The antipoverty people who came in here, originally made a big deal out of this. Now they have quit; and it is such a marvelous thing, you say. I remember when Shriver was here.

Mr. CARDWELL. I am sure he talked about this program.

Mr. FLOOD. Now they quit. If it is so good, why do they throw it out?

Mr. CARDWELL. I think we probably led them to believe we should and would pick it up, that it was an appropriate thing for us to do under the concept of OEO.

Mr. FUTTERMAN. OEO did not do this program itself, they financed it. It was done on a reimbursable basis by the Bureau of Federal Credit Unions.

The $300,000 is being sought as an appropriation to the Bureau of Federal Credit Unions. They will have the responsibility for this particular program under the revised Federal Credit Union Act.

Mr. HESS. And it is pursuant to a Congressional enactment of last year that authorized the request for the appropriation.

Mr. GANNON. The credit union program is a self-help program as I indicated to you.

Mr. FLOOD. That is a good phrase.

Mr. GANNON. If we can teach people in the ghettos to save money——

Mr. FLOOD. Help people to help themselves?

Mr. GANNON. I think we are going to make a great contribution to our country. This is involving the private sector because credit unions are the private sector, they are owned by their own members. We are not asking for any money to operate, we are asking money in this appropriation to permit us the opportunity of teaching people how to better their own economic life through credit union membership and we will make better citizens of them.

ROXBURY PROJECT

Mrs. REID. I think it might be good for the record to supply more information about this, for instance about the union in Roxbury, just to show actually what has happened.

Mr. GANNON. We will be happy to supply it. We have in total about 669 of these credit unions that are primarily for limited income persons.

(The information follows:)

CREDIT UNION ACTIVITIES IN ROXBURY, MASS.

The Federal credit union referred to in my statement is "Action Area V Federal Credit Union," which serves the Roxbury-North Dorchester neighborhoods in Boston, Mass. It provides an excellent example of how a credit union can act as a catalyst for community improvement in a poor neighborhood.

Action Area V embraces 4,400 families with median incomes of $4,857 (based on the 1960 census). Over 25 percent of the population earns less than $3,000. The total population of the target area is 82,000, approximately half white, half black.

Services supplied by the credit union include the basic thrift and credit services which are fundamental to any credit union. New programs aimed at improving the community's living standards have been added. These include consumer counseling, sale of food stamps, family emergency loans (under the Farbstein amendment to the OEO Act), and Operation Credit Worthy. The latter program was developed by the Bureau in concert with low-income credit unions in Boston to afford the poor a means of upgrading their credit standing. Neighborhood residents are trained by credit union personnel in budgeting and bill paying. Those who progress through the program to borrower maturity are referred to the Boston Retail Trade Board as acceptable credit risks at downtown department stores. At present, 25 members of Action Area V Federal Credit Union have qualified under this program for the first time for charge accounts at Filene's and Jordan Marsh, the two major Boston stores.

The emergency loan program was heavily utilized in 1967, following a series of riots which severely disrupted community businesses and services. In 1967, $84,000 in Farbstein amendment funds were loaned out to 400 persons, an average of $210 per loan. Significantly, the credit union has never been touched in any disturbance in Roxbury, which may be an indication of the degree of acceptance the institution enjoys in the community.

The effectiveness of Action Area V Federal Credit Union as a community development vehicle was greatly enhanced by the training its treasurer-manager, Leon Richards, received during a Project Moneywise course in Boston. The programs involving the credit union in counseling, emergency loans, Operation Credit Worthy, and the like, were initiated by Mr. Richards following his training in Project Moneywise. Richards is now carrying on a consumer education program of his own for 175 to 200 members of the credit union, using material and techniques he learned at Project Moneywise. This is an example of the "snowball effect" which Project Moneywise produces.

A few illustrations of the impact of the credit union on individuals and families in Roxbury will show improvements that Project Moneywise credit unions can generate.

Several married couples have come to the credit union in such serious financial trouble that the marriage itself was threatened. Action Area V Federal Credit Union has made loans, to the extent possible, to the families, in order that they may pay off their bills. Going beyond that, however, the trained personnel of the credit union have negotiated with the remaining creditors and developed plans for the couples to pay their debts on a prorated basis. Finally, the personnel have spent many hours counseling the couples in proper money management, so that once they have traversed the long road to financial health they will no longer need fear the circumstances of calamitous debt. The credit union officials are convinced that a number of marriages have been saved by their efforts.

Other residents have come to the credit union as a last attempt to meet demands for repayment from loan sharks, who have threatened their victims with physical harm unless they pay what they owe. By the very nature of loan sharking, however, it is virtually impossible to repay once the credit has been extended, due to the extortionate interest charged. Attorney General Mitchell has recognized the value of credit unions in helping to eliminate loan sharking, and Action Area V Federal Credit Union has aided several members who were slated to become virtual hostages of loan sharks. The credit union also deals with less sensational problems.

One 18-year-old student came to the credit union in desperate straits. He held a full-time job during the day and was attending night school. His funds had run out, and he was being forced to drop out of school because he was unable to meet a tuition payment. The youth received counseling at the credit union, and obtained a loan to pay for his tuition. He was able to remain in school, and through the continuing consumer counseling he received, he was able to adjust his budget so that he is paying back on the tuition loan and is otherwise living within his income.

These success stories are typical of many that are being repeated in the more than 670 Federal credit unions throughout the country which are serving the poor exclusively. The majority of these credit union (nearly 500) are in urban areas, but there are also Federal credit unions successfully serving groups of American Indians, Mexican-Americans (including migrants), the poor in Appalachia, and in other areas of rural America. (Special Project Moneywise programs have been given to these groups.) The average Federal credit union serving the poor has a potential membership of 2,000 persons. Since most of these persons are members of families, these credit unions have the potential to reach as many as 4½ million poor in the United States.

Project Moneywise was initiated by the Bureau of Federal Credit Unions in 1965 in the conviction that credit units were uniquely qualified to offer the poor a way of escaping from the low-income marketplace and from the shopping patterns which sustain it. Project Moneywise differs from all other consumer programs aimed at the poor because of its emphasis on the credit union as an alternative to the peddler, the loan shark, and the credit merchant.

Poor people are caught in a trap because they must borrow for many ordinary purchases, and because they cannot qualify for legitimate credit due to their low incomes and past credit experiences. The "no money down" and "weeks to repay" merchants prevalent in all low-income markets thrive because they do offer credit—albeit at a high price—to the poor. Credit unions step in to break this vicious cycle by offering credit at reasonable rates, plus the opportunity for the member to shop outside the low-income market at considerable savings.

Project Moneywise is the vehicle by which credit unions are made available to the poor. It is the essential step in giving the poor a choice in the marketplace.

Mr. FLOOD. Thank you, gentlemen.

JUSTIFICATION MATERIAL

JUSTIFICATION MATERIAL

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL SECURITY ADMINISTRATION

Consumer Credit Training

Amounts Available for Obligation

	1969	1970
Appropriation	--	$300,000

Obligations by Activity

Page Ref.		1969 Estimate Pos.	1969 Estimate Amount	1970 Estimate Pos.	1970 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
82	Training and credit management	--	--	12	$300,000	+12	+$300,000
	Total obligations	--	--	12	$300,000	+12	+$300,000

Obligations by Object

		1969 Estimate	1970 Estimate	Increase or Decrease
	Total number of permanent positions	--	12	+12
	Average number of all employees	--	8	+8
11	Personnel compensation:			
	Permanent positions	--	$96,400	+$96,400
	Total personnel compensation	--	96,400	+96,400
12	Personnel benefits	--	11,650	+11,650
21	Travel and transportation of persons	--	31,050	+31,050
24	Printing and reproduction	--	4,000	+4,000
25	Other services	--	30,900	+30,900
41	Grants, subsidies, and contributions	--	126,000	+126,000
	Total obligations by object	--	300,000	+300,000

Summary of Changes

1969 estimated obligations	--
1970 estimated obligations	$300,000
Net change	+300,000

	Base		Change from Base	
	Positions	Amount	Positions	Amount
Increases				
A. Program				
1. Training and credit management	--	--	+12	$300,000

Explanation of Changes

The total estimate of 1970 obligations is the net change requested inasmuch as this appropriation did not exist in 1969.

The 1970 estimate provides for a staff of 12 persons in the Bureau of Federal Credit Unions who will be concerned with consumer credit training among low-income groups. In fiscal year 1970, this staff will conduct 18 training sessions to be attended by an estimated 450 persons who are interested in promoting knowledge of proper consumer purchasing practices among low-income groups and in establishing credit unions for people of limited means. Persons attending these sessions will be given stipends amounting to $30 per week for four weeks. (A total of $54,000 is included in the 1970 estimate for these stipends.)

The 1970 estimate also includes a total of $72,000 for grants to public or private agencies to develop programs which will improve credit union service to the poor.

Authorizing Legislation

The authorization for this appropriation is contained in section 21(f)(2)(c) of the Federal Credit Union Act:

> "(c) In order to carry out the purposes of this paragraph, there is authorized to be appropriated, as a supplement to any funds that may be expended by the Director pursuant to sections 6 and 7 for such purposes, not to exceed $300,000 for the fiscal year ending June 30, 1970, and not to exceed $1,000,000 for the fiscal year ending June 30, 1971."

Consumer Credit Training

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1970	$300,000			

Justification

Consumer Credit Training

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits	--	--	12	$108,050	+12	+$108,050
Other expenses	--	--	--	191,950	--	+191,950
Total	--	--	12	300,000	+12	+300,000

General Statement

The Bureau of Federal Credit Unions conducts either directly, through its own employees, or indirectly, through grants to or contracts with other organizations, training of persons engaged in the operation of credit unions, and in related consumer counseling programs serving the poor. Close coordination is maintained with other Federal agencies concerned with the problems of the poor, particularly the Office of Economic Opportunity. The development and operation of these programs involve to the maximum extent possible residents of the areas and members of the groups served by these programs and projects. The Bureau finances through its charter, examination and supervision fees, which it receives from each chartered credit union, all of the responsibilities connected with the credit union activities. It has, however, other responsibilities to the general public in providing consumer education to the poor. The Bureau meets these responsibilities through funds received from general fund appropriations, which is the purpose of this request, and through contracts or gifts from other public or private sources which are deposited in the Operating Fund account of the Bureau of Federal Credit Unions.

In fiscal year 1970 the Bureau will conduct 18 training sessions, each with approximately 25 students in proper consumer purchasing practices and in the benefits and operations of a credit union for limited-income persons. These students will, hopefully, be able to teach others. In addition, the Bureau will provide several instructors who have been hired from the limited-income segment of the public for assistance to limited-income credit unions in evaluating the unions' operations. This will enable many of these credit unions to remain financially sound.

Through grants to or contracts with public and private educational institutions, State and local governments, management resources firms, the Credit Union League, the Credit Union National Association, and others the Bureau expects to develop programs for improving its service to the poor. These organizations would select sites for intensification of credit union services in low-income areas, research obstacles preventing these credit unions from reaching desired objectives and suggest better methods for credit unions to serve more of the social needs of the poor. They would develop programmed learning techniques for consumer education. A program would be developed for the use of credit cards for credit unions serving the poor. They would develop a pilot study of consumer education for teenagers using game technique. The possible use of credit unions as the management resource for low-income housing would be examined and the use of credit unions as the vehicle to assist the poor to attain home ownership under the Housing and Urban Development Act of 1968 would be explored.

A program for use of Small Business Administration - Small Business Insurance Corporation with Federal credit unions for community development purposes would be worked out.

MONDAY, APRIL 28, 1969.

LIMITATION ON SALARIES AND EXPENSES (TRUST FUND)

WITNESSES

ROBERT M. BALL, COMMISSIONER OF SOCIAL SECURITY
ARTHUR E. HESS, DEPUTY COMMISSIONER
JACK S. FUTTERMAN, ASSISTANT COMMISSIONER, OFFICE OF ADMINISTRATION
MRS. MILDRED L. TYSSOWSKI, DIRECTOR, DIVISION OF FINANCIAL MANAGEMENT
ALVIN D. DIAMOND, BUDGET OFFICER
PHILIP A. O'BRIEN, ASSISTANT BUDGET OFFICER
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

Object Classification (in thousands of dollars)

Identification code 09-60-8006-0-7-652		1968 actual	1969 est.	1970 est.
	Personnel compensation:			
11.1	Permanent positions	354,215	391,941	404,480
11.3	Positions other than permanent	4,770	4,506	3,726
11.5	Other personnel compensation	35,547	28,301	52,040
11.8	Special personal service payments	43	189	107
	Total personnel compensation	394,575	424,937	460,353
12.1	Personnel benefits: Civilian employees	28,826	31,048	32,156
21.0	Travel and transportation of persons	6,979	7,414	6,918
22.0	Transportation of things	2,000	2,054	2,036
23.0	Rent, communications, and utilities	44,859	52,066	54,385
24.0	Printing and reproduction	5,813	6,110	6,069
25.0	Other services	215,286	246,094	273,149
26.0	Supplies and materials	5,398	5,519	6,140
31.0	Equipment	2,775	9,664	16,882
32.0	Lands and structures	199	307	305
42.0	Insurance claims and indemnities	69	108	113
92.0	Undistributed (contingency reserves)	----------	----------	25,000
93.0	Administrative expenses included in the fund as a whole	−712,523	−786,105	−885,000
94.0	Change in selected resources	5,744	784	1,494
99.0	Total obligations	----------	----------	----------

Personnel Summary

Total number of permanent positions	53,496	51,076	53,941
Full-time equivalent of other positions	1,150	1,128	936
Average number of all employees[1]	50,605	51,484	51,936
Average GS grade	6.3	6.6	6.5
Average GS salary	$7,243	$7,890	$7,912

[1] Excludes overtime equivalent as follows: 1968, 4,165 man-years; 1969, 3,080 man-years; 1970, 5,600 man-years.

Program and Financing (in thousands of dollars)

	1968 actual	1969 est.	1970 est.
Program by activities:			
1. Old-age and survivors insurance program	323,309	355,227	385,166
2. Disability insurance program	142,203	162,816	175,528
3. Health insurance program:			
(a) Hospital insurance plan	86,536	88,493	92,500
(b) Supplementary medical insurance plan	154,731	178,785	205,312
4. Contingency reserve	----------	----------	25,000
Total program costs, funded	706,779	785,321	883,506
Change in selected resources[1]	5,744	784	1,494
Total obligations	712,523	786,105	885,000
Financing:			
Comparative transfer to other agencies	148	187	----------
Unobligated balance lapsing	2,657	----------	----------
Budget authority (appropriation)	**715,328**	**768,145**	**885,000**
Proposed supplemental for civilian pay act increase	----------	**18,147**	----------
Relation of obligations to outlays:			
Obligations incurred, net	712,671	786,292	885,000
Obligated balance, start of year	33,952	43,620	47,121
Obligated balance, end of year	−43,620	−47,121	−76,616
Adjustments in expired accounts	−2,151	----------	----------
Outlays	700,852	782,791	855,505

[1] Selected resources as of June 30 are as follows:

	1967	*1968 adjustments*	*1968*	*1969*	*1970*
Stores	1,821	-------	2,130	2,527	2,916
Unpaid undelivered	2,457	−2,151	5,741	6,128	7,233
Total selected resources	4,278	−2,151	7,871	8,655	10,149

Mr. FLOOD. Now we have the limitation on salaries and expenses for the Social Security Administration.

Of course, Mr. Robert M. Ball, the Commissioner, is here again. You have with you Mr. Hess, the Deputy Commissioner. Do you have anybody with you who has not been here before?

Mr. BALL. They have all been here before.

Mr. FLOOD. You have a statement. How do you want to handle it?

Mr. BALL. As you remember, we had a rather lengthy opening statement covering all of the items we have before you. On this expenditure from the trust funds for administrative expenses, I have a rather summary statement and perhaps I might read it pretty much as it is, if that is acceptable.

Mr. FLOOD. Do it your way.

GENERAL STATEMENT

Mr. BALL. The last appropriation request that we have for your consideration is for the administrative expenses of the Social Security Administration. For fiscal year 1970, there is a request before you to spend $885 million from the trust funds for administration of the cash benefit and medicare programs. The budget amendment submitted by President Nixon increases this by $16.5 million and I will discuss this later.

As I indicated in my opening remarks, the amounts required for administration of the social security program in large part derive directly from the workloads which result from congressional action in defining protection under the social security program. The size of these loads depends upon objective factors such as population growth, the level of employment, the incidence of illness among the aged, and mortality rates. Thus, the amount of work that has to be done to carry out the provisions of the law is little subject to administrative control. Even in the absence of legislative changes to the program which provide new or liberalized benefits and result in added work, the volume of work to be processed by the administration will increase each year for many years to come just from population growth, and the fact that you get a higher proportion of insured older people in the population.

The 1970 request for $885 million includes a contingency reserve of $25 million. Excluding this reserve, estimated obligations for 1970 amount to $860 million or an increase of $73,895,000 over fiscal year 1969. This increase is due principally to an estimated increase of 7.9 percent in the volume of work to be handled by organizational components of the Social Security Administration, State agencies that perform various functions in the program, and health insurance intermediaries such as Blue Cross, Blue Shield, and private insurance companies that work in the medicare program, and to built-in salary and price increases. The workload growth reflects both an increased population to be serviced and the working off of abnormal backlogs carried over from 1969. At 1969 production rates, it would cost $53.5 million to handle this added work in 1970; however, our request provides for absorbing $10.8 million of this cost by increased productivity in 1970. Hence, the budgeted increase of $73.9 million includes $42.7 million for handling the increased volume of work.

The remainder is accounted for as follows: $20.4 million for built-in salary and price increases; $2.2 million for the purchasing of ADP equipment after offsetting rental savings, and $8.6 million for all other changes in requirements not directly related to workload processing and including a $5.3 million increase in the added cost of overtime which will be required to handle the work because staffing restrictions imposed in 1969 will have us enter fiscal year 1970 with about 5,000 fewer employees than we would have had if these restrictions had not been in effect.

EFFECT OF REVENUE AND EXPENDITURE CONTROL ACT

The staffing restrictions of the Revenue and Expenditure Control Act have required the Administration to adopt many expedients in order to avoid serious disruption of our claims and benefit payment operations. While we are exerting ourselves to the utmost to find more efficient and and economical ways to do the work that we are required to do, we have had no choice but to use some expedients which will prove to be more costly and inefficient over the long run than if we were able to operate with a fully adequate staff.

Mr. FLOOD. Do you remember how strong the effort was to exempt you from the act?

Mr. BALL. Yes, Mr. Chairman. In the closing days of the last session the Senate actually passed an amendment to a bill which would have exempted the Social Security Administration from the personnel limitation, although it had in it a feature that would have required that those jobs be taken away from some other agency in Government.

Mr. FLOOD. It was an amendment to some other bill, was it not?

Mr. BALL. Yes, sir, and it never came to the House.

In the Revenue and Expenditure Control Act there was an exemption for expenditures from the social security trust fund and the benefit amounts, and the administrative expenses are not subject to the dollar limitations, but we are subject to the personnel limitations.

An example of the sort of thing we have had to resort to, which is really more expensive in the long run, is that in this fiscal year we will need to spend $322,000 more than provided in the appropriation estimate for travel involved in detailing employees among offices in order to give help to those offices in most serious workload situations and we will be required to use almost three times as much overtime in the current year than provided in the appropriation estimate and pay out almost $2 million more in premium pay. Also, because our loss rate is heavier in the clerical area and to get the job done, we will have to have people in higher graded jobs helping out when the situation requires it by doing low-grade necessary work.

By the end of fiscal year 1969, staff in permanent positions which are financed by this appropriation is expected to drop from 52,459 on July 1, 1968, to 49,526 on June 30, 1969. On the other hand, the 1969 appropriation authorized by the Congress provided for an end-of-year on duty staff some 5,000 employees higher and totaling 54,672.

The 1970 budget before you was developed in accordance with the guidelines furnished and reflects the assumption that the staffing limitations of the Revenue and Expenditure Control Act will not be in effect during fiscal year 1970. This budget provides for our perma-

nent staff to rise to 52,365 by June 30, 1970—roughly about the same staff level as we had on duty at the beginning of fiscal year 1969. (The number of permanent positions in this budget represents authorized positions, all of which will not be filled at the same time, and is therefore about 3 percent higher than the estimated positions filled, which I have been referring to and for which salary money is budgeted.)

OVERTIME

Because the projected permanent staff of 52,365 at the end of fiscal year 1970 is significantly below the 57,536 man-years of effort which we calculate will be required to handle the work, and because the additional staff above the level that will exist on June 30, 1969, cannot all be recruited in the first few months of the fiscal year, a total of 5,600 man-years of overtime will be necessary in 1970—an increase of 2,520 man-years in overtime requirements over 1969. Without the added staff budgeted for 1970, the overtime needs would, of course, be even higher.

ADMINISTRATION'S AMENDMENTS

The budget figures that I have been discussing relate to the budget that President Johnson transmitted to the Congress. You have now received amendments to that budget from President Nixon. The only amendments by the President which affect the appropriation requests of the Social Security Administration are a proposed supplemental for "Salaries and expenses" in fiscal year 1969 of $16.5 million for higher than budgeted costs for intermediaries performing administrative functions in the medicare program and because this higher level of expenditure will carry over into fiscal year 1970, an increase of a like amount in the 1970 estimate. Thus, the year-to-year difference between the two budgets remains the same, but the total estimate of obligations for fiscal year 1969 is $802,605,000 and the appropriation request for 1970 is $901,500,000.

Mr. Chairman, that concludes the summary on "Salaries and expenses."

EFFECT OF REVENUE AND EXPENDITURE CONTROL ACT

Mr. FLOOD. You mentioned the Revenue and Expenditure Control Act two or three times. We have the figures, but could you tell us what effect the act as such has had on your organization administratively. Just how badly did it hurt you?

Mr. BALL. I think it has been a very serious matter. It is a gradual one and causes a gradual deterioration. The assumption in the 1970 budget before you is that the Expenditure Control Act will not be in effect. One of the most fundamental things it has done in 1969 is that we have had to use overtime where we ordinarily would use regular time. We have people who have been working overtime for a long time. They are willing to do it when they see a need for it. But in this situation they see the workload increasing, as it has and as it will next year, and then we are arbitrarily held to a reduction in staff which then requires overtime.

Mr. FLOOD. Does that affect only some offices or everybody across the board?

Mr. BALL. Everybody across the board in just about all parts of the organization.

OVERTIME PAY RATES

Mr. MICHEL. By the way, what is the increment of overtime pay for regular employees?

Mr. BALL. It starts off at time-and-a-half and it goes gradually down for employees receiving $9,000 and more.

Mr. FLOOD. Does that apply to holidays?

Mr. BALL. We commonly work on Saturday——

Mr. FLOOD. Is it straight time or time-and-a-half for Saturdays and holidays?

Mr. BALL. Time-and-a-half for Saturdays and straight time for holidays.

Mr. FUTTERMAN. It is actually less than time and a half for those in grades 11 and 12. Higher grades receive less than straight time.

Mr. BALL. But if you apply it to our entire staff overtime payroll per hour is about 15 percent more than our regular payroll.

Mr. FLOOD. And you do not get a complaint from unions?

Mr. BALL. Yes, to some extent. I started to say something about the effect on morale. In our district offices we have a large number of women employees, many of whom are in interviewing jobs, and they have families and they plan to do their shopping and housework and that sort of thing on Saturday and in the evenings, and for them overtime is a serious burden. On the other hand, we have young men starting out who, after they have been on overtime a long time, begin to think of it as a right. They have adjusted their living standards to that and when overtime is cut out they protest.

Mr. FLOOD. You have that in the Post Office Department.

Mr. BALL. It is really not a way to operate in an organization with an increasing workload. We are increasing every year.

WORKLOAD BACKLOGS

Mr. FLOOD. How about your backlogs? How bad are they?

Mr. BALL. The backlogs are quite serious. We have budgeted in 1970 for liquidating the ones we have acquired in 1969. They are uneven. Take the district offices. There are 800 of them across the country. Some have as few as five people and the most is about 100 or 110. You lose staff at entirely different rates in different offices. One or two people out of one of these small offices is a tremendous problem. We have to detail people there. We have some offices where the backlog is up 50 or 60 percent over the beginning of the year.

Mr. FLOOD. Is the situation going to get better toward the end of the year?

Mr. BALL. No. I think as we continue to lose staff—and now we are even having trouble having enough overtime—the situation will become worse and not better.

I would like to make this general point for the committee, and that is, this is not the sort of situation where one day we are doing all right and the next day everything is terrible. This is the kind of situation where you can cut this thing out and that thing out and at first it is not noticeable. For example, we have suspended investigating some of the disability cases—that is investigating the question of whether

someone getting paid has recovered. Nobody will complain because of that. At first it is not visible but you should not operate that way very long. We are postponing some things we should not postpone and cutting out reviews we should not cut out. But we are trying to put our money and manpower in the most basic operations to see that everybody gets a check regularly and that new claims get paid.

PAYMENT TO INTERMEDIARIES

Mr. FLOOD. The Johnson budget called for an increase of $98,895,000, and the Nixon amendments or revision of the Johnson budget calls for an additional increase of $16,500,000. All of that is for payment to what you call intermediaries?

Mr. BALL. Yes.

Mr. FLOOD. That ups it from $172,056,000 in 1969 to $208,169,000 estimated for 1970. This, in round figures, is an increase of about 20 percent. That is a pretty sharp jump.

Mr. BALL. I think there are several reasons for that. First of all there is a very significant increase in workload, just the number of claims.

Mr. FLOOD. What is the increase percentagewise in the workload?

Mr. BALL. 11.6 percent in the workload of these health insurance intermediaries.

Mr. FLOOD. In units of workload?

Mr. BALL. Yes. Then, too, they, like everyone else, have been subjected to a cost increase in what they are buying and they are paying higher salaries than before. So you should add those two things to the increase in workload, and then finally we are asking them now to do additional things that it was not feasible to ask them to do at the beginning of the program. In other words, to get the medicare program off the ground we put the major emphasis—not entirely but the major emphasis—on processing claims.

There was a sizable backlog and it was most important to get the claims processed and the payments made. Now we are increasingly putting emphasis on a more refined claims review policy—to review utilization, to find cases where this individual really should not have had so many visits by the physician. We are pressing them to raise questions about doubtful cases. Then we are pressing them to give increased attention to the review of claims from the standpoint of physicians' fees. So these three things—increased workload, increased cost, and improved processing—account for this total increase. They still, Mr. Chairman, as a percentage of benefits paid, measure up quite well in comparison to operations similar to this by private insurance companies.

The hospital portion, including our cost and those of the intermediaries, is being handled for about 2 percent of payroll, and that is very good.

If you go to the voluntary part that deals with physicians' bills, in the 1970 budget you have about 13 percent of the benefits paid out for administrative cost. That is still in the range of costs for this kind of program by private companies. The reason it is more than in hospital insurance is because here you are dealing with a large number of relatively small bills. You have a big volume of small bills and the administrative costs show up as a large percentage of benefits.

SALARY INCREASES OF INTERMEDIARIES

Mr. FLOOD. Have you made a study of the increase in salaries paid by agencies performing services for you on a contract basis compared to the increase in salaries of Federal employees in the last 2 years?

Mr. BALL. No, I do not think we have made a specific study. We could easily get that information together though. We have the basic data.

Mr. HESS. We have, through our contract performance reviews and otherwise, a general idea of what they are paying, and they do not have a tendency to pay more on contract operations than their own operations. Take Blue Cross. This is add-on business for them. They hire the same people from the same market for their own business and they cannot afford to create a competitive situation.

Mr. FLOOD. I wish you would get an answer to that question and supply it for the record.

Mr. BALL. We will.

(The information follows:)

COMPARISON OF SALARY INCREASES

A comparison of the average annual salaries and the year-to-year percentage increase for employees of the Social Security Administration and for employees of agencies (State governments and private agencies) who perform work for the Social Security Administration on a contract basis is as follows:

	Average annual salary			Percent increase	
	Fiscal year 1967	Fiscal year 1968	Fiscal year 1969 budgeted	1968 over 1967	1969 over 1968
Social Security Administration	$6,939	$7,243	$7,890	4.4	8.9
Contracting agencies:					
State agencies (disability program work)	6,980	7,443	7,960	6.6	6.9
State agencies (Medicare program work)	8,068	8,343	8,695	3.4	4.2
Blue Cross, Blue Shield, private insurance companies (Medicare program work)	5,455	5,817	6,221	6.6	6.9

EQUIPMENT

Mr. FLOOD. You have a pretty big increase for equipment, $7,680,000. That is an increase of about 80 percent. What is the reason for that?

Mr. BALL. Within that, Mr. Chairman, we have about $5,382,000 for the purchase of automatic data processing equipment, which you immediately need to offset with a rental saving of $3,220,000. Generally our equipment purchases will save their purchase price in about 3 years. We are gradually shifting to buying practically all this equipment. The period of amortization is so short and the state of the art has reached the point we know it can do a satisfactory job for some time even as compared with newer models that will be coming along.

Mr. FLOOD. You know enough that you will not buy equipment that will be obsolete tomorrow?

Mr. BALL. Yes, sir.

Mr. FLOOD. We have seen a great deal of that.

Mr. BALL. I think we were one of the first big users of automatic data processing and our staff is experienced and competent.

WORK OUTPUT

Mr. FLOOD. You have an increase of $53 million to cover an increase of 7.9 percent in what you describe as your work output.

Mr. BALL. Yes.

Mr. FLOOD. Could you tell us how you arrive at an increase of 7.9 percent? How do you go about calculating this?

Mr. BALL. Mr. Chairman, I would like to ask Mrs. Tyssowski or Mr. Futterman to go through that with you. But there is an offset of about $10 million in productivity improvements to be made against that $53 million. The $53 million would be a straight mathematical figure.

Mr. FLOOD. How do you arrive at the 7.9 percent? Do you use mirrors?

Mrs. TYSSOWSKI. No. Let me use an example. If we were going to receive 4 million retirement and survivors claims in 1970, we would take the number of claims produced per man-year in 1969 and use that production rate to determine the man-years required in 1970. It would be the same procedure for every workload that goes in the composition of our budget—claims, account numbers, and so forth. The total man-years thus computed for the 1970 workload estimates are divided by the total man-years for the 1969 workload estimates. The result of this computation is a composite percentage change for all workloads on which the budget is based.

Mr. FLOOD. Your estimates in the past have proven to be pretty good.

Mrs. TYSSOWSKI. The estimates are largely prepared by the economists and the actuaries. The economists estimate how many will apply for account numbers and the number of earnings to be reported by employers.

Mr. FLOOD. Why do you not go to the public assistance people and tell them how to do that?

Mr. BALL. We are in a little better position than they are because we don't have to take State actions into account.

I would say the workload estimates have proved to be very accurate for those items where we have had relatively long experience.

Mr. FLOOD. Are you personally satisfied this is about as accurate an estimate as can be made?

Mr. BALL. Yes; this year, for example, we will be almost on the nose with the estimated number of claims for cash benefits.

Mr. FLOOD. In the last few years you have been pretty accurate and, where you have been off, it has been on the conservative side.

Mr. BALL. We have often been getting more work than we estimated, yes.

OVERHEAD COSTS OF STATE AGENCIES

Mr. FLOOD. You are asking for a relatively small increase, of $805,000 to cover what you call "Change in indirect management costs for State agencies under Bureau of the Budget Circular A–87." I hope you know what that means.

Mr. BALL. This is a new way of allocating the overhead cost of State agencies among the various contractors. Let me give you a concrete situation on this. We contract with State agencies to do two things:

(1) to make determinations of disability; and (2) with State health departments to survey extended care facilities and hospitals to see if they meet the standards for medicare. We are required to pay them the cost of doing this. The Bureau of the Budget circular sets up a way of allocating central service functions performed by the States to the parts of the State that directly do this work—for example, the State Civil Service Commission. It is our judgment that this new approach will be more expensive than the way we have operated up to now.

Mr. FLOOD. Was this circular the result of an independent study, or because the States were complaining, or what?

Mr. BALL. I believe the Bureau of the Budget got into this because there were so many different agencies of the Federal Government operating in relation to the State programs and using somewhat different approaches to this kind of allocation. The idea of this circular was to have us all do it the same. It will cost us some money.

Mr. FLOOD. What would be the effect if Congress did not appropriate the increase requested for this particular purpose? Why do you want to put the frosting on the cake of the States?

Mr. FUTTERMAN. It is not really frosting, Mr. Chairman. This circular was issued after a rather thorough study by the Bureau of the Budget as to what was a fair way of allocating the cost.

Mr. FLOOD. This thing you deny is frosting is costing us about $805,000 for no additional return in terms of work performed for your program.

Mr. FUTTERMAN. In terms of whether or not it is a more accurate recognition of the costs that exist, it is considered to be technically a more fair arrangement to reimburse the States for costs incurred by them.

Mr. HESS. Mr. Chairman, they may be arguing we have not been bearing our fair share of the cost.

Mr. FLOOD. Oh, sure.

Mr. BALL. What this additional cost is, it is an allocation, say, to the vocational rehabilitation agency or to the health agency for a service done by the State as a whole, say a budgeting or financing service, to that agency. We have been reimbursing the vocational rehabilitation agency for their own cost but getting free some of the service performed by another agency for the vocational rehabilitation agency.

Mr. FLOOD. Could you get an estimate of the total net cost to the Federal Government in 1970 for this new Budget Bureau regulation?

Mr. CARDWELL. We can try, Mr. Chairman.

(The requested information follows:)

COST IMPACT OF BUREAU OF THE BUDGET CIRCULAR A–87 (ISSUED IN MAY 1968) ON PRINCIPLES FOR DETERMINING COSTS APPLICABLE TO GRANTS AND CONTRACTS WITH STATE AND LOCAL GOVERNMENTS

The Bureau of the Budget advises that, while it regarded equity as the overriding consideration, it did attempt to gather cost impact information before Bureau of the Budget Circular A–87 was issued. The agencies concerned lacked information to arrive at estimates which were reliable. For example, HEW advised, "The difficulty in developing a reasonable estimate is in part attributable to the wide variation in costing procedures, and in part due to the fact that many types of costs, particularly those associated with central services, have not previously been claimed by the States and the amounts involved can

only be ascertained by a very extensive analysis." HUD advised, "Even if a greater amount of time were made available, it would be extremely difficult for us to develop reasonable estimates because we do not have first hand information on the nature and amount of indirect costs applicable to the units of State and local governments that we deal with . . ." Increases resulting from the circular primarily would represent costs of central services provided by the States or local governments to grant programs, which under the preexisting different rules of the various agencies were not claimed by the grantees or were not accepted as allowable by the agencies. Substantial absorption of these increases within overall appropriation totals would probably be the rule, not the exception.

Mr. CARDWELL. I think if you come back to your question of what the effect would be if you denied this particular item, as I see the circular it is mandatory and the Social Security Administration would have to bear the cost unless there was a legal barrier placed in the appropriation language.

SUPPORT OF PRESIDENT'S COMMISSION ON INCOME MAINTENANCE

Mr. FLOOD. You have $675,000 in 1970 for financial support of the President's Commission on Income Maintenance. Was that in last year's budget? What does this Commission do? Tell us about this.

Mr. BALL. Mr. Chairman, this was a Commission established by the President. The Chairman of it is Ben Heineman. Its purpose is to examine the whole area of what has gotten to be called income maintenance, both welfare payments and social security and alternative approaches in this area.

Mr. FLOOD. How many people are on this Commission?

Mr. BALL. I believe it is a 21-man commission.

Mr. FLOOD. Suppose you list the name and position of each member of the Commission.

Mr. BALL. Yes, sir.

(The information follows:)

MEMBERS OF THE PRESIDENT'S COMMISSION ON INCOME MAINTENANCE

CHAIRMAN

Mr. Ben W. Heineman, chairman, Chicago & Northwestern Railway Co.

MEMBERS

Mr. Clifford L. Alexander, Jr., member, Equal Employment Opportunity Commission.
Mr. James W. Aston, president, Republic National Bank of Dallas.
Dr. Sherwood O. Berg, dean, College of Agriculture, University of Minnesota
Hon. Edmund G. Brown, partner, Messrs. Bell, Hunt, Hart, & Brown.
Mr. Donald C. Burnham, president, Westinghouse Electric Corp.
Hon. John M. Dalton, practicing attorney, Jefferson City, Mo.
Prof. Otto Eckstein, Department of Economics, Harvard University.
Dr. Margaret S. Gordon, associate director, Institute of Industrial Relations, University of California (Berkeley).
Mrs. Anna Rosenberg Hoffman, Public and Industrial Relations consultant.
Senator Barbara Jordan, member, Texas State Senate.
Mrs. Geri Joseph, vice president, National Association for Mental Health.
Hon. Maxwell Rabb, partner, Stroock & Stroock & Levan.
Mr. A. Philip Randolph, member, executive council, AFL-CIO.
Mr. Henry S. Rowen, president, Rand Corp.
Dr. Julian Samora, Professor of Sociology, University of Notre Dame.
Mr. J. Henry Smith, president, Equitable Life Assurance Society of the United States.

Prof. Robert M. Solow, Department of Economics, Massachusetts Institute of Technology.
Mr. Asa T. Spaulding, actuarial and insurance consultant.
Mr. David Sullivan, member, executive council, AFL-CIO.
Mr. Thomas J. Watson, Jr., chairman of the board, IBM corp.

Mr. FLOOD. Why is not this set up in the budget as a separate appropriation like other Presidential commissions and committees?

Mr. CARDWELL. This is a one-time commission. It will not continue beyond 1970. The current estimates are it will not spend as much in 1969, their first year, as estimated.

Mr. FLOOD. Does it have the blessing of the Secretary of HEW?

Mr. CARDWELL. Yes; and HEW is the sole agency financing it.

Mr. FUTTERMAN. The Social Security Administration shares in the cost.

SAVINGS THROUGH USE OF AUTOMATIC DATA PROCESSING

Mr. FLOOD. Is the saving which you estimate results from increased productivity through the use of automatic data processing significant?

Mr. BALL. Mr. Chairman, one of the most important items, which has over 500 man-years in it, is an improvement in our claims processing in these big payment centers we operate. In the initial claims and in post adjudicative work a great deal more will be done by computer in 1970 than is true at the present time. Actually there is a 530 man-years saving from that one thing alone.

Mr. FLOOD. What an impossible job you would have without those machines.

Mr. BALL. One very interesting project that we have been conducting now for sometime is to have employers report directly to us on magnetic tape.

Mr. FLOOD. I heard about that.

Mr. BALL. We are estimating this will expand in 1970. We are putting quite a lot of effort into that plus having direct magnetic tape reporting on medicare from the Blue Cross-Blue Shield and private insurance companies. We will save almost 200 man-years in 1970 from this.

We also have a substantial man-year saving coming out of having the master benefit record put into the district offices.

Mr. FLOOD. What is a master benefiit record?

Mr. BALL. In each of our district offices we will have, hopefully by late summer a microfilm record of the accounts for all the beneficiaries served in that area and adjacent areas so that the district office personnel can answer practically all questions that come to that office right away instead of turning to the central office and having it looked up and mailed.

Mr. FLOOD. What other items will contribute to what you call a significant saving?

Mr. BALL. Another is the application of data processing in our central office. There is a saving of about 260 man-years out of further computer applications here.

OVERESTIMATE OF PRODUCTIVITY IMPROVEMENTS

Mr. FLOOD. You have a few lines in your justifications, for the amendment, that indicate you overestimated productivity improvements in 1969 by $2.5 million. What happened?

Mr. BALL. There are really two points there. One is, we have gradually been asking the intermediaries to do more with each case so there is a decline in unit output. We have been asking them to do a more careful review of utilization. We have been asking them to take a more careful look at physicians' fees than formerly, and the general result has been they have not processed as much work for the money as we earlier thought was possible. Also——

Mr. FLOOD. Take a look at page 203.

Mrs. TYSSOWSKI. Page 203 represents the revised budget amendments.

Mr. FLOOD. Right.

Mrs. TYSSOWSKI. I think it is important to point out that the 1969 productivity in the 1970 budget was really higher than in the 1969 appropriation estimate that you heard a year ago. In view of the large workload increase projected for 1969 in the 1970 budget, we had hoped we could have a larger productivity than in the 1969 appropriation estimate. It was a forced productivity increase and after our experience during the first half of the fiscal year we found we could not live with this forced productivity increase.

Mr. FLOOD. I understand. I had put a different interpretation on what was set forth there.

CONSTRUCTION OF HEADQUARTERS FACILITIES

What is the status of your construction program?

Mr. BALL. At headquarters, a large office building will be completed this fall. The warehouse will also be completed this fall. Then we will be starting another smaller office building on the site as well. But expansion of the program has been so substantial that even when this construction already planned is completed we will not be able to have everybody in Baltimore back on that site. However, we have not prepared a request for additional construction at this time because we wanted to survey the whole situation and try to look ahead for a substantial period and figure out where best to have the access roads and so on and come up with a well thought out complete plan that would last for many, many years.

Mr. FLOOD. How much rental space do you occupy in Baltimore and in how many buildings?

Mr. FUTTERMAN. We occupy in downtown Baltimore four buildings totaling 441,000 square feet of space at an annual cost of about $1.6 million.

Mr. FLOOD. Four buildings?

Mr. FUTTERMAN. Downtown. In the immediate vicinity of our Social Security Building we occupy four small buildings and one large building, a total of 533,000 square feet of space for an annual rental of over $2 million.

So that in Baltimore we are occupying nine buildings outside of some warehouse space that involve a cost of $3.8 million annually.

I did want to add to the Commissioner's statement, Mr. Chairman, that the last appropriation we got for construction at Woodlawn was for fiscal year 1967, which was the year that started July 1, 1966, which was the date on which the medicare provisions of the act became effective. So we have grown quite a bit by reason of the addition

of this important program to the social security program. What Mr. Ball referred to, the buildings that are now under construction were in contemplation or projection of our needs prior to medicare.

Mr. FLOOD. I referred to this some years ago as being a potential Frankenstein. How close I am to it?

Mr. FUTTERMAN. No, sir. I think it is a very beautiful site and does not look like Frankenstein at all. I think it is a set of buildings that is extremely functional, that is attractive, and that enables our people to do their important work efficiently. I think our experience since 1960 when we moved from those 17 horrible buildings in Baltimore and consolidated our operations at Woodlawn more than proved this was a wonderful investment for the people and for the Government. The work we have been able to do by being together on the site has enabled us to be much more efficient. When we have to break up it is extremely costly because our work is all interrelated so that the work done by unit A has to go to unit B and unit C and so forth, and when we have to start at Woodlawn and take it to four buildings downtown and then bring it back we have extra handling, we slow down the process, and we need more control.

Mr. FLOOD. I saw some of the buildings you occupied some years ago that they wouldn't have on "The Strip" in Baltimore.

Mr. BALL. Could I take this opportunity while we are discussing the Baltimore space to urge that you and the committee might at some point like to tour the site over there and see the operation. I think it really would be an interesting experience and we would very much like to have you. The operation has gotten to be one of the main tours of the Government. We have regularly every morning and afternoon a tour of the operation for people traveling around the country. Also, I would like to show you the plans we have for site expansion.

Mr. FLOOD. We might surprise you sometime.

ACTUARIAL SOUNDNESS OF THE TRUST FUNDS

I would like you to comment on—and this is of tremendous public interest and unfortunately some columnists and others have distorted it out of ignorance or something worse—on the actuarial soundness of the trust fund in three categories: First, under the present law; under the so-called Johnson budget; and under the so-called Nixon amendments to the Johnson budget.

Mr. BALL. As you know, we operate really from four different trust funds. I will have to comment on those separately: old-age and survivors insurance; disability insurance; hospital insurance; and supplementary medical insurance.

As a general statement let me state that the cash benefit programs are in a very sound actuarial position as far as present law is concerned. In the latest report of the trustees we have a long-range excess of income over outgo equal to over ½ percent of payroll. In other words, if the program were to stay as at present you could reduce contributions by ¼ percent on employers and ¼ percent on employees or you could increase benefits.

On the hospital portion of the program, the way the cost estimates are set up there is a minus balance of −0.29 of payroll. However, the trustees in their report indicated that this was not now as serious a matter as it first sounds, because the cost estimates are made on the

very conservative assumption that although wages will go up that the maximum base of $7,800 will not change for 25 years. And, of course, if wages do rise, Congress has always responded by raising that maximum base, an dif they kept it up to date that −0.29 would disappear and the hospital insurance fund would also be in a sound actuarial position.

On the voluntary part of the program which is supported by $4 for each person in the program, matched by $4 from the Government for each person, the Secretary of Health, Education and Welfare promulgates the rate in December for the following fiscal year. The last Secretary of Health, Education, and Welfare decided he would leave the rate at $4 even though the recommendation by our actuaries was to increase it to $4.40. The voluntary program operates year to year and you can change the rate, if it is not right, each December. In the voluntary program we are trying very hard to administer it in such a way that we can live within the income from that $4 rate on the accrued basis it is supposed to be operated on. It may be it will be more than $4, but there is a trust fund balance and in addition to that there is quite a lag in the payments so there is no problem of having enough cash.

Mr. Flood. How will the actuarial soundness be affected by the Johnson proposals and the Nixon proposals?

Mr. Ball. In the cash benefit program you have a significant long-term surplus. President Johnson recommended a 10-percent increase and a $80 minimum and some liberalizations in the disability program, and the retirement test. I do not believe the full financing of his proposals was ever made a matter of a Presidential message or appeared in the budget because it was not necessary to deal with the long-range financing in the budget that he was submitting. But I do know that the intention was that those proposals be financed by a large increase in the maximum earning base over time, going up to $15,000 in a series of steps, using up the excess of about one-half of 1 percent in the present long-range balance and raising the contribution rate up to 6 percent, and on that basis those changes would have been soundly financed.

Mr. Flood. The actuarial soundness would not have been damaged?

Mr. Ball. No, not if you did all these things.

Mr. Flood. What about the Nixon proposals?

Mr. Ball. The 7-percent increase in benefits alone can just about be supported out of the present actuarial balance. There is no reason to change the long-rang financing for that one change. But the President has also recommended liberalization in the amount you can earn and still get social security benefits. To finance that it will be necessary to increase the $7,800 maximum earned base to $8,400. There would be no need to change the contribution rate.

Mr. Flood. Would the hospital fund be affected?

Mr. Ball. The hospital fund, I believe personally—I do not believe this has been made the official administration recommendation yet—but personally what I would like to see done is a reallocation from the old-age and survivors' fund to the hospital insurance trust fund and a speeding up of the schedule of the hospital insurance trust fund. This way you could greatly reduce the hospital insurance imbalance without adversely affecting the cash benefit programs.

If you take all the social security funds together you will have an excess of $7.1 billion income over outgo in 1970, and within such large amounts as that you could have the 7-percent increase and you would not need the full contribution rate already scheduled for 1971 for cash benefits and by a reallocation and a speeding up of the hospital insurance schedule both funds could be made actuarially sound.

Mr. FLOOD. Mr. Michel.

PROJECTED GROWTH IN ADMINISTRATIVE COSTS

Mr. MICHEL. I regret that last Friday I had to leave before the conclusion of your testimony to catch a plane.

When I first came on this subcommittee about 10 years ago this "Salaries and expenses" item was $191,600,000, and of course here we now have a request for $885 million. Also, I note that back in 1950 there were less than 3 million receiving checks from your shop and according to your testimony in 1970 we will have over 25 million. And the disbursements in 1950 were less than three-quarters of a billion dollars and this year they will be about $34 billion. So I suppose on the strength of all the increased activities peoplewise and benefitwise we should not become overly concerned about 4½ times increase in your "Salaries and expenses" figure in the past 10 years, although under any other given set of circumstances I guess we would have to express alarm and concern. But now that we have approximately 95 percent of the people covered by social security, if we look ahead another 10 years we would not expect to see an increase of 4½ times in "Salaries and expenses" from what we have today, would we?

Mr. BALL. No; not if the law stays as it is today. There is a constant increase in workload just from the growth of population and the aging of the population, but most of the increase you are referring to is a combination of that and very major changes in the program. The whole area of disability insurance has been added and that is more expensive that paying old-age and survivors claims. For example, for processing an old-age or survivor's claim from beginning to end the cost is about $34; but to process a disability claim runs on an average of about $140, partly because about half have a consultative examination by a specialist.

Then the medicare program is another addition.

DISABILITY BENEFITS

Mr. MICHEL. Before leaving the disability program, you said in answer to several questions by the chairman that if you were to liberalize the program you would be more in favor of giving priority to liberalizing disability benefits than lowering the age for widows and so on. How much did we pay out in the past year for the disability benefit portion?

Mr. BALL. About $3 billion, I believe.

Mr. FUTTERMAN. $2.6 billion is the estimate for 1970; and $2.434 billion for 1969.

Mr. BALL. In addition to that there are two parts of the old-age and survivors program that you might well think of as being disability benefits. They are payments to disabled widows and adult children disabled since before they were 18 years of age who are dependents of

retired or deceased workers. Put them all together you would have about $3 billion in disability payments.

Mr. MICHEL. And how many persons do we have in the country today qualifying for disability benefits?

Mr. BALL. We have about 2.5 million people but that includes the dependents of disabled people.

Mr. FUTTERMAN. About 1.2 million are wives and children.

Mr. BALL. The point I was making with the chairman was that it seems to me if one wanted to help the group that seems to me to need help the most among older workers, one would consider those who are disabled but not quite severely enough to meet our present standards for disability payment but who for all intents and purposes have very little chance to be retrained for a different job. It is a much cheaper thing to add them on a liberalized disability test at, say, age 55 than to lower the age for everybody whether disabled or not. It seems to me the group most clearly needing help is the one made up of older workers with a severe disability but one that does not quite meet present standards.

Mr. MICHEL. Do you think it is possible to have standards less than total disability in a particular age bracket?

Mr. BALL. Yes, I think it would be possible. This is one of the ideas that has been talked about that I hope that the coming advisory council will direct their attention to. The law now requires, regardless of age, that you disabled for any substantial gainful activity. At present, if you were, say, 57 or 58 and you cannot do the work that you have been doing, but you do have the capacity to stoop, reason, lift, move, and so on so that you could perform a different kind of job, then we would have to deny benefits. I would personally feel it is very important to keep this strict kind of a definition of disability for younger people. I think the important thing for them is to move ino a different kind of job with vocational rehabilitation—learn a different skill. But my guess is that at some point in the upper age groups that this is not too practical for a lot of people and that we are denying benefits to some today who practically have very little chance to learn a new skill and get a job.

What you could do and what I would hope this advisory council would look at is the possibility of paying such a person a benefit if he was no longer able to do the things that he had done in his own work experience and not test him, theoretically, against jobs in the economy requiring different skills and knowledge. But for young people, you would be saying "Yes, you ought to test them against all jobs in the ecenomy" and he ought to learn something new and be moved over to those other jobs. But can he really do that at age 57 or 58? I think that is the issue.

RELATION OF BENEFITS TO MAXIMUM EARNINGS BASE

Mr. MICHEL. When a couple retires at maximum benefit by virtue of the fact that the husband has contributed the maximum amount and then after his retirement we, either in our wisdom or without wisdom, legislate to change the base from which contributions are to be made in the future, that couple's benefit does not increase in keeping with an increased amount of contribution that will be taken from fellow workers who have not yet retired; isn't that correct?

Mr. BALL. That is correct.

Mr. MICHEL. In other words, you only reap the kind of benefit for which you contribute, depending upon the maximum set by the Congress?

Mr. BALL. Yes. In other words, his earnings, if I follow your reasoning—and I think you are absolutely right—is that a man who has been earning, say, at the maximum of $7,800 today, then retires, and the Congress the following year changes the maximum to $8,400, but this man never earns $8,400 under the program, then he would be entitled probably in some future conversion of benefits to maybe a 10-percent benefit increase or 7-percent benefit increase, but not to the additional amount which would arise from having his benefits brought up to date as if he had earned $8,400. They would continue to be computed only on the $7,800 he had actually earned under the program. Now, that is your point?

Mr. MICHEL. Right.

Mr. BALL. Now, there are systems abroad that do what you are saying—that actually update the person's wage record, as wages go up, that is, they make more than cost-of-living adjustments, it is an adjustment to productivity increases.

Mr. MICHEL. Then that definitely takes it out of the realm of what we have pretty much come to regard as tradition in the system of pay-as-you-go; right?

RELATING BENEFITS TO AVERAGE LIFETIME EARNINGS

Mr. BALL. Basing the benefits on what you have been earning. I think that is right. You remind me of a related point that it seems to me deserves attention by this Advisory Council that is coming up.

What I am about to describe did not use to be a problem in the system—that is, relating benefits to a lifetime career average. There was a new start in 1950. Since then most people's benefits have been related to an average from 1950 up to the time of 65, dropping out the 5 lowest years. Now, that meant all during the early part that people were having their benefits related to earnings that were quite recent. But next year we will be at a place where a man retiring at 65 will have his benefits based on earnings averaged over a whole 14-year period. From 1950 to the point when he is 65, minus the lowest 5, will give him 14 years. And, of course, with each passing year this period gets longer.

Now, private pensions, civil service and State plans are more and more going in the direction of saying "You ought to relate the benefits to something like a high 5 or a high 10 so that the person gets a benefit that is a partial replacement of the earnings he has recently been living on." It is an artificial concept to go back to the early 1950's. The reason I am reminded of it is that the problem I am describing is compounded by the maximum earnings base situation we were discussing. He may have been earning $7,800 back in the early fifties but we only counted $3,600 or $4,800, or whatever the case may be. So I hope the Council will take a look at this question also—the question of redefining the average monthly wage on which the benefits are based so that they really reflect what people have recently been living on rather than relating benefits to a lifetime average.

ADVISORY COUNCIL

Mr. FLOOD. Who comprises the advisory council?

Mr. BALL. The advisory council is appointed by the Secrtary. It consists of a chairman and 12 members. The law requires that representatives of employer organizations and employee organizations shall be appointed in equal number. And then the rest are public members.

Mr. FLOOD. Do they serve at the President's pleasure or for a specified term?

Mr. BALL. They serve for a specified time. They are required to report by the end of 1970. Then they go out of business and 4 years later another one comes into being. Traditionally, these councils have had on them in addition to employer-employee representatives almost always an actuary of a large private insurance company, economists, bankers, professors who have had special acquaintance with the social security program and they have looked very carefully at the financing of the program in addition to the benefits. It provides an outside review which I think has been very good. I think it could also be said that almost all the major changes in social security have come out of these advisory council considerations.

Mr. SHRIVER. In the past have you not been able to suggest things for them to consider?

Mr. BALL. Yes.

We will certainly, among other people, give them what we think is a proper agenda for them to look at. It will be up to the council whether or not they go into them, but I will call their attention to a great many things that are in the air or that we think might be and should be suggested.

COST OF SOCIAL SECURITY CHECKS

Mr. MICHEL. Under what item in salaries and expenses do I find the costs of the checks themselves, the paper, the cardboard?

Mr. BALL. Not at all. You see, the actual writing of the check is done by the disbursing office of the Treasury. It appears in their budget, and then after the fact they make an adjustment against the trust fund for those expenses. But we do not budget for the actual sending out of the checks.

Mr. FUTTERMAN. In case you are interested, it is about 7 cents now, with a 6 cents' postage rate. It costs them about a penny or so to write the check.

Mr. MICHEL. Six cents is for postage?

Mr. FUTTERMAN. Right.

Mr. MICHEL. How about the penalty mail item; is that absorbed by Treasury?

Mr. FUTTERMAN. Yes. Treasury absorbs penalty mail charges. It is reimbursed for them by the trust funds as it is for the full cost of all of its activities conducted with respect to the social security program.

Mr. FLOOD. Is that pretty good? Is that a pretty good figure?

Mr. FUTTERMAN. Yes. They are audited figures.

Mr. FLOOD. I mean the cost per check that Mr. Michel asked about.

Mr. FUTTERMAN. Yes.

Mrs. TYSSOWSKY. It is 8 cents.

Mr. FLOOD. Is that good?

Mr. FUTTERMAN. Considering that a large part of it is mail, I think it is an excellent figure.

Actually, you know we have a roll of over 22 million people on retirement and survivors' insurance, another 2,400,000 on disability, and we grind out 12 checks per person per year. So that amounts to a substantial figure. But they have done a real efficient job of it over the years.

Mr. MICHEL. If I would want the exact cost of just the paper to write those checks on I should go to Treasury and ask them?

Mr. FUTTERMAN. Yes. We are furnished by the Treasury, as a matter of information, the audited reports of their costs. I would want to make very clear that the reason it is so low is that we do all the accounting and we transfer to them on a tape the information they need to grind out these monthly checks. So it is really a simple operation for them. We maintain the record, keep it under control and all that, and give them the output to make the change on their computers.

BENEFITS PAID TO PERSONS LIVING IN FOREIGN COUNTRIES

Mr. MICHEL. What is the total number of checks that we are sending overseas for social security or disability payments?

Mr. BALL. It is about 200,000 per month now.

Mr. MICHEL. Aggregating what amount in dollars? Supply that for the record for each country, please.

Mr. BALL. All right.

(The information follows:)

BENEFIT PAYMENTS ABROAD

At the end of December 1968 there were 202,100 beneficiaries living abroad who receive benefit payments amounting to $15,855,200 monthly.

A breakdown by place of residence is as follows (rounded to the nearest hundred):

	Number of beneficiaries	Monthly benefit amount
Place of residence:		
Africa	1,100	$83,300
Asia	12,400	959,200
Canada	29,500	2,328,100
Central America and West Indies	3,900	324,800
Germany, West	13,000	1,197,200
Greece	15,100	1,223,100
Ireland	4,700	417,500
Italy	36,500	3,014,500
Norway	4,600	421,800
Portugal	4,800	373,000
Spain	5,500	490,800
Sweden	4,400	414,400
United Kingdom	9,600	862,800
All other European countries	17,500	1,557,700
Mexico	17,400	943,700
Philippines	19,100	993,400
South America	1,800	144,600
All other	1,200	105,600
Total	202,100	15,855,200

COST OF DATA PROCESSING EQUIPMENT

Mr. MICHEL. How much do you spend on automatic data processing? Do you have any ball park figure?

Mr. BALL. Are you thinking of the rental of equipment primarily?

Mr. MICHEL. Yes.

Mr. BALL. We can put that together for the record.

Mr. MICHEL. Why not put that in the record. Rental of equipment. And, of course, now you are purchasing some where it proves to you that over a period of time you are making money by purchasing rather than renting.

Mr. BALL. Yes. The period of full recovery of purchase cost is about 3 years.

(The information follows:)

COST OF AUTOMATIC DATA PROCESSING EQUIPMENT

Actual and estimated costs for rental of automatic data processing equipment for fiscal years 1968, 1969, and 1970 are as follows:

	Fiscal year 1968 actual	Fiscal year 1969 estimate	Fiscal year 1970 estimate
1. Electronic data processing equipment	$7,097,006	$8,078,124	$5,958,844
2. Electrical accounting machines	1,653,748	1,504,655	1,915,183
Total rental costs	8,750,754	9,582,779	7,874,027

The decline in rental costs has occurred at the same time that the Social Security Administration has expanded its computer capacity from 11 large scale EDP systems at the end of fiscal year 1968 to an estimated 14 large scale EDP systems at the end of fiscal year 1970 and an increase in smaller scale systems from 36 at the end of fiscal year 1968 to 40 at the end of fiscal year 1970. This decline in rental costs at the same time as the growth in computer capacity is due to purchase of equipment that have been made in past years and those projected for the future. As of the end of fiscal year 1968, SSA owned 13 systems. Owning this equipment in lieu of rentals will produce $19.4 million in net savings (savings in rentals less the purchase price and maintenance costs) over the life of the equipment.

Purchases budgeted for fiscal years 1969 and 1970 are largely for equipment now being rented. Estimated purchase price and net savings over the life of the equipment are as follows:

[Dollar amounts in thousands]

Equipment	Purchase price	Net savings [2]
1969:		
4 IBM 360/65's [1]	$4,102.7	$7,839.7
2 IBM 7080's	650.0	5,022.0
7 IBM 360/30's [1] and 1 IBM 1401	1,032.6	1,820.9
1 microfilm printer	143.0	194.1
15 magnetic tape terminals	526.9	912.
95 electric accounting machines	370.4	566.7
Total, 1969	6,825.6	16,356.1
1970:		
Remaining components of 4 IBM 360/65's purchased in 1969	2,274.2	2,549.8
3 large-scale computers	6,248.5	6,096.5
1 large-scale computer to replace the IBM 1410	3,380.0	3,282.5
2 Digitek document readers	85.5	59.3
1 magnetic ledger accounting machine	19.5	10.7
Computer disc pack memory units	200.0	296.0
Total, 1970	12,207.7	12,294.8

[1] Only central processing components purchased.
[2] Net savings (rentals less purchase price and maintenance costs).

Mr. FUTTERMAN. In 1969 and 1970 we will be spending $19 million to acquire computer equipment, and in the course of the lifetime of that equipment which figures at 7 years we will be saving almost $29 million over and above the cost of the rent and services. If you average out what we save as a result of the expenditure over the lifetime of the equipment of 7 years generally, it is over $4 million per year that we are saving out of the purchases in these 2 years.

Mr. FLOOD. What kind of service do you get with this hardware which you are buying?

Mr. FUTTERMAN. We have a service contract and it is equally as good as the service that we get when we rent the equipment.

EXCESSIVE PAYMENTS TO PHYSICIANS UNDER MEDICARE

Mr. MICHEL. What is your shop doing, if anything, to stop some of these exorbitant, outlandish amounts that we have read about in the papers being paid to certain doctors under the medicare program? You know, they run up to over $100,000 per doctor in some instances, and they have gotten a lot of publicity in the news media. What has your shop done about that particular situation?

Mr. BALL. Well, Mr. Michel, specifically on the illustration that you give, as a regular matter of procedure most of our carriers investigate large aggregate payments to physicians to determine what the circumstances are under which they were paid. We also flag them centrally and ask the carriers to investigate them if they have not. So we do that.

But as I was suggesting earlier, perhaps more basic is an increased emphasis upon a careful claims process in all of medicare where you examine, first, the need for the service. You actually look at the utilization of the service. The sort of thing that I am quite disturbed about is the possibility—which is always there—of physicians who go to an institution like an extended care facility, make a very large number of visits in a short time and charge each one as a visit. The carriers are alerted to watch for this type of thing and to question it.

Then the way this program is basically administered, in terms of the fee levels that are paid—you see, the carrier has a geographic area. For each physician in that area he is required to develop a computerized screen that shows what this physician has been charging in the past for various procedures. A new bill is thrown against that screen and rejected if it exceeds the physicians customary charge. I might say there is also a cutoff at the top, the so-called prevailing level, which rejects fees that are higher than most other physicians in that area are charging.

At the present time we are really saying that you should stick with the fee levels of the past unless there is a very strong justification in a particular case that a physician can positively make to justify an increase in the fee level recognized.

Now, I should add on these very large amounts that have received some publicity that you cannot immediately decide, just because it is a large amount, that something is wrong. It is a gross payment. In looking into some of them we find that such an individual may have had two or three physicians who were employees of his. Of course, by the time you net out his whole payroll and his other expenses you have a different situation than the $100,000 you started with. Then there are great differences between the kinds of practices different physi-

cians have. Some ophthalmologists, for example, and some other physicians have a very high proportion of people who are on medicare. We may be talking about medicare in their practice being 80 or 85 percent of their total practice. But still there is no question but that very large payments are one place to take hold of and keep investigating and making sure they are all legitimate.

We perhaps even more basically, Mr. Michel, are very much concerned about the whole trend toward increasing medical costs. We have just recently completed a series of nine regional conferences around the country where we took the initiative to call together the hospital leadership, the medical profession leadership, insurance companies, trade unions. We got people together who had really not been working together before. They had been meeting separately as hospital people, as physicians, and so on. We got them together, challenged them with this situation because it is not good for any part of the health field to have these escalating costs.

Though you cannot say this or that specific result came out of a conference, we have pretty good evidence that many of the people are now following through with meetings in their own cities and are beginning to, on a continuing basis, talk and work together. We have some hope of continuing constructive action coming out of that kind of activity.

Fundamentally, in the physician area we are faced with the situation where a greatly increased demand for services has taken place and yet we have about the same supply of physicians as we had before. In that supply-demand situation the supplier can raise his prices. In any other market you would expect that to happen. That is the real problem.

MEDIGAME

Mr. MICHEL. I have before me here an article from the Washington Post, dated March 11, entitled "Medigame Helps Retirees Understand." Apparently this was invented by the U.S. Public Health Service with the help of the social security service. It is a game resembling Monopoly.

Do you have any idea what the cost was?

Mr. HESS. We can supply that.

Mr. MICHEL. Why not supply for the record what your shop's interest in this thing was?

Mr. HESS. This is an educational or informational diversion that was suggested by some of the senior citizens and other groups. Public Health Service worked it up. It was put out on a pilot basis as being tested in some of the senior citizen centers, and so on. It gives them a chance through an entertaining experience to go through the rules, the eligibility requirements, what you can do, what you cannot do, what are covered services, what are not covered services.

After these pilot projects conclude, we will look at them to see whether people think it is worth having. If we are going to encourage the use of it, we would put it out—I mean, we would not produce it ourselves. We would find some suitable sponsorship for it.

Mr. MICHEL. Do you know how many of those have been put out?

Mr. HESS. I think there were about 750 of these games manufactured and put out at various places in the country. We will supply that information for the record.

Mr. MICHEL. Give me the full recap on it.

Mr. HESS. Yes.

(The information follows:)

MEDIGAME

Medigame was developed under a contract between the Health Services and Mental Health Administration and the Society of Health Educators. Seven hundred and fifty sets have been manufactured for testing purposes. The Social Security Administration received 235 sets, the Administration on Aging of the Social and Rehabilitation Service, 370 sets, and the remainder (145 sets) was retained by the Health Services and Mental Health Administration. The cost of about $7,000 for developing these sets was paid from that part of the appropriation account, "Comprehensive Health Planning and Services," which is earmarked for administrative costs incurred by the Health Services and Mental Health Administration for the medicare program and which is funded from the hospital insurance trust fund and supplementary medical insurance trust fund.

The game is being tested by the Social Security Administration, the Administration on Aging and the Health Services and Mental Health Administration through such organizations as golden age clubs, community centers, senior citizens groups, foster grandparent groups, and professional organizations that work with senior citizens. This testing will determine the educational value of the game.

DESCRIPTION OF THE GAME

The principal objective of the game is to give beneficiaries a greater understanding of the benefits and operation of the hospital insurance and supplementary medical insurance programs.

Medigame is a board game played by two to six people. Each player receives a medicare card and $400 in play money. Each turn consists of selecting a card and making some decision regarding the action it requires. The player then throws the dice and moves his marker along a path.

By playing the game, the player is acquainted with the benefits of medicare, such as physician services, hospitalization, extended care and home health services. The player learns which services medicare does and does not cover, the operation of the deductible and coinsurance provisions and the fact that he must spend his money for noncovered services.

Winning the game involves the accumulation of points through: (1) Finishing the circuit of the path; (2) the point value of money held at the conclusion of the game; and (3) the point value of cards purchased representing health insurance, good diet, physical examinations, and social and physical activities. The player with the most points wins.

SOCIAL SECURITY BENEFIT PAYMENTS IN FOREIGN COUNTRIES

Mr. FUTTERMAN. With respect to the foreign claims, we are a little slow looking it up. As of December 1968 we had 202,000 beneficiaries and the monthly benefit amount was $15,855,000.

Mr MICHEL. That is a sizable amount. That is a loss in gold.

Mr. FUTTERMAN. We do not pay all of this in gold. We pay a good bit of this in foreign currency, in counterpart funds.

Mr. MICHEL. How do we do that?

Mr. FUTTERMAN. Through arrangement with the Treasury Department. For instance, in Israel, Greece, Yugoslavia, counterpart funds are available.

Mr. MICHEL. I appreciate that. Who has control over that, then?

Mr. FUTTERMAN. Treasury. We are paying—Treasury has the responsibility. They take the check, in effect authorize payment in the funds of the foreign country.

Mr. MICHEL. In other words, the recipient in a given foreign country, if we have counterpart funds there, has no control over saying that "I have got to have this in dollars?"

Mr. HESS. That is right.

Mr. MICHEL. We give him the equivalent of that benefit in local currency?

Mr. HESS. Yes.

Mr. FUTTERMAN. There are about a dozen or so countries.

Mr. MICHEL. Supply that for the record.

Mr. FLOOD. That is a good idea.

(The information follows:)

PAYMENT OF BENEFITS IN COUNTERPART FUNDS

Country	Payees	Paid for December 1968 [1]
		4
Bolivia	19	$1,795
Ghana	3	419
India	112	12,354
Indonesia	3	411
Israel	1,897	196,30
Morocco	44	4,622
Pakistan	69	5,169
Poland	2,054	195,806
Syria	51	15,050
Tunisia	9	740
United Arab Republic	11	1,094
Yugoslavia	4,371	397,831
Total	8,643	831,595

[1] Payments for December 1968 include monthly benefits, lump-sum payments, and retroactive payments. Monthly averages cannot be determined by dividing the payments by the number of payees.

CONSTRUCTION OF DISTRICT OFFICES

Mr. MICHEL. I noticed an article in the Peoria paper that a new social security building is planned in my home community. I saw, as a matter of fact, this morning, coming out on the plane an advertisement in a paper advertising for sites. Is there any money in the 1970 budget for actual construction for district offices?

Mr. BALL. No; we are not asking for anything new. There were 109 approved over a period of time from 1965 on through 1967 and we are taking the position of moving further along with that 109—I guess they were actually reduced to 107 in a reprograming—before asking for additional authority.

Mr. MICHEL. Could I have an up-to-date account put in the record at this point of where we actually are in this particular project for Peoria? In other words, if we are just at that point of advertising for a site, I would like some idea as to what the mechanics and the timetable are here after site acquisition.

Mr. FLOOD. Don't you think instead of having it for the record that won't be printed for 3 or 4 weeks, that you should have them write you immediately on that question?

Mr. MICHEL. That would be fine. I would like to have an up-to-date account of just about where we are.

Mr. HESS. This is in Peoria?

Mr. MICHEL. Yes. Since there has been so much publicity given to it, are we 2 years away, 3 years away, 10?

Mr. FUTTERMAN. Part of it, Mr. Michel, depends on what the costs are. If they are beyond the budget, excessive, we may have to delay or revise our plan.

Mr. MICHEL. Is it true that for district offices in the Social Security Administration we construct those facilities out of trust fund accounts?

Mr. FUTTERMAN. Yes. Trust fund moneys.

Mr. MICHEL. And they are owned by the Social Security Administration?

Mr. BALL. In this group we are talking about here?

Mr. MICHEL. Right. As distinguished from the construction we do for the Post Office Department which is on a lease-purchase, with private industry building them and leasing them back.

Mr. BALL. Right. This 107 or 109 we are talking about is trust fund expenditures and will be on the basis as you said. We, of course, are in many other buildings that we have rented and some of them have been built for us to our specifications and then leased to us.

Mr. MICHEL. Of course, these are rented facilities which we currently have in the Peoria area?

Mr. BALL. Yes.

USE OF OVERTIME

Mr. MICHEL. I should say that our local top man in Peoria, Mr. Mott, is absolutely superb. Everyone in the community likes him. He gives the whole Social Security a tremendously good image. I was somewhat interested in your comments with respect to the attitude of employees when given maybe too much overtime, as to whether or not they project the kind of image they would if they were just working 40 hours and had the usual amount of recreational time. I think that makes a pretty good point.

Have we had set out in the record specifically how many people you have who have worked overtime? You mentioned a figure of 15 percent.

Mr. BALL. Yes, sir; 15 percent is the cost differential on the whole payroll.

Mr. MICHEL. As a result of overtime?

Mr. BALL. Yes. Actually, there is an increase in the 1970 budget of about $5 million because of doing more work on overtime rather than straight time in 1970 than in 1969.

Mr. MICHEL. In the proposed 1970 budget?

Mr. BALL. Extra; yes, sir.

As the number of people who are working regular overtime today—and I will try to make an estimate for the record—offhand, it would be a very high proportion of the 51,000 who are on duty today. In these district offices across the country and in the payment centers there is just no other way to get the job done at the present time. Offhand, I do not know whether Peoria is one of those offices that has lost several people or whether they are basically staffed pretty well. I would have to look into that.

Mr. MICHEL. Mr. Mott has not come to me with any crying towel. I know he understands our situation nationally and what we try to do, but by the same token I do know that they had a resort to some overtime. Of course, this in effect turns out to be false economy in many respects.

Mr. BALL. It certainly does.
Mr. MICHEL. I think that is all I have.
Mr. FLOOD. Mr. Shriver.

RECRUITMENT OF NEW EMPLOYEES VERSUS USE OF OVERTIME

Mr. SHRIVER. Thank you, Mr. Chairman.

Continuing on that same line of discussion, you would not have any difficulty in getting the people if you had the budget to operate?

Mr. BALL. Mr. Shriver, I think it would be well within our capacity to move up with the 2,800 or so new positions that are in this 1970 budget. There is a limitation on how many it is practical to put on quickly. There is quite a long training period for the technical jobs. We do not really consider a person able to do one of these claims representative jobs, even part way, until after about 6 months, and a fully trained person takes almost 2 years. So we are not really proposing in this budget sufficient staffing so that we could in 1970 do without the overtime. The only practical thing we believe, since we are down so low, about 5,000 under the jobs that we think we need, is that we will just have to continue overtime with the experienced people while we are hiring and training a new group, so that later on we will be in a better position. We have already slipped into this hole, you might say, and will have to work out of it by a combination of overtime and new staff.

Mr. MICHEL. Will you yield?

Mr. SHRIVER. Yes.

Mr. MICHEL. There are those who use that very argument and say as a matter of fact we are better off by paying experienced, qualified people overtime than we are going out and training new people.

Mr. BALL. Absolutely.

Mr. MICHEL. And then by attrition losing them after a short period of time. Now, what do you do—you have heard people make that argument?

Mr. BALL. Absolutely right. As a matter of fact, you may have heard me make that argument.

Mr. FLOOD. As a matter of fact, I think I have.

Mr. BALL. The reason we have done it, the reason you have to do that is if you have legislation which produces big workloads in a hurry. For instance when medicare came in or when you extended coverage to farm operators—if you remember back to that period—there was just a huge workload right off. Actually, to hire a lot of people right then really reduces your ability to produce for a short time. You just have to use the people you have that are trained and put them on overtime. But here we are in a different situation. We are not talking about a peaked, one-time workload growing out of legislation; we are talking about an agency which is year-after-year getting a larger workload and it is going up 7.9 percent this next year. In that situation there is no other way to cope with the longrun problem but to put people on, take the time to train them and get in a position where you can handle the work as it develops.

Mr. FUTTERMAN. May I add that in the reverse, to be responsive to your question, we take a look ahead at what our continuing staff should be. Let us say that in 1974, if we were on the 1974 budget, we are

going to have a staff of 55,000 and in 1975 we are going to have work enough for 70,000, but in 1976 we are going back to the level of 55,000 or 56,000. Now, we don't want to put on the staff, train them and then have to lose them. So that we use overtime as one device for knocking that peak down. We use a lot of other devices like shifting whatever work we can to reduce that peak so that the demands in that high year are diminished. Mr. Ball said this and I say it in reverse, that it is a very good device when you have sort of a level load and you have a 1-year peak to use overtime; but, as Mr. Ball said, and made clear, our workload over a period of time was upward and, therefore, you gain nothing by adding overtime as a way of keeping your staff down when your long term continuing staff needs are going up.

CHANGING THE TIMING OF ISSUANCE OF SOCIAL SECURITY CHECKS

Mr. SHRIVER. Mr. Michel's questioning about the amount of money that a check costs and this discussion reminds me of a conversation I had not too long ago with some constituents of mine from the banking business who were wondering whether it would not be possible to have a different method of issuing social security checks so that they won't all come at one time, so as to relieve the tremendous load on the banking business and the Post Office Department.

Mr. FLOOD. Yes; I have heard of that.

Mr. SHRIVER. I think I asked a question along that line of Mr. Kelly earlier. He said there had been some studies on this. I was to get a copy but I haven't, as yet.

Mr. BALL. Even better than that is for me to tell you we are going back into that issue. We did go into it, as Mr. Kelly said, at some length just 2 or 3 years ago and came to the conclusion that on balance we would not favor it; but I am not at the moment satisfied with that. I think we ought to go back into it again and consider the possibility of doing it for new beneficiaries. I think you could see right away that we would have a very serious problem if we tried to change for the people who are getting the checks on the third of the month now.

Mr. SHRIVER. Exactly.

Mr. BALL. You could start with new beneficiaries.

Mr. MICHEL. Such as on their birthdays.

Mr. BALL. Or some device relating to their account numbers.

Mr. MICHEL. There was something that came to my attention about a fellow who wanted to know for sure if one of his relatives had been cut short when he died, because if you do not live out the full month you do not get paid for——

Mr. BALL. You are not paid for the month in which you die; that is right.

I think there is a possibility here, but I really don't think you could take the present load and spread it out. I think we might look at the new beneficiaries.

Another thing we have been talking to some of the bankers about which would not have a big effect right now but might in the long run, is whether they and we can work out a system for people with bank accounts where the deposit would be automatic and you would not have to have paper flow back and forth. You might just say "This man is entitled to social security benefits. Until further notice you

credit his account with $106 every month." Then we would add, "If something changes we will let you know." And the payee would continue to have certain responsibilities for reporting events like returning to work.

Mr. SHRIVER. Sort of like a Bankamericard.

Mr. BALL. Yes. So I think there are possibilities of savings in the long run.

Mr. SHRIVER. It might also work out to the advantage of your office.

Mr. BALL. Yes.

Mr. SHRIVER. You might benefit from not having the workload.

Mr. BALL. Yes; and also the Post Office Department.

Mr. SHRIVER. Yes.

ACTUARIAL STAFF

You mentioned the number of actuaries that you have. How many do you have?

Mr. BALL. I think there are 48 on the actuarial staff but they are not all professional actuaries. That is the whole office. I would think there are probably about 25 people who have passed some of the actuarial examinations.

INCOME MAINTENANCE STUDIES

Mr. SHRIVER. This item for the support of the President's Commission on Income Maintenance, $675,000 estimated for 1970, when was it decided that that was the figure that you were going to have in here? When was that decision made?

Mr. CARDWELL. Late summer or early fall of this year.

Mrs. TYSSOWSKI. The 1970 estimate is based on the fact that the committee is supposed to expire by March 1970. So we have it in effect at the 1969 rate for 9 months.

Mr. SHRIVER. How much money, Mr. Cardwell, throughout here or in other budgets is for income maintenance studies? I have heard it several times.

Mr. CARDWELL. Right. There is money in the Social Rehabilitation Service budget, about $8 million, including a budget amendment for 1970.

Mr. SHRIVER. Is that the only other place?

Mr. CARDWELL. That is the only other item that is that specific. There are some items that have an indirect effect on the issue of various forms of welfare systems. I think that is what you are referring to when you use the term "income maintenance." Mr. Ball does not like that term to cover also Social Security.

Mr. FLOOD. It is not his term, it is somebody else's term.

Mr. CARDWELL. The term "income maintenance" as used in this context relative to the Heineman Commission includes social security. It is more than just welfare, much, much more than just welfare.

Mr. SHRIVER. Thank you, Mr. Ball.

Thank you, Mr. Chairman.

Mr. FLOOD. Mrs. Reid?

Mrs. REID. I have no further questions at this time.

Mr. FLOOD. Thank you very much, ladies and gentlemen.

JUSTIFICATION MATERIAL

JUSTIFICATION MATERIAL

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL SECURITY ADMINISTRATION

Limitation on Salaries and Expenses (Trust fund)

Amounts Available for Obligation

	1969	1970
Appropriation	$768,145,000	$885,000,000
Proposed for separate transmittal: Pay supplemental	18,147,000	---
Comparative transfer to "Salaries and Expenses, Office of the Comptroller"	-187,000	---
Total obligations	786,105,000	885,000,000

Obligations by Activity

Page Ref.		1969 Estimate Pos.	1969 Estimate Amount	1970 Estimate Pos.	1970 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
22	Old-age and survivors insurance program	32,708	$355,724,525	34,367	$386,090,355	+1,659	+$30,365,830
26	Disability insurance program	10,765	162,915,376	11,282	175,821,759	+517	+12,906,383
29	Health insurance program:						
	a. Hospital insurance plan	3,444	88,548,967	3,483	92,587,225	+39	+4,038,258
	b. Supplementary medical insurance plan	4,159	178,916,132	4,809	205,500,661	+650	+26,584,529
33	Contingency reserve	---	---	---	25,000,000	---	+25,000,000
	Total Obligations	51,076	786,105,000	53,941	885,000,000	+2,865	+98,895,000
	Unobligated balance, reserve		---		---		---
	Total obligations and balances		786,105,000		885,000,000		+98,895,000

Obligations by Object

	1969 Estimate	1970 Estimate	Increase or Decrease
Total number of permanent positions	51,076	53,941	+2,865
Full-time equivalent of all other positions	1,128	936	-192
Average number of all employees	51,484 1/	51,936 1/	+452
11 Personnel compensation:			
Permanent positions	$391,940,851	$404,477,501	+$12,536,650
Positions other than permanent	4,505,893	3,726,421	-779,472
Special personal service payments	189,424	106,746	-82,678
Other personnel compensation	28,301,660	52,040,961	+23,739,301
Total personnel compensation	424,937,828	460,351,629	+35,413,801
12 Personnel benefits	31,048,370	32,157,901	+1,109,531
21 Travel and transportation of persons	7,414,137	7,291,693	-122,444
22 Transportation of things	2,053,624	1,662,241	-391,383
23 Rent, communications, and utilities	52,065,661	54,384,456	+2,318,795
24 Printing and reproduction	6,146,898	6,165,150	+18,252
25 Other services	18,311,695	21,197,581	+2,885,886
Payments to States	56,126,384	60,723,245	+4,596,861
Payments to intermediaries	172,056,000	191,669,000	+19,613,000
26 Supplies and materials	5,959,649	6,462,956	+503,307
31 Equipment	9,675,677	17,356,496	+7,680,819
32 Land and structures	201,425	465,000	263,575
42 Insurance claims and indemnities	107,652	112,652	+5,000
Contingency reserve	---	25,000,000	+25,000,000
Total obligations by object	786,105,000	885,000,000	+98,895,000

1/ Excludes overtime equivalent as follows: 1969 - 3,080 man-years
1970 - 5,600 man-years

Summary of Changes

1969 estimated obligations	$786,105,000
1970 estimated obligations (including contingency)	885,000,000
Net change	+98,895,000

	Base		Changes to Base	
	Man-Years	Amount	Man-Years	Amount
Increases				
A. Reinstatement of contingency reserve of $25,000,000	--	--	--	$25,000,000
B. Built-in				
1. Annualization of the pay raise, Executive Order 11413 dated June 11, 1968	--	-$748,782	--	+748,782
2. Average salary costs:	--	38,317,759	--	7,061,591
a. Pay above the base of grade	--	33,182,369	--	4,915,990
b. Reclassifications in 1969	--	1,858,929	--	1,075,496
c. Reclassifications in 1970	--	--	--	168,608
d. Promotions to journeyman grades in 1969	--	5,270,714	--	2,051,204
e. Promotions to journeyman grades in 1970	--	--	--	5,217,228
f. Recruitment below journeyman grades in 1969	--	-3,643,526	--	-2,037,113
g. Recruitment below journeyman grades in 1970	--	--	--	-4,471,355
h. Pay in excess of 52 weeks	--	1,649,273	--	141,533
3. Increases in wage and price levels of public and private agencies performing work on a contract basis:	--	--	--	12,542,945
a. State agencies (disability program)	--	--	--	2,608,945
b. State agencies (health program)	--	--	--	407,000
c. Intermediaries (health program)	--	--	--	9,527,000
Sub-total, built-in	--	--	--	20,353,318
C. Program				
1. Increase of 7.9 percent in work output:	54,564	704,070,283	3,607	53,513,901
a. Increase of 6.6 percent in work output of SSA Payroll and other objects	54,564	476,267,899	3,607	32,302,495
b. Increase of 1.4 percent in work output of State agencies making disability determinations	--	48,226,384	--	671,406

	Base		Changes to Base	
	Man-Years	Amount	Man-Years	Amount
c. Increase of 11.6 percent in work output of health insurance intermediaries..	--	171,676,000	--	19,848,000
d. Increase of 8.8 percent in work output of health insurance State agency operations.....	--	7,900,000	--	692,000
2. Additional cost of overtime.....	--	3,519,847	--	5,349,512
3. Continuing space and communication requirements:	--	26,143,735	--	3,794,816
a. Annualization of changes made in 1969.....	--	26,143,735	--	1,170,123
b. Changes scheduled for 1970..	--	--	--	2,624,693
4. Purchase of ADP equipment.....	--	6,825,600	--	5,382,100
5. Replacement of equipment.....	--	717,147	--	46,803
6. Changes in prices and inventories.....	--	--	--	299,185
7. Change in indirect management costs for State agencies - Bureau of the Budget Circular A-87.....	--	--	--	805,000
8. Non-recurring work performed on a contract basis.....	--	4,044,722	--	677,214
9. One-time or intermittent costs..	--	6,121,270	--	631,911
Sub-total, program.....	--	--	3,607	70,500,442
Gross increases.....	--	--	3,607	115,853,760
Decreases				
A. Productivity changes:	--	--	-635	-10,839,262
1. Procedural changes and other cost reductions: Payroll and other objects.....	--	--	-1,226	-6,765,959
2. Increased proportion of time devoted to training and supervision.....	--	--	503	2,908,503
3. Special program employee training.....	--	--	88	588,684
4. State agency productivity (health).....	--	--	--	-164,000
5. State agency productivity (disability).....	--	--	--	-258,490
6. Intermediary productivity.....	--	--	--	-7,148,000

	Base		Changes to Base	
	Man-Years	Amount	Man-Years	Amount
B. Savings due to purchase of ADP equipment.....	--	-2,906,582	--	-3,220,498
C. Change in ratio of other objects costs to payroll costs of HI State agencies.....	--	--	--	-165,000
D. Change in ratio of other objects costs to payroll costs of HI intermediaries.....	--	--	--	-2,734,000
Gross decreases.....	--	--	-635	-16,958,760
Total change.....	--	--	2,972	+98,895,000

Explanation of Changes

Increases:

A. Reinstatement of contingency reserve of $25,000,000..... $25,000,000

The $25,000,000 contingency reserve authorized for 1969 will be used to finance program workloads in excess of those contained in the President's budget for fiscal year 1969. This requirement stems principally from a larger volume of workload units to be processed by health insurance intermediaries in 1969. The budget request provides for a reinstatement of a contingency fund of $25,000,000 for 1970.

B. Built-in

1. Annualization of the pay raise - Executive Order 11413 dated June 11, 1968..... +$748,782

This cost is the annualization in 1970 of the pay raise effective July 14, 1968.

2. Average salary costs..... $7,061,591

a. Pay above the base of the grade..... $4,915,990

This is the cost of carrying within-grade promotions granted in 1969 for a full year in 1970 and the cost of such promotions in 1970.

b. Reclassifications in 1969..... $1,075,496

This is the cost of carrying for a full year in 1970 the reclassifications that occurred in 1969.

c. Reclassifications in 1970..... $168,608

This is the cost of various reclassifications scheduled in 1970, the principal one being the reclassification of first-line supervisors in the payment centers.

d. Promotions in 1969..... $2,051,204

This is the cost of carrying for a full year in 1970 the promotions of trainees to journeyman grades in 1969. Many of these are promotions to intermediate grade levels because the development of a fully-trained technician may take up to two years.

e. Promotions in 1970..... $5,217,228

This is the cost of promotions expected in 1970 as a result of recruitment below the journeyman grade planned in 1969 and 1970.

f. Recruitment below journeyman grades in 1969 (annualization)..... -$2,037,113

g. Recruitment below journeyman grades in 1970..... -$4,471,355

Offsetting promotions to journeyman grades is the practice of hiring new personnel at levels one or two grades below the journeyman level. This is especially true of the higher-graded technical positions in the claims and post-adjudicative processes where classroom and on-the-job training may take a year or more.

h. Pay in excess of 52 weeks..... $141,533

The increase reflects a higher staffing and salary level in 1970 as compared to 1969.

3. Increases in wage and price levels of public and private agencies performing work on a contract basis..... $12,542,945

a. State agencies (disability program)..... $2,608,945

Of the total, $1,632,290 is related to an increase in salaries of State employees (from an estimated average of $7,960 in 1969 to $8,556 in 1970) and to the increased proportion of physicians to total staff engaged in disability work which is budgeted for 1970. It is also estimated that fee schedules established by the States for medical examinations will be revised upward in 1970 with the resulting effect of increasing the cost of consultative examinations per disability case requiring such examinations from $62.12 in 1969 to $64.26 in 1970, for a net increase of $696,565. The remainder of the increase ($280,090) is related to increases in the cost of goods and services for employees of State agencies.

b. State agencies (health program)..... $407,000

Of the total, $326,000 is related to an average salary increase of State agency employees under the health insurance program. The average salary increases from $8,695 in 1969 to $9,149 in 1970. The remaining $81,000 is related to price increases for travel, equipment and other items of expenditure.

c. Intermediaries (health program)..... $9,527,000

The 1970 estimate provides for a composite 5.2 percent increase in salaries, services obtained through subcontracts, supplies, equipment and other items of expenditure of private agencies under contract with the Administration to handle the bill payment and other functions under the health insurance program. This increase is offset to a substantial degree by savings due to increased productivity, which are shown under the decrease items.

C. Program

1. Increase of 7.9 percent in work output..... $53,513,901

The volume of work to be handled by the staff of the Social Security Administration and by public and private agencies under contract to perform certain administrative functions of the health insurance and disability insurance programs is estimated to increase by 7.9 percent over the 1969 level. This increase is largely due to the growth in population and in the proportion of the population benefiting from the social security programs. About 18 percent of the increase in work output also results from the planned reduction in 1970 of backlogs carried over from 1969.

a. Increase of 6.6 percent in work output of SSA..... 3,607 man-years and $32,302,495

The increase in work output is the net effect of: (1) An increase in measurable workload units at a computed cost of 3,292 man-years and $29,118,107; (2) measures to improve service and the outgoing quality of work estimated to cost 139 man-years and

$1,063,842; and (3) an increase in the volume of non-recurring work to be performed amounting to 176 man-years and $2,120,546.

The most important factor contributing to the increase in volume of workload units in 1970 is the growth in the number of persons benefiting from the social security programs. The average number of people on the old-age, survivors and disability insurance benefit rolls who are in current payment status will be about 25.5 million in 1970, an increase of 3.5 percent from the 1969 level of 24.7 million. The estimated number of persons receiving services under the hospital insurance program will increase to 4.2 million in 1970 from 4.1 million in 1969. The estimated number of persons receiving services under the supplementary medical insurance program will be 8.5 million in 1970 compared with 8.2 million in 1969.

A total of 139 additional man-years will be required in 1970 to carry out changes in procedures which are designed to improve service to the public and the outgoing quality of work. The principal ones are: (1) A refinement of our present computer case control system to include control of a scheduling operation which will insure timely processing of post-entitlement operations in the payment centers; (2) annualization of manpower requirements for a systems change which provides the district office with the capability to obtain information from a microfilm copy of the beneficiary's file or from the latest tape record of that file. This change will insure a more rapid and accurate response to the beneficiary than had been the case under the previous system, which required that this information be secured from the payment center file by mail; and (3) a refinement of the disability interview in the district office will result in providing information to the reviewer which is more selective and more sharply focused on what can best contribute to prompt and sound disposition in an individual case.

In fiscal year 1969 the Administration will use 98 man-years for non-recurring work; namely, (1) Orientation of district office employees to the use of new microfilm equipment for obtaining information from microfilms of beneficiary records which will be provided to district offices to respond more rapidly to public inquiries; and (2) a "loss of benefit" survey conducted by youth opportunity campaign employees. In 1970 two non-recurring projects will be accomplished. The first will be a recalculation of the primary insurance amount in a number of cases already indentified which did not contain all earnings at the time of entitlement because the earnings were not yet posted or were unknown. This project will require 250 man-years and will provide an increase in benefits for a number of present beneficiaries. The second project is a validation, by random sample, of the continuing disability enforcement process which will require 24 man-years to accomplish.

b. Increase of 1.4 percent in work output of State agencies making disability determinations..... $671,406

The number of determinations of disability to be made by the State agencies will increase from 830,150 in 1969 to 846,000 in 1970. The total cost of this increase including purchase of consultative examinations at the 1969 rate would amount to $1,033,706. However, there is an offset of $362,300 because of a decrease in the consultative examination purchase rate budgeted for 1970. This decrease is principally the result of the increase over 1969 in the number of continuing disability examinations which have a low purchase rate and a decrease in the number of disabled widow cases which have a very high purchase rate.

c. Increase of 11.6 percent in work output of health insurance intermediaries..... $19,848,000

The work output increase for health insurance intermediaries results from a 7.6 percent increase in the number of bills for hospital services to be handled in 1970 over 1969 and an 18.1 percent increase in the number of claims for physician and related services. Adding to this is an eight percent increase in 1970 in the number of audits of hospitals, extended care facilities and other providers of service under the hospital insurance program. These costs are partly offset by a $4,194,000 reduction related to a change in the mix of audits to be performed. In 1970 hospital audits will account for a smaller proportion of total audits performed. Since the average cost of a hospital audit is higher than for other provider audits, a reduction in the proportion of hospital audits lowers the overall average cost. Also in 1970 a greater proportion of audits performed will be partial audits, which are of a lower average cost.

d. Increase of 8.8 percent in work output of health insurance State agency operations..... $692,000

Of this increase, $423,000 is related to a 5.4 percent increase in the number of provider surveys and other purpose visits by State agencies in connection with the certification and recertification of providers. A further increase of $129,000 stems from the more time-consuming formal resurveys increasing more rapidly than the total workload (from 13,900 in 1969 to 16,000 in 1970, an increase of 15.1 percent). The remaining $140,000 is related to State involvement in the coordination of various Title XVIII program activities with the Title XIX program to develop and use standards that can be applied to both programs wherever possible.

2. Additional cost of overtime..... $5,349,512

This is the cost of paying the higher average cost of overtime above the average cost of regular time including personnel benefits. While the staff increases in 1970 over 1969, the overtime use will also be greater. This is related to the provisions of the Revenue and Expenditure Control Act which required a continuing decline in staff throughout 1969. Thus, the increased overtime is related to the low level of staffing at the end of 1969, which is projected to be about 5,100 employees less than provided in the 1969 appropriation estimate. Overtime will be used to make up for the difference between the total manpower required to process the projected workloads and the effective manpower that can be achieved from the budgeted staff increase of 2,865 permanent positions.

3. Continuing space and communication requirements..... $3,794,816

Of this, $1,170,123 results from the annualization of the cost of added office space and communication facilities acquired in 1969. In fiscal year 1970 the cost of additional space and communication facilities scheduled to increase by $2,571,129. This is made up principally of: (1) The relief of present inadequate and overcrowded space in the Philadelphia, Chicago and New York Payment Centers ($825,100); (2) upgrading or increases in space to meet standards in a number of district offices ($292,099); (3) the opening of a number of branch offices to provide better service to metropolitan areas ($800,000); (4) new district and branch offices to provide better service in various locations throughout the country ($268,000); and (5) $363,630 for increased maintenance service and utility costs at headquarters upon occupying a new office building which is scheduled for completion early

in fiscal year 1970. An additional $53,564 will be required because of increased rental rates and moves from inadequate rent-free space.

4. Purchase of ADP equipment..... $5,382,100

Planned purchases of ADP equipment are summarized below:

Year	Type of Equipment	Purchase Price
1969	Purchases for processing increased workloads	
	Microfilm printer	$143,000
	Purchase of equipment which is presently rented	
	Magnetic tape terminals - 15	526,900
	Central processing complex of four IBM 360/65's	4,102,688
	IBM 7080 - two	650,000
	Eight small-scale computer systems	1,032,570
	95 electric accounting machines	370,442
	Total 1969	$6,825,600
1970	Purchases for processing increased workloads	
	Two large-scale computers	$4,252,400
	One mark sense document reader	46,500
	Magnetic ledger accounting machine	19,500
	Computer disc packs	200,000
	Purchase of equipment which is presently rented	
	Remaining components of four 360/65 systems and one complete 360/65	4,270,300
	One Optical Scanning Corporation mark sense document reader	39,000
	One large-scale computer system	3,380,000
	Total 1970	$12,207,700

The above are gross costs for purchases of ADP equipment. The savings in rentals resulting from these purchases are shown in the decrease items.

5. Replacement of equipment..... $46,803

This is the increase in 1970 in the cost of replacing worn-out equipment.

6. Changes in prices and inventories..... $299,185

Most of this increase ($220,000) is related to increased rental rates for the Federal Telecommunications System. The remainder represents miscellaneous minor changes in rates and levels of inventories.

7. Change in indirect management costs for State agencies - Bureau of the Budget Circular A-87..... $805,000

Bureau of the Budget Circular A-87 revised the methods used to determine costs applicable to grants and contracts with State and local governments. This directive provides for the Federal Government to pay a share of State government administrative costs such as personnel and financial services on the basis that these administrative functions service State programs funded by the Federal Government. It is estimated that this new procedure will increase the cost of our contracts

with State governments to perform certain functions in the disability and health insurance programs by $805,000.

8. Non-recurring work performed on a contract basis..... $677,214

This is the cost of non-recurring contractual work which is largely for the purpose of evaluating the effectiveness of the social security program. The major items are:

	1969	1970
Survey of disabled adults	$250,000	$275,000
Retirement history survey	610,000	460,000
Survey of new beneficiaries	350,000	350,000
Financial support of the President's Commission on Income Maintenance	900,000	675,000
Before and after Medicare study	164,000	93,000
Current Medicare survey	743,000	743,000
Drug study	200,000	200,000
Incentive reimbursement evaluation	144,000	950,000
Other research contracts	546,715	651,850
Other contracts	137,007	324,086
Total	$4,044,722	$4,721,936

Of the above items, the principal increase in fiscal year 1970 is in the cost of studies to evaluate incentive reimbursement experiments of providers of service under the health insurance program. The 1967 Amendments to the Social Security Act provided for establishing incentives for hospitals and other providers to experiment with methods for reducing the cost of their services. Although the project was initiated in 1969, the bulk of the contracts involved will be let in 1970.

9. One-time or intermittent costs..... $631,911

This is a net figure resulting from increases and decreases in one-time or intermittent costs associated with opening new offices, recruitment of staff and other one-time costs such as equipment required for the new central office warehouse scheduled for completion in June 1969, the purchase of microfilm reader printers for each district office to use for obtaining information from microfilm copies of the master beneficiary record, and the cost of upgrading the air-conditioning system in central office.

Decreases:

A. Productivity changes..... -635 man-years and -$10,839,262

1. Procedural changes and other cost reductions..... -1,226 man-years and -$6,765,959

These cost reductions are to be achieved principally through improvements to operating procedures and new or refined applications of automatic data processing methods to the work of the Social Security Administration.

2. Increased proportion of time devoted to training and supervision..... 503 man-years and $2,908,503

This is a net figure resulting from planned increases in leave as the average length of service of the staff becomes greater, in training and supervision of employees to increase their effectiveness, offset by

decreases related to improved employee productivity in certain operations that have experienced heavy turnover in recent years.

3. Special program employee training..... 88 man-years and $588,684

The Administration has participated in the employment of disadvantaged youths through the various programs sponsored by the Federal Government. These individuals are given training in such subjects as English, mathematics and typing skills to equip them to perform at journeyman level grades. In addition, they require more on-the-job training than the regular new employee. In past years these training programs have not been fully implemented, and the Administration expects to participate in them to a greater degree in 1970 and future years to give the disadvantaged better training to equip them to move ahead to more responsible jobs.

4. State agency productivity (health)..... -$164,000

The increased proficiency of State employees related to the health insurance program will result in an estimated two percent increase in productivity.

5. State agency productivity (disability)..... -$258,490

A better-trained and supervised staff of State employees related to the disability program will result in increased productivity in 1970.

6. Intermediary productivity..... -$7,148,000

Procedural changes and improvements and the increased proficiency of intermediary staff will result in a 1970 productivity improvement of 3.9 percent over 1969.

B. Savings due to purchase of ADP equipment..... -$3,220,498

This is the net change in rental and maintenance costs related to the purchase of ADP equipment discussed under program increases. Further rent savings in future years will result in full amortization of the equipment in about three years.

C. Change in other objects ratio for HI State agencies..... -$165,000

D. Change in other objects ratio for HI intermediaries..... -$2,734,000

Other costs for the health insurance State agencies and intermediaries will not increase at the same rate as personnel services in 1970, principally because of a number of fixed costs, thereby resulting in a reduction in the ratio of other objects to payroll costs amounting to $2,734,000 for the intermediaries and $165,000 for the State agencies.

Explanation of Transfers

	1969 Estimate	1970 Estimate	Purpose
Comparative transfer to: "Office of the Comptroller Salaries and Expenses".....	$187,000	....	To provide funding of internal audit function transferred to Office of the Comptroller.

Limitation on Salaries and Expenses (Trust fund)

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1960	$191,600,000	$191,600,000	$191,600,000	$191,600,000
1961	237,660,000	232,200,000	232,200,000	232,200,000
1962	280,625,000	267,570,000	267,570,000	267,570,000
1963	291,714,000	286,398,300	286,398,300	286,398,300
1964	322,679,000	317,900,000	317,900,000	317,900,000
1965	333,626,000	331,626,000	331,626,000	331,626,000
1966	491,341,000	488,341,000	488,341,000	488,341,000
1967	601,414,000	600,459,000	600,459,000	600,459,000
1968	720,188,000	716,428,000	715,328,000	715,328,000
1969	778,145,000	768,145,000	768,145,000	768,145,000
1969 proposed supplemental for: Pay increase	18,147,000			
1970	885,000,000			

Justification

Limitation on Salaries and Expenses

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits 1/.....	51,076	$455,986,198	53,941	$492,509,530	+2,865	+$36,523,332
Payments to States.....		56,126,384		60,723,245		+4,596,861
Payments to intermediaries.		172,056,000		191,669,000		+19,613,000
Other expenses...		101,936,418		115,098,225		+13,161,807
Contingency.....		---		25,000,000		+25,000,000
Total.....	51,076	786,105,000	53,941	885,000,000	+2,865	+98,895,000
1/ Average manpower estimates are as follows:						
Regular staff	51,484		51,936		+452	
Overtime equivalent..	3,080		5,600		+2,520	
Total.....	54,564		57,536		+2,972	

General Statement

The Social Security Administration is responsible for administering national programs of old-age, survivors, disability, and health insurance. The old-age, survivors, and disability programs have their statutory basis in Title II of the Social Security Act, as amended. The health insurance program is administered under the provisions of Title XVIII of the Social Security Act. The basic objective of the overall social security program is to provide individuals and families protection against the risks of economic loss resulting from old-age, disability, death, and the costs of health care beginning at age 65.

Income is provided to retired and severely disabled workers and their dependents, and to dependent survivors of deceased workers in the form of monthly payments, generally known as "social security benefits." These benefits are related to the worker's earnings on which social security contributions have been made. The health insurance program consists of a hospital insurance plan and a voluntary medical insurance plan. The hospital insurance plan helps eligible older people to finance the cost of hospital and related care. The medical insurance plan helps individuals who elect this coverage to finance the cost of physicians' services and certain other medical and health services.

Source of Funds

The old-age, survivors, and disability insurance programs and the hospital insurance plan are supported by contributions collected from employees, employers, and the self-employed in jobs, businesses, and professions covered by social security. The rate of contributions from employer and employee was 4.4 percent in calendar year 1968 and is 4.8 percent in calendar years 1969 and 1970. The

rate for the self-employed was 6.4 percent in calendar year 1968 and is 6.9 percent in calendar years 1969 and 1970. Beginning January 1, 1968, the maximum earnings to which these rates apply are $7,800.

For those aged who are not insured under the social security or railroad retirement programs, but who are entitled to hospital insurance benefits, the cost of hospital insurance payments and associated administrative costs are borne by the general revenues. The voluntary medical insurance plan is supported by equal contributions by all persons age 65 and over who elect to participate in the program and by the Federal government. The rate paid by participants is $4 per month and is subject to redetermination annually. The present $4 premium became effective on April 1, 1968.

Social Security contributions are collected by the Internal Revenue Service, with the exception of contributions from State and local government employees and their employers which are collected by the Social Security Administration, and deposited in the trust funds--the "Federal Old-Age and Survivors Insurance Trust Fund" created in 1939, the "Federal Disability Insurance Trust Fund" created in 1956, and the "Federal Hospital Insurance Trust Fund" created in 1965. The contributions by the participants in the voluntary medical insurance plan are collected by the Social Security Administration and deposited, together with matching contributions from the general funds of the Treasury, in the "Federal Supplementary Medical Insurance Trust Fund" which was also created in 1965. Benefit payments and administrative costs are paid from the trust funds. Funds not currently required for expenses are required by statute to be invested in "obligations of the United States or in obligations guaranteed as to both principal and interest by the United States" and the interest earned is used to support the programs.

Growth of Program

Since the Social Security Act became law on August 14, 1935, the Congress has passed numerous amendments to the Act which made significant changes in the scope and character of the program, the most recent change being the Social Security Amendments of 1967. Over the years the program has been so strengthened and broadened that today nine out of ten workers are covered by the cash benefit program. Almost all persons aged 65 or over are insured against most hospital costs, and about 95 percent of the aged have enrolled in the medical insurance program and are insured against a substantial part of physician and other medical costs.

The growth of the program is best illustrated by a comparison of the number of beneficiaries in payment status and the amount of benefits paid. During fiscal year 1950, an average of 2,742,808 persons were receiving monthly benefits; in fiscal year 1970, an average of 25,532,000 individuals will be receiving monthly benefits. In addition, an estimated 4,200,000 aged will receive hospital insurance services and an estimated 8,500,000 will receive covered supplementary medical insurance services. Total benefit payments in fiscal year 1950 amounted to $727,266,479; in fiscal year 1970, an estimated $33,798,000,000 in cash and Medicare benefits will be paid.

Estimated Work Output

The size of the Administration's job in any given year is largely dictated by factors outside its control. Major factors are the level of employment, labor mobility, and birth, marriage, disability, retirement, death rates, and the rates of utilization of health-care services by the aged. The estimated effect of these factors on the size of the Administration's job is determined by the actuaries and economists who prepare the basic workload estimates. These estimates then serve as the basis for the Administration's budget estimates, which are developed primarily by a workload-production rate method.

SSA proper: The work output of the Administration increased in 1968 by over 13 percent from the 1967 level. Contributing to this substantial increase in work output was the added work resulting from the 1967 amendments. This work included the conversion of benefit rates for all beneficiaries on the cash benefit rolls and the processing of claims for benefits from newly eligible groups such as disabled widows, young disabled workers, and children of young mothers. Backlogs were reduced below the level at the end of 1967; however, sufficient resources were not available to process 900,000 recomputations deferred from prior years. Special handling of delayed or sensitive cases and installation of the computer case control system in the payment centers also contributed to the increased work output.

In 1969, the Administration will process the recomputation backlog carried over from fiscal year 1968, the residue of added claims work resulting from the 1967 amendments and the normal increase in work related to a growing population. The first full-year cost of the operation of the computer case control system also contributes to the overall increase of 4.4 percent in work output in 1969 over 1968.

A further increase of 6.6 percent is projected for 1970. This increase is based on the continuing upward trend in the number of persons eligible for benefits and a reduction of pending work to normal operating levels.

State agencies (disability program): The work output of State agencies under contract with the Administration to make determinations of disability increased 9.3 percent in 1968 over 1967. A further increase of 15.6 percent is anticipated in 1969 over 1968. These increases reflect the one-time effect of new groups made eligible for benefits (disabled widows and young disabled workers) as a result of the 1967 amendments plus the normal increase in disability work related to population growth. In 1970, output will increase by 1.4 percent primarily because of the normal growth of the insured population.

Carriers and intermediaries (health insurance program): Almost all of the bill payment and certain other administrative functions under the health insurance program are performed by Blue Cross and Blue Shield organizations and by private insurance companies.

Work output in 1968 increased by 93 percent over 1967 primarily because fiscal year 1967 was the first year of Medicare and there was a significant lag when the program first got underway between vending services and submitting bills and claims for reimbursement. Also, fiscal year 1968 was the first year that any substantial number of audits of providers of service was performed. Sizeable increases in work output are estimated for 1969 and 1970 as the aged beneficiary population increases; as utilization of health services per beneficiary and the frequency with which bills are submitted increase; and as the number of audits performed increases substantially. Output growth for the intermediaries is budgeted to be 15 percent more in 1969 and an additional 11.6 percent in 1970 over 1969.

Manpower

During 1968, the Administration used 54,770 man-years of which 4,165 man-years were obtained by using overtime. This large amount of overtime was required to cope with normal workload increases and additional workloads resulting from the 1967 amendments. In 1969, 54,564 man-years will be used of which 3,080 man-years will be obtained by use of overtime. In 1970, 57,536 man-years will be required. Of this total, 5,600 man-years are budgeted to be obtained by working overtime. The abnormal level of overtime budgeted for 1969 and 1970 reflects the effect of staffing restrictions in 1969.

As a result of the staffing restrictions contained in the Revenue and Expenditure Control Act of 1968, the number of positions declines from 53,496 in 1968 to 51,076 in 1969. The 1969 appropriation provided for a total of 55,224 positions. Monies provided in the 1969 appropriation for positions which could not be filled under existing staffing limitations are reprogrammed in this budget to finance overtime. The 1970 estimate of 53,941 positions, which is based on the assumption that the Revenue and Expenditure Control Act will not be effective during fiscal year 1970, provides for an increase of 2,865 positions over the reduced fiscal year 1969 level. This increase is slightly less than the total increase of 2,972 in man-years required in fiscal year 1970 over 1969 to process estimated workload increases. Because the 1970 positions estimate does not provide for reinstatement of positions lost during fiscal year 1969, the amount of overtime required will increase from 3,080 man-years in 1969 to 5,600 man-years in 1970, an increase of 81.8 percent.

Productivity

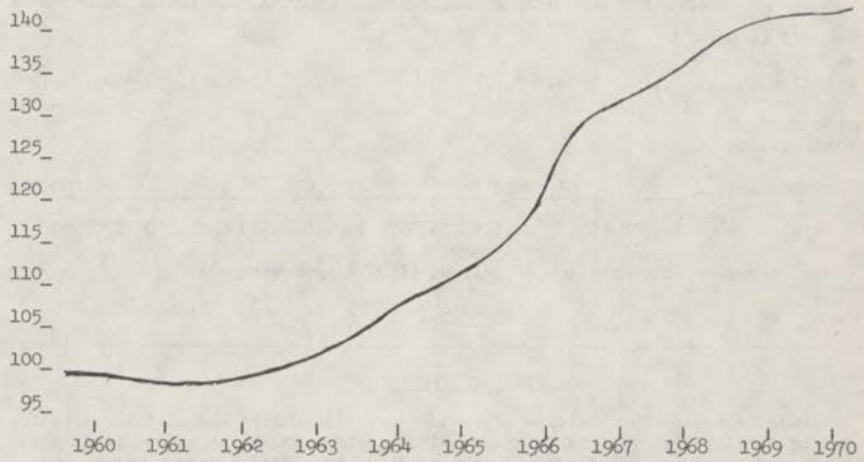
During 1968, the Administration saved 1,515 man-years and $11.7 million because of higher productivity than experienced in 1967. This represented an increase of 2.8 percent over that year and was brought about principally through the extension of the use of computers.

In 1969, a further improvement of 4.8 percent which is equivalent to a saving of 2,622 man-years and $21.9 million over fiscal year 1968, is projected. About 54 percent of this saving will be accomplished by specific cost reduction projects which have been or are in process of implementation. The remaining productivity increase is expected to be achieved largely by adopting shortcuts or expedient methods for handling work.

A productivity increase of 1.1 percent in 1970 over 1969 is budgeted and reflects savings of 1,226 man-years from anticipated procedural improvements partially offset by higher training and leave requirements resulting from recruitment restrictions in 1969 for a net saving of 635 man-years.

The following chart shows the trend in productivity in the Administration since fiscal year 1960. The work output index used in computing the productivity index is composed of units of program workloads processed, adjusted for changes in workload mix and substance, and non-recurring work involving the use of Administration manpower. The manpower index comprises total manpower paid directly from this appropriation, including overtime. Work performed by State agencies and intermediaries and the manpower for them are excluded.

Comparison of Manpower with Workload
Productivity Index
Fiscal Year 1960 = 100



Indices of Work Output, Manpower, and Productivity

Year	Work Output	Manpower	Productivity 1/
1960 actual	100.00	100.00	100.00
1961 actual	114.11	116.39	98.04
1962 actual	132.10	134.50	98.22
1963 actual	137.55	135.35	101.63
1964 actual	144.80	137.24	105.51
1965 actual	151.60	136.84	110.79
1966 actual	219.47	187.66	116.95
1967 actual	253.55	192.22	131.91
1968 actual	287.42	212.04	135.55
1969 estimate	300.10	211.24	142.07
1970 estimate	319.94	222.75	143.63

1/ Productivity index equals work output index divided by manpower index.

Activity 1 - Old-Age and Survivors Insurance Program

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits 1/.....	32,708	$284,465,607	34,367	$306,378,255	+1,659	+$21,912,648
Payments to States.....		6,467,043		6,839,722		+372,679
Other expenses...		64,791,875		72,872,378		+8,080,503
Total	32,708	$355,724,525	34,367	$386,090,355	+1,659	$30,365,830
1/ Total manpower estimates are as follows (including overtime):	35,200		36,925		+1,725	

Scope of Program

Funds requested for Activity 1 provide for: (1) Making the initial determination of eligibility of workers, wives, widows, children and dependent parents for old-age and survivors benefits; (2) re-evaluating the initial determination when requested by the claimant; (3) making changes to the beneficiary rolls to assure proper and correct payment of benefits; and (4) investigating the beneficiary's continuing entitlement to benefits, including the evaluation of performance of representative payees. This activity, along with the disability and health insurance activities, includes a distributive share of functions which support all social security programs: The maintenance of records of earnings of workers covered by the social security program, the overall direction of the program, and administrative services.

Workloads

A. Workload Trends

The long-range estimates of this program show that the number of persons on the beneficiary roll will continue to increase each year well into the next century. The size of the roll and the volume of work required to maintain it accurately and timely are to a large extent dependent on the growth in the population, the economy and demographic changes. The changes required to accurately maintain the roll in 1970 will increase nearly two percent as beneficiary population increases and as backlogs are returned to normal levels. The number of claims applications received is expected to increase at a rate of only one percent because of the elimination in 1969 of most backlogs associated with the 1967 amendments.

The growth in beneficiaries and amounts of benefits paid for representative past years and estimates for 1969-1970 are shown below:

Fiscal Year	Average Number of Beneficiaries	Benefits Paid During Year
1941	222,488	$64,341,885
1950	2,742,808	727,266,479
1960	13,243,564	10,269,708,577
1965	18,236,173	15,225,894,366
1968	21,516,000	20,737,092,726
1969 estimate	22,299,000	23,711,000,000
1970 estimate	23,003,000	24,636,000,000

B. Work Units

Work units in this activity are expected to increase by 5.4 percent. This increase reflects the normal population growth, a reduction in the level of pending work, and the changing levels of difficulty of the work caused by the shifting composition of various workloads. Major workloads are listed below:

	1969 Estimate	1970 Estimate	Difference 1970 Over 1969
Claims applications			
Received	3,453,000	3,488,000	+35,000
Processed	3,460,500	3,509,000	+48,500
Changes to beneficiary rolls			
Received	22,854,000	23,103,000	+249,000
Processed	22,854,000	23,303,000	+449,000
Automatic earnings reappraisal operation			
Received	2,133,000	1,585,000	-548,000
Processed	1,729,000	2,085,000	+356,000
Post-adjudication development and investigation			
Received and processed	2,395,987	2,557,773	+161,786
Beneficiary notices and contacts			
Received and processed	6,425,000	6,830,000	+405,000

C. Additional Work

In addition to the work units scheduled for processing the Administration plans to make a number of improvements in its systems and operations designed to improve its service to the public. A case control system providing electronic control of folder movement through the various work stations of the payment centers was installed in 1968 and became fully operative in 1969. The Administration plans to improve the system by linking it to other computer operations and thus providing better control of work in process. To effectuate this improvement, 60 man-years will be required in 1970. Procedures instituted in 1969 to expedite payment in hardship and delayed cases will be annualized at a cost of eight man-years. Such procedures were made mandatory for delayed cases as a result of the 1967 Amendments to the Social Security Act. Another improvement scheduled to start in fiscal year 1969 will give district offices the capability of answering most inquiries from beneficiaries at the time of inquiry instead of having to request data from

payment centers to answer inquiries as has been the procedure in the past. An estimated 42 man-years will be required to annualize a systems change which provides the district office with the capability to obtain information from a microfilm copy of the beneficiary's file or from the latest tape record of that file.

In 1970 there is a net increase of 163 man-years and $1,951,306 to perform work of a non-recurring nature. During fiscal year 1969 the Administration plans to orient district office personnel in the interpretation and use of the microfilm of the master beneficiary record discussed above. This record, which will provide recent data on the status of most beneficiaries, is in a different format from that with which district office employees are familiar. Therefore, to make the record useful, extensive training must be given over a short period of time. This training will require 50 man-years.

Also in 1969 the Administration employed a number of youth opportunity campaign employees in a "loss of benefit" survey in minority group neighborhoods throughout the country. The project was an attempt to determine if individual members of the groups were suffering loss of benefits because of communication difficulties with them. Youth opportunity campaign employees canvassed these areas and informed the Administration's technical personnel if any action to secure benefits for the residents was required. This activity's share of the special project is 37 man-years.

During 1970 the Administration plans to recalculate approximately 146,000 cases identified during the automatic processing of the 1966 earnings reappraisal operation. Analysis reveals that the average increase in the primary insurance amount for these cases after recalculation will be about $7.00 and that the increase in some of these cases will be retroactive as far back as the early 1950's. Many of the cases will require manual processing and the cost is estimated at 250 man-years and $2,504,800.

Budget Estimate

The budget estimate for this activity in fiscal year 1970 is $386,090,355--an increase of $30,365,830 over fiscal year 1969. Of this increase, 1.2 percent is in the costs of State agencies under contract to make determinations of disability and 98.8 percent is in the costs of the components of the Social Security Administration.

A. State Agencies

State agencies make disability determinations on claims of disabled widows and widowers and disabled children of retired or deceased workers. The cost for this service increases by $372,679 in 1970. This is the net result of: (1) A 6.4 percent decrease in work output because of the processing in 1969 of the backlog of claims from disabled widows resulting from the 1967 amendments; (2) increases in average salary costs; (3) increases in the unit cost for purchasing consultative examinations; (4) increases in costs of objects of expense other than personal services; and (5) increased cost for indirect management resulting from revised methods of computing costs applicable to contracts as required by Bureau of the Budget Circular A-87.

B. Social Security Administration

The Social Security Administration's share of the total increase is $29,993,151. The major increases are: (1) A 6.2 percent increase in the work output, $18,514,799; (2) built-in salary changes, such as within-grade promotions, promotions to journeyman levels, reclassifications, and the full-year effect of the 1969 pay raise, $5,798,478; (3) the added cost resulting from a budgeted increase in use of overtime in 1970, $3,292,061; (4) this

activity's share of the purchase of computer systems, $3,530,644; (5) annualization of space and communications changes in 1969 and additional changes expected in 1970, $2,908,856; and (6) other costs including replacement of equipment, price changes and intermittent costs, $218,395.

Budgeted decreases are: (1) Projected increase in productivity, $2,137,759; and (2) rental savings resulting from the purchase of computer equipment, $2,132,323.

Activity 2 - Disability Insurance Program

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits 1/.....	10,765	$101,451,318	11,282	$108,560,872	+517	+$7,109,554
Payments to States.....		41,759,341		45,033,523		+3,274,182
Other expenses...		19,704,717		22,227,364		+2,522,647
Total.....	10,765	162,915,376	11,282	175,821,759	+517	+12,906,383
1/ Total manpower estimates are as follows (including overtime):						
	11,265		11,882		+617	

Scope of Program

Funds requested for Activity 2 provide for: (1) Making initial determinations of eligibility for cash benefits of disabled workers and their dependents; (2) re-evaluating the initial decision upon the claimant's request; (3) making changes to the beneficiary rolls to assure proper and correct payment of benefits; and (4) investigating the beneficiary's continuing eligibility for benefits, including the evaluation of performance of representative payees.

Workloads

A. Workload Trends

The Social Security Amendments of 1967 made important changes in the disability program, the most significant being a liberalization of the insured status requirement for workers disabled before age 31. This provision lowers the amount of coverage these people require in order to qualify for disability benefits. Because of the backlog of persons made newly eligible for benefits by this change in law, the volume of new claims for disability benefits is slightly higher in 1969 than in 1970. However, requests for hearings stemming from denials of entitlement related to this backlog of claims will be largely received in 1970. The increase in appellate workloads combined with a growing beneficiary population to be serviced results in an overall increase in workloads for this activity in fiscal year 1970.

The increase in the number of individuals being paid disability benefits since cash benefits were first payable in fiscal year 1958 is accompanied by continuing growth in the volume of work to be processed in this activity. The higher benefit rate established by the 1967 amendments is fully reflected for the first time in the 1969 benefit payment amount shown on the following table:

Fiscal Year	Average Number of Beneficiaries	Benefits Paid During Year
1958	150,000	$168,420,000
1960	460,000	528,304,000
1965	1,563,000	1,392,190,000
1968	2,148,000	2,088,352,000
1969 estimate	2,365,000	2,434,000,000
1970 estimate	2,529,000	2,624,000,000

B. Work Units

A 4.6 percent increase over fiscal year 1969 in workload units processed by the components of the Social Security Administration is expected in 1970 (1969 is expected to be 10.9 percent above 1968). The volume of work handled by State agencies under contract agreements will increase 2.8 percent in 1970. (The increase in 1969 over 1968 is expected to be 12.6 percent.) Principal workloads in this activity are:

	1969 Estimate	1970 Estimate	Difference 1970 Over 1969
Disability claims applications			
Received	1,046,000	1,029,000	-17,000
Processed	1,050,000	1,039,000	-11,000
Determinations of disability in initial claims (States)			
Received	541,800	533,500	-8,300
Processed	545,500	538,200	-7,300
Reconsiderations of disability determinations			
Received	100,900	100,700	-200
Processed	97,900	105,900	+8,000
Requests for hearings			
Received	27,665	29,955	+2,290
Processed	25,861	29,350	+3,489
Changes to the disability beneficiary rolls			
Received and Processed	3,810,000	4,240,000	+430,000
Continuing disability determinations			
Received	100,200	126,200	+26,000
Processed	100,800	126,200	+25,400

C. Additional Work

The 1970 budget estimate provides for added manpower (29 man-years and $207,437) to improve the outgoing quality of disability work by a refinement of the disability interview in the district office which will result in providing information to the reviewer that is more selective and more sharply focused on what can best contribute to prompt and sound disposition in an individual case. It is expected that this improvement in the interview process will result in savings in cases where the interviewer's added knowledge (resulting from special training) will allow for a more efficient interview. In addition, the work of State agencies and the Administration's central office will be facilitated by having a better case file.

The Administration will engage in a special project in 1970 to test the current procedures for selecting cases for a continuing disability investigation. The disability benefit is payable only so long as the worker is disabled, and the Administration conducts investigations of certain categories of cases to determine continuing entitlement to benefits. In 1970, 15,000 cases that would not have been examined under current procedures will be investigated to determine the efficacy of these procedures. The requirements of this study will be 24 man-years and $196,608. Partially offsetting this increase is the termination of the "loss of benefit" survey to be made in 1969. This activity's share of the "loss of benefit" survey is four man-years and $15,440.

In total, the increased requirements for additional work are 49 man-years and $388,605.

Budget Estimate

The total cost for this activity in fiscal year 1970 is estimated at $175,821,759, an increase of $12,906,384 (or 7.9 percent) over 1969. Of this increase, $3,274,182 (or 25.4 percent) occurs in State agencies under contract to make determinations of disability, and $9,632,202 (74.6 percent) is in the costs of the components of the Social Security Administration.

A. State Agencies

Payments to State agencies increase by $3,274,182 in 1970 because of the following major factors: (1) $1,088,379 to process a 2.6 percent increase in work output; (2) $1,433,380 for changes in average salaries of State agency employees; (3) $608,311 for changes in the unit cost of consultative medical examinations; and (4) other increases of $144,112 caused by higher costs of other objects and an increase in amounts payable for indirect management requirements due to the establishment of new criteria under Bureau of the Budget Circular A-87, partially offset by virtue of productivity savings by a better-trained staff and better case development in district offices.

B. Social Security Administration

The year-to-year increase of $9,632,201 budgeted for the organizational components of the Administration is a net of many increases and decreases. The major increases are: (1) A 5.0 percent increase in work output, $6,096,557; (2) mandatory salary increases, $873,002; (3) an increase in the extra cost of overtime $1,115,027; (4) increased space requirements, $496,770; (5) purchase of ADP equipment, $1,139,854; (6) increased training requirements, $633,881; and (7) other object increases of $592,289 including one-time cost requirements for new space and communications installation, price changes and replacement of equipment.

Budgeted decreases result from: (1) Projected increases in productivity (excluding increased training requirements mentioned above), $676,685; and (2) rental savings from computer purchases, $638,494.

Activity 3 - Health Insurance Program

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits 1/.....	7,603	$70,069,273	8,292	$77,570,403	+689	+$7,501,130
Payments to States.....		7,900,000		8,850,000		+950,000
Payments to intermediaries.		172,056,000		191,669,000		+19,613,000
Other expenses...		17,439,826		19,998,483		+2,558,657
Total.....	7,603	267,465,099	8,292	298,087,886	+689	+30,622,787
Sub-activities: Hospital insurance.....	3,444	88,548,967	3,483	92,587,225	+39	+4,038,258
Supplementary medical insurance.....	4,159	178,916,132	4,809	205,500,661	+650	+26,584,529
1/ Total manpower estimates are as follows (including overtime):						
	8,099		8,729		+630	

Scope of Program

Funds requested for Activity 3 provide for the administration of a hospital insurance plan and a supplementary medical insurance plan. As provided in the Social Security Amendments of 1965 (Public Law 89-97), coverage under both plans is extended to essentially all individuals age 65 and over. The hospital insurance plan affords protection against the costs of inpatient hospital services, post-hospital home health services, and post-hospital extended care services. The medical insurance plan covers 80 percent of the costs of physicians' services, outpatient services, home health services, and other related medical services, after a $50 yearly deductible amount. The 1967 amendments made a number of improvements in coverage under both the hospital and medical insurance programs, and made several simplifications in procedures for paying claims.

The administrative costs budgeted under this activity include those incurred by components of the Social Security Administration in directing the program, servicing the public, collecting premiums and maintaining records of utilization of services. Also budgeted in this activity are the costs of contracts with private organizations and State agencies to which certain administrative functions under the program have been delegated.

Workloads

A. Workload Trends

Generally, increases in the number of persons receiving covered services under the program will result from the growth in the population of persons age 65 and over. The estimated growth in 1969 and 1970 in the number of persons covered by the hospital and medical insurance programs, the number receiving services, and the amount of benefits paid is shown in the table below:

Fiscal Year	Average Number of Persons Covered by the Program	Persons Receiving Services	Benefits Paid
Hospital Insurance			
1968 actual	19,300,000	3,900,000	$3,736,321,865
1969 estimate	19,700,000	4,100,000	4,367,000,000
1970 estimate	20,000,000	4,200,000	4,940,000,000
Medical Insurance			
1968 actual	18,200,000	7,700,000	$1,389,622,232
1969 estimate	18,800,000	8,200,000	1,567,000,000
1970 estimate	19,100,000	8,500,000	1,598,000,000

B. Work Units

The volume of workload units to be processed in fiscal year 1970 by the staff of the Social Security Administration is expected to increase by 10.8 percent as compared with fiscal year 1969; the volume of work to be handled by health insurance intermediaries is expected to increase in 1970 by 11.6 percent over 1969. The amount of work to be handled by State agencies who are responsible for the inspection and certification of hospitals, home health agencies, extended care facilities, and independent laboratories as providers of services is expected to increase by seven percent in 1970 over 1969.

The increase in work performed by the staff of the Social Security Administration reflects a mixture of expanding workloads due to the growth in the aged 65 and over population and higher utilization of health services, offset slightly by declining workloads dealing with health insurance beneficiaries who are not insured for regular social security cash benefits. The number of non-insured beneficiaries will decrease in 1970 and thereafter and will not have a significant effect on the overall change in SSA workloads in future years.

The growth in intermediary work results from an increase in the number of claims to be processed and audits to be made of hospitals and other providers of service. The claims growth is related to the growth in population aged 65 and over, an increase in the utilization of health services and the observed trend toward submission of claims by beneficiaries soon after services are rendered by a physician rather than accumulating several bills before claiming reimbursement.

The increase in State agency work relates to the greater number of visits to be made by State agency personnel in connection with certification and recertification of hospitals, extended care facilities, and other facilities as providers of service as the number of such providers participating in the program increases.

The principal workloads in this activity are:

	1969 Estimate	1970 Estimate	Difference 1970 over 1969
Claims for services covered by hospital insurance (intermediaries)			
Received and Processed	15,077,000	16,218,000	+1,141,000
Claims for services covered by medical insurance (intermediaries)			
Received	36,972,000	43,533,000	+6,561,000
Processed	36,852,000	43,533,000	+6,681,000
Claims and payment records posted to utilization records at SSA headquarters			
Received and Processed	49,988,000	57,946,000	+7,958,000
Premiums collected y/			
Received	6,005,000	5,402,000	-603,000
Processed	6,053,275	5,402,000	-651,275
Assistance to beneficiaries with medical insurance claims			
Received and Processed	2,989,000	3,531,000	+542,000

y/ This workload excludes group payments and deductions from benefits.

Budget Estimate

Total costs estimated for Activity 3 in fiscal year 1970 amount to $298,087,886, as compared with $267,465,099 in 1969, an increase of $30,622,787. Of this increase, 64.0 percent is in the costs of intermediaries, 3.1 percent in costs of State agencies, and 32.9 percent in costs of components of the Social Security Administration.

A. Intermediaries

Payments to the intermediaries increase by $19,613,000 because of the following factors: (1) $19,848,000 for handling an 11.6 percent increase in work; (2) $9,527,000 for a composite 5.2 percent increase in average salaries and for higher prices for services obtained through subcontracts, supplies, equipment and other items of expenditure; (3) -$7,148,000 for procedural and other productivity improvements; (4) -$2,734,000 for a reduction in the ratio of expenditures other than payroll to payroll costs; and (5) +$120,000 for other changes.

B. State Agencies

Estimated costs of State agencies participating in the health insurance program are expected to increase from $7,900,000 in 1969 to $8,850,000 in fiscal year 1970. Of the total increase, 72.8 percent ($692,000) is for higher work output due mainly to the increase in the number of surveys of providers of service and other purpose visits which include visits for following up formal surveys and visits to investigate complaints. The remaining changes include $407,000 for increases in average salaries and price levels; $180,000 for increased indirect management costs due to a change in government-wide treatment of these costs as required by Budget Bureau Circular A-87; -$164,000 for an estimated two percent improvement in productivity; and -$165,000 for a reduction in the ratio of expenditures other than payroll to payroll costs.

C. Social Security Administration

The net year-to-year increase budgeted for Administration components amounts to $10,059,787. The major increases include: (1) $1,698,058 for built-in salary changes; (2) $7,131,976 for increased work output; (3) $942,425 for the difference between the cost of overtime and regular time equivalent; (4) $389,188 for increased recurring costs of space and communications facilities; (5) $711,602 for purchase of ADP equipment; (6) $871,060 for contractual research projects, $806,000 of which is for evaluation of the incentive reimbursement experiments required under the Social Security Amendments of 1967; and (7) $264,866 for other miscellaneous changes. The principal decreases are: (1) -$1,499,707 for increased productivity principally through procedural improvements; and (2) -$449,681 in rental savings from the purchase of ADP equipment.

Activity 4 - Contingency Reserve

	1969 Estimate	1970 Estimate	Increase or Decrease
Undistributed.....	--	$25,000,000	+$25,000,000
Total Contingency Reserve.....	--	$25,000,000	+$25,000,000

This activity provides a contingency reserve in the event the Administration's workloads or mandatory costs of agencies or organizations with which agreements have been made to participate in the administration of the program are greater than anticipated in the budget estimates.

The 1969 budget included a contingency reserve of $25,000,000. In fiscal year 1969 $24,413,000 of this reserve will be used to finance higher than budgeted workloads of private agencies acting as intermediaries in the health insurance program and the remaining $587,000 for higher than budgeted workloads in the Social Security Administration. The contingency reserve contained in the 1970 request will maintain this reserve at the same $25,000,000 level authorized by the Congress for fiscal year 1969.

TUESDAY, APRIL 29, 1969.

AMERICAN PRINTING HOUSE FOR THE BLIND

WITNESS

JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Educational materials	1,150	1,265	1,329
2. Advisory committees	75	75	75
Total obligations (object class 41.0)	1,225	1,340	1,404
Financing: Budget authority (appropriation)	1,225	1,340	1,404
Relation of obligations to outlays: Obligations incurred, net	1,225	1,340	1,404
Outlays	1,225	1,340	1,404

Mr. FLOOD. The committee will come to order.

We have this morning the American Printing House for the Blind, education of the blind. Mr. James B. Cardwell, the Deputy Assistant Secretary for Budget, will make the presentation.

How do you wish to handle this?

Mr. CARDWELL. I would like, if I may, Mr. Chairman, to file a statement on behalf of Mr. Finis E. Davis, the vice president and general manager of the American Printing House for the Blind, and summarize it for the committee.

BIOGRAPHICAL SKETCH

Mr. FLOOD. Mr. Davis' biographical sketch and prepared statement will be made a part of the record at this point and you may proceed as you wish.

(The biographical sketch and statement follow:)

Name: Finis E. Davis.

Position. Vice president and general manager, American Printing House for the Blind.

Birthplace and date: Lead Hill, Ark., August 20, 1911.

Education: Arkansas Polytechnic College and the University of Arkansas, B.S.E.

Experience: Vice president and general manager, American Printing House for the Blind 1960; superintendent, American Printing House for the Blind, 1947–60; superintendent Arkansas School for the Blind, 1939–47; teacher, Arkansas School for the Blind, 1933–39.

Association membership: Past president, American Association of Instructors of the Blind; past director, American Association of Workers for the Blind; past director, American Foundation for the Blind; U.S. delegate, International Conference of Educators of Blind Youth, 1952; chairman, U.S. delegation, International Conference of Educators of Blind Youth, 1957; member, executive committee, International Conference of Educators of Blind Youth, at present; member, Governor's Kentucky State Advisory Committee for the Blind; member, board of directors, Southwest Rehabilitation Center for the Blind, Little Rock, Ark.

District governor, Lions International, Arkansas, 1947; district governor, Lions International, Kentucky, 1952; member, board of directors, Lions International, 1954–56; president, Lions International, 1960–61.

Elder of Presbyterian Church; 32d° Mason; Kosair Shriner; member, Louisville Chamber of Commerce.

STATEMENT BY THE VICE PRESIDENT AND GENERAL MANAGER OF THE AMERICAN PRINTING HOUSE FOR THE BLIND ON "EDUCATION OF THE BLIND"

Mr. Chairman and members of the committee, the American Printing House for the Blind is a nonprofit educational institution, founded in 1858, and located in Louisville, Ky. Each year the Printing House receives Federal appropriations to be used to provide free Braille textbooks and other educational materials needed for the education of the Nation's blind children. Congress first appropriated funds for this purpose 90 years ago.

Through the Federal act, the Printing House provides educational materials to students who attend special schools and classes for the blind and to blind students who attend regular public schools and classes with sighted children. A reasonable sum is also authorized for staff salaries and other expenses relating to the advisory committees of the Printing House, which choose the materials to be developed and supplied through the Federal appropriations.

The funds appropriated are utilized by the Printing House for the payment of the production costs of books and educational apparatus used by blind children and for staff, consultants, and other expenses involved in the administration of the act. No part of the funds are used for purchase of equipment, or construction, or leasing of buildings.

The request for 1970 is $1,404,000, including a maximum of $75,000 proposed for staff salaries and expenses relating to advisory committees. The remainder of $1,329,000, when taken together with the $10,000 permanent appropriation and applied to an estimated 20,600 eligible pupils, will provide a per capita rate of $65 to the blind recipients. This rate of $65 represents an increase of about 4.8 percent over that provided for 1969, and the total provides for an expected additional 334 pupils for 1970.

Based on our experience of a 5-percent increase in cost of direct labor, during the past year, and the rapid increase in cost of materials we are experiencing, the 4.8-percent increase in per capita does not provide for additional materials.

For the past decade or more, the vast increase in the number of blind pupils has been paramount. Today, this increase is still with us, but on a decreasing scale, although it is not expected that the total number of blind schoolchildren will drop, at least within the foreseeable future, below the present yearly increases. It should be noted that while the large generation of children blinded by retrolental fibroplasia will begin to graduate in 2 or 3 years, their places will be taken, at the primary level, by a possibly comparable number of children born blind by rubella (German measles) epidemic in 1964, which by various estimates had produced between 20,000 and 30,000 handicapped children of which a substantial proportion can be expected to be visually impaired. These children should be reaching school age within the next 2 or 3 years. In addition to increasing numbers today's demands for educational materials for blind students are many faceted, such as:

(1) The large generation of children blinded by retrolental fibroplasia are now at the high school level, which requires an astounding variety of materials of considerable size and cost to produce;

(2) The sophistication of modern elementary and secondary school education is accelerating to the point where the materials needed to keep blind students on a par with their sighted peers requires the utmost skill in reproduction of technical texts and aids;

(3) At least 60 percent of the blind children being educated in elementary and secondary schools are now attending regular public school classes with their sighted sisters and brothers—which means that the variety of school texts needed for the individual pupil can no longer be served by a basic core of textbooks, but, rather, requires the reproduction in Braille or some other form a much greater variety of textbooks published in ink print for use in regular public schools for the seeing.

(4) Enlightened and humane concern for the child with multiple handicaps is now an accepted responsibility of educational programs. Today, educators of the blind are endeavoring to serve, not only the gifted or normal blind child, but also those blind children with additional handicaps, such as the deaf-blind, the emotionally disturbed blind child, the mentally retarded blind, the blind child born with brain damage. The education of these children, as with sighted children with similar extra handicaps, takes years of training and help, with the need for the right educational materials at the right time, regardless of material cost.

As the national textbook publisher for the blind, the Printing House is able to achieve many economies due to centralized production, including its newest—

the computer-translation of Braille—but the highly specialized methods employed in the publication of textbooks in Braille, recorded, and large type form and in the manufacture of apparatus and aids, coupled with the relatively small numbers of the blind, must, of necessity, result in high unit costs. The costs of producing textbooks for the blind is tenfold that of those for sighted students.

No increase is being requested for operation of advisory committees, which will continue to advise the Printing House on matters of research, publications, and tangible apparatus (aids), and be responsible for determining what educational materials will be supplied through the Federal appropriations. Among its other services, the Printing House will continue to provide consultative help to colleges and universities conducting teacher-training programs for the blind, to teachers in public schools concerned with the education of blind children, as well as residential schools for the blind, and for the purpose of conducting, on a national basis, a basic catalog of educational materials for interchange by all in need.

In closing, may I extend my sincere thanks to the Department of Health, education, and Welfare, the Appropriations Committee, and the Congress for their continued interest in the education of the blind children of this Nation.

GENERAL STATEMENT

Mr. CARDWELL. As the committee well knows, the American Printing House for the Blind was established in 1858. It is a very unique institution that serves the Nation's blind children. Congress first appropriated funds for this activity over 90 years ago.

Under the Federal act the Printing House provides educational materials to blind students who attend both private and public schools.

The funds appropriated are utilized by the Printing House for the payment of the production costs of books and other materials especially designed for blind students. No part of the funds are used for the purchase of equipment or for the construction or leasing of buildings and facilities. These are all financed out of private funds available to the Printing House.

The request for 1970 is $1,404,000. This is an increase of $64,000 over 1969. The increase is related to two factors. First, an increase in the number of students to be served. The number will go from 20,266 in 1969 to 20,600 in 1970, an increase of 334 pupils.

There is also an estimated increase in per capita cost, the per capita cost being $65 under the 1970 estimate compared to $62.91 estimated for this year. This increase in cost is related directly and specifically to increased costs of production, the effect of inflation on the cost of the operation of the Printing House.

The Printing House tells us they are still experiencing a growth in the student flow to be covered by their activities, and this growth seems to be related to the retrolental fibroplasia epidemic of several years ago. Also, there are some signs now that children are reaching primary and secondary schools that were affected by the rubella episode of the early sixties.

This, Mr. Chairman, is the sum and substance of the statement offered by Mr. Davis. I will be glad to answer any questions you have.

Mr. FLOOD. There is not much of a sum but a lot of substance. As I understand, the only thing being requested is simply sufficient funds to take care of the 334 additional pupils who will be eligible next year and what amounts to a 4.8 percent increase in per capita rate, which appears to be quite conservative, to cover the increased production costs. Is that a correct analysis?

Mr. CARDWELL. That is absolutely correct, Mr. Chairman.

USE OF CONSULTANTS

Last year the committee was interested in the use of advisory committees and consultants. The 1961 amendments initially authorized $75,000 to be used for consultants. This amount is budgeted for 1970. It is the same level as budgeted for 1969. Consultants are used by the Printing House to help them design and develop the materials and to provide assistance to the schools themselves in planning their programs for blind students.

Mr. FLOOD. Yes; you developed that last year.

Mr. Michel?

BLINDNESS RESULTING FROM RUBELLA EPIDEMIC

Mr. MICHEL. Mr. Cardwell, could you get for the record the number of children who were born blind as a result of the last rubella epidemic?

Mr. CARDWELL. Certainly.

(The information follows:)

The estimates now available indicate that 30,000 babies were born with clinical rubella infection syndrome during the rubella epidemic of 1963–64. This figure is based on a percentage—10 percent—of all children born during the period of the epidemic—October 1963 through June 1964.

Estimated percentages of the affected population, 30,000 indicate that 15 to 20 percent, or 4,500 to 6,000, have severe visual problems. There are an additional estimated 1,250 children who are both deaf and blind.

Mr. FLOOD. Mr. Casey?

RECORDS AND TAPE RECORDINGS

Mr. CASEY. In the prepared statement reference is made to braille textbooks and other educational materials. What other educational materials?

Mr. CARDWELL. Records and recording tapes.

Mr. CASEY. Talking books?

Mr. CARDWELL. Talking books, yes.

Mr. CASEY. Do they do that themselves or farm it out?

Mr. CARDWELL. They do most of the production themselves. They have their own printing and reproduction equipment for both printing materials, braille materials, and recorded materials.

Mr. CASEY. Do they employ readers?

Mr. CARDWELL. Yes, they both employ readers and also obtain some through voluntary services. Often people in the entertainment field and other citizens volunteer to assist in developing the talking books.

Mr. CASEY. That is all, Mr. Chairman. Thank you.

Mr. FLOOD. Mrs. Reid?

MATERIALS FOR BLIND ADULTS

Mrs. REID. Does the American Printing House produce "talking books" for the blind similar to those circulated by the Library of Congress—or do they produce materials for adult education as well? Is this confined strictly to elementary and secondary education assistance?

Mr. CARDWELL. The American Printing House provides materials for the education of blind children at the elementary and secondary level. In addition to that they provide, under contract, more than 50 percent of the records for adult blind for the Library of Congress.

Mr. FLOOD. Thank you very much.

(Justification material follows:)

JUSTIFICATION MATERIAL

Education of the Blind

Amounts Available for Obligation

	1969	1970
Appropriation	$1,340,000	$1,404,000

Obligations by Activity

Page Ref.		Description	1969 Estimate	1970 Estimate	Increase or Decrease
7	1.	Educational materials.	$1,265,000	$1,329,000	$64,000
8	2.	Advisory committees...	75,000	75,000	---
		Total obligations....	1,340,000	1,404,000	64,000

Obligations by Object

	1969 Estimate	1970 Estimate	Increase or Decrease
Grants, subsidies, and contributions	$1,340,000	$1,404,000	$64,000

Summary of Changes

1969 estimated obligations	$1,340,000
1970 estimated obligations	1,404,000
Net Change	64,000

Increase	Base	Changes to Base
Program: For an additional 334 eligible blind pupils and for all 1969 base pupils (20,266) at $65.00 per capita in 1970	$1,340,000	$+64,000
Total change requested		+64,000

Explanation of Changes

Educational materials - The increase of $64,000 will supply eligible blind pupils with educational materials valued at $65.00 per capita. This rate is an increase of $2.09 over the estimated cost for 1969 for 20,266 pupils and provides for an additional 334 pupils in 1970 at the same rate. The increase per capita is due to increased production costs.

Salaries and Expenses

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1960	$ 400,000	$ 400,000	$ 400,000	$ 400,000
1961	400,000	400,000	400,000	400,000
1962	400,000	400,000	670,000	670,000
1963	718,000	718,000	739,000	739,000
1964	775,000	775,000	775,000	775,000
1965	865,000	865,000	865,000	865,000
1966	909,000	1,000,000	1,000,000	1,000,000
1967	1,027,500	1,027,500	1,027,500	1,027,500
1968	1,225,000	1,225,000	1,225,000	1,225,000
1969	1,340,000	1,340,000	1,340,000	1,340,000
1970	1,404,000			

In addition, the American Printing House for the Blind has a permanent appropriation of $10,000.

I. General Statement

A. Background

The American Printing House for the Blind was chartered by the State of Kentucky in 1858 for the nonprofit manufacture of books and appliances for use in the education of blind children in special schools for the blind. In 1879, the Congress passed an Act "to promote the Education of the Blind" providing for a permanent annual appropriation of $10,000. In 1919, an Act provided for an annual authorization of appropriations. The authorized amount was increased through a series of amendments until it reached $400,000 in 1959 where it remained until fiscal year 1962. Early in fiscal year 1962, the most recent amendment (P.L. 87-294) (1) removed the statutory limitation entirely, and (2) provided that a reasonable sum of the annual appropriation might be used for salaries and expenses relating to advisory committees, consultants, and field services.

B. Allocation of Funds

In administering the appropriation, the Printing House obtains a certified registration from each public institution for the education of the blind and from each chief State school officer for blind pupils enrolled in public educational institutions and classes. These certificates of registration of the number of blind pupils as of the first Monday in January are used for computing the ratio of each pupil registered against the aggregate of the registrations.

This ratio is then applied to the total of the annual and permanent appropriations, less the amount earmarked for expenses relating to advisory committees, etc., in order to determine the quota credit to be given to each public institution for the education of the blind and to each chief State school officer. Against this credit, books and materials are shipped to the schools for the blind on order from their superintendents and to State departments of education on order from chief State school officers. So that the needs of the schools may be promptly and efficiently met, the Printing House maintains at its own expense a continuing open stock inventory valued at approximately $1,000,000.

II. Details of Budget Request

A. The 1970 Estimate in Brief

The request for 1970 is $1,404,000, of which $75,000 is estimated for staff salaries and other expenses related to the activities of advisory committees, consultants and field service. The remainder of $1,329,000, when taken together with the $10,000 permanent appropriation and applied to an estimated 20,600 eligible blind pupils, will provide a per capita rate of $65.00 for an increased number of recipients in fiscal year 1970. Due to current rapidly rising costs of production throughout the country, which affects Printing House costs as well, the increased rate is necessary to provide the equivalent materials to blind pupils that the $40.00 rate provided in 1962. (The rate also takes into account additional cost increases due to the passage of a new Minimum Wage law by Congress.)

B. Planning Assumptions

1. Number of blind pupils

Based on educated professional knowledge, it is expected that the numbers of blind pupils who will be eligible for benefits under the Act will continue to rise--for two reasons: The population explosion itself; plus the fact that concerted efforts are now growing to provide adequate educational and training facilities for the multi-handicapped blind child--the deaf-blind, the cerebral-palsied child, the mentally retarded blind, the brain-damaged blind child, and the blind child with emotional disturbances. In January, 1966, approximately 2,294 multi-handicapped blind children were registered with the Printing House. In January, 1967, the number had climbed to 2,526. While figures are not yet complete for the registration as of January, 1968, indications are that the numbers will again be increased. More particularly, while the large generation of children blinded by retrolental fibroplasia will begin to graduate from high school within the next two to three years, their places will be taken at the primary level by a possibly comparable number of children born blind because of the rubella (German measles) epidemic in 1964 which, by various estimates, has produced between 20,000 and 30,000 handicapped children, of which a substantial proportion can be expected to be visually impaired. These children should be reaching school age within the next two to three years.

2. Per capita rate

A Department of Health, Education, and Welfare study completed in 1962 concluded that a per capita rate of $40.00 was at that time necessary to supply eligible blind pupils with educational materials minimally comparable to those provided sighted pupils. The table on page 9 sets forth the necessary per capita rate increases which have been granted since that time, with a per capita of $65.00 for 1970, to keep up with this minimal demand for materials.

What the table does not show is that:

(a) Modern educational procedures now require a far greater variety of supplementary and educationally enriching books and aids than the basic core of textbooks which the $40.00 provided in 1962, and that this is particularly true for blind students.

(b) The demand (particularly by public school classes for the seeing which enroll blind students), for a wider variety of even basic textbook materials tends to reduce the demand for individual texts, and thus increases unit costs for every item.

(c) Innovations and improvements in the methods of producing books and educational devices for the use of the blind or partially sighted, on the one hand make possible the provision of many new and badly needed items, but do not at the same time necessarily reduce costs, but may increase them in order to provide more useful and effective products.

(d) The Printing House, two years ago (at its own expense of approximately $500,000) enlarged its building, equipment, and personnel facilities in order to be in a position to manufacture these needed additional materials and to use more modern and effective methods of production.

The result, therefore, is that just meeting the increased costs for the basic minimal materials which $40.00 would provide in 1962 will no longer suffice, and additional per capita funds must be made available for the necessary upgrading of materials to meet modern educational requirements.

Expenses for Advisory Committees, Consultants, and Field Services

The 1961 Amendments for the first time authorized appropriations to the Printing House to provide for staff salaries, consultants, and other expenses related to the work of three advisory committees. These committees, respectively concerned with research, publications and tangible apparatus, are responsible for determining what educational materials are supplied to eligible blind pupils through the Federal appropriation.

Additionally, these funds make possible by the Printing House the provision of field representative assistance to colleges and universities conducting training programs for teachers of the blind. More directly, the Printing House field representatives meet with administrators in schools for the blind and State departments of education, and, perhaps more importantly, with individual teachers of the blind (both in residential schools and public schools situations), to advise them on facilities and materials available for blind children. Consultants are also used to work out interchanges of educational materials on a national basis. In summary, the following distribution reflects the anticipated use during 1969-1970 of the $75,000 requested for these services:

	1969 - 1970 Estimate
Salaries and related costs for consultants and clerical help	$60,000
Travel of Printing House Committees	2,725
Staff travel and consultant travel and fees	12,275
Total	75,000

Table I

Enrollments and Per Capita Grants

	Enrollment of Eligible Blind Pupils	Per Capita Grant For Pupils from Federal Appropriation (Includes Permanent) Appropriation)
1960 actual	13,491	$ 30.39
1961 actual	14,762	27.77
1962 actual	15,973	40.00
1963 actual	16,841	42.04
1964 actual	17,330	42.93
1965 actual	18,093	44.22
1966 actual	18,627	50.20
1967 actual	19,291	49.89
1968 actual	19,575	59.27
1969 estimate	20,266	62.91
1970 estimate	20,600	65.00

TABLE II

Federal Aid to States, Territories and Possessions
and
the number of Pupils Registered for Each Year
(for the years ending June 30, 1967-1970)

	No. of Pupils First Monday in January			Appropriation for Fiscal Year		
	Actual 1967	Actual 1968	Projected 1969	Actual 1968	Projected 1969	Projected 1970
Alabama	389	426	433	$ 23,051.84	$ 26,801.05	$ 28,145.00
Alaska	9	14	14	533.34	880.78	910.00
Arizona	156	171	174	9,244.45	10,758.17	11,310.00
Arkansas	229	252	256	13,570.37	15,854.14	16,640.00
California	1,803	1,881	1,912	106,844.35	118,339.83	124,280.00
Colorado	238	264	268	14,103.71	16,609.10	17,420.00
Connecticut	451	461	469	26,725.93	29,003.01	30,485.00
Delaware	58	58	59	3,437.05	3,648.97	3,835.00
Florida	595	633	643	35,259.25	39,824.09	41,795.00
Georgia	491	504	512	29,096.31	31,708.27	33,280.00
Hawaii	65	54	55	3,851.87	3,397.32	3,575.00
Idaho	25	29	30	1,481.50	1,824.48	1,950.00
Illinois	922	976	992	54,637.02	61,403.34	64,480.00
Indiana	426	387	393	25,244.45	24,347.43	25,545.00
Iowa	285	322	327	16,888.91	20,258.07	21,255.00
Kansas	349	377	383	20,681.49	23,718.29	24,895.00
Kentucky	217	239	243	12,859.26	15,036.27	15,795.00
Louisiana	321	330	335	19,022.24	20,761.38	21,775.00
Maine	107	101	103	6,340.75	6,354.23	6,695.00
Maryland	518	550	559	30,696.28	34,602.29	36,335.00
Massachusetts	650	630	640	38,518.51	39,635.35	41,600.00
Michigan	811	864	878	48,059.25	54,357.05	57,070.00
Minnesota	349	372	378	20,681.48	23,403.73	24,570.00
Mississippi	185	180	183	10,962.96	11,324.39	11,895.00
Missouri	297	312	317	17,600.00	19,628.94	20,605.00
Montana	58	59	60	3,437.04	3,711.88	3,900.00
Nebraska	130	140	142	7,703,72	8,807.85	9,230.00
Nevada	30	31	32	1,777.79	1,950.31	2,080.00
New Hampshire	83	98	100	4,918.53	6,165.50	6,500.00
New Jersey	801	828	842	47,466.64	52,092.18	54,730.00

	No. of Pupils First Monday in January			Appropriation for Fiscal Year		
	Actual 1967	Actual 1968	Pro-jected 1969	Actual 1968	Pro-jected 1969	Pro-jected 1970
New Mexico	101	129	131	$ 5,985.20	$ 8,115.81	$ 8,515.00
New York	1,869	1,869	1,900	110,755.49	117,584.87	123,500.00
North Carolina	562	589	598	33,303.70	37,055.90	38,870.00
North Dakota	40	38	39	2,370.39	2,390.71	2,535.00
Ohio	859	828	842	50,903.67	52,092.17	54,730.00
Oklahoma	150	150	152	8,888.90	9,436.99	9,880.00
Oregon	267	248	252	15,822.22	15,602.49	16,380.00
Pennsylvania	1,353	1,376	1,399	80,177.74	86,568.63	90,935.00
Rhode Island	139	147	150	8,237.04	9,248.25	9,750.00
South Carolina	239	293	298	14,162.97	18,433.59	19,370.00
South Dakota	67	66	67	3,970.39	4,152.27	4,355.00
Tennessee	386	369	375	22,874.07	23,214.99	24,375.00
Texas	810	867	881	47,999.99	54,545.79	57,265.00
Utah	111	111	113	6,577.78	6,983.37	7,345.00
Vermont	20	28	29	1,185.19	1,761.57	1,885.00
Virginia	485	498	506	28,740.76	31,330.81	32,890.00
Washington	350	357	363	20,740.74	22,460.03	23,595.00
West Virginia	229	264	268	13,570.39	16,609.10	17,420.00
Wisconsin	294	294	299	17,422.23	18,494.49	19,435.00
Wyoming	44	38	39	2,607.41	2,390.71	2,535.00
District of Columbia	52	65	66	3,081.50	4,089.36	4,290.00
Puerto Rico	99	98	100	5,866.68	6,165.50	6,500.00
Canal Zone	1	1	1	59.27	62.91	65.00
American Samoa	---*	---*	---*	---*	---*	---*
Guam	---*	---*	---*	---*	---*	---*
Virgin Islands	---*	---*	---*	---*	---*	---*
TOTAL	19,575	20,266	20,600	$1,160,000.00	$1,275,000.00	$1,339,000.00

PER CAPITA

For year ending June 30, 1968 (Based on Actual Registration of January, 1967) $59.27

For year ending June 30, 1969 (Based on Actual Registration of January, 1968) $62.91

For year ending June 30, 1970 (Based on Projected Registration of Janaury, 1969) $65.00

* No. pupils reported.

TUESDAY, APRIL 29, 1969.

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

WITNESSES

DR. ROBERT FRISINA, VICE PRESIDENT FOR NTID, ROCHESTER INSTITUTE OF TECHNOLOGY
FRANK BENZ, VICE PRESIDENT FOR BUSINESS AND FINANCE, ROCHESTER INSTITUTE OF TECHNOLOGY
DR. JOSEPH ROSENSTEIN, ASSISTANT TO THE ASSISTANT SECRETARY FOR EDUCATION (PROGRAMS FOR THE DEAF), DHEW
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET, DHEW

CONSTRUCTION

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Other services		670	345
Lands and structures		70	14,645
Total obligations		740	14,990

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Planning, land acquisition and site development		740	1,109
2. Construction of buildings			13,881
Total obligations		740	14,990
Financing:			
Comparative transfer from other accounts		−740	
Unobligated balance transferred from other accounts			−1,224
Budget authority (appropriation)			13,766
Relation of obligations to outlays:			
Obligations incurred, net			14,990
Obligated balance, end of year			−14,395
Outlays			595

Salaries and Expenses

Object Classification (in thousands of dollars)

Identification code 09-73-0147-0-1-603		1968 actual	1969 est.	1970 est.
	Personnel compensation:			
11.1	Permanent positions	383	598	1,402
11.3	Positions other than permanent	---	26	25
11.5	Other personnel compensation	3	72	53
	Total personnel compensation	386	696	1,480
12.1	Personnel benefits: Civilian employees	---	66	152
21.0	Travel and transportation of persons	2	61	105
22.0	Transportation of things	---	14	10
23.0	Rent, communications, and utilities	2	28	47
24.0	Printing and reproduction	7	28	36
25.0	Other services	3	476	1,156
26.0	Supplies and materials	2	46	84
31.0	Equipment	19	143	138
99.0	Total obligations	421	1,558	3,208

Personnel Summary

Total number of permanent positions (Federal)	2	2	2
Total number of permanent positions (non-Federal)	42	64	123
Full-time equivalent of other positions	---	5	5
Average GS grade	10.5	11.0	11.0
Average number of all employees	15	53	113
Average GS salary	$13,193	$13,850	$13,850
Average salary of ungraded positions	$12,600	$10,500	$10,900

Program and Financing (in thousands of dollars)

Identification code 09-73-0147-0-1-603		1968 actual	1969 est.	1970 est.
	Program by activities:			
	1. Operations	376	1,520	3,170
	2. Departmental administration	45	38	38
10	Total obligations	421	1,558	3,208
	Financing:			
14	Non-Federal sources	---	---	−357
16	Comparative transfers to other accounts	---	740	---
21	Unobligated balance available, start of year	−529	−2,722	−1,224
23	Unobligated balance transferred to other accounts	---	---	1,224
24	Unobligated balance available, end of year	2,722	1,224	---
40	**Budget authority (appropriation)**	**2,615**	**800**	**2,851**
	Relation of obligations to outlays:			
71	Obligations incurred, net	421	2,298	2,851
72	Obligated balance, start of year	96	172	95
74	Obligated balance, end of year	−172	−95	−320
90	Outlays	345	2,375	2,626

Mr. FLOOD. Now we have under the heading of what we call "Special Institutions" the National Technical Institute for the Deaf. The presentation is to be made by Dr. Robert Frisina, the vice president for the National Technical Institute for the Deaf, Rochester Institute of Technology.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Dr. Frisina, I see you have a biographical sketch which we shall insert in the record at this point.

(The sketch follows:)

Name: D. Robert Frisina.

Position: Vice president for National Technical Institute for the Deaf, Rochester Institute of Technology.

Birthplace and date: Westline, Pa., February 14, 1925.

Education: Westminster College, B.A., 1949; Gallaudet College, M.A., 1950; Northwestern University, Ph. D., 1955, audiology.

Military service: U.S. Army Air Corps (pilot) 1943–46.

Experience: Prior to assuming his current position in 1967, Dr. Frisina was employed at Gallaudet College in the following capacities: Dean, graduate school, 1964–67; UNESCO expert, special assignment to Department of Education, Hong Kong, November 1962–January 1963; director, hearing and speech center, 1956–67; professor of audiology, 1956–67; instructor, 1951–52. Before coming to Gallaudet, he served at Northwestern University as chief clinician and research associate, Institute for Language Disorders in Children (formerly Hearing and Aphasia Clinic), 1955–56; assistant professor of audiology, 1955–56; chief clinician, Children's Hearing and Aphasia Clinic, 1953–55; graduate assistant, Children's Hearing and Aphasia Clinic, 1952–53. In 1951–52 Dr. Frisina was an instructor at the Kendall School for the Deaf. He was at the Missouri School for the Deaf as an instructor, 1950–51, and as a supervisor, 1947–49.

Association memberships: Alexander Graham Bell Association for the Deaf; American Psychological Association; American Speech and Hearing Association (fellow 1966); Conference of Executives of American Schools for the Deaf; Convention of American Instructors of the Deaf; Council for Exceptional Children.

Publications: The five most recent of his many publications, monographs, and textbook chapters are "The National Technical Institute for the Deaf: Where It Stands and How It Came To Be," Rehabilitation Record, Washington, D.C., Government Printing Office, July and August 1968, pages 14–16; "The National Technical Institute for the Deaf," in Audecibel, volume XVII, No. 1, winter 1968, pages 7–13; "Development of NTID," Empire State News, volume XXIX, No. 1, January 1968, pages 1, 5; "Bekesy Audiometry and Identification of Deafness," reprinted in the National Hearing Aid Journal, volume 21, No. 3, Januaray 1968, pages 10, 26–29; "Diagnostic Evaluation and Placement," in National Research on Day Programs for Hearing Impaired Children, Washington, D.C., Volta Bureau Supplement, 1968, pages 113–120.

Consultantships: Dr. Frisina has also served as consultant to the U.S. Office of Educaetion; U.S. Vocational Rehabilitation Administration; National Institutes of Neurological Diseases and Blindness, National Institutes of Health.

Mr. FLOOD. Where is Westline?

Dr. FRISINA. In McKean County, sir.

Mr. FLOOD. Why did you go to Gallaudet College?

Dr. FRISINA. To learn about the education of the deaf, Mr. Chairman.

Mr. FLOOD. That is a good answer.

Do you have anybody with you we do not know?

Dr. FRISINA. Yes. We have Mr. Frank Benz, the vice president for business and finance of the Rochester Institute of Technology. And we have Dr. Joseph Rosenstein, who is in the office of the assistant Secretary for Education.

Mr. FLOOD. You have a statement. How do you want to proceed, Doctor?

Dr. FRISINA. If I may, I would like to read the statement.

Mr. FLOOD. Do as you wish.

GENERAL STATEMENT

Dr. FRISINA. I am pleased to present on behalf of the Department this request for the National Technical Institute for the Deaf for $2,851,000 to be used for the operating programs of the Institute and for an educational program for 275 deaf students.

PROGRAM PURPOSE

Established under Public Law 89–36, the NTID represents a pioneering effort in the United States to provide broad postsecondary technical and vocational education and training for our deaf youth. The coeducational Institute is sponsored and operated by the Rochester Institute of Technology, under an agreement with the Secretary of Health, Education, and Welfare; as such, it is also the first large-scale endeavor in the world to educate deaf students at postsecondary levels within a predominantly hearing college community.

The primary objective of the program is to prepare these youth for the widest possible diversity in employment opportunities and to enable them to become productive citizens. The initial planning and long-range objectives of the NTID require that it be designed to provide education and training for students in attendance and in addition become the standard setter for technical and vocational training of deaf people generally. As well as being an education center for deaf students, NTID is also a service center to prepare its students for full participation in community living; it is a training center to assist in developing professional manpower to serve the deaf; and a research and demonstration center to influence education of the deaf in general.

ACCOMPLISHMENTS IN FISCAL YEAR 1969

The first group of NTID students was enrolled in the interim program in fiscal year 1969, as of September 1968. These students have been taught in the new complex of the Rochester Institute of Technology, which is a private institution, which is the sponsor for the National Technical Institute for the Deaf. They have just moved to a new campus at the edge of Rochester. Special NTID professional supporting staff have facilitated their integration into ongoing technical programs at RIT.

Mr. FLOOD. Is it identified with the University of Rochester?

Dr. FRISINA. No. It is an independent institution.

There was continuous development of the educational specifications and program requirements for technical and vocational training of the deaf. The vestibule program, a special NTID educational unit, was initiated and will aid new deaf students in selection of vocational goals and in the correction of their deficiencies in educational background for technical and vocational training.

Arrangements with local industry for cooperative education and on-the-job training of NTID students were begun in fiscal year 1969.

Staff recruitment and training were continued and intensified in fiscal year 1969 in preparation for the first interim group and the next class to be enrolled in fiscal year 1970.

ENROLLMENT

The next group is coming in in the fall of 1969. We anticipate a total enrollment of 275 this coming September.

Mr. FLOOD. What is your total population?

Dr. FRISINA. We started with 70 and are raising it to 275 as of September 1969.

Mr. FLOOD. Is that good?

Dr. FRISINA. We think it is quite good in view of the fact we are just beginning and the school is moving to a new campus. We think this is a major step forward in providing deaf youths with this educational opportunity, so we are quite pleased with the progres, yes.

Procedures and research on admissions and selection of educational program by deaf students were developed, efforts in the application of computers in instruction were begun, and the study of the use of instructional television was continued.

The construction phases continued during fiscal year 1969 included the approval of the program of requirements, approval of the concept studies, and preparation of drawings and specifications.

PROGRAM FOR FISCAL YEAR 1970

The completion of architectural plans and specifications for total NTID facilities is our goal for fiscal year 1970. When constructed, the NTID facilities will consist of an academic-special services complex, two dormitories, and a dining hall-commons, designed to serve a total enrollment of 750 deaf students. Equally important is the systematic growth in NTID enrollment in fiscal year 1970 to a total of approximately 275 deaf students.

Mr. FLOOD. How does a deaf student get to this campus?

Dr. FRISINA. We have disseminated a good deal of information through a variety of sources, including actual visits to the schools throughout the country that train deaf students.

Mr. FLOOD. Do they have to be totally deaf?

Dr. FRISINA. Very few people are totally deaf, but there is an educational definition of deafness which we have invoked. These are students who have required special education on the basis of deafness prior to entering the institution. As they come along educationally this is part of their history.

Mr. FLOOD. This includes the deaf mutes?

Dr. FRISINA. Yes. We like to think much of our effort has to do with the development of speech so we hope the mute part is pretty well taken care of.

STATE SCHOOLS FOR THE DEAF AND BLIND

Mr. FLOOD. What generally is the reputation of these long-established State institutions for the deaf and blind around the country?

Dr. FRISINA. If one looks at history and takes it in the context of history, it is good. No one is ever satisfied with its product completely, but I think generally speaking these people are doing a good job with the resources they have to work with.

Mr. FLOOD. I read this morning something about the Maryland Institute for the Deaf and Blind. What do you know about that?

Dr. FRISINA. My own experience is predominantly in the area of the deaf. I would say the Maryland School for the Deaf is one of the outstanding schools on the eastern coast.

Mr. FLOOD. What about the State schools generally; are they to a large extent custodial?

Dr. FRISINA. The institutions have really been educational and not custodial, so I think by and large the State schools for the deaf in this country have been educationally oriented.

TOTAL NUMBER OF DEAF STUDENTS IN U.S.

Mr. FLOOD. That is good to hear.

How many deaf students are there, male and female? Do you have a ball park figure?

Dr. FRISINA. I would say 50,000 and some 3,000 exiting from the totality of educational institutions annually.

Mr. FLOOD. Is that a lot?

Dr. FRISINA. I think there is a greater number than those receiving appropriate programs. Both Gallaudet and NTID and others have made fine efforts but not sufficient to take care of that number. I think the development of the Model Secondary School for the Deaf is a good move. When that becomes a model we would hope that secondary programs around the country would become readily available for all deaf people. This is not the case at this time. There is a need for a remedial program at NTID.

Mr. FLOOD. What caused you to go into this work?

Dr. FRISINA. I was an undergraduate at Westminster College at Fulton, Mo., and I was asked to go to the school for the deaf in Fulton and help in some extracurricular activities.

Mr. FLOOD. That was a lucky day for them.

Dr. FRISINA. I think it was a lucky day for me because I never regretted it, really.

Mr. FLOOD. Good.

Dr. FRISINA. In addition to the development of the student population, there will be further development and implementation of a comprehensive educational program to facilitate the integration of deaf students into the hearing college community. The director of the NTID program will proceed with the selection of professional personnel and the continuation of training programs to prepare new and present staff of the Rochester Institute of Technology to work effectively with deaf students.

Continued attention will be given to the planning of additional study programs for deaf students which correlate with both their needs and the job demands of industry, business, government, and education; to the implementation and review of preparatory and remedial programs which will help correct deficiencies in the educational background of certain deaf students before they embark upon technical and vocational training; to the process of assisting students in program selection, because many of these students are not sure of the areas in which they wish to participate.

Mr. FLOOD. Do any of them get in civil service?

Dr. FRISINA. After the completion of the program; yes, sir.

In addition, we are continuing to give attention to the arrangements with local industry and business to provide cooperative work experience as part of study programs for the deaf. I think this is important. for them to be on the job as well as getting some educational services.

We are giving attention to the application of computer technology in the development of curriculums and in instruction.

Mr. FLOOD. This computer hardware must have been a breakthrough for you?

Dr. FRISINA. This particular system we are using and developing is primarily a visual tool and this is a highly important technique. When material is presented in visual form you narrow the gap between deaf and hearing. Wherever you have the auditory part you immediately increase the gap.

And then we are concerned with the further refinement of student support services including tutoring and interpreting, speech and hearing assistance, personal and vocational guidance and counseling; to the implementation and evaluation of special classroom techniques and procedures; to the social and personal growth of NTID students; and to the continued development of a job placement program.

In fiscal year 1970 NTID will continue its information dissemination activties and its functioning as a resource for professional personnel who are involved and wish to become involved in the education of and vocational planning for the deaf.

NUMBER OF FACULTY AND STUDENTS IN 1970

Mr. FLOOD. In accordance with your justifications, you propose to increase your personnel to 123 in fiscal year 1970?

Dr. FRISINA. Yes.

Mr. FLOOD. And you say you plan to have 275 students?

Dr. FRISINA. Yes.

ULTIMATE SIZE OF PROGRAM

Mr. FLOOD. How many faculty and how many students will there be in the National Technical Institute for the Deaf when you are fully operational.

Dr. FRISINA. The target population is 750 deaf students.

Mr. FLOOD. What about faculty?

Dr. FRISINA. Professional faculty about 194.

Mr. FLOOD. What will be your cost when you are in full operation?

Dr. FRISINA. If we include research, training, and services to the deaf students probably it would be similar to what Gallaudet is, I would imagine. If you take out research and training I would guess around $6 million. I do not know.

FACULTY SALARY SCALE

Mr. FLOOD. How do you determine the faculty pay scale in a place like this? It is the same as the host institution?

Dr. FRISINA. The same as the host institution, yes; with the possible exception you have to play the market.

Mr. FLOOD. Suppose you place in the record your salary schedule showing the number of people at each pay level in 1969 and 1970.

Dr. FRISINA. Yes, sir.
(The information follows:)

ROCHESTER INSTITUTE OF TECHNOLOGY—NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

SALARY INFORMATION

Non-Federal employees	Salary range	Fiscal year 1969 estimate	Fiscal year 1970 estimate
Grades established by board of trustees:			
Director	$24,000–$25,200	1	1
Administrative officers	14,400– 20,100	3	3
Assistants in administration	12,500– 17,150	2	2
Directors	14,000– 18,000		4
Professors	10,250– 17,250	1	1
Associate professors	9,250– 15,250	6	11
Assistant professors	7,500– 12,800	15	33
Instructors	5,600– 8,900	12	35
Nonteaching assistants	5,145– 6,684	3	5
Grades comparable to General Schedule grades:			
Grade 12	$12,174–$15,828	2	2
Grade 10	9,297– 12,087		1
Grade 9	9,462– 11,000	1	
Grade 8	7,699– 10,012	1	1
Grade 7	6,981– 9,078	1	2
Grade 6	6,321– 8,221	1	
Grade 5	5,732– 7,456	2	11
Grade 4	5,145– 6,684	5	5
Grade 3	4,600– 5,981	8	6
Total		64	123

OTHER SERVICES

Mr. FLOOD. You are proposing an increase in 1970 of $680,000 for what you call "Other services." What is that for?

Dr. FRISINA. $338,600 is for tuition; $181,500 is for room; $165,000 is for board; $55,000 is for books; $36,300 is for student activities fees; $2,800 is for medical fees; and $376,800 is for indirect costs.

TUITION AND FEES

Mr. FLOOD. What tuition and fees do you charge the students and how do you arrive at that?

Dr. FRISINA. Out of recent action on the part of the Senate and the Department and the institute there will be tuition fees beginning with the new classes in 1970.

Mr. FLOOD. Tuition and fees?

Dr. FRISINA. Tuition, room, board, and fees.

Mr. FLOOD. What will they be?

Dr. FRISINA. $1,341 will be the total.

Mr. FLOOD. Where did you get that figure?

Dr. FRISINA. Fundamentally, a task force was set up in the Department to study this and representatives from the Department, representatives from Gallaudet, and representatives from the Rochester Institute of Technology discussed ways of meeting the requirements of the Senate.

Mr. FLOOD. What do you mean by the Senate?

Dr. FRISINA. The Senate Committee on Appropriations, in Report 1484 of the 90th Congress, second session, stated that in order to maintain parity with students attending Gallaudet, students attending NTID shall pay tuition, room, board, and fees comparable to tuition, room, board, and fees paid by students attending Gallaudet College.

Mr. FLOOD. The Senate committee decreed that?

Dr. FRISINA. That is correct, sir. Our understanding is that the action taken in regard to amending our agreement with the Department was related specifically to Report 1484 of the U.S. Senate.

PARTICIPATION BY DEAF STUDENTS IN ROCHESTER INSTITUTE OF TECHNOLOGY COURSES

Mr. FLOOD. Will these students participate in the regular courses offered by the Rochester Institute of Technology or will the National Technical Institute for the Deaf be entirely separate?

Dr. FRISINA. To the extent possible we will enable students to cross-register for programs available. It is doubtful many in the immediate future could operate fully in the institute. Some would be cross-registered in NTID remedial courses.

CONSTRUCTION

Mr. FLOOD. I notice the Nixon administration has withdrawn your 1970 request for construction funds. When do you expect your architectural designs to be ready so a contract for construction can be awarded?

Dr. FRISINA. We have a contract which was consummated in February of 1968 as the result of actions taken by the Rochester Institute of Technology, the Department, and the architect we have. A construction schedule has been agreed upon in our amendments as of January 21, 1969. The expectation is we would be ready to go to bid, assuming this schedule is maintained—and I am happy to say we are on schedule with regard to this—the date for letting of bids is—Mr. Benz is looking for that. Rochester Institute of Technology is a private institution and must have moneys appropriated in order to let bids.

Mr. BENZ. The advertising of bids will be March 1, 1970.

Mr. CARDWELL. I think that schedule assumes construction would start in June 1970.

Mr. FLOOD. What will you use for classrooms and dormitories in the meantime?

Dr. FRISINA. What we tried to do in the 5-year projection, we did develop both the staff and the student population, trying to make them mesh with construction. In the meantime, we will have to limit the number of students until we can have construction. We can take a certain number, depending on the normal growth rate of the RIT itself. To the extent it is reasonably possible, we will try to get as close to 750 as possible, but it is not planned we will get that number until construction is completed. The number depends on other factors.

Mr. FLOOD. What will be the total cost of construction?

Dr. FRISINA. We had meetings with the Department and agreed on the basis for predicting the estimated cost, and on the 1968 market the cost that was agreed upon last July was $17,454,000.

Mr. FLOOD. That will probably go up at least 10 percent, will it not?

Dr. FRISINA. That is very conservative if the papers are right; yes sir.

UNOBLIGATED BALANCE

Mr. FLOOD. Your justifications show an unobligated balance of $1,224,000 that is carried forward from 1969 to 1970. Is there any change in your estimates?

Dr. FRISINA. Some of that money is tied up in construction funds. It is prorated on the basis of the way in which plans for construction are developed.

Mr. FLOOD. How will you use these funds in 1970?

Dr. FRISINA. We have an architect working now on the preparation which will lead to contract documents. There is a payment schedule of 15 percent to 80 percent depending on the stage of development of the project. It is a five-stage project.

Mr. FLOOD. How will you use the funds in 1970?

Dr. FRISINA. In 1970 the construction funds would be used——

Mr. BENZ. Basically for the payment of architects and some money for the development of the site if we are at the point we can begin that, which is sewer, water, electricity, and so on.

TRAVEL

Mr. FLOOD. You have $105,000 for travel. What is that for?

Dr. FRISINA. The principal part is for moving and relocation of new personnel. This is calculated at $600 a person. This is Institute policy and we are authorized to follow Institute policy in this regard.

Mr. FLOOD. Authorized by whom?

Dr. FRISINA. By the contract between the Institute and the Department.

Mr. FLOOD. They must move around a little bit.

Dr. FRISINA. It does involve meetings, recruitment of staff, recruitment of students, relocation.

PLACEMENT SERVICE

Mr. FLOOD. Tell us about your placement services in some detail. One of the attacks being made on the Job Corps is the placement. What about your placement services? Suppose you give us a statement now and then under the circumstances I would advise some detail for the record.

Dr. FRISINA. As far as the present is concerned the procedures and policies and guidelines require that we establish a placement service. We are in the development phases of the program at the moment.

Mr. FLOOD. How many students will you have leaving in June who had a year's study?

Dr. FRISINA. At the end of fiscal 1970 we anticipate 60 students who will be leaving.

We are developing relationships in placement with vocational rehabilitation counselors who will be supporting these students while they are enrolled at the Institute. We have contacts with the local vocational rehabilitation counselors for the deaf who are supporting them while they are in attendance at NTID. Those people who come in and spend a short term, we anticipate they would go back to their specific region. So the relationship with the vocational rehabilitation people would continue while they are in school and we would work cooperatively with the local people in that region.

Those pupils going in advanced training, their placement would be more along the line of any college placement service. At this point in time the graduates of the Institute have very little difficulty. There are about eight job offers to one placement.

(The information follows:)

PLACEMENT SERVICES

The NTID placement office is a part of the division for student planning and services and as such is considered a fundamental aspect of the NTID program. A systematic approach to the development and implementation of this vital service began in fiscal year 1969. A series of fact-finding and planning meetings have been held with local and national representatives of labor unions, professional societies, business and industry, and rehabilitation. A longitudinal study of present NTID students was initiated at the time of their enrollment in fiscal year 1969. They and ensuing classes will be followed after graduation to determine job placement outcomes and the efficacy of the instructional programs from which they graduated.

Additional full-time placement counselors will be added to the NTID staff as the student popuation expands and the need for placement services increases.

Rochester Institute of Technology with its long history of active cooperation with labor, local business, and Rochester-based national and international corporations (such as Kodak, Xerox, Sybron, Gleason Works, General Dynamics, Bausch and Lomb, and others) will serve as a guide for the placement program.

The programmatic development of the NTID placement services calls for the establishment of working relations with local, State, and regional vocational rehabilitation agencies among others. Also labor unions. professional organizations and employment agencies, both private and governmental, will be utilized for the purpose of job placement for deaf students.

In addition, on-the-job training and cooperative education programs long established for RIT hearing students frequently have been found to lead to job placement upon completion of instructional programs; these will be made available for NTID students.

The existing special educational and rehabilitation services at local and State levels throughout the Nation provide a working framework for the selection and placement of NTID students. Working relationships between NTID and such facilities are in various stages of development. Communication is taking place steadily through publications, consultations, conferences and symposia, and visits to these programs.

The need for an aggressive placement program for deaf students completing NTID programs is clearly recognized and a comprehensive program is being generated to meet this need.

INSTRUCTIONAL PROGRAMS AVAILABLE TO STUDENTS

Mr. FLOOD. Your program, we understood, was to be very flexible.

Dr. FRISINA. Yes, sir.

Mr. FLOOD. Is it? How many choices do your people have?

Dr. FRISINA. The number of major areas exceeds 40 with regard to selection, and these extend from the sciences, mathematics, business administration, secretarial work, office work, mechanical work, industrial technology.

Mr. FLOOD. Suppose you list about half of them for the record.

Dr. FRISINA. Yes, sir.

(The information follows:)

PROGRAM CHOICES

Illustrative programs of instruction available for NTID students are listed next. Building construction, mechanical-industrial technology, statistics, architectural drafting, mechanical drafting, electronics, machine design, tool design, tool engineering, machine shop, instrument making and experimental work, tool and diemaking, bar and chucking machining, mechanical technology, electrical

technology, mechanical engineering, electrical engineering, business administration, accounting, secretarial, secretarial (executive or medical), food administration, hospital dietetics, retailing, advertising design, illustration, fine arts, art education, ceramics and ceramic culture, metalcrafts and jewelry, weaving and textile design, woodworking and furniture design, photographic science and instrumentation, photographic illustration, professional photography, graphic arts, offset lithography, printing management, printing technology, journalism—printing, biology, medical technology, chemistry, mathematics, physics, computer science, computer programing, and computer operation.

Instructional programs include a system of orienting each deaf student to his new educational experience at NTID by organized counseling services which aid in developing his program of study step by step. The programs also include basic or preparatory training in English, reading, mathematics, and science as may be required to prepare deaf students to take postsecondary programs in order to improve their educational and work skills; specially designed study programs in such areas as the humanities, government, history, and economics in order to prepare the student for living in a modern society; and appropriate instruction in both receptive and expressive communication skills.

ADMINISTRATION

Mr. FLOOD. You have an increase of $242,000 for administration. Take a look at page 27. Your 1969 budget was for eight people and your 1970 budget is for eight people. There is no increase in personnel but your appropriation request is up $242,000. Why?

Dr. FRISINA. All the administration services, including rent, utilities, and services for the whole NTID staff, is included under this category.

Mr. FLOOD. But you are not adding any people.

Dr. FRISINA. Other than what is categorized as administration. The other programs such as instruction, research and training, student aid, and the rent, utilities, and activities going to all but those in this category are included in here. In other words, everything is lumped together with the other areas of operation.

Mr. FLOOD. You had better let the record show more on that.

Mr. BENZ. The major increase in this area is not in personnel or personnel compensation but is reimbursement for the indirect costs (other services) of services, facilities and space used by NTID at the Rochester Institute of Technology. We have worked out a program with the Bureau of the Budget and the Department to take care of these areas, such as the library, the president's office, and the other support facilities that the Rochester Institute of Technology provides for NTID, and as this institute grows and the saff grows the additional services for the NTID program are reflected in the indirect costs.

(The information follows:)

ADMINISTRATION

[In thousands of dollars]

Account number	Account	Fiscal year 1969 estimate	Fiscal year 1970 estimate	Change
21 and 22	Travel and transportation	$18	$20	+$2
23	Communications	14	23	+9
24	Printing and reproduction	13	24	+11
25	Other services	199	376	+177
26	Supplies	28	31	+3
31	Equipment	8	49	+41
	Total	386	634	+242

GUIDANCE AND COUNSELING

Mr. FLOOD. What kind of guidance and/or counseling do you give?

Dr. FRISINA. We have a section that gives guidance and counseling. It helps them determine an area of study they wish to pursue, first. Then there is continuing personal and social guidance as they continue through the program. We have guidance psychologists who meet with them and we have group counseling sessions with the students. These are required activities on the part of the students and we have found them very effective.

INTERACTION BETWEEN DEAF AND HEARING STUDENTS

Mr. FLOOD. Do you invite your hearing students to the showing of captioned films?

Dr. FRISINA. Yes, we had 18 captioned films. There is a great deal of interaction between the hearing and the deaf students. For example, two of our deaf students are on the varsity swimming team; two are on the soccer team; two are on the Sunday football team. Six have been invited to sororities and fraternities. And they have representation on the student body. And also we have what we call cocurricular activities.

Mr. FLOOD. That is a good phrase.

Mr. Michel?

TOTAL DEAF POPULATION

Mr. MICHEL. You mentioned 50,000 deaf persons.

Dr. FRISINA. Yes, 50,000, as the chairman said, is a ball park estimate of those who enroll from early childhood through the secondary and postsecondary levels. They are students presently in programs.

Mr. MICHEL. Throughout the country?

Dr. FRISINA. Yes.

Mr. MICHEL. How many deaf people are there throughout the country?

Dr. FRISINA. Deaf in the sense of need for special education generally, estimates are from 350,000 to 400,000. This is only in terms of those with severe deafness who would require for a relatively long period some special tuition.

FUTURE ENROLLMENT LEVEL

Mr. MICHEL. These 275 students that will be enrolled this coming fiscal year, is that the maximum enrollment envisoned for the institute?

Dr. FRISINA. No, sir.

Mr. MICHEL. What is the maximum enrollment you envision?

Dr. FRISINA. The hope was it would go from 275 to 450——

Mr. MICHEL. In 1 year?

Dr. FRISINA. These are 5-year projections, the maximum being 750. So construction program is being planned for 750 students.

CHARACTERISTICS OF STUDENT BODY

Mr. MICHEL. In this current class what is the geographical breakdown of these students? Does the fact it is in Rochester, N.Y., inhibit

those from California, Oregon, and my neck of the woods? Would it be heavily weighted to the east coast?

Dr. FRISINA. Frankly, I think this year it was weighted a little bit to the east coast but that was due to the shortness of time. But we have 15 States represented. Over 1,200 applications were sent out to all the States. The States represented include California, Florida, Illinois, Indiana, Maryland, Massachusetts, Michigan, Minnesota, New York, North Carolina, Pennsylvania, Ohio, Tennessee, Texas, and Washington State.

Mr. MICHEL. What are the student charges?

Dr. FRISINA. This year there were no student charges. Next year they will be assessed.

Mr. FLOOD. Do you pay for transportation?

Dr. FRISINA. Transportation and personal expenses were left to the individual. In some States, however, the vocational rehabilitation services will provide them transportation.

Mr. MICHEL. How does this break down between men and women?

Dr. FRISINA. There are 44 men and 26 women, which, in a technical institution, is generally heavily weighted in men, so this is a better ratio than one might expect in a technical institution.

Mr. MICHEL. What is the ultimate length of stay in the Institute?

Dr. FRISINA. That will vary from 1 year to 4 years. It depends on the students themselves as to how they can advance.

Mr. MICHEL. What would the 4-year student be trained for?

Dr. FRISINA. Mathematics, science, there is a very good course in photography, applied arts, in addition to business administration, engineering, and science that I mentioned.

FIELDS OF EMPLOYMENT FOR THE DEAF

Mr. MICHEL. The Chairman has asked you to list about 20 of the 40 fields in which you are training these people. What would you say is the most fruitful field for one afflicted with deafness today? Which field readily accepts deaf persons?

Dr. FRISINA. I think one of the basic purposes in the establishment of NTID was to help answer that question. It was the feeling that as a group they were underemployed.

Mr. FLOOD. Unemployed or underemployed?

Dr. FRISINA. Underemployed in the sense that other things being equal there is no reason why a deaf person should not attain the same level of technical competence as a hearing person. So there is no demonstrated limit to the level of advancement they can achieve.

Mr. MICHEL. There would obviously be some areas where they would be foreclosed because it is absolutely essential that they hear.

Dr. FRISINA. Wherever that requirement is an absolute, that is the only thing that should exclude them. But it is surprising how frequently this concern is overstated. Let us take engineering, for example. In one setting hearing might be very important to an engineer, such as in the space program. But as a support person this is not necessarily so. Yet, both are engineers.

Physicians possibly were ruled out. There are practicing dentists who are deaf. I do not personally know of any practicing physicians who are deaf. I do know of some lawyers, patent lawyers and so on, who are deaf. This is an area that needs more experience. It was the

overstatement that deafness precluded employment in many of these areas that concerned us, and in attempting to determine what job opportunities were open to them we found they were gravitating to linotyping and education. These were the two sources that would appeal to one with a high motivation.

RATIO OF COUNSELORS AND TEACHERS TO STUDENTS

Mr. MICHEL. What is the ratio of counselors or teachers to students?

Dr. FRISINA. The ratio of counselors is 1 to 60 students, vocational counselors. With regard to instructors, it is 8 to 1 to 10 to 1 depending on the nature of the staff at this level.

With regard to young students it is more like 6 to 1, for your younger children. As they get older it moves from 1 to 6 to 1 to 10.

Mr. MICHEL. I believe this year you had 128 instructors and 275 students.

Dr. FRISINA. That is support people plus. In any research and development program you have your buildup time. For example, we are moving from 70 students to 275, which is trebling the population, but we are not doubling the faculty. When the word "pioneering" is used, it is used advisedly in that there is no prototype for this. You need the support people initially to get this done. The sooner we get the buildings and have the 750 students the greater the efficiency will be and the sooner it will reach its apex.

UNIQUE FEATURES OF FACILITIES

Mr. MICHEL. Will there be any unique features in the buildings?

Dr. FRISINA. Yes. We anticipate wide use of educational closed circuit television; the use of computers to perform many library functions; and we will have study rooms which will utilize television for instruction and outside study. We will have a special hearing and speech center. The new facilities will have full-blown hearing and speech centers such as they have at Gallaudet. We will have counseling facilities. We will have interns from other colleges and universities learning how to work with the deaf. We need the technology that will enable us to instruct them. People come there from around the country for their internship.

Mr. MICHEL. In that field do you have more applications than you have slots?

Dr. FRISINA. In the intern program?

Mr. MICHEL. Yes.

Dr. FRISINA. We are starting with one this summer to find out what the interinstitution relationships might be. The one we have comes from the University of Michigan. He is working for a doctor's degree in psychology.

RENTAL OF FACILITIES

Mr. MICHEL. What is your charge for rent in the 1970 budget?

Mr. BENZ. The rent item for a student?

Mr. MICHEL. No; for the rental of facilities. Obviously you will not have your facilities constructed.

Mr. BENZ. This is based on the standard accounting procedures of the Government on the square footage used by the program this year. We charge the actual percentage charge.

Mr. MICHEL. What is that?

Mr. BENZ. I do not have the breakdown but I can give that to you because that would be a part of the analysis of the increased administrative cost.

Mr. MICHEL. If you will insert that in the record.

(The information follows:)

The estimated charge for rent in the 1970 budget is $9,400, based on approximately 20,000 square feet. For 1969, the actual figure was $5,521, based on 11,269 square feet.

Mr. MICHEL. That is all, Mr. Chairman.

Mr. FLOOD. Mr. Casey.

Mr. CASEY. No questions.

Mr. FLOOD. Mrs. Reid.

INCREASE IN DEAF POPULATION

Mrs. REID. Mr. Michel asked how many deaf people there are now. Is the number increasing or decreasing?

Dr. FRISINA. The best information we have is that the percentage is remaining about the same, but with the growth in population we are having an increase. We had a recent epidemic of rubella in 1964 and 1965 and this increased the number of deaf students.

EFFECT OF 1964 RUBELLA EPIDEMIC

Mr. MICHEL. Will you yield at this point?

Mrs. REID. Yes.

Mr. MICHEL. Could you supply for the record a ball park figure of deafness as a result of the 1964 rubella epidemic? I asked for such a figure in connection with the blind.

Mr. CARDWELL. Mr. Michel, we will put the two together.

(Information follows:)

NUMBER OF DEAF OR BLIND RUBELLA VICTIMS

The estimates now available indicate that 30,000 babies were born with clinical rubella infection syndrome during the rubella epidemic of 1963–64. This figure is based on a percentage (10 percent) of all children born during the period of the epidemic (October 1963 through June 1964).

Estimated percentages of the affected population (30,000) indicate 25 percent, or 7,500, have severe hearing problems; and that 15 to 20 percent, or 4,500 to 6,000, have severe visual problems. There are an additional estimated 1,250 children who are both deaf and blind.

Children with the rubella syndrome may have other handicapping conditions either singly, or in combination with deafness and/or blindness.

AGE OF STUDENTS

Mrs. REID. Is there an age limit?

Dr. FRISINA. For this institution?

Mrs. REID. Yes.

Dr. FRISINA. No age limit. I think the intent was for those terminating secondary programs, but there is no fixed age limit. We have one student who is 37. He is very young but chronologically he is 37,

and we wanted to know in this particular kind of case if could do anything for him.

Mr. FLOOD. What do you mean by chronologically?

Dr. FRISINA. He has been bounced around from one institution to another and has emotional problems and we wanted to know if this type of person could be helped. I think he is better off with this experience.

Mr. MICHEL. Are there any in the class who are returning veterans who suffered deafness because of injury in the service?

Dr. FRISINA. None to my knowledge.

RETURNING VETERANS

Mr. MICHEL. I had a bill which passed some time ago providing that veterans suffering from deafness as a result of their military service be regarded as totally disabled for the purposes of compensation from the Government. That was the result of a young man who came to my office who had suffered such a disability and he was shut off from employment. I was sympathetic to him. I was almost made deaf by being blown out of a hole myself.

Dr. FRISINA. There is a mechanism set up that would detect such hearing loss. I think all returning veterans with any suggestion of hearing impairment would be tested at Walter Reed, and should one apply to our institution theoretically he would be eligible. I do not know of anything in the law that would preclude his acceptance.

Mrs. REID. Off the record.

(Discussion off the record.)

USE OF MUSIC IN EDUCATION OF THE DEAF

Mrs. REID. Do you use music with the deaf?

Dr. FRISINA. Yes. Very few people have total deafness. This would mean perhaps less than 5 percent with total deafness. One of the greatest friends of the deaf is the utilization of a small amount of hearing. In World War II the vacuum tube and transistors enabled development of testing devices so one could determine the remaining hearing. Once it was known that hearing did exist, the next step was to apply hearing aids. We have heavy investments in hearing aids of one kind or another, and in connection with the development of the residual hearing, we use music and other things.

Dr. ROSENSTEIN. In elementary schools they gather around the piano and actually put their hands on the piano and feel the rhythm in conjunction with the music. We hope this will carry over into their speech as well. So music is a vital portion of their training. In the case of jukeboxes they can get the rhythm through their feet.

Mrs. REID. Thank you.

Mr. FLOOD. Thank you.

JUSTIFICATION MATERIAL

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

Salaries and Expenses

Amounts Available for Obligation

	1969	1970
Appropriation	$ 800,000	$ 2,851,000
Unobligated balance brought forward	2,722,000	1,224,000
Unobligated balance carried forward	-1,224,000	-
Advances and reimbursements from non-federal sources	-	357,000
Comparative transfer to NTID, construction account	- 740,000	-
Unobligated balance transferred to NTID, construction account	-	-1,224,000
Total obligations	$ 1,558,000	$ 3,208,000

Obligations by Activity

Page Ref.		1969 Estimate Pos.	1969 Estimate Amount	1970 Estimate Pos.	1970 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
24	Instruction	41	$ 827,000	83	$1,635,000	+42	$+ 808,000
25	Student Services	8	205,000	15	600,000	+ 7	+ 395,000
26	Research & Training	7	102,000	17	251,000	+10	+ 149,000
27	Administration	8	386,000	8	634,000	--	+ 248,000
28	Department Liaison	2	38,000	2	38,000	--	--
29	Student Aid	--	--	--	50,000	--	+ 50,000
	Total Obligations	66	$1,558,000	125	$3,208,000	+59	$+1,650,000

Obligations by Object

	1969 Estimate	1970 Estimate	Increase or Decrease
Total number of permanent positions, non-Federal	64	123	+ 59
Total number of permanent positions, Federal	2	2	-
Full-time equivalent of all other positions	5	5	-
Average number of all employees	53	113	+ 60
11 Personnel compensation:			
Permanent positions	$ 598,000	$1,352,000	$+ 754,000
Positions other than permanent	26,000	25,000	- 1,000
Other personnel compensation	72,000	53,000	- 19,000
Total personnel compensation	696,000	1,430,000	+ 734,000
12 Personnel benefits	66,000	152,000	+ 86,000
21 Travel & Transportation of persons	61,000	105,000	+ 44,000
22 Transportation of things	14,000	10,000	- 4,000
23 Rent, communications, & utilities	28,000	47,000	+ 19,000
24 Printing & reproduction	28,000	36,000	+ 8,000
25 Other services	476,000	1,156,000	+ 680,000
26 Supplies & materials	46,000	84,000	+ 38,000
31 Equipment	143,000	138,000	- 5,000
41 Grants, subsidies, & contributions	---	50,000	+ 50,000
Total obligations by object	$1,558,000	$3,208,000	$+ 1,650,000

Summary of Changes

1969 estimated obligations	$ 1,558,000
1970 estimated obligations	3,208,000
Net change	1,650,000

	1969 Base Pos.	1969 Base Amount	Change from Base Pos.	Change from Base Amount
A. Increases				
1. Built-in				
a) Salary Increment (5%)				+ 34,000
b) Annualization of FY 69 ½ year salaries				+ 100,000
Subtotal				+ 134,000
2. Program				
a) N.T.I.D. Program Development				
1. tuition for additional students		164,000		+ 175,000
2. room		46,000		+ 135,000
3. board		43,000		+ 122,000
4. books, fees and medical insurance for additional students		24,000		+ 69,000
5. added personnel				
a. instruction	41	435,000	42	+ 436,000
b. student services	8	75,000	+ 7	+ 73,000
c. research and training	7	77,000	+10	+ 111,000
6. additional supplies, communications, etc., corresponding to increased personnel		105,000		+ 65,000
7. increased travel & transportation of persons & things for new personnel		70,000		+ 40,000
8. increased staff benefits		66,000		+ 86,000
9. administrative services for increased personnel		124,000		+ 168,000
10. rent and utilities for increased space		45,000		+ 11,000
11. student aid		---		+ 50,000
Subtotal			+59	+ 1,541,000

	Total Increases	+59	+1,675,000
B. Decreases			
1. Built-in			
a) none			
2. Program			
a) Consultants, tutors and temporary help	98,000	-	20,000
b) office and instructional equipment	143,000	-	5,000
	Subtotal		- 25,000
	Total Decreases		- 25,000
	Net Change	+59	+1,650,000

Explanation of Changes

Built-in

a) Regular annual merit and cost of living increases for faculty and staff.

b) Annualizing salaries of those employees hired after the start of the last fiscal year.

Program

a) N.T.I.D. Program Development

1. Additional tuition to cover instruction of added number of students.
2. Additional room fees to cover housing of added number of students.
3. Additional board fees to cover meals for added number of students.
4. Additional funds for books, fees and medical insurance for added number of students.
5. Increase in faculty and staff as part of systematic development toward fully operational program. Detailed list of positions in Justifications.
6. Expenses incurred by additional faculty and staff, for supplies, communication, etc.
7. Expense for additional faculty and staff related to travel and transportation of persons and things.
8. Costs of benefits for increased number of faculty and staff.
9. Costs of administrative services for increased number of faculty and staff.

10. Cost of rent and utilities for space used by additional personnel.

11. Cost of grants in aid awarded to students for payment of tuition, room, board, or fees. The policy followed herein is not to deny admission to any qualified student because of inability to pay the above costs.

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

Salaries and Expenses

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1966	$ 420,000	$ 420,000	$ 420,000	$ 420,000
1967	491,000	491,000	491,000	491,000
1968	2,615,000	2,615,000	2,615,000	2,615,000
1969	800,000	800,000	800,000	800,000
1970	2,851,000			

JUSTIFICATION

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

Salaries and Expenses

	1969 estimate		1970 estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits	64	$ 762,000	123	$1,582,000	+59	$+ 820,000
Other expenses	--	796,000	--	1,626,000	--	+ 830,000
Total	64	$1,558,000	123	$3,208,000	+59	$+1,650,000

GENERAL STATEMENT

The sum of $3,208,000 will be obligated for FY 1970 for operational costs for the continued development and operation of the National Technical Institute for the Deaf (NTID) and for departmental liaison. The obligation schedule will permit relatively level program support with continued departmental liaison and gradual strengthening of NTID staff and curricula planning.

The increase of $1,650,000 over the FY 1969 figure for salaries and expenses represents adjustments needed to increase NTID personnel by 59 positions and to increase the deaf student body to a total of 275 as part of the systematic development of NTID toward its fully operational status.

NTID was established in 1965 by Public Law 89-36 to provide deaf citizens an opportunity for postsecondary technical education and training which is unique both in the United States and in the world.

NTID prepares deaf persons for successful employment by providing postsecondary technical training and education (P.L. 89-36, Section 2); as such, it emphasizes confidence that deaf students can progress to the technician, semi-professional, and professional levels in science, technology, and applied arts. NTID is an integral part of a long-standing institution of higher learning (P.L. 89-36, Section 5), the Rochester Institute of Technology (RIT); as such, it is the first large scale endeavor in the world to educate deaf students at the postsecondary level within a predominantly hearing college community.

By all intents of Public Law 89-36, NTID is to be a model institute for the deaf; as such, it provides maximum flexibility in curricula and encourages all such originality, imagination, and innovation as will satisfy high levels of aspiration of deaf students. To do this, the plans and operations of NTID are based on the premises that NTID must be the standard setter for technical training of deaf people generally and that tomorrow's problems for the deaf cannot be solved with yesterday's standards. To create the model, the program now underway and all future programming will incorporate the most recent thinking in educational procedures and technology.

As well as being an educational center for deaf students, NTID is also a service center to prepare the deaf for full participation in community services; it is a training center to assist in developing professional manpower to serve the deaf; and a research and demonstration center to influence education of the

deaf in general.

Special faculty and personnel are provided for interpreting, tutoring, and notetaking services and for such additional support services as speech, hearing, and language services; counseling and guidance; and placement.

Much has been done and is continuing to be done in the way of 1) development of educational specifications and program requirements; 2) selection of professional personnel; 3) institution of training programs to prepare new and present staff and students of RIT to participate in the programming for deaf students; 4) utilization of staff and consultants in the development of a comprehensive educational program, which includes modern educational technology, to facilitate the integration of deaf and hearing students within RIT; 5) production and collection of instructional materials; e.g., books, films and reference materials, with special emphasis on the production of new materials in visual communication essential for the deaf; 6) the establishment of a research framework which will facilitate broad dissemination of developments at NTID, increase the successful education and employment of NTID deaf students and other deaf students wherever taught, and provide for evaluation of NTID programs and procedures, including educational methodologies; and 7) undertaking publicity programs about NTID admissions policies.

During February and March of 1968, 105 RIT student leaders were given a training and orientation program by NTID. In the Spring of 1968, 57 community representatives from business, industry, education and the general public participated in an evening program series dealing with communication and deafness. An intensive six-week, full-time Summer Institute for 50 new and existing RIT faculty and staff was offered in June and July 1968 by NTID to ready RIT for the enrollment of a pilot group of deaf students in September 1968. A 55-clock-hour orientation program for 34 RIT residence hall advisors was conducted in September. During the month of September 65 non-teaching RIT staff members attended an NTID orientation training series dealing with the communication and educational aspects of deafness.

In September, 1968 a pilot group of 70 deaf students was admitted into courses of study as the first phase of an interim program which will be provided for deaf students until NTID facilities are constructed. This number will be added to as the academic year progresses. The NTID professional staff presently includes educational specialists, tutors, and interpreters who are available to facilitate the integration of these students into study programs at RIT. In addition, RIT students have volunteered to serve as notetakers for many of the deaf students.

The deaf students were selected on the basis of their considered potential for successfully completing a study program. As a pilot group of students, they will be carefully observed for the purposes of refining admissions procedures and of better defining the special educational needs of deaf students for postsecondary technical training.

As this year of activity progresses, continued attention will be given to the planning of additional study programs for deaf students which correlate with both their needs and the job demands by industry; to the development of preparatory and remedial programs which will help correct deficiencies in the educational background of certain deaf students before they embark upon technical study; to help students in program selection; to develop arrangements with industry to provide cooperative education as part of work study programs for the deaf; to study the use of computer technology in the development of curricula; to study the potential use of instructional television; to further develop tutorial and interpreter services; to refine the audiology, speech pathology, and language training programs; to continue the orientation of RIT faculty, staff, and students regarding deafness; and to initiate the development of a job placement program.

INSTRUCTION

	1969 estimate		1970 estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits	41	$477,300	83	$1,082,200	+42	$+604,900
Other expenses	--	349,700	--	552,800	--	+203,100
Total	41	$827,000	83	$1,635,000	+42	$+808,000

GENERAL STATEMENT AND PURPOSE OF INCREASE

It is planned that during fiscal year 1970, which is the second year of an interim program, the deaf student body will be increased to a total of 275 and the instructional faculty, aides, and clerical staff for NTID will be increased to a total of 83:

Division Director
Department Chairman
Librarian
Hearing and Speech Specialist (4)
Audiologist
Faculty (15)
Training Assistant (15)
Coursewriter Programmer
Clerical (3)

Additional tutorial, interpreter, and hearing and speech manpower will be added to the staff in proportion to the increase in need as expressed by the number and type of deaf students who begin their study programs in the summer or fall of 1969. New instructional staff will be added for planning and implementing various components of preparatory and remedial instructional work in mathematics, English and language, science, and the social sciences. Other staff will be added to plan and implement study programs not now in existence at RIT and which will be tailored to meet the needs of certain deaf students as they seek to satisfy requirements for jobs currently in great demand among business, industry, government, and education.

In addition, planning and programming time shall be increased in the instructional applications of computer technology, television media, and other technologies as tools for the instruction of deaf students.

Clerical staff, personnel benefits, costs for travel, equipment and supplies, communications, and the instructional costs of tuition, books and fees will increase in proportion to the personnel increase and the student body increase.

An increase of $808,000 is requested for the purposes of instruction.

STUDENT SERVICE

	1969 estimate		1970 estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits	8	$ 77,900	15	$161,800	+7	$+ 83,900
Other expenses	-	127,100	-	438,200	-	+311,100
Total	8	$205,000	15	$600,000	+7	$+395,000

GENERAL STATEMENT AND PURPOSE OF INCREASE

It is planned that during fiscal year 1970 the student planning and services staff for NTID will be increased to a total of 15:

These new positions include:

Program Selection Specialist
Evaluation Specialist
Counseling Specialist (3)
Clerical (2)

Counseling and guidance specialists and program selection specialists will be added in proportion to the increased number of students. The student planning and services staff will refine admissions procedures; help incoming students in program selection; continue the ongoing student guidance, evaluation, and counseling program with both individual and group counseling sessions; plan and foster an integrated social (including housing) and recreational program for the deaf students; and develop a comprehensive job placement program for the deaf students.

Clerical staff, personnel benefits; costs for travel, equipment and supplies, communications; and the costs for room, board, activities fees, and health services will increase in proportion to the personnel increase and the student body increase.

An increase of $395,000 is requested for the purposes of student planning and services.

RESEARCH AND TRAINING

	1969 estimate		1970 estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits	7	$ 71,800	17	$196,600	+10	$+124,800
Other expenses	-	30,200	-	54,400	-	+ 24,200
Total	7	$102,000	17	$251,000	+10	$+149,000

GENERAL STATEMENT AND PURPOSE OF INCREASE

It is planned that during fiscal year 1970 the research and training staff for NTID will be increased to a total of 17:

New positions include:

Coordinator of Research
Training Specialist (3)
Research Associate (2)
Research Assistant
Clerical (3)

The research staff will continue the longitudinal study of deaf and hearing students at RIT which was initiated in September, 1968; will reassess the perceptions of RIT faculty and students regarding the deaf, deafness, and the education of the deaf; will initiate systematic evaluation of learning under computer assisted instruction; and will initiate in-depth investigations of deaf students in both academic and social settings.

The training staff will initiate an internship program for graduate students interested in deafness and will hold institutes for representatives of management and labor regarding employment of deaf persons.

Clerical staff, personnel benefits, and costs for travel, equipment, and supplies, will increase in proportion to the personnel increase and the number of graduate students and institute participants that will be involved.

An increase of $149,000 is requested for the purposes of research and training.

ADMINISTRATION

	1969 estimate		1970 estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits	8	$106,000	8	$111,400	-	$+ 5,400
Other expenses	-	280,000	-	522,600	-	242,600
Total	8	$386,000	8	$634,000	-	$+248,000

GENERAL STATEMENT AND PURPOSE OF INCREASE

No increase in general administrative staff for NTID is anticipated for fiscal year 1970. The administrative staff of RIT-NTID will continue to refine the requirements and educational specifications necessary for use in educational programming for NTID students and for use by the architects in construction planning; will continue to recruit and supervise staff for other activities; will prepare annual budget requests for FY71 and other requests by DHEW; will confer with the National Advisory Group for NTID at scheduled intervals; will maintain liaison lines between RIT-NTID and DHEW; and will maintain public information programs regarding NTID.

Costs of travel, equipment, supplies, communications, printing and reproduction and salaries in Administration as well as Administrative services, rent, utilities and maintenance, for all activities within NTID will increase commensurate with the total increase of activities related to NTID.

An increase of $248,000 is requested for the purposes of administration.

DEPARTMENT LIAISON

	1969 estimate		1970 estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits	2	$29,000	2	$30,000	-	$+1,000
Other expenses	-	9,000	-	8,000	-	-1,000
Total	2	$38,000	2	$38,000	-	-

The request for $38,000 provides funding for a staff of two to administer Departmental responsibilities under the NTID program. The Director of this staff will:

- provide staff advice to the Secretary on the NTID program
- review, as representative of the Secretary, program progress and make recommendations for consideration by the grantee
- participate with NTID staff in program and administrative planning
- develop a system of administrative review
- provide liaison between the Rochester Institute of Technology, NTID staff, the Department, other agencies, and the Congress
- assure communication with other activities in the Department related to education of the deaf (e.g. Callaudet College, National Advisory Committee on Education of the Deaf, Educational Media Program).

STUDENT AID

	1969 estimate Amount	1970 estimate Amount	Increase or Decrease Amount
Other expenses	--	$50,000	$+50,000

GENERAL STATEMENT AND PURPOSES OF INCREASE

The obligations incurred under this activity cover grants-in-aid awarded to needy students in the form of remission of their tuition and fees. No qualified student will be rejected because of lack of funds.

Construction

Amounts Available for Obligation

	1969	1970
Appropriation	----	$ 13,766,000
Unobligated Balance Transferred From NTID Salaries and Expenses	----	1,224,000
Comparative Transfer from NTID, Salaries and Expenses	$ 740,000	----
Total obligations	$ 740,000	$ 14,990,000

Obligations By Activity

Page Ref.		1969 estimate	1970 estimate	Increase or Decrease
37	Planning	$ 670,000	$ 345,000	$- 325,000
37	Land Acquisition	70,000	--	- 70,000
37	Site Development	--	767,000	+ 767,000
37	Academic Complex	--	6,747,000	+ 6,747,000
37	Residence Hall A	--	2,334,000	+ 2,334,000
37	Residence Hall B	--	4,017,000	+ 4,017,000
37	Dining Hall - Commons	--	780,000	+ 780,000
	Total Obligations	$ 740,000	$14,990,000	$+14,250,000

Obligations by Object

		1969 estimate	1970 estimate	Increase or Decrease
25	Other services	$670,000	$ 345,000	$- 325,000
32	Lands and structures	70,000	14,645,000	+14,575,000
99	Total obligations	$740,000	$14,990,000	$+14,250,000

Summary of Changes

1969 estimated obligations	----
1970 estimated obligations	$13,766,000
Net change	+13,766,000

		Base		Change from Base	
Increases:	Program	Positions	Amount	Positions	Amount
1	Academic Complex	----	----	----	$6,635,000
2	Residence Hall A	----	----	----	2,334,000
3	Residence Hall B	----	----	----	4,017,000
4	Dining Hall-Commons	----	----	----	780,000
	Total Increases				$13,766,000

Explanation of Changes

Funds for construction of NTID facilities are being requested in FY70 to meet the obligation incurred by the awarding of contracts for construction of an academic complex, residence hall A, residence hall B, and a dining hall/commons.

Construction

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1970	$13,766,000			

JUSTIFICATION

Funds for construction of facilities for the National Technical Institute for the Deaf (NTID) were authorized in 1965 by Public Law 89-36.

Since that time, in the fiscal years preceding FY70, a total of $1,964,000 have been appropriated for NTID construction planning and site acquisition and development purposes. An additional $13,766,000 is being requested in FY70 for construction of the buildings. The combined total of the previous appropriations and those requested for FY70 is $15,730,000.

The NTID facilities will be built on the new 1300 acre campus of the Rochester Institute of Technology (RIT), chosen in 1966 to serve as the sponsoring institution for NTID. The final steps required for the acquisition of the 35-acre site for the NTID buildings are currently being taken. NTID facilities will be given a prominent location on elevated ground just north of the newly constructed dormitory-dining hall complex of RIT. This location was selected not only to give special visibility to NTID facilities but also to help foster social integration of deaf students with their hearing peers.

The general requirements for facilities for NTID include an academic complex, residence halls, and a dining hall-commons which is in accord with the Policies, Guidelines, and Application Procedures prepared by the National Advisory Board for the Establishment of NTID and found in the Federal Register for April 8, 1966 and subsequent studies prepared by RIT for DHEW.

An academic complex is planned to house 1) all classroom, faculty office, storage, laboratory, and library spaces associated with those instructional programs and special instructional support services devised specifically for deaf students, including computer assisted instruction; 2) offices needed for student planning activities, including program sampling, program selection, evaluation, counseling and guidance services, and job placement; 3) offices for administration; 4) a fully operational hearing and speech center; 5) special spaces for specialized training programs for graduate students, interns, RIT personnel, and other special groups; 6) offices and laboratories for the program of organized research; and 7) a multi-purpose auditorium-theatre.

Throughout these facilities control of outside sounds, of reverberation of sound inside rooms, of vibration, and of lighting conditions is essential to successful participation of deaf students. Such control will be acheived with construction which will involve reinforced concrete, soundproofing, air conditioning, solid-core doors, and replicated walls.

The facilities are designed to provide an environment for deaf students, which will be most conducive to effective learning and living by them.

Residence halls are planned to accommodate a total of 750 deaf students, to accommodate arrangements for living areas and special spaces for study carrels, for counseling, and for the training of interns.

A dining hall-commons includes a dining area and a student lounge. It will serve the deaf not only as a dining place but also as an abbreviated NTID student union. It is designed for 475 seats to accommodate the students, faculty, and staff of the Institute in two sittings.

TUESDAY, APRIL 29, 1969.

MODEL SECONDARY SCHOOL FOR THE DEAF

WITNESSES

MRS. PATRIA G. FORSYTHE, EXECUTIVE SECRETARY, NATIONAL ADVISORY COMMITTEE ON EDUCATION OF THE DEAF
DR. LEONARD M. ELSTAD, PRESIDENT, GALLAUDET COLLEGE
DR. EDWARD C. MERRILL, JR., PRESIDENT-ELECT, GALLAUDET COLLEGE
DR. R. ORIN CORNETT, VICE PRESIDENT FOR LONG RANGE PLANNING, GALLAUDET COLLEGE
DR. THOMAS R. BEHRENS, DIRECTOR, KENDALL SCHOOL, GALLAUDET COLLEGE
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
PAUL K. NANCE, BUSINESS MANAGER, GALLAUDET COLLEGE

CONSTRUCTION

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Travel and transportation of persons			14
Printing and reproduction			8
Other services		100	870
Supplies and materials			14
Lands and structures			65
Total obligations		100	971

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

Program by activities: Planning, site development, buildings, and facilities (obligations)		100	971
Financing:			
Unobligated balance available, start of year		−275	−620
Unobligated balance available, end of year	275	620	
Budget authority (appropriation)	275	445	351
Relation of obligations to outlays:			
Obligations incurred, net		100	971
Obligated balance, start of year			14
Obligated balance, end of year		−14	−472
Outlays		86	513

SALARIES AND EXPENSES

Object Classification (in thousands of dollars)

Identification code 09-75-0150-0-1-601		1968 actual	1969 est.	1970 est.
	Personnel compensation:			
11.1	Permanent positions	----------	13	25
11.5	Other personnel compensation	----------	53	73
11.8	Special personal service payment	----------	111	216
	Total personnel compensation	----------	177	314
12.1	Personnel benefits: Civilian employees	----------	8	18
21.0	Travel and transportation of persons	7	34	29
23.0	Rent, communications, and utilities	----------	21	66
24.0	Printing and reproduction	----------	8	8
25.0	Other services	15	45	----------
26.0	Supplies and materials	----------	21	25
31.0	Equipment	----------	19	25
99.0	Total obligations	22	333	485

Personnel Summary

Total number of permanent positions (Federal)	----------	2	2
Total number of permanent positions (Non-Federal)	----------	16	19
Full-time equivalent of other positions	----------	7	7
Average number of all employees	----------	10	18
Average GS grade	----------	11	11
Average GS salary	----------	$12,517	$12,517
Average salary of ungraded positions	----------	$10,584	$11,377

Program and Financing (in thousands of dollars)

Identification code 09-75-0150-0-1-601		1968 actual	1969 est.	1970 est.
	Program by activities:			
	1. Administration and general planning	18	88	152
	2. Development of instructional program	4	245	288
	3. Rental of facilities	----------	----------	45
10	Total obligations	22	333	485
	Financing:			
21	Unobligated balance, start of year	----------	−403	−70
24	Unobligated balance, end of year	403	70	----------
25	Unobligated balance lapsing	----------	400	----------
40	**Budget authority (appropriation)**	425	400	415
	Relation of obligations to outlays:			
71	Obligations incurred, net	22	333	485
72	Obligated balance, start of year	----------	5	27
74	Obligated balance, end of year	−5	−27	−109
90	Outlays	17	311	403

Mr. FLOOD. Now we have the Model Secondary School for the Deaf, "Salaries and expenses," and "Construction." Mrs. Patria G. Forsythe will make the presentation.

Is there somebody you want to present to the committee?

Mrs. FORSYTHE. Yes; Dr. Merrill and Dr. Cornett.

Mr. FLOOD. I do not think the committee knows Dr. Merrill is the president-elect of Gallaudet College. This is his first appearance in that capacity. It is not generally known, Doctor.

Mrs. FORSYTHE. I would also like to introduce Dr. Behrens, the director of Kendall School at Gallaudet College. As you know, some of his students are participating in our feasibility studies.

And Dr. Cornett is the vice president for long-range planning at Gallaudet College.

I have a very short statement.

BIOGRAPHICAL SKETCH

Mr. FLOOD. All right.

Mr. FLOOD. All right. Let us have your biographical sketch.

(The biographical sketch follows:)

RÉSUMÉ OF PATRIA GERARD FORSYTHE

Born: New Britain, Conn., 1920.

Education: St. Joseph College, University of Connecticut, Northwestern University; honorary master's degree, Emerson College, Boston, Mass., November 1961 (awarded for efforts in behalf of handicapped children).

Work experience: Connecticut General Assembly—1955 and 1957 session, legislative research assistant to house majority leader; Department of Health, Education, and Welfare. Appointed special consultant for the deaf by Secretary Ribicoff—June 1961; appointed to the staff of Assistant Secretary Cohen to work on legislative projects supported by the Department of HEW and assistant to the congressional liaison officer, Department of HEW—June 1963—March 1966; executive secretary, NACED—March 1966 to present.

Married: John S. Forsythe—March 1967.

Children: One son by previous marriage, Gerard Robert Winalski, 1943.

Political campaign experience: 1952—Chairman of Connecticut Volunteers for Eisenhower; 1954—Chairman for Mildred Allen for Secretary of State (Connecticut); 1956—Cochairman, Edwin H. May for U.S. House of Representatives, First District, Connecticut; 1960—Cochairman, Connecticut Citizens for Kennedy-Johnson.

Organizations: Vice president, Connecticut League of Women Voters, Glastonbury, Conn., 1955; member, board of directors, American School for the Deaf (appointed by Governors Ribicoff and Dempsey), 1955–65; member, board of direction of Parents, Teachers and Counselors of the Deaf, 1954; member, National tors, Hartford Symphony Association, 1950–54; president, Connecticut Association of Parents, Teachers and Counselors of the Deaf, 1954; member, National Advisory Committee on Training Teachers of the Deaf, 1961–63.

GENERAL STATEMENT

Mrs. FORSYTHE. Public Law 89–694 authorized the establishment and operation of a model secondary school for the deaf to serve the National Capital region. As you know, this includes five States: Pennsylvania, Delaware, Maryland, Virginia, and West Virginia.

As authorized, the Secretary of Health, Education, and Welfare will enter into an agreement with Gallaudet College for the construction, establishment, and operation of the school, which will be located on the campus of Gallaudet College. This agreement will be signed within the next few days.

The school will provide day and residential facilities for secondary education for persons who are deaf in order to prepare them for college and other advanced study, and to provide an exemplary secondary school program to stimulate the development of similarly excellent programs throughout the Nation. It is expected that the comprehensive program offered in the school will provide the student, who is not able to or does not choose to go on to higher education, with a skill which will enable him to go directly into the world of work.

Currently, the education of the deaf at the secondary level is inadequate. In addition to the detrimental effects on the deaf student's overall development, the lack of proper full education further handicaps his efforts not only to achieve higher education but also to realize maximally his potential to become a contributing member of society.

Since this school is to be a prototype in its field, careful study has gone into the preparation of the agreement to make certain all pertinent areas are considered. As recommended by this committee, research studies have been, and are being, conducted in such areas as computer-assisted instruction, sound treatment, instructional methodologies and media, and learning activity packages.

The 1970 budget request of $766,000 is made up of $415,000 for salaries and expenses and $351,000 for construction.

SALARIES AND EXPENSES

Since the testing of methods and procedures is vital to the goals set, an interim program, commencing in December 1969, for approximately 50 deaf students from the Washington metropolitan area on a day basis will be initiated in temporary facilities. The funds requested will allow for the employment of a chief administrative officer, staff and teachers, expenses associated with the enrollment of students, and continued research in various methods of teaching the deaf. The request for $415,000 represents an increase of $15,000, as compared with fiscal year 1969.

CONSTRUCTION

By fiscal year 1970, the necessary research for innovative instructional methods requiring inclusion in the physical plant will be far enough advanced so that facility planning can begin. The funds requested for this fiscal year will complete the necessary funds for the planning phase. The request for $451,000 represents a decrease of $94,000 as compared with fiscal year 1969.

In fiscal year 1970 we will enter a new phase with earlier research being tested by means of the interim program for deaf students. Teachers in addition to their instructional work, will be participating in further research and development of curriculum. Planning for the physical plant will be completed.

Before I make my final statement I would like to have Dr. Merrill tell you something about the plans for the training of teachers. I think you would be interested in what Dr. Merrill has to say and also in what Dr. Behrens has to say.

Mr. FLOOD. All right, Dr. Merrill.

RECRUITMENT OF DIRECTOR AND STAFF

Dr. MERRILL. The first step, of course, is to find a director.

Mr. FLOOD. I hope you find him soon.

Dr. MERRILL. In order to attract a very fine administrator, we have developed this small packet.

Mr. FLOOD. You do not have a director as yet?

Dr. MERRILL. No, sir.

Mr. FLOOD. You should get him as quickly as you can.

Dr. MERRILL. This, we hope, will attract a very fine person. These include excerpts from the agreement and the conditions of employment.

Mr. FLOOD. What are your plans?

Dr. MERRILL. We have developed a plan for prospective candidates.

Mr. FLOOD. When do you start?

Dr. MERRILL. As of now. We invite these people to become candidates. We are sending out 2,000 of these announcements.

Mr. FLOOD. How do you plan to train them?

Dr. MERRILL. This Director will, of course, select the staff. We may be required to identify prospective teachers prior to his coming, but we would like to have him involved in the choice. We would like the teacher training program not to be separate from the kind of unique school this will be. For that reason we want to involve the teachers in the development of the curriculum and in the development of the materials that will be used. We anticipate this will begin in September and go through December. It will not stop there. We will have our first class by January. For this reason we have asked to double staff this school so that the development of materials can continue while the teachers are being trained.

We have identified five major programing staffs. One is to train the staff in particular units. This came out of a school in Florida where it is identified as a learning activity package. We want to use microteaching.

MICROTEACHING

Mr. FLOOD. What is that?

Dr. MERRILL. Microteaching is the practicing of teaching by scaling down everything. Rather than teaching eight, 10, or 12 students, we teach three or four. Rather than teaching all teaching skills, we teach one. Rather than teaching an hour, we teach for 10 minutes. This is recorded on microfilm so the reactions of students can be observed. This seems to be a technique developed at Stanford University. It enables the teacher and the actual reaction of the child to be viewed and reviewed periodically. We want that to be a part of the training program.

A third job is adapting English-language instruction by use of computers. We have had some success in this. You saw the mathematics program at Kendall School. This is to help the children learn the English language by computers.

Mr. FLOOD. Do you teach any foreign languages?

Dr. MERRILL. We do at Gallaudet.

Mr. FLOOD. At the college level?

Dr. MERRILL. Yes, at the college level.

These are some of the tasks we are working on, and many of the materials that have been developed already will need to be completed. For example, the sound treatment proposal needs to be completed.

SCHEDULE OF OPERATIONS

Mr. FLOOD. Take a look at page 51 of your justifications. Do you still expect to meet that schedule?

Mrs. FORSYTHE. On the calendar?

Mr. FLOOD. Yes. Specifically, do you still expect to admit the first class on December 1, 1969?

Mrs. FORSYTHE. Yes. We expect to admit 50 students. We had hoped to have the agreement signed by February 1, but I guess we really did not anticipate all the clearances and the number of meetings with the Gallaudet board of directors and all the legal language that had to be included in our agreement.

Mr. FLOOD. You still expect to obligate $333,000 in 1969?

Mrs. FORSYTHE. Yes.

Mr. FLOOD. What are your total obligations to date?

Mr. NANCE. So far we have a little over $100,000. In 1969 we expect to obligate the funds for the feasibility studies. We will have issued a contract for this teacher training program before the end of the year. We will not have spent the money but we will have obligated it.

PROJECTED FACULTY AND STUDENT BODY

Mr. FLOOD. How many students and faculty members do you expect to have in 1970 and what will be the size of the faculty and student body when you are in full operation?

Mrs. FORSYTHE. The target population is 600 students when we are fully operational. We are starting with 50.

Mr. FLOOD. And faculty?

Mrs. FORSYTHE. Nineteen are being selected now to begin the training.

Mr. FLOOD. What will be your total faculty when you are in full operation?

Dr. MERRILL. I do not know, sir.

Mr. FLOOD. How many do you have on the staff now?

Dr. MERRILL. At the college level?

Mr. FLOOD. Your staff, whatever level.

Dr. MERRILL. There are about 200 faculty members at Gallaudet College.

Mr. FLOOD. What about this unit?

Dr. CORNETT. There are none now.

Dr. MERRILL. There will be 13 teachers, six administrative and clerical positions, two Federal positions and one or two positions for employment of disadvantaged youth.

TUITION AND FEES

Mr. FLOOD. Will there be any charge to the students for books, tuition, et cetera?

Mrs. FORSYTHE. No. You will recall we discussed this last year. Room, board, tuition, and fees will be paid for by HEW.

NEED FOR ADDITIONAL FUNDS

Mr. FLOOD. Last year you were appropriated $400,000 for fiscal year 1969. All of that will lapse on June 30, all of it. Since you did

not use any of last year's appropriation, how can you be sure you need the $415,000 you are asking for in 1970?

Mr. NANCE. A good deal of work has been delayed because the agreement has not been signed. We have been able to do a number of feasibility studies and once the agreement is signed I think we will need the $400,000 for the staff, for teaching, and also for administration. We had a delay in signing the agreement. It takes time to develop an agreement that has in it the kind of things this one embraces.

Mr. FLOOD. In the construction account you estimate you will have a substantial unobligated balance of $620,000 to carry over from 1969 to 1970, and you are asking for an additional appropriation of $351,000. What would happen if we did not appropriate any more? Would you really need more than the $620,000?

Mr. NANCE. I would think so.

Mr. FLOOD. You would really need more than that?

Mr. NANCE. Yes, sir. We are estimating that it will take slightly over a million dollars for planning.

Dr. MERRILL. I think it is easy to underestimate the difficulty in providing an effective program. There are many fine schools for the deaf in the United States. These do not yet effectively reach high school level. It would be relatively easy to establish a school and call it secondary, but if we are to provide a bona fide secondary level program we have to know and be sure. It is taking more tooling up than we anticipated, and the construction program is affected accordingly.

We have to solve these instructional problems and I hope this school can be designed as an entity so that we can get in business right away. We will move as fast as we possibly can. Many of the right things have been done. I think the problems have been identified and the resources have been identified to go with them. I would anticipate we can advance fairly rapidly.

SERVICES FOR STUDENTS

Mr. FLOOD. Will you be service-oriented? How do you expect to do this?

Mrs. FORSYTHE. The plans we had for services to deaf students included placement and guidance counseling. We also intend to involve parents because this is a secondary school.

Mr. FLOOD. Is this under the guidance of Gallaudet or on your own?

Mrs. FORSYTHE. Gallaudet, because of its proximity, could have an effect, but it is intended that we also make use of outside projects such as the Stanford Computer Assisted Instruction project you saw in operation at Kendall School. I was in Texas and asked the Junior National Association for the Deaf this question:

Would you think a student could sit at Kendall School and be receiving his lesson from Stanford University at Palo Alto?

Of course they were amazed to learn that this is being done right now.

So we will turn to resources both in the community in Washington and elsewhere. Dr. Behrens has gone outside the campus of Gallaudet because Gallaudet has responsibilities to its own students and we cannot rely heavily on them to take on all the responsibilities of a model high school.

Mr. FLOOD. What do you plan for counseling? Will you have job placement, referrals, and so on?

Dr. MERRILL. Yes, and some social workers too.

Mr. FLOOD. And this will be on your own and not Gallaudet?

Mrs. FORSYTHE. As spelled out in the agreement, the director will report to the president of the college so there will be that relationship with the college, but it has to be run as a high school and not as an adjunct to either the college or Kendall School.

DESIGN OF FACILITIES

Mr. FLOOD. We have had a great deal of experience with architects. Some of them just dust off the old plans and the building is obsolete the day it is completed.

Mrs. FORSYTHE. I think Dr. Behrens can speak to this.

Mr. FLOOD. It is generally the same thing.

Dr. BEHRENS. I agree with you that much of the planning has been dusting off old plans. In the construction of facilities for deaf students, the acoustical aspects have been neglected. Today the deaf student is able to use his residual hearing to some extent, but we are dealing with a very delicate mechanism and the hearing aid is amplifying every sound, especially noise. This is a very dangerous phase we are in, in that if we amplify noise we can destroy the residual hearing of these students which is very important to their learning and to their happiness. I think this is a very critical aspect in the construction of a building for high school age students where they are becoming independent.

Dr. MERRILL. I would like to assure you we do not expect to be provincial. We will try to find the best resources in designing this plant. I agree with you. I have been in many school systems that were said to be innovative and were not. We hope we can do better here.

NEW TEACHING METHODS

Mr. FLOOD. What did you come up with in your 2 years of study? Will you use it?

Mrs. FORSYTHE. Yes. That is another reason the agreement was delayed, because when we came before this committee and were asked to look into innovations, we made a commitment we would. I went to Nova and Dr. Behrens went to Stanford to see if this technique and methodology of computer-assisted instruction worked with deaf students. We had to test it for a period of a year.

The computer-assisted instruction started last September and we have already begun to negotiate to do language development by computer. The sound treatment project started about December, I think. We are very pleased with the results of these studies so far, although the reports are not final and some will not be until June.

SOURCE OF STUDENTS

Mr. FLOOD. How will you recruit these students?

Mrs. FORSYTHE. We have already had a meeting with people from the five States and have heard from them quite frequently asking, "When will the high school open, because we have students for you." But

we will only be able to start with the 50 students. We had a meeting about 2 weeks ago to get funds for temporary facilities. We will bus the students in and give them a full day in the temporary facilities until the permanent facilities are completed.

Mr FLOOD. What about vocational facilities?

Mrs. FORSYTHE. We have discussed that and we thought we would have a work-study type of program for those who want to become automobile mechanics, for example. It will be a program where a student can work perhaps in the community and study at the same time. We intend to have a comprehensive high school which includes academic as well as vocational training.

Mr. FLOOD. What about your placement service?

Mrs. FORSYTHE. I think that is a part of the service under guidance counseling that we will be providing these students.

Mr. FLOOD. Mr. Michel.

LIAISON STAFF

Mr. MICHEL. What are these two liaison positions?

Mrs. FORSYTHE. These are administrative positions.

Dr. CORNETT. We have an agreement, the same as NTID, and until the full facility is constructed and the program is completed we have two people administering the program. There is one professional and a secretary.

Mr. MICHEL. How long would there be a need for these two liaison people?

Mrs. FORSYTHE. It depends on how quickly we get our construction funds and so on.

Mr. MICHEL. But when that is finished will there be a need for those?

Mrs. FORSYTHE. I would think the Department at that point might entertain the idea that there might not be a need for those people.

STATES FROM WHICH STUDENTS WILL BE DRAWN

Mr. MICHEL. In this initial class the students will be drawn just from the District of Columbia, as I understand it?

Mrs. FORSYTHE. Yes. There will be no need for high school students to live on campus if they can be bused. The need for residences is for those coming from Maryland, Delaware, West Virginia, and Pennsylvania.

Dr. CORNETT. Our understanding was they would not necessarily be from the District but from the metropolitan area, so they can be bused in. There will be no residential facilities during the pilot program.

Mr. MICHEL. Who will provide the buses?

Mrs. FORSYTHE. There will be a few chartered buses.

Mr. MICHEL. As distinguished from the National Technical Institute for the Deaf where students would come from all over the country, this being a pilot program the students would come from this location?

Mrs. FORSYTHE. From Virginia, West Virginia, Delaware, Maryland, Pennsylvania, and the District of Columbia.

Dr. CORNETT. Our understanding is that the primary service area is the five States and the District of Columbia. During the period of the existence of the institution when the potential student enrollment

from the five-State area is not enough to fill the school to capacity, it is our understanding that we will take a limited number of students from other parts of the country, particularly because this will be the period of time when there are no similar secondary schools for the deaf.

Mr. MICHEL. It is my understanding that whenever we put some seed money in a pilot project we hope from the pilot project there will be others. This is limited to a small geographical area, but those of us from the hinterlands would like our area to take the cue from this if it is successful. That, I trust, is the general idea.

Mrs. FORSYTHE. We have had inquiries from New York, Illinois, Florida, and Ohio asking if they could have the material we have developed because they are thinking about this. New York has set up a commission to develop a program for a secondary school in New York. Illinois has done the same thing.

NUMBER OF ELIGIBLE STUDENTS

Mr. MICHEL. Would you supply for the record the number of students by States in that secondary school age bracket who would qualify for this school?

(The information follows:)

The following is a tabulation of numbers of possible candidates for the Model Secondary School for the Deaf. It is taken from the report of a study completed by the System Development Corp. in March 1968.

ESTIMATED NUMBERS OF STUDENTS ELIGIBLE TO ATTEND THE MODEL SECONDARY SCHOOL FOR THE DEAF

Description	Total population in schools for the deaf, 1967	Estimated eligible enrollment for MSSD
1. Primary service areas: District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia	3,161	466
2. 6 States in secondary service areas: Delaware, Kentucky, New Jersey, New York, North Carolina, and Ohio	7,499	597
3. All other States East of the Mississippi River	10,255	1,022
4. All States West of the Mississippi River	14,183	1,414
Total United States	35,098	3,499

The table lists 466 potential candidates from the primary service area consisting of the District of Columbia, Maryland, Virginia, West Virginia, and Pennsylvania. Since this tabulation was made, it has been decided that Delaware should be considered as also within the primary service area.

Of the estimated potential of 466 from the primary service area, some will not apply for the following reasons:

1. Some who live at home and are attending a school nearby, will prefer to continue this arrangement.

2. Some who are in purely oral programs will prefer (or their parents will prefer) to continue.

3. Some schools in the primary service area will insist on continuing their programs for students 14 years and older. Until the picture clears, the MSSD will have to cooperate with such schools.

The number of students from the primary service area who actually enroll in the MSSD might be as low as 300 after the program is in full operation. On the other hand, it could range as high as 450 if there are substantial numbers of undiscovered potential students in the area. The figure will be influenced also by the population growth between 1967, the year for which the data were collected, and the year in which the MSSD reaches full program operation.

Present plans are to fill out the enrollment to capacity, when the MSSD plant is completed and staff is at full size, by accepting students from areas throughout the United States which do not have programs for deaf students 14 years and older.

Mrs. FORSYTHE. One of the first things we did was to have Systems Development Corp. and Gallaudet do a study of how many students there would be in this age group in this five-State area and the District of Columbia. That is why we think we will get 600. If we do not reach the 600 when the facility is completed—and all educators tell us you must have 600 to have a comprehensive program at a secondary level—then we will go to other States that do not have a comparable secondary school.

Dr. CORNETT. The study made showed that it would be a number of years before the potential of the five-State area would fill up the school, but that over a long period of time, if the school operated at capacity after the first 3 or 4 years, it could shrink to the five-State area.

CONSTRUCTION

Mr. MICHEL. Construction is expected to be completed when?

Mrs. FORSYTHE. We will start in temporary facilities but the funds we are asking for here is to complete the planning for the construction.

Mr. MICHEL. And all told in planning you have had how much money?

Mr. NANCE. $720,000, I believe.

Mr. MICHEL. Where did I get this figure of $1,071,000?

Mr. NANCE. That includes 1970. It includes the 1970 appropriation request and the construction is estimated to cost from $12 million to $15 million, probably closer to $15 million.

Mr. MICHEL. Is that not a high ratio of planning money to actual construction?

Mr. NANCE. By the time you go through the General Services Administration the total planning and supervising cost amounts to about 16 percent. We are asking for less than 10 percent for planning at this time.

Dr. CORNETT. While you are on the subject of construction I think we might amplify the answer to the chairman's excellent question of how we expect this new institution to be innovative. The central idea of the program is individualized learning, not always individualized instruction, but the learning program for each student must be planned individually. This has some very important constraints on the construction program because the learning program cannot be individualized unless the building is designed so this can happen. Our committee which worked on this visited many institutions where attention was given to this problem. The matter of acoustical treatment and all of these things have a relationship to construction. It must be planned very carefully or we will fall in the trap the chairman referred to. The acoustical treatment project, takes into account that, as Dr. Frisina pointed out, most people classified as deaf have some residual hearing. For a high percentage of them, a majority, most of this residual hearing is in the low-frequency range. If they have this kind of hearing, the slamming of doors and other loud noises can wash out the teacher's voice. That means the acoustical properties of

a room for a nonhearing person maybe more important than for a hearing person. Only when the speech message is in the range of his residual hearing can he pick up very much of it. This means when a door slams or there is excessive noise of any kind it may wash out all the speech information coming to his ears. That is one of the reasons the room should be specially designed and should reflect the latest and best in what is known about the problems we are trying to solve.

Mr. MICHEL. I notice in this pamphlet entitled "Model Secondary School for the Deaf," there is a scale drawing of a proposed wing to Gallaudet College that will be the Secondary School for the Deaf. It looks like an elongated kidney bean kind of thing. Are you going out a mile or going up a few hundred feet?

Dr. CORNETT. What you see there is the conception done by Perkins and Will, who did the master plan for the physical plant. We gave them the number of square feet by function, and they developed what is apparently the best utilization of the terrain they can conceive.

We have some concerns about this because it is all one structure hugging the brow of the hill. It is a very good use of the land but we want to make sure it lends itself to the educational program we have in mind. It has the right number of square feet but it has to be reexamined in terms of the curricular concepts expressed in the agreement, and we have to give first priority to the educational attainment.

Mr. MICHEL. We get a number of requests for the construction of a variety of buildings before this subcommittee, and there has been considerable debate among the Members and witnesses as to the best type of construction to use for a given facility. There are discussions about whether we should be going vertically rather than horizontally. We do look at those things very carefully and try to make sure people do not run wild in playing with Federal money. So we hope you will be looking at that very carefully to see that we get the most for our money.

Mrs. FORSYTHE. Just recently we visited a facility at a hearing center in Dallas, Tex., and heard a comment from the architect who constructed that facility. He said that had they known 3 years ago what they know now they would have put the facility in the ground. That was intriguing to us. It might be something you might add to your list of innovations.

Mr. MICHEL. That is all.

Mr. FLOOD. Mr. Casey.

Mr. CASEY. No questions.

Mr. FLOOD. Mrs. Reid.

RELATION TO NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

Mrs. REID. Mrs. Forsythe, you say in your statement that it is expected that the comprehensive program offered in the school will provide the student, who is not able to or does not choose to go on to higher education, with a skill which will enable him to go directly into the world of work. It seems to me such a program overlaps to some extent the program of the National Technical Institute for the Deaf. How does your program differ?

Mrs. FORSYTHE. Basically, the National Technical Institute for the Deaf is at the post secondary level and this is at the secondary level.

Mrs. REID. They said they had no age limit.

Mrs. FORSYTHE. They have no age limit but they do not accept students unless they have completed a secondary program. In the high school it is possible to have a youngster who does not choose to go on to college but who wants to go into computer or data processing. Girls, particularly, might like to go into that. We would provide business training. Then they might change their minds and want to go on for advanced training or they could go to a vocational school. But we hope to have a choice of courses.

Dr. MERRILL. Right now they are training students in the "vestibule program" because they are not ready for college. If the model high school is successful they would not have to wait in the vestibule.

AGREEMENT WITH DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Mrs. REID. Have you had difficulty in obtaining highly qualified people?

Mrs. FORSYTHE. That is what I explained first. We can begin the search for the Director when the agreement is signed. There was a change in Administration and we in the Department had to go through all the procedures with the new people.

Mrs. REID. Do you anticipate having difficulty?

Mrs. FORSYTHE. Not at all. The agreement has been cleared by the Secretary and others in the Department and the Secretary has scheduled the signing of this agreement for next week. Prior to that it had been cleared by the Board of Directors of Gallaudet and by the National Advisory Committee on the Education of Deaf and the usual departmental officers. It is a 36-page document so I guess we were too optimistic in our timing.

Mrs. REID. Thank you. That is all.

Mr. FLOOD. Thank you.

JUSTIFICATION MATERIAL

MODEL SECONDARY SCHOOL FOR THE DEAF

Salaries and Expenses

Amounts Available for Obligation

	1969	1970
Appropriation	$400,000	$415,000
Unobligated balance brought forward	403,000	70,000
Unobligated balance lapsing	-400,000	---
Unobligated balance carried forward	-70,000	---
Total obligations	333,000	485,000

Obligations by Activity

Page Ref.		1969 Estimate Pos.	1969 Estimate Amount	1970 Estimate Pos.	1970 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
49	Administration and general planning	8	$88,000	8	$157,000	--	$+69,000
50	Development and operation of instructional program	10	245,000	13	283,000	+3	+38,000
51	Rental of facilities	--	---	--	45,000	--	+45,000
	Total obligations	18	333,000	21	485,000	+3	+152,000

Obligations by Object

	1969 Estimate	1970 Estimate	Increase or Decrease
Total number of permanent positions	2	2	--
Total number of permanent positions, non-federal	16	19	+3
Full-time equivalent of all other positions	10	7	--
Average number of all employees	10	19	+9
Personnel compensation:			
Permanent positions (federal)	$13,000	$25,000	$+12,000
Other personnel compensation	111,000	73,000	-38,000
Permanent positions (non-federal)	53,000	216,000	+163,000
Total personnel compensation	177,000	314,000	+137,000
Personnel benefits	8,000	18,000	+10,000
Travel and transportation of persons	34,000	14,000	-20,000
Rent, communications, and utilities	21,000	66,000	+45,000
Printing and reproduction	8,000	8,000	---
Other services	45,000	15,000	-30,000
Supplies and materials	21,000	25,000	+4,000
Equipment	19,000	25,000	+6,000
Total obligations by object	333,000	485,000	+152,000

Summary of Changes

1969 estimated obligations	$333,000
1970 estimated obligations	485,000
Net change	+152,000

	Base		Change from Base	
	Positions	Amount	Positions	Amount
Increases				
A. Built-in				
1. Administration - annualization salaries and benefits	6	$46,100	--	$+40,588
2. HEW liaison - annualization salaries and benefits	2	13,900	--	+13,012
3. Activities related to instruction - annualization salaries and benefits	10	24,300	--	+83,400
Subtotal, built-in increases	--	---	--	+137,000
B. Program				
1. Salary increase for faculty ($11,500) and staff ($9,500)			--	+21,000
2. Salary and benefits for additional faculty	16	184,388	+3	+32,000
3. Other expenses for additional faculty	--	10,000	--	+10,000
4. Programs for Disadvantaged Youth ($5,000)	--	---	(+2)/1	+5,000
5. Rental of facilities	--	---	--	+45,000
Subtotal, program increases	--	---	+3	+113,000
Total increases	--	---	+3	+250,000

/1 non-permanent positions

Summary of Changes (Continued)

	Base		Change from Base	
	Positions	Amount	Positions	Amount
Decreases				
A. Program				
1. Reduction in activities related to instruction consultant salaries	--	$101,000	--	$-48,000
2. Reduction in other expenses related to consultants ...	--	82,000	--	-50,000
Subtotal, program decreases	--	---	--	-98,000
Total, net change ..	--	---	+3	+152,000

Explanation of Changes

Increases

A. Built-in

1., 2., and 3. Since the Model Secondary School was in operation for only a partial year in fiscal 1969, this increase will provide for one full year of operation.

B. Program

1. This increase provides for annual increments for faculty and staff.

2. Additional faculty are needed to better implement the instructional program.

3. This will provide supplies and equipment for 3 additional faculty.

4. Programs for Disadvantaged Youth - two employees will assist by performing routine clerical and other duties.

5. Since permanent physical facilities will not be immediately available, physical facilities will be rented beginning with the first full year of operation until permanent facilities are constructed.

Decreases

A. Program

1. Reduction of consultant salaries in development of instructional material ($20,000) and feasibility studies ($28,000). A substantial portion of research will have been done prior to the admission of students.

2. Reduction of other consultant expenses in connection with development of instructional materials and feasibility studies, contract services ($30,000) and travel ($20,000).

Salaries and Expenses

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1968	$425,000	$425,000	$425,000	$425,000
1969	400,000	400,000	400,000	400,000
1970	415,000			

Justification

Model Secondary School for the Deaf, Salaries and Expenses

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits	18	$185,300	21	$332,300	+3	$+147,000
Other expenses	--	147,700	--	152,700	--	+5,000
Total	18	333,000	21	485,000	+3	+152,000

General Statement

Public Law 89-694 authorizes the Secretary of Health, Education, and Welfare to enter into an agreement with Gallaudet College for the establishment, construction, equipping and operation of a Model Secondary School for the Deaf to serve primarily residents of the District of Columbia and the nearby States. It is anticipated that nearby States will be interpreted to mean Maryland, Virginia, West Virginia, Pennsylvania, and Delaware.

Its purpose is to provide day and residential facilities for secondary education for persons who are deaf in order to prepare them for college and other advanced study, and to provide an exemplary secondary school program to stimulate the development of similarly excellent programs throughout the country. No adequate secondary program exists at present.

The Secretary, after consultation with the National Advisory Committee on Education of the Deaf, is developing an agreement to be entered into with Gallaudet College for the establishment and operation, including construction and equipment, of a model secondary school program. The agreement is being developed by staff in consultation with the Advisory Committee and representatives of Gallaudet College. It will provide for the basic policies governing the establishment and operation of a model secondary school program, including curriculum development, faculty and staff, the design and construction of facilities with maximum attention being given to excellence of architecture and design, works of art, and innovative auditory and visual devices appropriate for the educational functions of such facilities.

Justification (Continued)

Plans

In fiscal 1968, the Office of the Secretary's staff began, in consultation with the National Advisory Committee on Education of the Deaf and Gallaudet College, to develop the agreement as outlined above. It is expected that it will be ready for signature during the latter half of fiscal year 1969. Since no adequate and complete secondary school program of this type exists, extensive pre-planning must be carried out to insure that the specifications for the program of the Model Secondary School will reflect a broad base of competent opinion regarding methods and approaches. During fiscal years 1968 and 1969 contracts were and are being executed for various specialized aspects of the process of curriculum planning including computer assisted instruction, sound treatment studies, study of instructional methodologies and media, and learning activity programs.

The planning and construction time required for the completion of the physical plant will be approximately three years. Therefore, it is hoped that in the interim, facilities can be rented which will serve approximately 50 high school students transported from the Washington metropolitan area in order that the first class may be admitted no later than December 1, 1969.

Further, it is proposed that during the interim a nucleus of the permanent staff be appointed and undergo training as needed to prepare them for the special communication and learning problems of the deaf high school student. This faculty and staff with the assistance of outside experts will also develop some special instructional materials and aids, plan curriculum, and conduct feasibility studies on specific educational problems.

In fiscal year 1970, $415,000 is requested to continue the planning for the Model Secondary School and to provide for the actual instruction of students in temporary facilities. It is assumed that certain instructional materials and aids will have been field tested to provide for some of the educational needs of this first group.

Group I. Administration and General Planning

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits	8	$60,000	9	$128,100	+1	$+68,100
Other expenses	--	28,400	--	28,400	--	---
Total	8	88,400	9	156,500	+1	+68,100

General Statement and Purpose of Increase

To administer this program, it was necessary to appoint special staff members to coordinate the planning activities leading to the signing of an agreement with Gallaudet College.

During fiscal year 1970 the administrative staff will continue the development of plans for the operation of the Model Secondary School and the recruitment, training and supervision of staff, and will supply educational specifications for use in construction planning.

The requested increases for fiscal year 1970 are:

1. To provide for employment of disadvantaged youth. A school operation like Model Secondary School provides an excellent opportunity for employing and providing in-service training for disadvantaged youth. The staff of a school for deaf children is apt to be especially understanding of the disadvantaged by nature of their profession. The children, disadvantaged themselves, may in many instances be better understood by an individual having had basically similar experience in his own childhood. $5,000

2. To provide for one full year of operation. Fiscal year 1969 will be only a partial year, pending the signing of an agreement between the College and the Department of Health, Education, and Welfare (full year salary and benefits for six administrative and clerical staff - $81,688). 40,588

3. To provide annual increments and related benefits for eight administrative and clerical staff. 9,500

4. Department liaison service increase is to provide for one full year of operation (full year salary and benefits for two staff members - $26,912). 13,012

Group II. Activities Related to Instruction

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits	10	$125,300	13	$204,200	+3	$+78,900
Other expenses	--	119,300	--	79,300	--	-40,000
Total	10	244,600	13	283,500	+3	+38,900

General Statement and Purpose of Increase

This activity provides for the academic segment of the Model Secondary School for the Deaf. It is subdivided into three groups.

A. Resident instruction. Fiscal year 1970 provides for the day school program which includes training of teachers in the special aspects of teaching deaf students and which is to be conducted in temporary facilities until the permanent physical plant is ready for use.

B. Development of instructional materials. Provides for the adaptation of the best relevant instructional materials to the special needs of the deaf high school student.

C. Feasibility studies. Provides the research necessary to make knowledgeable decisions as to the extent of such innovations as computer-assisted learning and other student-response mechanisms. This program deals specifically with issues or problems which must be solved or decided in order to design the Model Secondary School for maximum effectiveness.

The requested increases for fiscal year 1970 are:

1. Salary and benefits for one full year of operation for instructional staff (ten persons full year, fiscal year 1969 - $107,700). ..... $+83,400
2. Salaries and benefits for three additional faculty. .... +32,000
3. Annual increments and related benefits for ten faculty. . +11,500
4. Necessary supplies, materials, and equipment for three new instructors ($22,300 in fiscal year 1969). ..... +10,000

Decreases for fiscal year 1970 are:

1. Reduction in consultants' salaries (development of instructional materials, 1969 salaries, $45,000; feasibility studies, 1969 salaries, $56,000). ..... -48,000
2. Reduction in costs related to consultants (development of instructional materials, 1969 other costs, $47,000; feasibility studies, 1969 other costs, $35,000). ..... -50,000

Group III. Rental of Facilities

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits	--	---	--	$ ---	--	$ ---
Other expenses	--	---	--	45,000	--	+45,000
Total	--	---	--	45,000	--	+45,000

General Statement and Purpose of Increase

Preliminary planning indicates that it is most feasible to proceed on a day school basis in rented facilities until the permanent facilities are ready for occupancy.

1. To provide for rental of facilities which reflect a desire to proceed with the Model Secondary School for the Deaf as rapidly as possible after an agreement is reached between Gallaudet College and the Department of Health, Education, and Welfare. If the School is not opened until permanent facilities can be constructed, a delay of several years is anticipated. With rented facilities, a small entering class of approximately 50 students transported from the Washington metropolitan area, can begin work late in 1969 in some areas of the proposed Model Secondary School for the Deaf curriculum.

   The following calendar is anticipated:

   February 1, 1969 - The agreement is signed. A search is begun for the Model Secondary School for the Deaf director and initial staff.

   July 1, 1969 - Facilities are rented. Orientation and training of staff begins.

   September 1, 1969 - Initial staffing is completed. Orientation and training continues. Final planning begins.

   December 1, 1969 - First class of students is admitted.

New Positions Requested
Fiscal Year 1970

		Annual Salary
Resident Instruction and Departmental Research		
Faculty.....	(3)	32,000

MODEL SECONDARY SCHOOL FOR THE DEAF

Construction

Amounts Available for Obligation

	1969	1970
Appropriation	$445,000	$351,000
Unobligated balance brought forward	275,000	620,000
Unobligated balance carried forward	-620,000	---
Total obligations	100,000	971,000

Obligations by Activity

Page Ref.		1969 Estimate	1970 Estimate	Increase or Decrease
61	Planning - Site development, buildings and facilities	$100,000	$971,000	$871,000
	Total obligations	100,000	971,000	+871,000

Obligations by Object

	1969 Estimate	1970 Estimate	Increase or Decrease
Travel and transportation of persons	---	$14,000	$+14,000
Printing and reproduction	---	8,000	+8,000
Other services	$100,000	870,000	+770,000
Supplies and materials	---	14,000	+14,000
Land and structures	---	65,000	+65,000
Total obligations by object	100,000	971,000	+871,000

Summary of Changes

1969 estimated obligations	$445,000
1970 estimated obligations	351,000
Net change	-94,000

	Base Positions	Base Amount	Change from Base Positions	Change from Base Amount
Decrease				
Planning, buildings and facilities....	---	$445,000		-94,000

Explanation of Change

Program

1. For the continued development of plans and specifications for buildings and facilities of the Model Secondary School for the Deaf.

Construction

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1968	$275,000	$275,000	$275,000	$275,000
1969	445,000	445,000	445,000	445,000
1970	351,000			

Justification

Model Secondary School for the Deaf, Construction

General Statement

Under the provision of Public Law 89-694, the Secretary of Health, Education, and Welfare, in consultation with the National Advisory Committee on Education of the Deaf, is authorized to enter into an agreement with Gallaudet College for the establishment, construction, equipping, and operation of a Model Secondary School for the Deaf, to serve primarily residents of the District of Columbia and nearby States.

The purpose of the School is to provide day and residential deaf students with a secondary educational program to prepare them for college and other advanced study, and to provide an exemplary program to stimulate the development of similarly excellent programs throughout the United States.

Since no adequate and complete secondary school program for the deaf exists, extensive planning must be carried out (1) through feasibility studies which deal with specific existing problems or issues that must be solved or decided in order to design the model secondary school program for maximum effectiveness, and (2) through curriculum development by drawing upon the resources of competent educators, including, but not limited to, educators of the deaf, and consultants in related fields.

As the instruction and related program requirements are developed, it is necessary to plan functional and aesthetic space arrangements which are conducive to a satisfying learning and living environment. It is planned that the latest and best in building modules, furnishings, equipment, and landscaping will be incorporated in this physical facility for the Model Secondary School for the Deaf.

The budget request for fiscal 1970 is predicated on the assumption that the agreement will be signed, a director and nucleus of administrative staff appointed, certain studies conducted, and physical facilities planning started during fiscal 1969.

This request for fiscal 1970 provides for the following project:

Planning Funds	$351,000

The funds requested are for the continued planning of site development, utility systems, buildings, equipment, and furnishings. In 1968, $275,000 was appropriated; in 1969, $445,000; and in 1970, $351,000 is requested making a total of $1,071,000 for planning.

The Model Secondary School for the Deaf, employing the best in design, construction and equipment that can be justified as conducive to effective learning and living, when constructed, will provide fully for 600 students.

This facility is expected to incorporate space for classrooms, science laboratories, library, offices, dormitories, dining hall, art and drama studios, social and recreation rooms, gymnasium, and related components, as well as space for specialized equipment and furnishings such as computer-assisted instruction equipment, an instructional film library, special purpose projectors, closed circuit television, special auditory and speech development equipment, and individual student carrels.

30-234 O-69-pt. 6—53

TUESDAY, APRIL 29, 1969.

GALLAUDET COLLEGE

SALARIES AND EXPENSES AND CONSTRUCTION

WITNESSES

DR. LEONARD M. ELSTAD, PRESIDENT
DR. EDWARD C. MERRILL, JR., PRESIDENT-ELECT
DR. GEORGE E. DETMOLD, DEAN
DR. R. ORIN CORNETT, VICE PRESIDENT FOR LONG RANGE PLANNING
PAUL K. NANCE, BUSINESS MANAGER
JAMES F. CAMPBELL, DIRECTOR OF BUDGET AND GRANTS, GALLAUDET COLLEGE
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

SALARIES AND EXPENSES

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation: Special personal service payments	3,032	3,676	4,175
Personnel benefits: Civilian employees	226	274	313
Travel and transportation of persons	28	31	51
Transportation of things	2	2	2
Rent, communications, and utilities	152	187	192
Other services	554	84	751
Supplies and materials	309	331	412
Equipment	83	92	141
Grants, subsidies, and contributions	133	133	133
Total obligations	4,519	5 410	6,170

PERSONNEL SUMMARY

Total number of permanent positions	325	367	396
Full-time equivalent of other positions	18	10	10
Average number of all employees	343	377	406
Average GS grade	6.3	6.4	6.4
Average GS salary	$7,267	$7,905	$8,443
Average salary of ungraded positions	$10,323	$11,097	$12,161

PROGRAM AND FINANCING

Program by activities:			
1. General administration	900	1,071	1,202
2. Resident instruction and departmental research:			
(a) Gallaudet College	1,487	1,863	2,130
(b) Kendall School	308	397	545
3. Organized research	110	143	204
4. General library	168	194	203
5. Operation and maintenance of physical plant	699	809	874
6. Auxiliary services and noneducational expense	714	800	879
7. Student aid	133	133	133
Total obligations	4,519	5,410	6,170
Financing: Receipts and reimbursements from: Non-Federal sources	−1,600	−1,719	−1,193
Budget authority	2,919	3,601	4,257
Budget authority:			
Appropriation	2,878	3,635	4,257
Transferred from other accounts	41		
Appropriation (adjusted)	2,919	3,635	4,257
Proposed transfer from other accounts for pay increase		56	

	1968 actual	1969 estimate	1970 estimate
Relation of obligations to outlays:			
Obligations incurred, net	2,919	3,691	4,257
Obligated balance, start of year	126	241	377
Obligated balance, end of year	−241	−377	−342
Outlays	2,804	3,555	4,292

Construction

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

Other services	38	78	329
Equipment	24		203
Lands and structures	805	1,591	306
Total obligations	867	1,669	838

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

Program by activities:			
Construction and related activities (costs—obligations)	867	1,669	838
Financing:			
Unobligated balance available, start of year	−520	−1,849	−180
Unobligated balance available, end of year	1,849	180	209
Budget authority (appropriation)	2,196		867
Relation of obligations to outlays:			
Obligations incurred, net	867	1,669	838
Obligated balance, start of year	138	771	855
Obligated balance, end of year	−771	−855	−600
Outlays	234	1,585	1,093

Mr. Flood. Now we have Gallaudet College and the presentation will be made by Dr. Leonard M. Elstad, president of Gallaudet College. Dr. Elstad has been here many times before.

Dr. Elstad. The first time I came here we had a budget of $270,000. There has been quite a change.

Mr. Flood. You have a statement, do you?

Dr. Elstad. Yes, sir.

Mr. Flood. How do you wish to handle it?

Dr. Elstad. It is a very short statement. I can read it.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Mr. Flood. Very well. I see you have a biographical sketch, which we will insert in the record, and then you may proceed.

(The biographical sketch follows:)

Biographical Sketch

Name, Leonard M. Elstad.

Position, president, Gallaudet College.

Birthplace and date, Osseo, Wisconsin—February 8, 1899.

Education, B.A., 1922, St. Olaf College; M.A., 1923, Gallaudet College; Hon. LL.D., St. Olaf College and Gallaudet College.

Experience, president, Gallaudet College, 1945– ; superintendent, Minnesota School for the Deaf, 1932–45; director, Wright Oral School, New York City, 1925–32; principal, Kendall School, 1924–25; instructor. Gallaudet College, 1923–24; rural school teacher, Esmond, N.Dak., 1917–18.

Association memberships, Conference of Executives of American Schools for the Deaf; Convention of American Instructors of the Deaf (past president);

Honorary Board of the Alexander Graham Bell Speech Association; American Association of School Administrators; Council of Exceptional Children; Federal Schoolmen's Club (past president).

Special awards, citations, or publications: Society for the Advancement of Management Award for "outstanding service in advancing management in university administration," June 3, 1965; Anne Sullivan Gold Medal for contributions to the education of the deaf-blind, April 14, 1966; editor, American Annals of the Deaf, 1945–48; associate editor, 1948–56; Silver Antelope, Boy Scouts of America, 1962; district governor, Rotary International, 1944–45.

General Statement

Dr. Elstad. Mr. Chairman, I appreciate the opportunity to appear before this committee and to present the financial requests of Gallaudet College for the fiscal year 1970.

Gallaudet College is devoted to the education of the deaf with primary emphasis on higher education. It was established by Act of Congress in 1864 and has always received substantial support from the Federal Government.

In addition to liberal arts and sciences, Gallaudet College offers college preparatory studies to the great majority of its new students, most of whom have not been able to secure a full senior high school education in their home States. Its graduate school offers advanced degrees in audiology, speech pathology, and the education of the deaf. Affiliated with this school are laboratory facilities providing preschool and elementary education to deaf children. Centers within the college conduct research in the area of deafness.

Gallaudet College was accredited by the Middle States Association of Colleges and Secondary Schools on May 1, 1957. The accreditation was reaffirmed in 1967.

In the spring of 1968, the graduating class numbered 140. 107 bachelors and 33 masters degrees were conferred upon graduates from 31 States, the District of Columbia, and four foreign countries.

A total of 1,476 persons was registered during the fiscal year 1968, distributed as follows: 968, preparatory and undergraduate schools; 53, graduate school; 226, summer schools; 179, elementary schools; and 50, preschool.

Salaries and Expenses

The college respectfully requests an appropriation of $4,257,000, an increase of $566,000 for salaries and expenses in fiscal year 1970. The increase will make it possible to provide additions to the teaching staff and the supporting staff in order to accommodate an increased enrollment, to provide salary increases to faculty and staff, and to make some greatly needed educational and administrative improvements.

Approximately two-thirds of the college's operating costs are provided by Federal appropriation.

Construction

The request for construction funds for fiscal 1970 totals $867,000, including $482,000 for planning funds and $385,000 for construction funds. This request follows the guidelines suggested in the campus-wide physical facilities study made by Perkins and Will, architects.

The planning funds cover an additional $137,000 to complete the

planning of the fourth dormitory ($75,000 planning funds for the fourth dormitory were approved in fiscal 1968); $85,000 for a new health center; $10,000 for updating and conversion of Kendall School; and $250,000 for a campus-wide utilities system.

The construction funds cover $203,000 to equip and furnish the third dormitory; $120,000 for updating and conversion of Kendall School; and $62,000 to relocate the tennis courts and playing fields which are being displaced by new construction.

SUMMARY

In summary, Mr. Chairman, the Gallaudet budget request for fiscal year 1970 represents: (1) continuing costs of a larger student enrollment; (2) improvement of the faculty salaries and instructional programs; (3) improvement of the administrative and student service functions of the college; and (4) construction costs for improvement of existing facilities, furnishings for new facilities and planning for improvements and for new facilities.

Mr. Chairman, we appreciate the continuing interest that you and other Members of Congress have shown in helping to provide for the effective education of deaf students, regardless of their economic and social backgrounds. You have done an immeasurable service to our deaf citizens.

ADMINISTRATIVE REORGANIZATION

Mr. FLOOD. You are asking for an increase of $22,000 for what you call administrative reorganization. We have the impression here that a reorganization should produce a saving.

Dr. MERRILL. We initiated a study by a committee chaired by Mary Switzer which involves people from around the country. We felt this was a fitting time to do it in view of the change in administration.

We anticipate there will be some changes in the role and function of the college as the result of this study. The committee had its first meeting on March 25. It is now gathering data from alumni, from students themselves, and from people knowledgeable about the education of the deaf and members of the faculty, and they hope to report to the board in November or December.

This committee may want to recommend more public service. Gallaudet College is constantly requested for service and we are not organized to give this service. Many requests come to the college from parents and organizations wanting assistance. The schools for the deaf ask for help in curriculum development and we are not equipped to give them this. So we anticipate we will need some funds for these purposes.

COMPUTER IMPROVEMENT PROGRAM

Mr. FLOOD. You are asking for an increase of $35,000 for continuation of the computer improvement program. What about this?

Dr. ELSTAD. The computer program has provided our students with the best work opportunities after college. Our graduates have no difficulty in securing employment. We have recently gotten the latest in equipment because of a $100,000 grant, but to continue this we need to secure modern equipment so when our graduates secure employment

they do not have to be retrained on modern equipment. We have 10 or 15 graduates each year qualified as computer programmers.

FACULTY SALARIES

Mr. FLOOD. Your largest increase is $226,000 for faculty salaries. On page 69 you say: "Gallaudet College faculty salaries are lower than the average of other colleges in the District of Columbia and other colleges with which Gallaudet has regularly made comparisons."

Will you place in the record the data which supports this conclusion, giving the names of the other colleges and the salaries?

Dr. CORNETT. There is an error in the wording you read. The true status is that the average faculty salary at Gallaudet is lower than the averages of each of the other colleges in the District of Columbia and other colleges with which Gallaudet has regularly made comparisons.

Mr. FLOOD. All right. The record will show that correction.

(The information requested follows:)

GALLAUDET COLLEGE—AVERAGE 9-MONTH SALARIES[1] FOR COLLEGE TEACHING FACULTY BY ACADEMIC RANK AND YEAR

Year	Academic rank				
	Professor	Associate professor	Assistant professor	Instructor	4 ranks combined
1. 1957–58	7,050	6,190	4,967	4,297	5,259
2. 1958–59	8,400	6,928	5,676	4,692	5,809
3. 1959–60	8,760	7,046	5,855	4,851	5,995
4. 1960–61	9,523	7,729	6,289	5,429	6,729
5. 1961–62	11,370	8,367	6,452	5,453	7,688
6. 1962–63	11,800	8,537	6,728	5,605	7,761
7. 1963–64	12,190	8,924	7,131	6,070	8,059
8. 1964–65	12,500	8,953	7,167	6,172	8,145
9. 1965–66	13,404	9,780	7,607	6,604	8,803
10. 1966–67	12,699	10,035	7,929	6,880	8,740
11. 1967–68	15,111	10,741	8,416	7,176	9,654
12. 1968–69	15,568	11,373	9,219	7,681	10,257

[1] Faculty on 12-month contract converted to 9-months per American Association of University Professors conversion factor of 0.81818.

GALLAUDET COLLEGE, WASHINGTON, D.C.

I. Salary data, American Association of University Professors, table II, 1967–68. Average salaries for full-time faculty members, four academic ranks combined (9 months, with 12 months converted to 9 months):

A. Five of six institutions with which Gallaudet has traditionally made comparisons:

1. Alphabetical list of institutions; Bowdoin College, Haverford College, Swarthmore College, Wesleyan University, and Williams College.
2. Listing of salaries in descending order; $12,835; $12,430; $12,103; $11,903; and $11,263.
3. Nonweighted average salary of the five institutions, $12,107.

B. Six institutions in the District of Columbia.

1. Alphabetical list of institutions; American University, Catholic University, District of Columbia Teachers College, Georgetown University, George Washington University, and Howard University.
2. List of salaries in descending order; $11,857; $11,487; $11,205, $11,185; $11,134; and $10,877.
3. Nonweighted average salary of the six institutions, $11,291.

II. Comparable salary data for Gallaudet College, graduate and undergraduate combined:

A. Data computation for Gallaudet College

1. Total number of faculty	106
2. Total amount of salary:	
(a) Faculty on 9-months contracts (89)	$851,120
(b) Faculty on 12-months contracts (11)	139,636
(c) Faculty on 12-months contracts converted to 9-months for comparison purposes per A.A.U.P. formula	114,247
(d) Total 9-months and 12-months converted to 9-months (a) and (c))	965,367
3. Average salary for 9-months (2(d) divided by 1)	9,654

III. Comparison between Gallaudet and other institutions listed in I. above:

1. With the five institutions:	
(a) Nonweighted average	$12,107
(b) Gallaudet average	9,654
(c) Difference	2,453
2. With six District of Columbia institutions:	
(a) Nonweighted average	11,291
(b) Gallaudet average	9,654
(c) Difference	1,637

P.S.—Gallaudet average for 1968–69 (1 year later) is $10,257. American Association of University Professors information on the other institutions listed above is not available as of this date (Mar. 25, 1969).

CENSUS OF HEARING IMPAIRED CHILDREN

Mr. FLOOD. You are asking for an increase of $28,000 for an "Annual census of hearing impaired children." Why do you have to do it right now? This will be a tough year.

Dr. ELSTAD. The question was asked this morning about the population of deafness. You do not get this information in regular census taking, and this research project is designed to get an accurate assessment of the extent of deafness in the United States in the educational age. We think this is most important. We have been at it a year now and it is bearing results. We think it should be continued.

EMPLOYMENT OF DISADVANTAGED YOUTH

Mr. FLOOD. You have an increase for the Kendall School for what you call "employment of disadvantaged youth." What do you have in mind there?

Dr. ELSTAD. This is a program that was suggested by District officials as an aid to improving a situation among disadvantaged youth in the District. It is planned to have them come out to the campus and utilize facilities we have which are not fully used in the summer. We are glad to cooperate in this way.

PLANNING AND CONSTRUCTION OF FACILITIES

Mr. FLOOD. According to your budget you will obligate $1,669,000 in 1969 and $838,000 in 1970 for planning and construction of facilities.

Dr. ELSTAD. That is right.

Mr. FLOOD. Will you give us a breakdown of the 1969 and 1970 obligations, project by project. You can place that in the record.

(The information follows:)

GALLAUDET COLLEGE

Estimated obligations by construction project fiscal year 1969

A. Planning:	
1. Third dormitory	$54,000
2. Fourth dormitory	64,000
Total planning	118,000
B. Construction and furnishings:	
1. Third dormitory	1,461,000
2. Classroom and laboratory addition to Hall Building	65,000
3. Renovation of Student Union Building	10,960
4. Hearing and Speech Center—Equipment	1,000
5. Arts Building—Equipment	2,600
6. Prep dormitories	2,040
7. Air condition library and student union buildings	400
8. Outside services	3,000
9. Road and roof repairs	5,000
Total construction and furnishings	1,551,000
Grand total	1,669,000

GALLAUDET COLLEGE

Estimated obligations by construction project fiscal year 1970

A. Planning:	
1. Utilities; campus wide	$135,000.00
2. Fourth dormitory	100,000.00
3. Health center	85,000.00
4. Kendall School conversion	10,000.00
Total planning	330,000.00
B. Construction and furnishings:	
1. Third dormitory	310,700.00
2. Kendall School conversion	120,000.00
3. Arts Building—Equipment	1,900.00
4. Tennis courts	40,000.00
5. Playing field	22,000.00
6. Outside services	8,400.00
7. Road and roof repairs	5,000.00
Total construction and furnishing	508,000.00
Grand total	838,000.00

CONVERSION OF KENDALL SCHOOL FACILITIES

Mr. FLOOD. Will you tell us why you need funds for the conversion of the Kendall School facilities?

Dr. ELSTAD. For many years the Kendall School was a residential school for 5 days a week. The children went home over the weekend. The enrollment got so large we had to convert the dormitory rooms into classrooms. As you noticed when you were there the other day, there were some changes being made then. This is necessary.

Mr. NANCE. Kendall School does want to go to a 12-month program and have a summer program. We also want to go to central air conditioning.

DORMITORY REQUIREMENTS

Mr. FLOOD. You are asking funds for plans for a fourth dormitory. What will that cost?

Mr. NANCE. We think it will cost close to $3 million.

Mr. FLOOD. $3 million for the construction?

Mr. NANCE. Yes.

Dr. ELSTAD. We are almost 18 months behind on the third dormitory. By that time the enrollment will increase.

Mr. FLOOD. Will that meet your foreseeable needs?

Dr. ELSTAD. If we can get the fourth one.

Mr. NANCE. The long-range plans call for a fifth, sixth and seventh dormitory.

Mr. FLOOD. Mr. Michel.

INCREASED ENROLLMENT

Mr. MICHEL. You talk about part of this increased cost being due to increased enrollment. What anticipated increased enrollment will you have?

Mr. NANCE. About 5 percent.

Mr. MICHEL. Five percent against a base figure of what?

Mr. NANCE. The enrollment figures are listed at page 81. The base for the whole college is 1,232. We expect it to be 1,293 for the coming year.

Dr. ELSTAD. About 700 children take examinations each spring in March. Out of these about 300 qualify for the preparatory department. In late summer they take further tests, and about 50 qualify for the freshman class. There has been no lessening of this number. It gets greater each year. And we have to keep up with the enrollment.

CONSTRUCTION PRIORITIES

Mr. MICHEL. Of these construction items, which would you put your highest priority on?

Dr. ELSTAD. The furnishing of the third dormitory.

Mr. MICHEL. The third dormitory is constructed but cannot be used until it is furnished.

Dr. ELSTAD. That is right.

Mr. MICHEL. What would you say is the second priority?

Dr. ELSTAD. The planning for the fourth dormitory so we will be sure to have a place for the students when they come.

Mr. MICHEL. Incidentally, this third dormitory will accommodate how many?

Mr. NANCE. 192.

Mr. MICHEL. Who are not in one of your dormitories now?

Mr. NANCE. Now we will use some very old buildings, most inadequate, and also we are getting close to being unable to take all the students who want to come. We have about 150 who are in really inadequate quarters. Some are old buildings constructed in 1860 or 1870.

Mr. MICHEL. What restricts the number of students, the inadequancy of the buildings?

Mr. NANCE. We are getting to the point we would have to deny them entrance because we do not have space.

Dr. ELSTAD. We have never denied entrance to a student who has qualified academically, but if the enrollment grows faster than the facilities we are in trouble.

I have the number of students here by State. What is your State?

Mr. MICHEL. Illinois. I have two girls graduating this year and I understand there will be 11 graduates in all from our State.

Dr. ELSTAD. I hope you will come out to the graduation on May 19.

Mr. MICHEL. I'll see you there Doctor, and thank you.

Mr. FLOOD. Mrs. Reid.

Mrs. REID. First of all, let me say that as a new member of this subcommittee I hope to have an opportunity to visit Gallaudet College when time permits as I have a keen interest in this program.

Dr. ELSTAD. Thank you. We'll be happy to welcome you, and show you around whenever you're able to visit us.

NON-FEDERAL SOURCES OF FUNDS

Mrs. REID. As explained in your justifications, two-thirds of the operating costs of the college are provided through Federal appropriations. How is the remaining one-third funded?

Dr. ELSTAD. On page 82 you will find the sources from which other than direct Federal appropriations are received. There are student fees. There are auxiliary services such as food services, bookstore, and student resident halls. These comprise sources supplying the greater part of the remaining one-third.

GRADUATES ENTERING FIELD OF EDUCATION OF THE DEAF

Mrs. REID. I was interested in the fact that you conferred 33 master's degrees last year. Are advanced degrees offered only in courses related to education for the deaf?

How many of your graduates do go into the field of education for the deaf?

Dr. ELSTAD. Historically, our advanced degrees have been offered only in the education of the deaf. At present, our graduate students may specialize in nursery education, elementary education, secondary teaching fields, and audiology.

Last year, as you say, we conferred 33 master's degrees in these fields. But many of our undergraduates, with majors in the liberal arts and sciences, are also hired as teachers of the deaf because of the great shortage of qualified teachers. Last year 25 of our graduating seniors were hired by schools for the deaf.

I should point out that our undergraduate students are all deaf, whereas the majority of our graduate students have normal hearing. Deaf students in our graduate school have usually come through our undergraduate college.

CAREERS FOR THE DEAF

Mrs. REID. Into what fields do your graduates go after receiving their bachelor degrees? You mentioned at one point that they are in demand in the computer industry. Are most of them able to hold productive and responsible positions in industry?

Dr. EESTAD. As I have said, careers in the computer sciences have become very attractive to our graduates in recent years. We count at least 30 who have gone into these fields in the last 5 years, finding employment in many industries and agencies. About 10 to 20 percent of our graduates go directly to graduate school after leaving us. Many go into teaching, library work, business careers, accounting, and laboratory fields in chemistry and biology. A slowly increasing number are going into vocational rehabilitation counseling, specializing in the problems of the deaf. We expect an increasing number to become school psychologists and social workers, connected, of course, with schools for the deaf. And a good number of our girls, quite naturally, get married after graduation.

RECRUITMENT OF FACULTY

Mrs. REID. You are requesting 29 new faculty positions for 1970 as well as additional funds to upgrade teacher salaries and benefits. Do you experience any difficulty in getting and retaining well-qualified instructors? What is your faculty turnover?

Dr. ELSTAD. Our faculty turnover in the undergraduate college has always been very low, probably not more than 7 percent annually over a 15-year period. In the Kendall School, our elementary school, it is characteristically higher, about 20 percent annually over the same period; but this is because it attracts the same sort of young women that you find in the public schools, who leave for reasons of marriage and pregnancy.

To respond to the first part of your question, we are asking for a total of 29 new positions in fiscal 1970. You will see these positions broken down on page 83 of our budget request. Five of them are new faculty positions to accommodate a rising enrollment in the undergraduate college. Seven are new faculty in the Kendall School, to accommodate a rising enrollment and to effect some improvements in the educational program. Five other professional positions are requested: one in administration, two in counseling, and two in organized research. One additional dormitory supervisor is requested for the increased enrollment. The remainder are secretarial, clerical, and custodial.

You asked if we had any difficulty getting and retaining well qualified instructors. Yes, we have difficulty getting them; but we hang on to them very well, I think, once we get them. We are not as likely to appeal to the established scholar as we are to the young person looking for a challenging career. Even here, we must be in a competitive position as far as salaries go, because any person we hire is usually able to find an equivalent position in another college or university.

Mrs. REID. Thank you.

That is all, Mr. Chairman.

Mr. FLOOD. Thank you.

JUSTIFICATION MATERIAL

GALLAUDET COLLEGE
SALARIES AND EXPENSES

Amounts Available for Obligation

	1969	1970
Appropriation	$3,635,000	$4,257,000
Proposed transfer from "Community mental health resource support" for pay increase	56,000	----
Receipts from non-Federal sources	1,719,000	1,913,000
Total obligations	5,410,000	6,170,000

Obligations by Activity

Page Ref.	1969 Estimate Pos.	1969 Estimate Amount	1970 Estimate Pos.	1970 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
General administration	70	$1,071,000	73	$1,202,000	+3	$+131,000
Instruction, Gallaudet College	144	1,863,000	151	2,130,000	+7	+267,000
Instruction, Kendall School	36	397,000	46	545,000	+10	+148,000
Organized research	10	143,000	14	204,000	+4	+61,000
General library	11	194,000	11	203,000	--	+9,000
Operation and maintenance	72	809,000	75	874,000	+3	+65,000
Auxiliary services	24	800,000	26	879,000	+2	+79,000
Student aid	--	133,000	--	133,000	--	---
Total obligations	367	5,410,000	396	6,170,000	+29	+760,000

Obligations by Object

	1969 Estimate	1970 Estimate	Increase or Decrease
Total number of permanent positions (non-Federal)	367	396	+29
Full-time equivalent of all other positions	10	10	---
Average number of all employees	377	406	+29
Personnel compensation:			
11.8 Special personnel service payments	$3,676,000	$4,175,000	$+499,000
Total personnel compensation	3,676,000	4,175,000	+499,000
12.0 Personnel benefits	274,000	313,000	+39,000
21.0 Travel and transportation of persons	31,000	51,000	+20,000
22.0 Transportation of things	2,000	2,000	---
23.0 Rent, communications, and utilities	187,000	192,000	+5,000
25.0 Other services	684,000	751,000	+67,000
26.0 Supplies and materials	331,000	412,000	+81,000
31.0 Equipment	92,000	141,000	+49,000
41.0 Grants, subsidies, and contributions	133,000	133,000	---
Total obligations by object.	5,410,000	6,170,000	+760,000

Summary of Changes

1969 estimated obligations	$5,410,000
1970 estimated obligations	6,170,000
Net change	760,000

	Base Positions	Base Amount	Change from Base Positions	Change from Base Amount
Increases				
A. Built-In				
1. Additional funds required for annualization of July 1, 1968 pay increase for non-faculty staff	175	$1,436,000	-	$ +9,000
2. Additional faculty, supporting staff and associated expenses due to enrollment increases	192	2,474,000	+10	+119,000
3. Auxiliary services cost increase	24	794,000	+2	+75,000
4. Replacement of dormitory furniture	-	1,000	-	+20,000
Subtotal, built-in increases			+12	+223,000
B. Program				
1. Travel for members of Board of Directors	-	1,000	-	+6,000
2. Administrative reorganization	-	10,000	+1	+22,000
3. Continuation of computer improvement program	-	40,000	-	+35,000
4. Extend the working period for nurses from 9 to 12 months	3	16,000	-	+5,000
5. Microfilming for Registrar's Office and upgrading of accounting equipment	-	12,000	-	+6,000

Summary of Changes (Continued)

	Base Positions	Base Amount	Change from Base Positions	Change from Base Amount
B. Program (Cont'd)				
6. Guidance and counselling services	2	$ 19,000	+2	$ +37,000
7. Expansion of faculty orientation	-	33,000	-	+15,000
8. Upgrading teaching and non-teaching faculty salaries and benefits ...	192	2,357,000	-	+226,000
9. Transportation and travel for College faculty	-	7,000	-	+3,000
10. College library books and periodicals	-	34,000	-	+4,000
11. Kendall School cost increase: Transporting of students, library books and periodicals and jobs for disadvantaged youth (equivalent of 2 positions full time)	-	31,000	+2	+20,000
12. Kendall School program improvement and associated expenses	36	366,000	+5	+66,000
13. Organized research increased cost for annual census of hearing impaired children, salaries, benefits and expenses	10	143,000	+4	+50,000
14. Additional operations and maintenance staff	72	491,000	+3	+21,000
15. Physical plant preventive maintenance	-	15,000	-	+21,000
Subtotal, program increases			+17	+537,000
Total increases ...			+29	+760,000

Explanation of Changes

A. Built-In

1. Additional funds required for annualization of a portion of the July 1, 1968 pay raise.

2. Additional faculty and their supporting staff required due to enrollment increases, to maintain existing faculty student ratios, and the associated increase in expenses.

3. Auxiliary services increases due to enrollment increases. Two additional staff members are needed in dormitory supervision and clerical activities. Increase in cost of bookstore, food services, dormitory services, supplies, materials and equipment.

4. Replacement of dormitory furniture and equipment. These funds will partially cover annual replacement requirements.

B. Program

1. Travel for members of the Board of Directors. Recent legislation, which increased the number of Board Members from 13 to 21, will necessitate additional travel funds. It is expected that these Board Members will be selected from other regions of the United States, thus requiring a substantial increase in travel funds.

2. Administrative reorganization. Additional professional and clerical staff will be needed to support the increased enrollment and the expanding programs.

3. Continuation of computer improvement program. Funds to continue the updating of the obsolete computer system which was begun in 1969.

4. Extend the working period from 9 to 12 months for nurses. Summer school and institutes will require additional nurses working for the entire year rather than 9 months.

5. Microfilming for Registrar's Office records, and upgrading of accounting equipment. Microfilming is essential for retrieval of information and for conservation of space. The updating of business office accounting equipment is needed to provide adequate budgetary and management control.

6. Guidance and counselling services. Request is to improve and expand counselling services to include personal, academic, and vocational counselling, including 2 professional staff members, and supplies and equipment.

7. Faculty orientation expansion. To make possible a more comprehensive and longer period of orientation for new faculty members. To expand the program of orientation for new faculty members, at full pay, to devote at least three months to achieve a deeper understanding of the educational deprivation students have suffered because of their handicap and to learn more effectively how to communicate with the deaf.

Explanation of Changes (Continued)

B. Program (Cont'd)

8. Upgrading teaching and non-teaching faculty salaries and fringe benefits. Based on National Education Association and American Association of University Professors surveys, Gallaudet College faculty salaries are lower than the average of other colleges in the District of Columbia and other colleges with which Gallaudet has regularly made comparisions.

9. Transportation and travel for college faculty. Additional travel funds will be required for faculty to attend professional meetings.

10. College library books and periodicals. The college is attempting to gradually improve its collections.

11. Kendall School cost increases for: transporting of students, public transportation costs are increasing annually; library books and periodicals, this library is quite inadequate and needs to be improved as quickly as is reasonable; jobs for disadvantaged youth, it is expected that summer and part time work will be provided to the equivalent of two full time positions.

12. Kendall School program improvement. Five positions, four Master Teachers and one special services staff position with associated expenses.

13. Organized research, to conduct an annual census for hearing impaired children.

14. Additional operation and maintenance staff. This request is for two additional custodians and one additional skilled maintenance employee.

15. Physical plant preventive maintenance. A preventive maintenance program provides the lowest ultimate maintenance cost, since it includes planned maintenance on a scheduled basis for the needed repairs of exterior and interiors of buildings, and of equipment and machinery.

Salaries and Expenses

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1960	$892,000	$904,000	$904,000	$904,000
1961	1,076,400	1,074,000	1,074,000	1,074,000
1962	1,200,000	1,200,000	1,256,000	1,256,000
1963	1,432,000	1,430,000	1,478,900	1,478,900
1964	1,697,000	1,697,000	1,822,000	1,822,000
1965	1,926,000	1,926,000	1,926,000	1,926,000
1966	2,301,000	2,301,000	2,301,000	2,301,000
1967	2,507,000	2,507,000	2,542,000	2,542,000
1968	2,919,000	2,919,000	2,989,000	2,919,000
1969	3,785,000	3,635,000	3,635,000	3,635,000
1969 proposed transfer for pay increase	56,000			
1970	4,257,000			

Justification

Salaries and Expenses, Gallaudet College 1970

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits	367	$3,950,000	396	$4,488,000	+29	$+538,000
Other expenses ..	-	1,460,000	-	1,682,000	-	+222,000
Total	367	5,410,000	396	6,170,000	+29	+760,000

General Statement

Gallaudet College is devoted to the education of the deaf with primary emphasis on higher education. It was established by Act of Congress in 1857 and was authorized by Congress in 1864 to grant degrees. Public Law 420 (83rd Congress) revised its charter and defined its relationship with the Federal Government, from which it has always received substantial support.

A College of Liberal Arts and Sciences, Gallaudet College offers the courses of study common to such institutions. In addition, it offers college preparatory studies to the great majority of its new students, most of whom have not been able to secure a full senior high school education in their home states. A Graduate School offers advanced degrees in Audiology, Speech Pathology, and the Education of the deaf. Affiliated with this school are laboratory facilities providing preschool and elementary education to deaf children.

Research into deafness is one of the purposes of the College as defined in the By-Laws of its governing board. No other center in the world has better opportunities than Gallaudet for research in this field. These opportunities include an on-campus population of deaf people ranging from preschool through college; access to other populations of deaf throughout the United States; and a faculty able to bring the resources of their separate disciplines to bear upon the problems of the deaf students in their classes.

Gallaudet College was first accredited by the Middle States Association of Colleges and Secondary Schools on May 1, 1957. The College's accreditation was reaffirmed April 26, 1967.

An increase in obligations of $760,000 for the fiscal year 1970 will make it possible (1) to provide additions to the teaching staff and to the supporting staff in order to accommodate an increased enrollment, (2) to provide salary increases for faculty and staff, and (3) to make some educational and administrative improvements. Expansion is necessary to care for increased enrollment and to upgrade various programs.

Approximately two-thirds of the College's operating costs are provided by Federal appropriations. The College respectfully requests an appropriation of $4,257,000, an increase of $566,000, for salaries and expenses in fiscal year 1970.

General Administration

	1969 Estimate Pos.	1969 Estimate Amount	1970 Estimate Pos.	1970 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
Personnel compensation and benefits ..	70	$842,000	73	$915,000	+3	$+73,000
Other expenses ..	-	229,000	-	287,000	-	+58,000
Total	70	1,071,000	73	1,202,000	+3	+131,000

General Statement and Purpose of Increase

This activity includes the operation of general, executive, and administrative offices serving the College in its entirety. Here with the assistance of the faculty education and management policies are determined.

Included in this activity are two sub-activities: Student services for the welfare of the students, and the general institutional expenses covering the administrative costs of the College as a unit.

The requested increases under this activity for fiscal 1970 are:

1. Additional funds required for annualization of July 1, 1968 pay raise, salaries and benefits $4,000

2. Upgrading non-teaching faculty salaries and benefits 16,000

3. Extend working period for nurses from 9 to 12 months, salaries and benefits 5,000

4. Travel for members of the Board of Directors 6,000

5. Microfilming for Registrar's Office and improving accounting equipment 6,000

6. Computer improvements 35,000

7. Administrative reorganization 22,000
   The College has reviewed its administrative organization with a view to improving its operating efficiency. The conclusion was that additional professional and clerical staff will be needed to accommodate the increased enrollment and expanding programs. Presently there are instances of an excessive number of persons reporting directly to an administrator. This request is for $15,000 for salary and benefits and $7,000 for other expenses.

8. Expansion of the guidance and counseling services 37,000
   Increases of $33,000 for salaries and benefits, two additional positions required, and $4,000 for other expenses.

   There is a great need by the deaf student for personal, academic, and vocational counselling. Provision for the initial development of these services was made by the addition of two staff members in the fiscal 1969 budget estimate. Two other professional staff members, and supplies and equipment are included in the 1970 request.

Resident Instruction and Departmental Research, Gallaudet College

	1969 Estimate Pos.	1969 Estimate Amount	1970 Estimate Pos.	1970 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
Personnel compensation and benefits ..	144	$1,759,000	151	$2,004,000	+7	$+245,000
Other expenses ..	-	104,000	-	126,000	-	22,000
Total	144	1,863,000	151	2,130,000	+7	+267,000

General Statement and Purpose of Increase

This activity includes obligations incurred for instructional programs directly in the College of Liberal Arts, Graduate School, Preschool and Summer Schools. The costs cover salaries for departmental chairmen, teaching staff and their supporting staff; office and laboratory expenses, equipment, and other departmental expenses.

The requested increases under this activity for fiscal 1970 are:

1. Additional faculty, (5) and staff (2) 7 positions $70,000
   Increased enrollment will require additional faculty and supporting staff.

2. Upgrading faculty salaries and benefits 160,000
   (Teaching faculty, and non-teaching faculty)

3. Faculty Orientation expansion, salaries and benefits 15,000
   To enable a more comprehensive and longer period of orientation for new teachers.

   Orientation of new faculty is presently conducted in three stages:

   Before employment
   Candidates for faculty positions are carefully screened; the most likely are brought to the College campus for interviews and for a first-hand view of the work of the College.

   Before the Fall opening of the College
   New faculty members are encouraged to move to Washington as early in the summer as they can and to take advantage of instruction in manual communication and an orientation to deafness provided by many of the offices and departments that are in session during the summer. Since most of these new people have no source of income during the summer, they generally do not appear on our campus until late in August, although we provide instruction whenever they are able to appear.

General Statement and Purpose of Increase (Cont'd)

Proposed Orientation Program

That the stages before employment and after the opening of classes in the present orientation program be retained, and that the summer stage, before the opening of classes, be greatly strengthened by bringing new members of the faculty on campus throughout the summer at full pay. They would receive instruction and practice in manual communication, attend lectures and discussions covering the medical, audiological, psychological, and sociological aspects and educational problems of deaf students.

4. Other Expenses $22,000
   This includes travel, rent, utilities, communications, services, supplies and equipment.

Resident Instruction and Departmental Research, Kendall School

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits ..	36	$363,000	46	$495,000	+10	$+132,000
Other expenses ..	-	34,000	-	50,000	-	16,000
Total	36	397,000	46	545,000	+10	+148,000

General Statement and Purpose of Increase

The Kendall School is a laboratory school of the Graduate School. It provides elementary and some secondary education for deaf children in the District of Columbia and adjacent areas.

The requested increases under this activity for fiscal 1970 are:

1. Program improvements, salaries and benefits 5 positions $60,000
   Because of the highly specialized nature of teaching deaf handicapped children, Kendall School needs to devise a system which regularly provides the necessary training and supervision of its teaching staff. At present there is only one supervising teacher for more than thirty teachers. It is proposed that a Master Teacher program be initiated in which the Master Teacher, a subject-field specialist and an experienced teacher, would supervise work of a group of teachers and the development of the subject field curriculum. The Master Teacher would be expected to devote two-thirds time to supervision and curriculum development and one-third time to teaching. Four additional faculty positions are requested. One additional staff position is required for special services.

2. Upgrading faculty salaries and benefits (primarily teaching faculty) 32,000

3. Additional faculty (2) and staff (1) 3 position 30,000
   For salaries and benefits due to enrollment increases

4. Employment of disadvantaged youth, salaries and benefits, part time and summer, equivalent of two full time positions .. 10,000
   The Kendall School provides a unique opportunity for employing and providing in-service training for disadvantaged youth. The staff of a school for hearing impaired children is apt to be especially understanding of the disadvantaged by nature of their profession. The children disadvantaged themselves may in many instances be better understood by an individual having had basically similar experience in his own childhood. The field of deaf education desperately needs devoted and understanding paraprofessionals in program like Kendall School.

5. Other Expenses 16,000
   This includes travel, rent, communication, utilities, services, supplies, equipment, and library books.

Organized Research

	1969 Estimate Pos.	1969 Estimate Amount	1970 Estimate Pos.	1970 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
Personnel compensation and benefits ..	10	$140,000	14	$179,000	+4	$+39,000
Other expenses ..	-	3,000	-	25,000	-	+22,000
Total	10	143,000	14	204,000	+4	+61,000

General Statement and Purpose of Increase

Under this activity are obligations related to conducting research, financed by Federal appropriations in the area of deafness by four research offices: Acoustical Communications, Institutional, Linguistics, and Demographic. Grants for research received by the College are budgeted separately.

The requested increases under this activity for fiscal 1970 are:

1. Annual census of hearing impaired, salaries and benefits, 4 positions $28,000
   This request is to fund an annual census on the education of the deaf, a systematic and regularized data bank of information. The need for national information on hearing impairments and other handicapping conditions has been expressed by most organizations and individuals concerned with these problems. The lack of data about hearing impairments was extensively discussed and a resolution urging a solution to the problem was unanimously adopted at a national conference held in 1964 (proceedings of the Conference on the Collection of Statistics of Severe Hearing Impairment and Deafness in the United States, 1964; PHS Publication No. 1227)

2. Upgrading non-teaching faculty salaries and benefits 11,000

3. Other Expenses 22,000
   This includes rent, communications, utilities, services, supplies, materials and equipment, additional required in connection with annual census in (1) above.

General Library

	1969 Estimate Pos.	1969 Estimate Amount	1970 Estimate Pos.	1970 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
Personnel compensation and benefits ..	11	$137,000	11	$142,000	-	$+5,000
Other expenses ..	-	57,000	-	61,000	-	+4,000
Total	11	194,000	11	203,000	-	+9,000

General Statement and Purpose of Increase

The General Library serves the needs of all departments and programs of the College and forms the core of much of the course work of the students. The obligations under this activity cover the salaries of the staff and other operating expenses.

The requested increases under this activity for fiscal 1970 are:

1. Additional funds required for annualization of the July 1, 1968 pay raise, salaries and benefits for non-faculty staff $1,000
2. Upgrading non-teaching faculty, salaries and benefits..... 4,000
3. Other expenses, books and periodicals 4,000

Operation and Maintenance of Physical Plant

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits ..	72	$510,000	75	$534,000	+3	$+24,000
Other expenses ..	-	299,000	-	340,000	-	+41,000
Total	72	809,000	75	874,000	+3	+65,000

General Statement and Purpose of Increase

This activity consists of obligations incurred in custodial service, maintenance and operation of grounds and buildings, security functions, and day to day necessities for the continuous operation of the college plant, which covers 92 acres and includes 32 buildings.

The requested increases under this activity for the fiscal year 1970 are:

1. Additional staff - 3 positions - salaries and benefits $21,000
   This includes one mechanic and two custodians. The College facilities are presently more than 700,000 square feet with only 29 custodians for care and maintenance. This is greater than 24,000 square feet for each custodian. The college is attempting to reach a standard of no more than 18,000 square feet per custodian for care and maintenance.

2. Additional funds required for annualization of July 1, 1968 pay raise. 3,000

3. Replacement of dormitory furniture 20,000
   This replacement will partially care for annual replacement requirements.

4. Other Expenses 21,000
   A preventive maintenance program provides the lowest ultimate maintenance on a scheduled basis for the needed repairs of exterior and interiors of buildings, and of equipment and machinery. This includes rent, communications, utilities, services, supplies, materials, and equipment.

Auxiliary Services and Non-Educational Expense

	1969 Estimate Pos.	1969 Estimate Amount	1970 Estimate Pos.	1970 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
Personnel compensation and benefits ..	24	$199,000	26	$219,000	+2	$+20,000
Other expenses ..	-	601,000	-	660,000	-	+59,000
Total	24	800,000	26	879,000	+2	+79,000

General Statement and Purpose of Increase

Under this activity are obligations incurred for operation of food services, bookstore, and student residence halls.

The requested increases under this activity for the fiscal year 1970 are:

1. Additional staff - 2 positions, salaries and benefits $16,000
   Due to enrollment increases additional staff are needed for dormitory supervision and clerical activities.

2. Upgrading non-teaching faculty salaries and benefits 3,000

3. Additional funds required for annualization of the July 1, 1968 pay raise, salaries and benefits 1,000

4. Other Expenses 59,000
   Bookstore, food services, and dormitory services, supplies and equipment cost, increase with enrollment. This also includes rent, communications, utilities, and materials.

Student Aid

	1969 Estimate Pos.	1969 Estimate Amount	1970 Estimate Pos.	1970 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
Grants, subsidies, and contributions	-	$133,000	-	$133,000	-	-
Total	-	133,000	-	133,000	-	-

General Statement and Purpose of Increase

The obligations incurred under this activity cover grants-in-aid awarded to the students in the form of remission of their tuition and fees. It has been the College policy not to reject any qualified student because of his financial difficulty.

No increases under this activity are anticipated for fiscal year 1970.

Salaries and Expenses, Gallaudet College

1970

Total Enrollment for Fall Semester

Fiscal Years of 1968, 1969, and 1970

	1967-68 Actual	1968-69 Estimate	1969-70 Estimate	Increase or Decrease
Gallaudet College				
Preparatory and Undergraduate	887	940	985	45
Graduate	40	50	43	(7)
Total	927	990	1,028	38
Kendall School	175	192	215	23
Gallaudet Preschool	50	50	50	-
Total	1,152	1,232	1,293	61

Salaries and Expenses, Gallaudet College

Analysis of Financing
For Fiscal Years 1968, 1969, and 1970

	1968 Actual	1969 Estimate	1970 Estimate
From Other Than Direct Federal Appropriations			
1. Student Fees			
Gallaudet College	$471,000	$500,000	$526,000
Kendall School	274,000	284,000	319,000
Gallaudet Preschool	21,000	20,000	20,000
Total Student Fees	766,000	804,000	865,000
2. Other Sources	40,000	40,000	45,000
3. Auxiliary Enterprises	794,000	875,000	1,003,000
Total Other Than Direct Federal Appropriations	1,600,000	1,719,000	1,913,000
Federal Appropriation	2,919,000	3,691,000	4,257,000
Total Financing	4,519,000	5,410,000	6,170,000

New Positions Requested
Fiscal Year 1970

		Annual Salary
General Administration		
Administrative reorganization, (1) professional		$13,953
Guidance and counseling, (2) professional		30,698
	(3)	44,651
Resident Instruction and Departmental Research		
A. Gallaudet College		
(5) Faculty		52,475
(2) Secretarial, clerical		12,642
	(7)	65,117
B. Kendall School		
(7) Faculty		76,926
(1) Clerical		6,795
(2) Disadvantaged youth		9,302
	(10)	93,023
Organized Research		
(2) Professional		13,962
(2) Secretarial, clerical		12,085
	(4)	26,047
Operations and Maintenance of Physical Plant		
(1) Maintenance mechanic		9,297
(2) Custodians		10,238
	(3)	19,535
Auxiliary Services		
(1) Dormitory supervisor		8,842
(1) Clerical		6,042
	(2)	14,884
Total new positions, all activities	(29)	263,257

GALLAUDET COLLEGE
CONSTRUCTION

Amounts Available for Obligation

	1969	1970
Appropriation	$ ----	$867,000
Unobligated balance brought forward	1,849,000	180,000
Unobligated balance carried forward	-180,000	-209,000
Total obligations	1,669,000	838,000

Obligations by Activity

Page Ref.		1969 Estimate	1970 Estimate	Increase or Decrease
	Design, supervision, et.	$78,000	$329,000	$+251,000
	Construction	1,591,000	509,000	-1,082,000
	Total obligations by activity	1,669,000	838,000	-831,000

New Obligational Authority by Activity

Page Ref.		1969 Estimate	1970 Estimate	Increase or Decrease
	Design, supervision, etc.	$ ---	$482,000	$+482,000
	Construction	---	385,000	+385,000
	Total New obligational authority by activity	---	867,000	+867,000

Obligations by Object

	1969 Estimate	1970 Estimate	Increase or Decrease
Other services	$78,000	$329,000	$+251,000
Equipment	---	203,000	+203,000
Lands and structures	1,591,000	306,000	-1,285,000
Total obligations by object	1,669,000	838,000	-831,000

Summary of Changes

1969 Appropriation	$ 0
1970 requested appropriation	867,000
Net change	+867,000

Increases

I. Program

A. Planning Funds:	
1. Kendall School conversion	+10,000
2. Fourth dormitory	+137,000
3. Utilities, campus-wide	+250,000
4. Health center	+85,000
B. Construction Funds:	
1. Third dormitory furnishings	+203,000
2. Relocation of tennis courts	+40,000
3. Relocation of playing fields	+22,000
4. Kendall School conversion	+120,000
Total program increases	+867,000
Net change	+867,000

Explanation of Changes

A. Planning

1. Kendall School conversion. Funds are requested to convert and furnish existing residential to classroom space.

2. Fourth dormitory. This request will permit the full development of plans for this dormitory which is to have a capacity for housing 230 single students.

3. Campus-wide utilities. The utilities include domestic water, electrical, steam heat distribution, chilled water, telephone, sanitary sewer, storm sewer, and power plant.

4. Health center. Plans are for the health center to be located at the boundary between the new Secondary School and the College.

B. Construction

1. Third dormitory furnishings. The request is to provide funds for furnishing and equipping of this dormitory.

2. Relocation of tennis courts. New dormitory construction will occupy present site of tennis courts.

3. Relocation of playing fields. New construction will require relocation of playing fields.

4. Kendall School conversion. This request is for funds to convert space uses at Kendall School to meet the rapidly increasing non-residential classroom and laboratory day school enrollment demands.

Construction

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1960	$150,000	$300,000	$325,000	$325,000
1961	2,432,000	2,432,000	2,512,000	2,512,000
1962	127,000	127,000	601,000	601,000
1963	355,000	355,000	1,065,000	1,065,000
1964	2,919,000	2,919,000	2,919,000	2,919,000
1965	367,000	329,000	367,000	367,000
1966	308,000	308,000	384,000	384,000
1967	50,000	50,000	70,000	70,000
1968	2,196,000	2,196,000	2,312,000	2,196,000
1969	675,000	----	----	----
1970	867,000			

Justification

	1969 Estimate	1970 Estimate	Increase or Decrease
Construction	$ ----	$867,000	$+867,000

General Statement

The Gallaudet College Construction Program began in 1956 and consisted of a multiple stage program for the expansion of the physical plant to accommodate the increasing student body, and to provide more modern and adequate facilities for all phases of college activities. Between 1956 and 1969, over seventeen million dollars was appropriated to the College for renovation and repair of existing buildings, landscaping and for new construction.

The request for $867,000 in fiscal year 1970 is to provide for planning and construction as follows:

Planning

Kendall School conversion
Fourth dormitory
Campus-wide utility planning
Health Center

Construction

Third dormitory furnishings
Relocation of tennis courts
Relocation of playing fields
Kendall School conversion

Program and Performance

A construction program designed to replace aging building and provide modern facilities to accommodate increased enrollments was initiated in 1956. Full financial support for the erection of a number of new buildings and alterations and repairs to the existing physical plant has been provided by the Federal Government. The estimates for fiscal year 1970 provide for the continuation of this support to meet current needs and to afford adequate facilities for the expansion of the College to meet steadily increasing enrollments.

(dollars in thousands)	1956-1969	1970	Total
Women's residence hall	700		700
Physical activities-heating plant	1,525		1,525
Classroom-laboratory building	2,508		2,508
Hearing and speech center	804		804
Student Union building (cafeteria)	979		979
Men's residence hall	656		656
Auditorium	863		863
Athletic fields and stands	149	62	211
Maintenance building	81		81
Grounds	778		778
Major repairs and renovations	923		923
Field house	80		80
Arts building	873		873
Landscaping	50		50
Consultant building program	26		26
First and second dormitories	2,877		2,877
Third dormitory	1,500	203	1,703
Fourth dormitory	75	137	212
Kendall School	1,512	130	1,642
Health center		85	85
Utilities, campus wide		250	250
Library addition	65		65
	17,024	867	17,891

Projects and Costs

The requests in the estimate for fiscal 1970 provide for the following projects and costs:

1.	Planning Funds		$482,000
	a. Kendall School conversion	$ 10,000	
	b. Fourth dormitory	137,000	
	c. Utilities, campus-wide	250,000	
	d. Health center	85,000	
2.	Construction Funds		385,000
	a. Third dormitory furnishings	203,000	
	b. Relocation of tennis courts	40,000	
	c. Relocation of playing fields	22,000	
	d. Kendall School conversion	120,000	
	Total 1970 estimate		867,000

I. Planning Funds 482,000

A. Kendall School conversion 10,000
As noted more fully in II D below, the changing enrollment requirements make it highly desirable to convert and furnish existing space.

B. Fourth dormitory 137,000
During fiscal 1968 a campus-wide facilities plan was completed by Perkins and Will, Architects. This firm suggested a revision and enlargement of plans for this dormitory which was originally scheduled in fiscal 1968. This request will permit the full development of plans for this dormitory which is to have a capacity for housing 230 single students.

C. Campus-wide utilities 250,000
During the forepart of fiscal 1969, the College received a report from an engineering consulting firm on needs for updating existing inadequate utility systems and to expand the system sufficiently to accommodate student enrollment levels of 1,200, 1,500 and 1,800 (three phases). The report includes in the first phase an estimated $2 millior cost for updating the existing utility systems and an expansion of the systems to accommodate an enrollment of 1,200. The utility systems include domestic water, electrical, steam heat distribution, chilled water, telephone, sanitary sewer, storm sewer, and power plant.

D. Health center building 85,000
The accreditation committee noted in their last report that the health center should be improved. Plans are for the health center to be located at the boundary between the new Model Secondary School and the College, serving both with space provided for visiting Doctors of Medicine to conduct special studies in relation to the deaf as well as conducting clinical treatment.

Projects and Costs (Continued)

II. Construction Funds $385,000

A. Furnishing for the third dormitory $203,000
Construction funds were appropriated in fiscal 1968, however, the amount of funds did not provide for the furnishing and equipping of this dormitory.

B. Relocation of tennis courts 40,000
New dormitory construction will occupy present site of tennis courts and will require a new location.

C. Relocation of playing fields 22,000
New construction will require relocation of playing fields adjacent to the gymnasium and Hall Memorial Building.

D. Kendall School conversion 120,000
Conversion of Kendall School facilities is necessary to establish a more effective learning environment and specifically to convert space uses to meet the rapidly increasing non-residential classroom and laboratory day school enrollment demands: (1) convert unused dormitory space to classroom space; (2) upgrade existing classroom, laboratory, and library space; (3) air-condition space as needed; and (4) equip with teaching-learning devices specifically advantageous for deaf children.

WEDNESDAY, APRIL 30, 1969.

HOWARD UNIVERSITY

AND

FREEDMEN'S HOSPITAL

WITNESSES

DR. JAMES M. NABRIT, JR., PRESIDENT, HOWARD UNIVERSITY
DR. CHARLES E. BURBRIDGE, SUPERINTENDENT, FREEDMEN'S HOSPITAL
HOUSTON A. BAKER, DEPUTY SUPERINTENDENT
MRS. DOROTHY H. BAYEN, BUDGET DIRECTOR
JAMES B. CLARKE, TREASURER OF THE UNIVERSITY
JULIAN A. COOK, COORDINATOR ON THE BUILDING PROGRAM
HERBERT L. HUNT, ASSISTANT SUPERINTENDENT
DR. R. FRANK JONES, MEDICAL DIRECTOR
G. FREDERICK STANTON, SECRETARY OF THE UNIVERSITY
DR. STANTON L. WORMLEY, ACADEMIC VICE PRESIDENT
JAMES E. SORG, CHIEF, ESTIMATES BRANCH, REGION 3, PUBLIC BUILDINGS SERVICE
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

SALARIES AND EXPENSES, HOWARD UNIVERSITY

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Permanent positions	15,083	18,243	19,583
Positions other than permanent	3,466	3,675	3,675
Other personnel compensation	172	172	172
Total personnel compensation	18,721	22,090	23,430
Personnel benefits: Civilian employees	1,510	1,511	1,665
Benefits for former personnel	82	124	124
Travel and transportation of persons	329	214	214
Transportation of things	8	10	10
Rent, communications, and utilities	811	827	827
Printing and reproduction	180	166	166
Other services	2,394	1,199	1,445
Supplies and materials	2,391	3,068	3,178
Equipment	1,438	1,617	1,929
Grants, subsidies, and contributions	2,122	2,326	2,378
Total obligations	29,986	33,152	35,366

PERSONNEL SUMMARY

NON-FEDERAL EMPLOYEES

Total number of permanent positions	1,946	2,015	2,070
Full-time equivalent of other positions [1]	718	576	576
Average number of all employees	2,664	2,591	2,646
Average salaries and grades:			
Grades established by board of trustees: Instructional grades: Average salary	$11,829	$12,559	$13,662
Grades comparable to General Schedule grades:			
Average salary	$6,615	$6,938	$6,943
Average grade	6.1	5.9	5.9
Ungraded positions at annual rates: $16,946 or above: Average salary	$23,147	$25,087	$25,087
Less than $16,946: Average salary	$5,610	$5,619	$5,525

[1] 120 positions in Freedmen's Hospital reimbursable detail for 1968 will be carried by this hospital as direct payment after July 1, 1968.

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. General administration	2,891	3,082	3,188
2. Resident instruction and departmental research	14,596	17,036	18,927
3. Organized research	3,161	4,000	4,000
4. University libraries	872	1,178	1,188
5. Operation and maintenance of physical plant	3,211	2,685	2,892
6. Auxiliary enterprises	3,133	2,973	2,973
7. Student aid	2,122	2,198	2,198
Total obligations	29,986	33,152	35,366
Financing:			
Receipts and reimbursements from:			
Federal funds [1]	−1,201	−4	−4
Non-Federal sources	−13,251	−14,917	−14,917
Budget authority	15,534	18,231	20,445
Budget authority:			
Appropriation	15,300	17,830	20,445
Transferred from other accounts	234		
Appropriation (adjusted)	15,534	17,830	20,445
Proposed transfer from other accounts for pay increases		401	
Relation of obligations to outlays:			
Obligations incurred, net	15,534	18,231	20,445
Obligated balance, start of year	1,044	852	1,495
Obligated balance, end of year	−852	−1,495	−1,925
Adjustments in expired accounts	−1		
Outlays	15,725	17,588	20,015

[1] Reduction is result of eliminating Freedmen's Hospital reimbursements. Employees involved are paid by the hospital.

Construction, Howard University

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Other services	76	1,449	1,633
Supplies and materials	1	42	
Equipment		450	
Lands and structures	559	8,060	28,257
Total obligations	636	10,001	29,890

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Site planning and development	636	337	20
2. Buildings		9,664	29,870
Total obligations	636	10,001	29,890
Financing:			
Unobligated balance available, start of year	−12,713	−16,003	−8,211
Unobligated balance available, end of year	16,003	8,211	1,031
Budget authority (appropriation)	3,926	2,209	22,710
Relation of obligations to outlays:			
Obligations incurred, net	636	10,001	29,890
Obligated balance, start of eyar	3,029	1,477	5,452
Obligated balance, end of year	−1,477	−5,452	−25,222
Outlays	2,188	6,026	10,120

Freedmen's Hospital

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Permanent positions	6,319	7,543	8,181
Positions other than permanent	1,090	1,190	1,250
Other personnel compensation	401	351	351
Total personnel compensation	7,810	9,084	9,782
Personnel benefits: Civilian employees	519	565	606
Travel and transportation of persons	16	17	17
Transportation of things	7	8	8
Rent, communications, and utilities	198	200	200
Printing and reproduction	41	41	41
Other services	384	576	377
Supplies and materials	1,166	1,283	1,333
Equipment	399	936	425
Subtotal	10,540	12,710	12,789
Quarters and subsistence charges	−80	−80	−80
Total obligations	10,460	12,630	12,709

PERSONNEL SUMMARY

NONFEDERAL EMPLOYEES

Total number of permanent positions	1,050	1,138	1,238
Full-time equivalent of other positions	266	267	270
Average number of all employees	1,231	1,308	1,387
Average GS grade	5.8	6.0	6.0
Average GS salary	$7,083	$7,461	$7,466
Average salary of ungraded positions	$4,915	$5,091	$5,242

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Operations and maintenance	9,103	11,239	11,232
2. Education and training	1,357	1,391	1,477
Total obligations	10,460	12,630	12,709
Financing: Receipts and reimbursements from: Non-Federal sources [1]	−3,523	−3,600	−3,600
Budget authority	6,937	9,030	9,109
Budget authority:			
Appropriation	6,700	8,739	9,109
Transferred from other accounts	237		
Appropriation (adjusted)	6,937	8,739	9,109
Proposed transfer from other accounts for pay increases		291	
Relation of obligations to outlays:			
Obligations incurred, net	6,937	9,030	9,109
Obligated balance, start of year	1,836	917	1,339
Obligated balance, end of year	−917	−1,339	−1,248
Adjustments in expired accounts	−18		
Outlays	7,838	8,608	9,200

[1] Reimbursements from non-Federal sources are derived from fees charged to patients (32 D.C. Code 318).

Mr. FLOOD. The committee will come to order.

We have Howard University, "Salaries and expenses" and "Construction," and Freedmen's Hospital.

Of course the presentation for Howard University will be made by the distinguished president, Dr. James M. Nabrit, Jr. The doctor has appeared before the committee for many years and we hold him in high regard and respect and I consider him a personal friend.

By the way, is there anybody with you that we do not know? Most of them I know.

Dr. NABRIT. All except Mr. Sorg from the Public Buildings Service.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Mr. FLOOD. We have a biographical sketch of you. We do not need it for ourselves, but we will put it in the record at this point.

(The biographical sketch of Dr. Nabrit follows:)

JAMES M. NABRIT, JR.

PRESIDENT, HOWARD UNIVERSITY

Born in Atlanta, Ga., September 4, 1900.

Bachelor of arts, Morehouse College, 1923, with honors.

Doctor of jurisprudence, Northwestern University, 1927, with highest honors.

President, Howard University, July 1, 1960; dean, School of Law, Howard University, 1958–60; director of public relations, Howard University, 1940–50; 1955–58; Secretary of Howard University, November 1, 1939–June 30, 1960; administrative assistant to the president, Howard University, 1938–39; professor, School of Law, Howard University, 1936–60; dean, Arkansas State College for Negroes, Pine Bluff, Ark., 1928–30; teacher, Leland College, Baker, La., 1925–28.

Engaged in the private practice of law in Houston, Tex., 1930–36.

Served as U.S. Deputy Representative to the United Nations with the rank of Ambassdaor Extraordinary and Plenipotentiary, 1965–66.

Holds honorary degrees from: Lincoln University, Bates College, Morehouse College, Georgetown University, Johnson C. Smith University, Catholic University, Delaware State College, West Virginia State College, Tuskegee Institute, Virginia State College, St. Lawrence University, Morgan State College, Northwestern University, and Yeshiva University.

Organized the first course in civil rights to be taught in American law schools while serving on the faculty of the School of Law at Howard University.

Received many honors and citations for work in civil rights.

Activities include membership on more than 60 public service boards, committees, commissions, educational organizations, legal associations, social and religious organizations.

Has represented the Federal Government many times in the Virgin Islands, Puerto Rico, and Geneva, Switzerland, as well as in the United States.

Married to the former Norma Clarke Walton. One son, James Madison III, an attorney in New York City.

Mr. FLOOD. You have a statement, Doctor. How do you wish to proceed?

HISTORICAL AND BACKGROUND STATEMENT

Dr. NABRIT. I have one statement that is the historical and background of Howard University I would like to have inserted in the record.

Mr. FLOOD. Without objection that will be done.

(The statement follows:)

Historical and Background Statement by the President of Howard University

Mr. Chairman and members of the committee, the purpose of this statement is to provide information for the Congress concerning Howard University as an institution of higher education, the special relationship of the Federal Government to the university, and the future development of the university.

A. HOWARD UNIVERSITY AS AN INSTITUTION OF HIGHER EDUCATION

Howard University, located in the District of Columbia, was chartered by act of Congress, 102 years ago on March 2, 1867. It provides programs leading to the bachelor's, master's, and doctoral degree through 11 schools and colleges. There are five dvisions that accept students directly from high school; namely the College of Liberal Arts, the College of Fine Arts, the College of Pharmacy, the School of Engineering and Architecture, and the School of Nursing. Six divisions offer advanced professional or graduate work; namely, medicine, dentistry, social work, law, graduate, and religion. (The School of Religion receives no support from Federal funds.)

The general philosophy which guides the program of Howard University can be found in the following statement of basic aims and purposes:

(1) To develop inquiring and discriminating minds; to educate youth to perform intelligently and responsibly the functions devolving upon effective citizens; to educate members of professions and other vocations which require formal education beyond the high school; to develop scholars; to encourage the prosecution of research so as to extend the boundaries of knowledge; and, to contribute various educational, health, economic, and social services to the community at large. In the pursuit of these basic aims and purposes, Howard University is committed to excellence of performance.

(2) Howard University is committed to the philosophy of publicly supported universities which holds that all persons, irrespective of race, creed, color, sex, religion, or national origin who are capable of successfully pursuing higher education, should be given the opportunity to fulfill their aspirations.

(3) Howard University is dedicated to the task of educating its students for a socially intelligent and morally responsible life.

(4) As a matter of history and tradition, Howard University accepts a special responsibility for the education of capable Negro students who have been disadvantaged by racial segregation and discrimination, and it will continue to do so as long as Negroes suffer these disabilities.

(5) Howard University also accepts a special responsibility to make a continuing and comprehensive study of disadvantaged persons in American society, regardless of race or color, so as to contribute to the prevention, amelioration, and removal of disabilities caused by race, color, social, economic, or political circumstances by (a) extending and intensifying its research efforts in the field of race relations and collateral areas, (b) helping its students, as potential leaders and effective citizens, to develop a basic understanding of and the intelligent ability to deal with these problems and (c) increasing its current efforts in the dissemination and preservation of knowledge in these special fields.

Since its founding in 1867 Howard has graduated 27,565 persons, and has been a pioneer in providing professional training for Negro students in medicine, dentistry, pharmacy, engineering, architecture, religion, law, music, and social work, as well as in the teaching profession. The services of the university in this regard have been of particular significance, for during much of this period Howard University stood as the only publicly supported university to survive as an institution of higher education which was completely available to Negro students, with broad programs of undergraduate, graduate, and professional education usually characteristic of State universities. It still provides a significant number of Negro professional graduates.

The university continues, as always, to seek for its faculty the most able persons on the basis of their competence and character, without regard to sex, race, color, creed, or national origin. It is to be noted that the Howard faculty has always included the largest group of Negro teachers and scholars, at the university level, to be found anywhere in the United States. Indeed, many of the most distinguished Negroes in public life have either received training or have taught at Howard University at some time during the course of their careers.

From its beginning more than 100 years ago, Howard University has served as a community institution. Established primarily to meet the educational needs

of the newly emancipated Freedmen, the university has throughout its history committed itself to providing training and services for the members of society who need them most. The original community envisioned by the founders of Howard included not just Washington, D.C., but the entire area of the South. Through the years Howard's community has been the Nation and is expanding to cover virtually the entire world.

B. HISTORICAL RATIONALE—THE SPECIAL RELATIONSHIP OF THE FEDERAL GOVERNMENT TO THE UNIVERSITY

When the Congress amended the act of incorporation of Howard University authorizing annual appropriations "to aid in the construction, development, improvements, and maintenance of the university . . ." on December 13, 1928, the following justification was given, in part:

Apart from the precedent established by 49 years of congressional action the committee feels that Federal aid to Howard University is fully justified by the national importance of the Negro problem. For many years it has been felt that the American people owed an obligation to the Indian, whom they dispossessed of his land, and annual appropriations of sizable amounts have been passed by Congress in fulfillment of this obligation. The obligation in favor of the Negro race would seem to be even stronger than in the case of the Indian. The Negro was not robbed of his land as was the Indian, but was seized by force and brought unwillingly to a strange country, where for generations he was a slave of the white man, and where, as a race, he has been since compelled to eke out a meager and precarious existence.

Moreover, financial aid has been and still is extended by the Federal Government to the so-called land-grant colleges of the various States. While it is true that Negroes may be admitted to these colleges, the conditions of admission are much restricted, and generally it may be said that these colleges are not at all available to the Negro, except for agricultural and industrial education. This is particularly so in the professional medical schools. . . .

In addition to the great importance to the country in having an institution capable of developing trained leaders for the colored race in all walks of life, the urgent necessity of making possible a supply of properly trained physicians of that race for the protection of the health of all our people, white as well as black, must be plain to every fairminded American citizen.

As a result of this legislation, a program of systematic development of the unversity over a period of years, which would eventuate in "a university of the first rank," was agreed upon by the university and the Government.

The justification of Federal support of Howard University in general as explicitly noted in connection with the legislation quoted above, and the premise upon which the program developed by the Department of the Interior Conference were unequivocal: In view of the inequitable cultural and educational opportunities afforded Negroes it was stated that the Federal Government had an obligation to help make up for this discrimination by developing Howard University into "a university of the first rank." Thus a basic purpose of Howard University was conceived to be that of performing a residual or compensatory function in the higher education of Negroes, either by providing superior educational and cultural opportunities where they were not available at all, or where they were available only on a limited scale. "This aid has been granted" said the report, "because of the needs of the university in meeting a responsibility not fully met elsewhere."

The program by which Howard University was to be developed into "a university of the first rank" came to be known as the "20-Year Plan." The plan has been thrown considerably off schedule because of several events unforeseen at the time: the great depression of the thirties, World War II and the Korean war of the forties and fifties—to mention only a few. However, the rationale underlying the purpose to develop Howard into a first-class institution still obtains.

RATIONALE FOR GOVERNMENT SUPPORT JUST AS VALID NOW AS 41 YEARS AGO

Despite almost 41 years of Federal aid since the "Program of Development of Howard University" was agreed upon in 1928, the commitment of the Federal Government to help develop Howard into "a university of the first rank" to compensate in part for the inequitable educational opportunities afforded Negroes because of racial discrimination is far from having been fulfilled. More-

over, the rationale that prompted the Congress to make this commitment is just as persuasive today, if not more so, as it was in 1928. Negroes still comprise a highly disproportionate group in higher educational institutions, constituting only half as many of their general population ratio would lead one to expect. Only 15 percent of Negroes of college age are in college, as compared with a little over 40 percent of the white population of the same age group in the Nation.

EFFECT OF THE 1954 SUPREME COURT DECISION

Prior to 1954, before the Supreme Court decision outlawing the exclusion of Negroes from white higher institutions by law and custom, there was little or no question about the justification of Federal aid to Howard University. The Government and the public accepted the rationale which the Congress gave in 1928 as a basis for legalizing its annual appropriations to the university. Since the U.S. Supreme Court's 1954 decision, however, question has been raised as to whether the implementation of this decision has not been sufficiently advanced, or appears that it will be in the foreseeable future, so as to invalidate the premises upon which the justification of continued Government financial support of Howard University is predicated.

All available facts and informed opinion indicate that the answer to this question is decidedly in the negative. In the first place it should be noted that after 15 years and despite numerous court cases, and compliance pressure from the U.S. Office of Education it is estimated that less than 10 percent of the Negroes in colleges and universities are in the predominantly white institutions in nine of the 17 States which formerly excluded Negroes because of race. Some of this small enrollment is the result of racial bias which operates specifically to discourage Negro applicants. However, a goodly part of the cause is the fact that many Negroes who although they have the native capacity to do college work successfully do not have sufficient educational preparation to meet admission requirements, or after having been admitted are likely to fail because of inadequate background. This situation is due to their previous inferior schooling and cultural background. Unless Negro students are recruited and encouraged the same as non-Negroes, their enrollment will be small. Moreover, unless some machinery is available by which potentially capable but educationally retarded students can be helped to overcome their handicaps, they either will not be admitted, or if admitted, are most unlikely to succeed.

In the important task of performing a compensatory or remedial function for potentially capable but educationally deficient students, Howard University is unique. It is unique not only because it has the most extensive program for performing the compensatory or remedial function but primarily because it involves practically every school and college in the university.

SPECIAL CONTRIBUTIONS TO THE WELFARE

In addition to the performance of the important compensatory function, the university makes several other significant, if not unique, contributions to the national welfare. First, it is engaged in continuous study of those problems which grow out of the abnormal relation of minority groups—especially the Negro—to the American social order. The university has accepted and is discharging the special responsibility of making continuous and comprehensive study of disadvantaged persons and groups in American society, so as to contribute to the prevention, amelioration, and removal of disabilities caused by race, color, or social, economic or political circumstances. However, the congressional report explaining and justifying the bill legalizing Federal aid to Howard University in 1928 noted that "Federal aid to Howard University is fully justified by the national importance of the Negro problem." It goes without saying that the so-called race problem (including its corollaries) is still America's, if not the world's, oldest and in many respects, most acute unsolved problem. Thus the university is making a valuable national contribution in all of these areas.

Second, Howard University is making a significant contribution to the development and maintenance of good relations with many of the emerging nations, particularly in Africa, Asia, the Mideast, and the Caribbean area. For many years the university has had a large foreign student enrollment absolutely and relatively. Moreover, many of Howard's graduates and former students in recent years have held or are now holding important positions of leadership in many

emerging nations. Consequently, Howard maintains especially constructive relations with many foreign countries, thus contributing significantly to America's influence and favorable image abroad.

C. FUTURE DEVELOPMENT OF THIS UNIVERSITY

Howard University stands as an achievement of very great significance to the Negro people and to the country. Even though the State universities in the South are gradually opening their doors to Negro students, this is only the beginning of a change which will still take many years to reach full realization of the day when students and teachers will be selected throughout the country on the basis of merit, without regard to race, color, or creed. Until that time comes, Howard University will be one place in the country where the people of the United States have united to express their desire that the Negro minority have free access to all the benefits of higher education from teaching to administration in a compresensive undergraduate, graduate, and professional program. This manifestation at Howard of the high possibilities of democracy continues to be one of the truly bright spots of American culture and development. Every unfinished element in the development of the university which leaves it short of first-class performance should be overcome as rapidly as possible so that not only the Negro people themselves but all the people of the United States, and people everywhere who are watchful of what our country does, will see in Howard an unequivocal expression of our country's purpose to remove the disadvantages of race, color, and creed.

In this new world in which the winds of revolution have produced so much change, Howard ably serves our country. To advance its program, to strengthen its resources, and to raise its standards is to assist the advancement of our national goals and interests. This country and all the world need the talents of all the people. They are desperately needed now.

While 10 of our schools and colleges are accredited by cognizant associations, the university is making every effort to upgrade the quality of its several programs. This upgrading involves the improvement in salaries of the teaching staff to bring them in line with salaries of comparable colleges and universities, an increase in graduate work and doctor of philosophy programs, an increase in number of teachers in areas where need is apparent, the upgrading of the student body through a gradual but steady increase in minimum requirements for admission, the strengthening of administrative staff where such is required, the employment of ample supporting personnel to enable the teaching staff to do a better job of teaching and to allow time for research. Howard continues to serve the Negro minority while it makes available its offerings to all disadvantages segments of our population. This is made possible only by reason of the generous support of the Federal Government.

General Statement

Dr. Nabrit. Then I have a short statement and, if it meets with your approval, I would like to read it.

Mr. Flood. It is your show.

SALARIES AND EXPENSES, HOWARD UNIVERSITY

Dr. Nabrit. Mr. Chairman and members of the committee, I wish, on behalf of the board of trustees of Howard University, to express deep appreciation to members of the committee and to other Members of the Congress for the support given the educational program of the university in fiscal year 1969. This appropriation will enable the university to qualitatively improve our instructional program, to accommodate an enlarged enrollment; and improve the operation and maintenance of the physical plant.

The budget for fiscal year 1970 requests an appropriation of $20,445,000 for salaries and expenses. This request represents a net increase of $2,214,000 over the regular 1969 appropriation of $17,830,000 and

proposed supplemental of $401,000. The increase in funds will be used in three major areas of the university that we feel should be given further consideration.

AVAILABILITY OF ADDITIONAL LAND

Mr. FLOOD. What is your land situation out there? At Gallaudet they have a problem as far as space is concerned. Is there land you can get?

Dr. NABRIT. We have from time to time been able to get parcels of land near the campus. Our biggest acquisition, as you recall, was when we got Griffith Stadium.

Mr. FLOOD. Suppose we want some tomorrow, could we buy some tomorrow?

Dr. NABRIT. I think we could buy some and I would be very happy if we could do this.

Mr. FLOOD. I am not inviting it.

Dr. NABRIT. I have been trying to find a satisfactory large piece near the university and see if we could work out some way whereby we could buy it.

Mr. FLOOD. You are lucky.

INCREASED SUPPORT FOR EXISTING ACTIVITIES

Dr. NABRIT. The increased student enrollment, now numbering more than 11,000 students during the full fiscal year, has placed a heavy load upon the instructional staff and the available physical facilities. There is a continuing need to provide more teachers and supporting services as the university seeks to improve the quality of instruction by providing teachers, adequate salaries, personnel benefits, and physical facilities that will contribute to the learning experience of the student. To this end, request is here made for four new positions and a total increase of $1,128,000 distributed as follows: three new teaching positions and personnel benefits in the School of Law, $71,000; one new supporting position, educational supplies, equipment, and personnel benefits in the School of Engineering; $72,000; equipment in the Schools of Medicine and Dentistry, $100,000; and $885,000, salary increases for the teaching staff with attendant personnel benefits.

EXTENSION AND IMPROVEMENT OF EXISTING PROGRAMS

The 1970 request for Howard University in this area seeks to implement recommendations of the Centennial Commission report whereby vocationally oriented programs, now functioning as departments within schools or colleges, are separated, upgraded, strengthened, and established as new colleges. The extension and improvement of these programs represented a response to the national need for trained personnel in these particular fields. The request includes 15 positions—six teaching, nine supporting—and $251,000 in funds as partial support for the establishment of Schools of Business, Home Economics, Architecture, and Medical Technology. Improvement of instruction in the Graduate School and in the School of Nursing contemplate the addition of eight teachers, four supporting personnel, 15 graduate fellowships, educational supplies, equipment, and personnel benefits

at a total cost of $342,000. Further, vitally important for the orderly progress of the university is the request for an office for planning and development with a staff of three persons, supporting supplies, equipment, and personnel benefits, $76,000 and, finally, $40,000 for aid to disadvantaged youths who in a learning situation can acquire practical working skills.

STRENGTHENING OF SUPPORTING SERVICES

The third area covered in the request includes a supplement to the retirement allowances program, $25,000; expenses and equipment for the data processing center, $150,000; and support for the operation and maintenance of the physical plant, $202,000. This last item of $202,000 includes five new positions of skilled craftsmen.

Mr. FLOOD. Skilled craftsmen?

Dr. NABRIT. Yes.

Mr. FLOOD. What do you want them for?

Dr. NABRIT. Well, we do our own repairs in every area we can on University buildings, plumbing, and so on.

Mr. FLOOD. These are maintenance men?

Dr. NABRIT. Yes, some are carpenters.

Mr. FLOOD. Well, it is maintenance?

Dr. NABRIT. That is right. And $146,000 in nonrecurring special rehabilitation and renovation projects.

SUMMARY—SALARIES AND EXPENSES

The total appropriation request for 1970 of $20,445,000 exceeds the appropriation for 1969 of $17,830,000 plus a proposed transfer for pay increases to nonteaching personnel of $402,000, leaving a net increase of $2,214,000 in the salaries and expenses category

CONSTRUCTION—HOWARD UNIVERSITY

I wish also to express our appreciation to the committee, and to other Members of the Congress, for authorizing an appropriation of $2,209,000 in fiscal year 1969, under the title of "Construction" for four items; namely, additional funds on a social work building which is now under construction, $497,000; additional funds for a women's dormitory which is nearing completion, $947,000. This will be occupied for the fall term coming.

Powerplant facilities $665,000; and plans for the expansion of the general university library, $100,000.

The 1970 request of $22,710,000 includes $22,200,000 for construction of the University hospital; planning funds for two projects; namely, a science library building, $100,000, and a classroom-laboratory building, $150,000; and $260,000 for the complete renovation of Carver Hall Residence Building.

FREEDMEN'S HOSPITAL

I wish to register my support for the Freedmen's Hospital request, which contains total obligation estimates of $12,709,000, supported by a appropriation request of $9,109,000 and reimbursements of $3,600,000. The appropriation request represents a net increase of

$79,000 above the $8,739,000 approved in fiscal year 1969, and $291,000 proposed transfer for pay increase. The Superintendent is being asked to make a statement to the committee concerning the Freedmen's Hospital request, and to answer questions that members of the committee may wish to ask of him.

Now, if I may suggest, Mr. Chairman, Dr. Burbridge might make his statemet on Freedmen's Hospital, or we can do it anyway you wish.

BIOGRAPHICAL SKETCH OF SUPERINTENDENT OF FREEDMEN'S HOSPITAL

Mr. FLOOD. It is your show. Do we have a biographical sketch of Dr. Burbridge?

Dr. BURBRIDGE. Yes.

Mr. FLOOD. We will insert that in the record at this point.

(The biographical sketch of Dr. Charles Elvin Burbridge follows:)

CHARLES ELVIN BURBRIDGE, SUPERINTENDENT, FREEDMAN'S HOSPITAL

Born in New Orleans, La., 1909. B.A., Talladega College, Talladega, Ala.; M.B.A., University of Chicago, Chicago, Ill.; Ph. D. State University of Iowa; certificate, Cornell University, Ithaca, N.Y.

Superintendent, Freedmen's Hospital; Assistant Superintendent, Freedmen's Hospital; senior caseworker, Louisiana State Department of Health; assistant auditor, Louisiana Industrial Life Insurance Co.

Member, board of directors, Maryland-District of Columbia-Delaware Hospital Association; member, board of directors, Hospital Council of the National Capital Area, Inc.; committee member, National League for Nursing; member, Program and Finance Committees, District of Columbia League for Nursing; general chairman, 1966 Annual Conference and president-elect, Maryland-District of Columbia-Delaware Hospital Association; fellow and regent for the District of Columbia, American College of Hospital Administrators; member, Committee on Long-Term Care, American Hospital Association; member, board of directors, Health Facilities Planning Council for Metropolitan Washington, D.C.; member, District of Columbia Public Health Association; fellow, American Public Health Association; and member executive committee and representative to the general assembly, Association of American Medical Colleges.

Doctoral dissertation: The Development of a University Medical and Health Center; chapter 51, "The Role of the Administrator," in the book "Modern Concepts of Hospital Administration," editor, Joseph K. Owen, W. B. Saunders Co., 1962; "The Special Mission of the Teaching Hospital," Hospital Administration, volume 4, No. 1, winter, 1959; "The Historical Background of the Teaching Hospital in the United States," Journal of the National Medical Association, May 1957; "The Status of Purchasing," Hospitals, J.A.H.A., volume 35, January 1, 1961.

SALARIES AND EXPENSES, FREEDMEN'S HOSPITAL

Dr. BURBRIDGE. Mr. Chairman and members of the committee:

The Freedmen's Hospital, formerly operated by the Federal Government, has been transferred to Howard University and is now incorporated into the university as its teaching hospital. In carrying out its function, the Freedmen's Hospital provides inpatient and outpatient care and furnishes a facility for the training of physicians, nurses, and other types of professional and technical health personnel. The hospital operates 449 beds, 50 bassinets, an outpatient clinic, and an emergency service. The total hospital complex of activity is carried on in several buildings, including two hospitals and two dormitory buildings.

The objective of the Freedmen's Hospital is to operate an efficient institution, providing a good quality of care to its patient clientele in the Metropolitan Washington area, functioning as a fully adequate

locale for the teaching functions of Howard University and for the training of paramedical personnel, and utilizing the resources that are available in patient material and professional talent to develop a creative and effective research program.

EMPLOYEE-PATIENT RATIO

As a measure of the amount of improvement that is needed to reach this objective, these estimates propose the first phase of a program directed toward attaining general comparability in employee-patient ratio with other teaching hospitals. However, this measure is not presented for the sake of comparability in numbers of employees alone. More important is the principle that the citizens who make up the patient clientele of Freedmen's Hospital are entitled to a quality of health services equal to those that would be received in any institution in the Washington community.

As a measure of comparability, it is noted that the local teaching hospitals as reported for 1967 in the Journal of the American Hospital Association had a ratio of employees to patients of 3.5 to 3.8. Historically, this ratio has increased between 1946 and 1967 at an average annual rate of 2.6 percent. Accordingly, we can expect that in 1970, when this appropriation becomes effective, the other local university hospitals will have higher ratios than those stated above. Nevertheless, assuming that 3.5 is an appropriate objective, the Freedmen's Hospital ratio in 1969 is 2.9 and the increase proposed for 1970 will bring this ratio to 3.1 percent.

DECLINE IN PAY PATIENTS

Furthermore, a major area of concern to the hospital has been the continuing decline of pay patients with a consequent threat of eventual reduction of the receipts from these which constitute a major part of the resources of the hospital. The percentage which full-pay patients constitute of the total has declined from 72.5 percent in 1965 to 60.9 percent in 1968. This trend stems partially from the fact that physical facilities at Freedmen's Hospital are considerably less commodious than other area hospitals. However, we believe that the substantial support provided by the Congress in 1969 and recognition of the needs of the hospital in 1970 will stem the tide and result in a leveling off of the pay-patient load in these 2 years. The estimates for the 2 years provide for a climate of improving services and refurbishing of our facilities to a point where they are more acceptable to private patients. Thinking beyond 1970, when we might hope to obtain parity in staffing, services, and facilities, it is reasonable to expect that this adverse trend will be reversed and that we will be able to see an increase in the proportion of our pay patients with a consequent increase in the amount of support the hospital receives from its pay-patient receipts.

SUMMARY OF APPROPRIATION REQUEST

The 1970 estimates propose a total obligation of $12,709,000, an increase of $79,000 over the 1969 estimate. Of this amount, it is expected that $3,600,000 will be obtained as payment for services to

patients. The remainder, $9,109,000, is requested as an appropriation for 1970. The estimates propose $127,000 to provide for the built-in cost of statutory promotions, wage board salary increases, and the full-year cost of new 1969 positions only partially funded in that year. Sixty-six positions at a cost of $309,000 are needed to strengthen the basic services, such as nursing, housekeeping, maintenance, and so on. Special services, such as laboratory, radiology, and anesthesiology need a reinforcement of 30 positions at a cost of $208,000 as itemized in the justifications submitted to you; lesser, but important, needs for increased use of disposable supplies ($50,000), additions of four positions to the faculty of the nursing school.

TRAINING OF NURSES

Mr. FLOOD. Is that a graduate school?

Dr. BURBRIDGE. No, it is a 3-year program.

Mr. FLOOD. A diploma program?

Dr. BURBRIDGE. Yes.

Mr. FLOOD. But you will move into the baccalaureate area for your nurses?

Dr. BURBRIDGE. Yes.

Dr. NABRIT. The school of nursing has already received money for this.

Mr. FLOOD. You will move to the baccalaureate course?

Dr. NABRIT. Yes, but we will keep the other diploma program, too.

Mr. FLOOD. This committee is very concerned about the trend toward elimination of the diploma type of nursing school and the movement toward the baccalaureate course. Mr. Smith mentioned something about the financing yesterday.

Mr. SMITH. The hospitals training nurses the Nation over seem to be finding it very difficult to train them with the financing available. Some hospitals have training programs and others do not and that makes those with training programs noncompetitive if they must allot $2 or $3 per patient-day to a diploma school.

We need the nurses and the other hospitals will use those graduated out of hospitals that train them. Last year's appropriation was $9.6 million and the recommended appropriation for this year is the same. It looks like it is the same amount of money available but last year there were about $4.6 million of PC's that were sold and that money was also available.

Mr. FLOOD. What is a PC?

Mr. CARDWELL. A participation certificate.

Mr. SMITH. But that money is not available this year because PC's were stopped by the Congress. So there just is not as much money even though there is the same amount recommended for appropriation. We are interested in the number who will graduate. What is your your situation as to the number of nurses?

Dr. BURBRIDGE. We have a class of about 100. We take a freshman class of about 40.

Mr. SMITH. Are you increasing it?

Dr. BURBRIDGE. No, because the preclinical courses will not allow more than 100. One hundred is the ceiling now, but we would like to increase this figure. I agree with you that the bulwark of nurses are those from the diploma nursing schools. They constitute about 80 per-

cent of the graduates at this time. This is the reason we have felt we should not phase out an ongoing diploma program but should keep it in addition to the baccalaureate program.

Mr. FLOOD. I am on the hospital board of a hospital in my hometown, Wilkes-Barre, Pa., and we have a first-class nursing school. I am not speaking for the subcommittee, but I am convinced that behind the scenes there is a dark conspiracy against the diploma schools. I mentioned that to the Secretary. I did not get a very satisfactory answer. I said: "Why can't you do something about this Monday morning?" They said the nursing profession, the nursing leaders, must all get together and agree on a program and this takes years. This does not satisfy me. In case you do not know, you are under the gun on this diploma school.

Dr. NABRIT. I think so too, and I think on behalf of the people in the country who will need the services they can render, the need will not be provided by the schools that are trying to get rid of the diploma schools. We think the diploma schools will always be a major source of our supply of nurses.

The first time you appear before one of these nursing associations, Mr. Chairman, before you talk about these new schools they will want to know what you will do with the diploma schools.

Mr. FLOOD. I think you should call the nurses in and tell them what the situation is.

Go ahead.

Dr. BURBRIDGE. I have just a little more. We are asking for an increase of 12 professional trainees to bring the total trainee population to 276 ($80,000), and a proposal to provide auxiliary help by hiring local youth during after school hours ($15,000) bringing the sum total of all increases requested to 100 positions and $789,000. The effect of the elimination of $199,000 used for nonrecurring alterations in 1969 and of a reduction of equipment purchases by $511,000 reduces the total expense of the added program proposed to a net increase of $79,000 as noted above.

QUALITY OF EMERGENCY FACILITIES

I would be most ungrateful if I did not take this opportunity to thank this committee on behalf of the patients and staff of the hospital for the support we have received from the Congress. With your help, for instance, our emergency facilities were vastly improved to the point where they were cited in a recent magazine article as being among the three best in the city. Good progress has been made and with your continued support badly needed additional improvements will follow. I will be glad to answer any questions or furnish any additional information you may require.

Mr. FLOOD. I remember the newspaper story. I was surprised but very pleased to see it.

Dr. BURBRIDGE. There was a magazine article also in the Washingtonian.

Mr. FLOOD. I did not see that. I have been there several times and your facilities are in deplorable condition. To see a story come out like that is a high compliment.

ENROLLMENT, HOWARD UNIVERSITY

Doctor, I notice you are not projecting any enrollment increase for 1970. This really startled me. Why?

Dr. NABRIT. For an odd reason. As you recall, last year a prediction was made about the war in Vietnam affecting the graduate schools. Well, it did affect the graduate schools.

Mr. FLOOD. Why is Howard different from any other university?

Dr. NABRIT. I say it affected the graduate schools but to some extent the loss was offset by an increase in women students.

Mr. FLOOD. How many female students do you have in total, graduate, undergraduate, and so on? What percentage are female?

Dr. NABRIT. About 40 percent of 9,000, that is 3,600.

Mr. FLOOD. How many in the undergraduate school?

Dr. NABRIT. Fifty percent of approximately 5,000, that would be about 2,500.

Mr. FLOOD. How many States are represented on your campus?

Dr. NABRIT. I would say about 49.

Mr. FLOOD. Foreign countries?

Dr. NABRIT. About 93, in 1967–68.

Mr. FLOOD. Go ahead.

Dr. NABRIT. I think the impact will hit us in September in the graduate schools.

Mr. FLOOD. It will hit all graduate schools.

Dr. NABRIT. Yes, but I was trying to answer your question specifically about Howard.

At the same time you have increased pressures for enrollment in your undergraduate colleges because there are more Negroes prepared now in the college and also this gives them an opportunity in 4 years, if they are passing, to complete their work.

FACULTY INCREASES

Mr. FLOOD. Of course I don't ask questions just for fun. Here is the gimmick: If this is a fact, why do you want more faculty if your enrollment is not increasing?

Dr. NABRIT. This is the second part of it. The nature of the program is changing.

Mr. FLOOD. You mean your curriculum?

Dr. NABRIT. Yes. We are having greater increases, for example, in the Ph. D. programs. When you move in the Ph. D. programs your teaching load is different and the relationship between teacher and student is different.

Mr. FLOOD. But you did not specify the graduate schools. Your enrollment is static across the board and you say you want to increase your faculty.

Dr. NABRIT. I limited this, Mr. Chairman, to the fact I ask for four new positions, which has a relationship to existing activities. These are things we are now doing.

Mr. FLOOD. You are a lawyer and so am I. Now answer the question. That is not responsive.

Dr. NABRIT. I am trying to take all of these things together to make it concrete. In our present program, for example in the law school, in

the last 2 or 3 years we have put in a graduate course in the law school. This program has now reached its full complement so that in the law school we will need teachers for this purpose. Also, we had $900,000 from the Ford Foundation 5 years ago for which we had to add positions to our regular budget. These are the last ones of that we have to add.

Mr. FLOOD. Our business is money and jobs. We do not like too much money in the budget, and we do not like too many people on the payrolls.

Dr. NABRIT. And for these 15 positions, six teachers——

Mr. FLOOD. That is pretty clear.

Dr. NABRIT. Those are all the people we are asking for except in the maintenance area. We have a large area to maintain.

RATIO OF ENROLLMENT TO STAFF

Mr. FLOOD. You have a full-time enrollment of 9,000.

Dr. NABRIT. In round numbers, yes.

Mr. FLOOD. And you have a staff of about 2,000 in round numbers?

Dr. NABRIT. If you mean faculty staff, we have a faculty staff of about 900.

Mr. FLOOD. I mean the whole staff.

Dr. NABRIT. Yes.

Mr. FLOOD. Do you have any data on how the ratio of your enrollment to staff compares with other similar colleges?

Dr. NABRIT. We are working on 1 to 13-plus and actually we are not at that level now, because we did not get all the teachers we asked for last time, so we are at about 1 to 14.

Mr. FLOOD. Certainly during the coming year, next year, you should have a study made of this so that we could have something on the record.

SALARY INCREASE FOR TEACHING STAFF

The biggest item you have is the salary increase for the teaching staff. How did you arrive at this salary scale and how does it compare with the salaries of other publicly supported institutions of comparable size?

Dr. NABRIT. We have that information and can furnish you that. Now let me tell you how we arrived at that.

Mr. FLOOD. Of similar size and character, not lace curtain schools.

Dr. NABRIT. As you recall, we worked out with the Office of Education a list of 17 comparable schools.

Mr. FLOOD. No; I do not recall.

Dr. NABRIT. Well, I told you this. We do not put the names in here.

Mr. FLOOD. That is all right.

Dr. NABRIT. But there are schools like the University of Virginia, Vanderbilt University, a number of schools like this as being schools which we would think the Government at least would want Howard supported on a comparable basis.

Mr. FLOOD. So this is not a shotgun request; you know what you are doing?

Dr. NABRIT. Yes.

Mr. FLOOD. Because Howard is under the guns, you know.

Dr. NABRIT. In the comparison with these 17 schools, Howard University has reached the fourth quarter but is at the bottom this quartile with respect to this group of schools. Each of the increases which we have been given has brought us up to that better position. About 7 percent is the average annual increase in salaries in colleges and universities.

Mr. FLOOD. 7 percent?

Dr. NABRIT. Yes; a year.

Mr. FLOOD. Is that a sliding scale?

Dr. NABRIT. No; it just works out to this. In the Association of University Professors they have a study made every year of all the salaries in all the schools in higher education and they have these classified. We are in B in that classification; with respect to professors.

Mr. FLOOD. Is that good?

Dr. NABRIT. It is better than the C we had before we got up to the B. I would like to see us in the bottom of A, but I do not mean to say it is not good because it is good compared to the salaries we were paid before we used these two methods.

Mr. FLOOD. Just so you know "big brother" is looking over your shoulder.

Dr. NABRIT. And this is as sound a method as we can use and the Office of Education and HEW help us in keeping this in a form that can be understood by the Government.

RACIAL DIVISION OF STUDENTS

Mr. FLOOD. I should have asked this years ago but never did. How many white students do you have, graduate and undergraduate? What is the percentage, about?

Dr. NABRIT. I would say about 8 percent.

Mr. FLOOD. Undergraduate and graduate?

Dr. NABRIT. Yes; it might be a little different. For example, we have almost the same number in social work. We have about, I would say, 9 percent in law. In dentistry we have about 40 or close to 45 percent in dentistry.

Mr. FLOOD. That much?

Dr. NABRIT. Yes.

Mr. FLOOD. What about medics?

Dr. NABRIT. In medicine it would be about 10 percent or nearer 15 percent.

Mr. FLOOD. I had two requests, one from an especially high-type kid, for admission to your medical school. He had applied no place else.

Dr. NABRIT. Dental school.

Mr. FLOOD. Was it the dental school? I wrote you a letter about it.

Dr. NABRIT. Yes, I have it, Petrillo from Wilkes-Barre.

The application was received on March 17. The deadline for application was January 1, but I asked the people in dentistry to process this and see if he was qualified to be admitted since we do not have a full-size class.

Mr. FLOOD. I was surprised, coming from the provinces like I do, that a man with all these advantages would suddenly decide he wanted to go to your dentistry school.

Dr. NABRIT. It is surprising what people do. We have not made one single effort to get foreign students at Howard, not one single effort, but they come. So you don't know why people do things.

THE BLACK UNIVERSITY

Mr. FLOOD. Do you think Howard University should be a black university?

Dr. NABRIT. I would like to submit this statement which I wrote and which the board of trustees adopted.

Mr. FLOOD. I am talking about you.

Dr. NABRIT. This is my statement and I do not mind the record saying it is mine.

Mr. FLOOD. Do you want it in the record?

Dr. NABRIT. Yes, I would like it placed in the record.

Mr. FLOOD. All right.

(The statement follows:)

HOWARD UNIVERSITY

A POLICY STATEMENT ON THE BLACK UNIVERSITY

(Adopted by the board of trustees on October 22, 1968)

The faculty, students, employees, alumni, and friends of Howard University are entitled to a clearcut delineation of the purposes and aims of the university at all times, but particularly at this time when there is so much discussion of Howard as a black university.

To that end, the board of trustees of Howard University makes the following policy statement:

Howard University was founded primarily for the education of disadvantaged black people and throughout its history has sought to fulfill that purpose. It still intends to carry it out. But nothing in Howard's history or its charter will support a black university, if by that is meant a university operated by black people alone and serving only black students. In fact, the first four students at Howard were white and for 100 years, the university has never discriminated against persons on account of race or color, and it does not now intend to do so. This is not only the policy of the institution, but it is also the law of the land.

Howard University is not only dedicated to the teaching of black people but also has a deep commitment to the study and teaching of the history, culture, and life of the black people in the United States and Africa. It is a university determined to teach pride in the black man and his multifaceted achievements, in his music and culture, and in himself as a personality.

In any sense of exclusiveness along racial lines, or of an abandonment of our rich history, or of restrictions of freedom of speech and association, Howard is not destined to be a black university. Not only is this contrary to our history, but it would not be the exercise of good judgment. The insistence by a minority (or even a majority) of students for the establishment of an exclusive black university at Howard is error. It is too late in history and in the structure of our general society to establish such goals or aims. The promotion of knowledge about the black people, African history and culture, and the contemporary role of disadvantaged people is not antithetical to the educational enterprise; but an exclusive concern and/or control in education by color restriction in language and meaning is a forfeiting of the long struggle to achieve entrance into the mainstream.

Certainly we agree with the idea that we should increase our services to and our interests in the black man and his problems. We should seek in our research to aid him in financing his own community, in rehabilitation of the ghetto, in improvement of his schools, in making life safer for him and in moving him into the mainstream of American business activity. But at the same time we must continue to carry on the other parts of the role of a university—teaching and doing research in a nonracially discriminating fashion and setting.

The university is firmly of the opinion that we are the last people in America who should espouse restriction on thought or speech. Within this framework, we believe Howard's next 100 years will be greater and more constructive than its first 100 years.

Dr. NABRIT. What it says is that Howard University will not be a black university.

Mr. FLOOD. Why not?

Dr. NABRIT. Because Howard University will be a university in which you have people from all the elements in the United States.

Mr. FLOOD. What is wrong with having a black university?

Dr. NABRIT. Well, I can only say this, that our country cannot advance, in my judgment, in a democratic way if it is going to have a white society and a black society, a white university and a black university, a white plane and a black plane. I don't believe in it. In all my life I have fought against it.

Mr. FLOOD. I remember when you argued that before the Supreme Court.

Dr. NABRIT. I believe in it. I don't believe there is more than a small percentage of Negroes in the United States who believe in separatism. Certainly Howard University doesn't believe in it.

Mrs. REID. Mr. Chairman, will you yield?

Mr. FLOOD. Yes.

Mrs. REID. Have the students indicated any desire to have it a black university?

Dr. NABRIT. Yes—a small number. That is why I prepared this statement and had it published and issued to the students, because we had all these people coming from San Francisco and all over preaching a black university. And they had a conference at Howard on that. Just before the conference I had this statement issued setting forth the position of Howard University on this question.

Mr. FLOOD. So far as you personally are concerned——

Dr. NABRIT. I am adamantly opposed to it. I have heard no argument to the contrary that impressed me.

PROPORTION OF STUDENTS FROM DISTRICT OF COLUMBIA

Mr. FLOOD. What proportion of your students are from the District of Columbia?

Dr. NABRIT. About 20 percent. It may come down to 17 or 18 percent and may go up to 25 percent, but when we say the District we take the District and around the District.

SUCCESS OF GRADUATES

Mr. FLOOD. Do you have any information on how well the graduates, especially of your professional schools, are doing in passing State boards? For example, how well do your law school graduates do in passing the bar examinations?

Dr. NABRIT. They have a pretty good record in passing the bar examination. I think if I were to make an appraisal that is fair I would say they tend to have to repeat, a greater percentage have to repeat the bar examination than the graduates from some of the largest law schools.

Mr. FLOOD. What about if they take the examination two or three times?

Dr. NABRIT. In that respect the record is very good. I was talking about on the first attempt.

REMEDIAL WORK

Mr. FLOOD. We on this committee have had some interest in this problem of remedial work with students who have an inadequate high school education to bring them up to a level for college students. What are you doing in this regard?

Dr. NABRIT. This is a large part of our program. It is a program that was developed through necessity. We get students admitted to Howard University, say one group, which indicates by all the tests that these are youngsters we can do something with, but they can't write well and are weak in reading and comprehension. We then have special courses for these students and they must take these courses until they satisfy the faculty that they are ready to move on.

Mr. FLOOD. You do not put a stigma on them? They are not embarrassed?

Dr. NABRIT. No, no, they are not embarrassed. I have had for 4 years a program in the summer where I have brought them in for 3 months and given them this program.

Mr. FLOOD. They appreciate it?

Dr. NABRIT. They appreciate it but we do not have enough money to carry it.

Mr. FLOOD. As you know, I am an old actor. I have a special interest in diction. One of the great problems of the colored people in this country is diction. You said there must be only one society, no white, no black, no division. Now, colored people coming up from the ghettos, for all the reasons we know, have developed a diction or lack of it that almost amounts to a foreign language. Here we have you and all the people in this room, and your diction is better than that of half the Members of Congress. We spend all this money on all these students and do all these things you are bragging about and when they leave the campus can they talk good English? What about their diction?

Dr. NABRIT. It varies.

Mr. FLOOD. Are they handicapped and earmarked because of it?

Dr. NABRIT. All of them have immeasurably improved so far as language and the use of it is concerned. We have the same difficulty in regard to mathematics.

Mr. FLOOD. I am not talking about that.

Dr. NABRIT. But these two things are the things that handicap our students.

Mr. FLOOD. But I am talking about diction.

Dr. NABRIT. We have a speech department and refer students there.

Mr. FLOOD. Is it just a casual thing, is it an elective course?

Dr. NABRIT. No. They are required to take it. They are given tests when they come to the university and if they cannot satisfy these tests they must take this course. To show you how noncasual it is, we are now doing something like that in the law school because we thought it was necessary.

DISTINGUISHED PROFESSORS

Mr. FLOOD. Tell us something about these four "distinguished professors" you want at salaries of $30,000 each.

Dr. NABRIT. We would like to be thought of as at least within the sight of the great universities in this country where we can employ a person who will lecture to the whole university. He is a university-wide professor, he is a man of outstanding authority and more than likely he would be a visiting professor.

Mr. FLOOD. On sabbatical?

Dr. NABRIT. That would take a sabbatical but they can't do it now because we can't offer them enough. We are getting a few who have retired but the great energy they had is gone. We would like to pick some up in the midst of their energy.

Mr. FLOOD. This is not exorbitant.

Dr. NABRIT. No, this is nothing like exorbitant. I would say it is a very minimum type of compensation for the type of people we are talking about.

CONSTRUCTION OF UNIVERSITY HOSPITAL

Mr. FLOOD. The biggest item you have as far as dollars are concerned is $22,200,000 for construction of a new University hospital. There certainly has been a most inordinate delay in getting this project on the way. It seems like I have heard you since before the War Between the States talking about this year after year. We first appropriated planning funds for this in 1961. Do you really think you will get a contract awarded in 1970 for this?

Dr. NABRIT. Absolutely, Mr. Chairman.

I would say this: We have heard from GSA regarding the schedule. We are proceeding with the Architect and there is only a 2-month slippage there.

Mr. FLOOD. What do you think about it? Who are you?

Mr. SORG. I am from region 3, General Services Administration.

Mr. FLOOD. What do you think?

Mr. SORG. I believe we will be prepared to award a contract about July or August of next year.

Mr. FLOOD. If you do not, do not come back. I am tired of listening to this and then nothing happening.

Mr. SHRIVER. What has been the reason for the delay?

Dr. NABRIT. When the Congress authorized the construction plans in 1961, we were not decided—when I say "we," I mean HEW, PBS, the University and Congress as to what this hospital was going to cost. I was of the opinion it would cost $25 million. Some of the people in the Bureau of the Budget at that time thought it would cost about $12 million. So we had this long discussion.

In the meantime, we had to decide where the hospital was to be built. A year was consumed on this matter. When the Griffith Stadium was secured and we were ready to have the contract awarded for the planning of the hospital at the agreed-upon figure, we were then required to show again why it should not be built next to the old hospital. This took up another six months.

Then the contract was awarded, but the contractor was ordered, before he began plans for the construction of the hospital, to make

a feasibility study for the Bureau of the Budget to determine where it should go, which took another 9 months.

Mr. FLOOD. Anything we can do other than appropriate the funds?

Dr. NABRIT. If the money is put in, let me say this, we will be in a position to have the Government begin the printing of these specifications which have to go out for bids and this consumes time. But they will not do any of this until Congress has authorized the appropriation.

Mr. FLOOD. We have appropriated for hospitals and schools for years. We know all about these architects, engineers, and paperwork, but there has been a most inordinate delay on this particular hospital.

Dr. NABRIT. I agree with you. Nobody has felt it more than I have, but I have also felt maybe in the long run it is better because I think we are getting a very good hospital plan. I believe it is going to be a good hospital when constructed.

Mr. FLOOD. How much longer are you going to continue to use Freedmen's?

Dr. NABRIT. I hate to raise that question with the medical people now because they are spilling out all over the place and I do not want to dampen their enthusiasm, but I can tell you, by the time we get in the new hospital in my judgment its capacity will be filled. We will just use up to the maximum of the new hospital.

Mr. FLOOD. I hope you get your hope.

MEDICARE, MEDICAID, AND INDIGENT PATIENTS

Is Freedmens receiving any payments through medicare or medicaid?

Dr. NABRIT. Yes, medicare. Medicaid was just about ready to go in there. We joined with the other hospitals in the District trying to get that hundred percent payment, and they offered 80.

Mr. FLOOD. How much do you get in 1969 and 1970 from medicare?

Dr. BURBRIDGE. The dollar amount?

Mr. FLOOD. Yes.

Dr. BURBRIDGE. $940,000.

Mr. FLOOD. Do you have many indigent patients for which there is no payment received at all?

Dr. BURBRIDGE. I would say no payment was made at all on about 25 percent of our patients. The medicare patients, and this is something of interest—I want to make an observation about medicare patients. Medicare patients, odly enough, have decreased in our hospital and by that same number the indigent patient load has increased, by the same percentage, about 5 percent.

Mr. FLOOD. I cannot figure that out.

Dr. BURBRIDGE. I can.

I think it is because of the fact that in the medicare bill there is freedom of choice. The person can select any hospital or doctor he wants, and I think this is a very good clause in the bill. So, they select a hospital that is more commodious and that has better accommodations than ours. I am quite certain this is the reason we have this downswing in medicare patients.

The indigent load has increased over the past several years and this means we have earned more money under the medical aid program

of the District of Columbia, but the earings we get from the District of Columbia do not equate the cost. They pay us $38 a patient day where our cost is around 60, or $55 now.

COST PER PATIENT DAY

Mr. SMITH. Did you say your average cost is almost $65 per day?

Dr. BURBRIDGE. Almost 60. It is $58.96.

Mr. SMITH. Per patient day?

Dr. BURBRIDGE. Yes.

Mr. SMITH. Higher than the average in the country, then?

Dr. BURBRIDGE. No, for larger hospitals it is more. As a matter of fact, costs have risen in some areas now as high as $100 a day. In the District of Columbia there are several hospitals that are $75 and $80 a day.

Mr. SMITH. Per patient costs in the Midwest is about $43 I believe.

Dr. BURBRIDGE. I think what you are taking is an average figure, not a teaching hospital, Mr. Smith. You take a 25- or 30-bed hospital——

Mr. SMITH. I believe nursing training cost adds about $2.50.

Dr. BURBRIDGE. The cost may be quite low. By low, I mean the forties. But you take a university teaching hospital say in the State of Iowa, I doubt the State University of Iowa in Iowa City would be less than about $60 a day.

EMPLOYMENT OF DISADVANTAGED YOUTH

Mr. FLOOD. Doctor, I notice in the justifications both for the university and the hospital, you are requesting relatively small amounts for the employment of disadvantaged youths.

How will these people be used? This committee is a little skeptical about this kind of program unless this is clear to us. Are these people going to be used for productive jobs? It sounds good to come in and say to us these funds are for disadvantaged youths, but if it is not for productive work it may do more harm than good.

Dr. BURBRIDGE. Mr. Flood, this amount, $15,000, which as you have stated, is quite small and it proposes to pay a minimum wage of $1.60 an hour to approximately 40 youths for 12 weeks during the summertime to keep them off the street and to give them something productive to do, to give them an entree to an interest, if not skills, in the medical type of vocations that are available in a hospital situation. We feel it is a contribution not only to the child or the youngster, but also a contribution to our own hospital. The types of things they would do are quite simple. They are unskilled people, as you would know.

We use these kids as messengers, we use them in the yards, use them for minor laboring work.

Mr. FLOOD. Will they do it?

Dr. BURBRIDGE. They will because we use a system of supervision which assures that they are productive, that they do something. We do not leave them to their own devices because we are quite certain that if we did, we would not get any work out of them.

But I think this is certainly a worthwhile program for the small amount of money that will be invested in it. Everybody is complaining of crime in the streets, and the fact that these kids have nothing to do with their time because in these impacted areas they have

no playground or anything, yet everybody complains about giving them a job.

Mr. FLOOD. Impacted area?

Dr. BURBRIDGE. I use the term in this particular sense that this is an overcrowded area in the central city.

We feel if we can give these boys and girls something to do, something productive where they can earn some money, that this is helpful to the total situation of the community.

Mr. FLOOD. We understand that and it is very commendable, but we want to be sure all of these people who are asking us for money for jobs for these disadvantaged people actually have worthwhile jobs for them to do. That is the intent of my question.

Dr. BURBRIDGE. We have had some experience with this before with other programs.

STUDENT UNREST

Mr. FLOOD. This is Howard University, Doctor, Washington, D.C. and you are the president. We, by "we" I mean the taxpayers of this nation, are concerned. The U.S. Government puts $20 million into your institution. Twenty million American taxpapers dollars. You are located in the Nation's capital. You have trouble on your campus. You are not the only one, but you are the only one that is getting a direct appropriation of $20 million a year from the American taxpayers.

I have in my hand a statement from the Washington Post of this morning, April 30, 1969, the headline is "President Urges Schools to Act Against Violence," and I have in my hand an article from the Washington Star of April 29, 1969. The headline reads "Nixon Urges Colleges to 'Have Backbone'," with the subtitle "Violence Denounced."

You know about these articles. If there is no objection I will have these inserted in the record. I am not going to read them at this time, you know what they say, and I know what they say. This is the President of the United States, this is Washington, D.C., and we have $20 million in your school. It is not some self-supporting private institution, this is not some State college, this is Howard.

(The articles follow:)

[From the Washington Post, Apr. 30, 1969]

NIXON URGES SCHOOLS TO ACT ON VIOLENCE

(By Carroll Kilpatrick)

In his second major statement on campus disorders, President Nixon said yesterday that there must be "no compromise with lawlessness and no surrender to force if free education is to survive."

While defending the right of students to dissent peacefully, the President said that faculties, administrators and trustees "should have the backbone to stand up against" acts of violence.

The President specifically singled out for criticism students who in the name of dissent "terrorize other students and faculty members," who rifle files, engage in violence and "carry guns and knives in the classrooms."

Mr. Nixon made his comments in a brief speech before the annual meeting of the Chamber of Commerce of the United States at the Sheraton Park Hotel. He spoke without notes. On March 22, he issued a lengthy statement bemoaning the employment of "force" and "nonreason" on the campus.

With violence increasing since then, Mr. Nixon has been especially concerned about it and has talked with a number of persons about the problem. He said in his speech that he believed the situation required a presidential statement.

He spoke out in support of reform and dissent, declaring that peaceful dissent "is a very healthy force" and adding that America does not want an "in-grown, stultified" educational system.

But he said that while students should have a voice in determining courses and rules, they should "under no circumstances . . . be given control of the colleges and universities."

Students in some Latin American countries long ago won the power to hire and fire professors and to determine courses, the President said, with the result that the Latin American educational system "in one of the most inferior in the world."

"I say let us not let it happen here," the President said. He was warmly applauded.

"Remember that it is the responsibility of faculties, boards and trustees to provide the leadership for educational institutions."

The President said that despite "tremendously difficult" problems at home and abroad, " I do not have that lack of faith that some seem to have . . . This is an exciting time to be alive.

The President began his 100th day in office with a meeting with Republican congressional leaders. They reported after the meeting that the President would send to Congress today a message on the consolidation of Federal grants. A message on pornography will be sent to Congress soon, they said.

In another action, the President announced that he would nominate Matthew James Looram Jr., a career Foreign Service officer, as Ambassador to Dahomey. He said he would nominate Oliver Leonard Troxel Jr., also a career officer, as Ambassador to Zambia.

[From the Washington Star, Apr. 29, 1969]

VIOLENCE DENOUNCED—NIXON URGES COLLEGES TO HAVE BACKBONE

(By Lee M. Cohn)

College students should have a voice in their education, but under no circumstances should win control, President Nixon said today.

Discussing dissent on the campuses in an extemporaneous speech to the U.S. Chamber of Commerce, Nixon also called on college faculties, trustees and administrators to "have the backbone to stand up" against violence.

"There can be no compromise with lawlessness, no surrender to force if free education is to survive," he said.

While dissent is welcome and healthful, Nixon said, it goes too far when students "terrorize other students and faculty members," and carry guns and knives into classrooms.

Students must not be denied a voice in their education, and the colleges should carry out student recommendations when they are sound, Nixon said, but it is the responsibility of faculties and boards of trustees to provide the leadership.

"Under no circumstances should they (the students) be given control of the colleges and universities," he said.

Latin American universities went through similar revolutionary movements 100 years ago, Nixon noted, and the students won control of courses and hiring and firing of faculties.

As a result, Latin America has "one of the most inferior systems of higher education in the world," Nixon said, warning: "Let's not let that happen here."

Nixon made the point several times that colleges and universities must remain independent of government control.

Dissent within the rules is healthful, he said, because it can help prevent colleges from becoming "ingrown" and stultified.

He paid tribute to the younger generation as the best educated and most deeply motivated, despite its faults.

Mr. FLOOD. I also hold in my hand an excerpt from a recent edition of the Washington Post, a letter to the editor. The title is "Goodwin on the Trouble at Harvard." I am sure you have read that.

"How should a university react to these violations?"

And he speaks of a panel that was created and he says:

"The distinguished panel reporting on the disorders at Columbia last year blamed the administration for not acting decisively to remove the students from the buildings at the outset.

"The more the administration tried to reason with the dissenting students, the more hardened the students' position became. In light of this report, how could the Harvard administration have acted in any other way? They certainly did not want to create another Columbia episode."

The final sentence in the letter: "Any university administration that does not take action to prevent these violations must abdicate to the least creative and most violent of the community."

He means the college community, of course. We will place the entire letter in the record.

(The letter follows:)

GOODWIN ON THE TROUBLE AT HARVARD

Richard N. Goodwin's article on "Who Threatens the Community That Is Harvard?" (April 20) was read in disbelief. His emotional appeal leaves grave doubt that he understands the central issue at hand.

The questions are: What responsibility does an administration have to preserve the intellectual atmosphere of a university? Should individuals who are not able to convey their ideas to others be permitted to resort to violence and disrupt the university to gain their ends? How should a university react to these violations?

The distinguished panel reporting on the disorders at Columbia last year blamed the administration for not acting decisively to remove the students from the buildings at the outset. The more the administration tried to reason with the dissenting students the more hardened the students' position became. In light of this report, how could the Harvard administration have acted in any other way? They certainly did not want to create another Columbia episode.

Mr. Goodwin refers to the Harvard administration as distinct from the students and faculty. Actually an administration by and large is composed of individuals selected from the faculty who consider themselves very much a part of the intellectual community. I am sure they called the police with great reluctance, but in meeting the responsibility of preserving the university sometimes unpleasant and difficult decisions have to be made.

It is a shame that those like Mr. Goodwin who are supposed to be a part of the intellectual community apparently do not understand what makes it prosper. No area in life can flourish unless *all* members of a community are permitted free expression. Those who are not able to convey their ideas to others and must resort to the taking of property and intimidation to gain their ends must be prepared to pay the penalty for such violations. Any university administration that does not take action to prevent these violations must abdicate to the least creative and most violent of the community.

DAVID F. WEST.

Mr. FLOOD. You knew I was going to ask you this, you hoped I would not, but under the circumstances I must. And there is no doubt in my mind that this subcommittee wants to hear you.

Dr. NABRIT. Gentlemen and members of the committee, I am very happy to talk about this subject and answer this question. The first statement that I would like to make might shock you.

Mr. FLOOD. May I interrupt, before you do anything else, I want to add fuel to my flames.

Dr. NABRIT. All right, Mr. Chairman.

Mr. FLOOD. I quote from the Washington Post of Wednesday, April 30, 1969, and this is in very good English, and I read:

Meanwhile, at Howard University, where students occupied the Sociology-Anthropology Department for the second day, Robert McGhee, senior sociology student, announced the takeover would continue.

Well!

His statement followed a meeting of faculty, administration, and key boycotting students.

McGhee called the faculty "responsive" but accused the administration of being 'uncooperative and uncompromising'. Then he pledged dramatically that the take-over would continue "with the knowledge that we will die if necessary to have our demands met."

"We will fight fire with fire, hostility with hostility, brutality with brutality and even, if it comes to this, bullets with bullets, if the administration first, then the sociology faculty does not respond to our most urgent and needed demands to update our department and the university," McGhee declared.

I am sure you saw that.

Dr. NABRIT. Yes, sir, Mr. Chairman. I saw that.

When you think about universities in this country and when you think about the student disturbances and disorders all over the country, we have had our share, but you must make certain that you know we have not had any clashes on our campuses between student and faculty, any clashes between students and students, any clashes between students and the police.

We have not had any for the 3 solid years I have dealt with this problem, but we have had everything else from occupying my office to occupying the office of the professor in sociology.

But the first thing we should be reminded of when people talk about violence is that we have not had violence. That is No. 1.

No. 2, we have had the kinds of speeches like this you just read in the record, and they are like anybody who is trying to get attention, he just goes on with what ever he thinks is going to get attention, and the radio and television people play it up; that is what they want so they do this. But we have not had anybody hurt at Howard University. So we shall start there.

We have had all kinds of disorders starting from the incident year before last when they interfered with the speech of General Hershey to the incidents of this year—but no violence. We have had the administration building occupied. We got the students to come out without doing any damage to the building, without using any force.

We have had them occupy two other buildings, and I secured in each instance an injunction and the U.S. marshal served the injunction and the students left the premises in good order without damaging the buildings and with no violence. So we should note this. But there is a kind of disorder by a small group of students in Howard and in many other instances at other universities in this country which is not directed toward improvements of the institutions or problems which they want solved. They are just people with anarchistic motive.

A large part of university students in the spring will join almost anything if it is not going to take too long and is not going to interfere with anything they are going to do. So if you have a mass meeting on the campus and it is a pretty day, you are going to have some people out.

Mr. FLOOD. I am not talking about panty raids.

Dr. NABRIT. I am not talking about panty raids either, I do not

bring that in any more because panty raids or painting the buildings is so minor we do not discuss it. We are talking about the other things.

What I am saying to you is this, the students themselves have just finished an election on last Friday in which all the moderate candidates won. Now moderates on our campus may not be a moderate in the sense of somebody else's moderation, but in our opinion—we know the people who ran on both sides— a far more moderate group of officers was chosen than have been chosen for the last 3 years.

Mr. SMITH. If the record shows who you prefer, they will get beat the next time they run.

Dr. NABRIT. It may be, but I still have to give that group of students this credit. They have conducted an unofficial newspaper of their own this year. They did not support this Conference for Black Universities which troubled other students. I am talking about our students. It is more and more difficult to get our students to rally on any large scale.

Only in small groups doing things like going into the administration office, where some hope they will trigger all the students to join in the disorder. This is what we face. It is this small group I am talking about. But I think the momentum has passed from their hands.

This is not to say you are not going to have something like these little things breaking out, but in my judgment, at the level in which we operate, to me they do not come within the purview of what the President of United States was talking about. I do not believe we can be put in that category.

In 3 years added together, we have not had one night like that at Harvard. We have not had it. I do not say we are not going to have it in the future. If it should occur, it would surprise me. Please remember I do not know what some of these students will do. But I think that our course has led to a greater rapport between faculty and students and, I am sure, between the administration and the students and between the board and faculty and students than is generally recognized. So I think that American universities must maintain order and opportunity for teaching and research and learning on their campuses or outside forces in the United States are going to do it. There is no question in my mind as what should be their choice.

Mr. FLOOD. Mr. Shriver?

Mr. SHRIVER. This matter is not a partisan matter, of course, and I am glad the chairman brought it up. I read some of the same articles that Chairman Flood put into the record.

I certainly think President Nixon is to be commended on his statement against violence on the campus and the firmness of the administration in connection with it, because he is reflecting the vast majority of thinking of all people of our country of all races and colors and creeds.

NUMBER OF MILITANT STUDENTS

I said it is not a partisan matter. I think the answers you have given are very good. My question is, how small is the group, what percentage of your enrollment are the militants and those that are causing the disturbances?

Dr. NABRIT. I would think there is a hard core group of around three to 500 students scattered in the different schools. This is an estimate

of the people that we see always near the center of these things. I would think that would be a safe number.

We do not have SDS at Howard. So this is one of the things we do not have. But where our students have something in their small groups of three or 400, if they can get something to trigger action, then for a while they are disrupting the campus.

This type of group, we have this type of student among the Negro students at Howard, but they are not SDS because they would not let SDS organize since they want to decide for themselves. But we have a group, in my judgment, of around three to 400 who are interested in militancy for militancy's sake. It is very difficult to isolate them; where you can isolate them, you do.

But I would say that the great mass of students at Howard University are tired of this, and I think this election was an indication that they are tired of having all of these people ranting and raving all over the place.

Mrs. REID. Will the gentleman yield?

Mr. SHRIVER. Yes.

Mrs. REID. To develop this a little more, you say you have not had the serious situations which we have had in other universities throughout the country. What would do if you had a situation, like the one at Harvard for instance?

MAINTENANCE OF LAW AND ORDER

Dr. NABRIT. I have issued some statements to the university community which indicate exactly what we would do. We declare in these statements that our duty is to maintain law and order, we are going to enforce that, whatever steps are necessary to take we are going to take; that if these students want to force a confrontation over control of Howard University, the university is not going to give them control over Howard Universiy, and if they want the confrontation, all right.

I have all of these statements that can go in the record. I have them here to show chronologically each statement we have made. I do not say we have not had serious situations.

Mrs. REID. You said not so serious as others.

Dr. NABRIT. It did not deteriorate into violence. To me it was serious. Anything that has been keeping me busy for 3 years that is not directed toward the education in the university is serious to me. This has been highly serious, it is still serious to me. But fortunately, we have so far escaped the violence and that most ugly part.

I still think this kind of disruption is not good for the university. But I have felt strongly that the universities must bring order to the campus themselves and I have been trying to live this belief out in my actions at Howard. So far we have been successful, but we cannot tell when—the only way to express it—someone may just fly off and we will have something very serious on our campus. I hope and trust not.

I think the tide is changing, I think it will change in higher education. A recession is setting in.

Mr. FLOOD. I might add, no matter how long those statements, to which you referred, are, without objection they will be placed in the record because, without any question, this matter will be the subject of attention and discussion in many quarters. Whatever you have to

support your position, the length is not important, I would suggest they be inserted.

(The material follows:)

STATEMENT OF POLICY

Almost daily the university finds itself beset by indefensible and disruptive activities which tend to reflect unfavorably upon the institution and which detract much needed time and attention from the normal conduct of the educational program.

Many of these activities distort the educational mission of the university and violate the fundamental principles of academic freedom and civil liberties. Illustrative is the rude and intimidating conduct associated with the recent visit of General Hershey to Howard University, which received worldwide publicity resulting in inestimable damage to the university. This incident has brought condemnation from student leaders, faculty, alumni, government officials, and others.

Equally deplorable have been what are apparently deliberate and concerted efforts, on the part of a few, to demean the university and to bring it into general disrepute through the dissemination of misleading and inflammatory information without prior attempts to communicate these concerns to or to secure the facts from or to solicit the views of responsible university officials. The recent irresponsible activities of a few faculty members and students have no place in a university.

Unquestionably, teaching, research, and learning cannot take place satisfactorily in such an atmosphere. It is obligatory, therefore, for the university to take immediate steps to correct this situation.

As a matter of basic policy, the university is committed to academic freedom—freedom of speech and freedom of ideas. Without such freedoms, the objective pursuit of truth and the dissemination and application of knowledge are stifled. Since knowledge is as broad and diverse as life itself, the need for freedom is equally broad. Yet absolute freedom in all aspects of life means anarchy, just as absolute order means tyranny, both of which are antithetical to the purposes and necessities of the academic community. The university must always strive to strike between maximum freedom and necessary order a balance, therefore, which best promotes an environment most conducive to research, teaching, and learning.

In keeping with this position the following guidelines are hereby established. Individuals and groups who violate these guidelines will be subject to disciplinary actions.

I. Each right of an individual places a reciprocal responsibility upon others: the responsibility to permit the individual to exercise that right. The student, as a member of the academic community, has both rights and responsibilities. Within that community, the student's most essential right is the right to learn. The university has a responsibility to provide for the student that environment and those protections and opportunities which best promote the learning process in all its aspects. Hence, the university will not tolerate any action which interferes with the right of students to learn, including freedom of discussion of both sides of a controversial issue.

The student, in turn, has responsibilities to his fellow members of the university community, the most important of which is to refrain from interference with those rights that promote essential purposes and processes of this community.

In order to guarantee freedom of discussion of controversial issues, expressions of protest—either of the issues or of the speakers involved—shall be confined to areas outside of the auditorium or lecture hall where the discussion is taking place and shall be limited to orderly picketing that will in no wise disrupt or interfere with the programed activity.

II. The university is committed to the maintenance of dignity and order within its environs. Interference with classes, with passage, with entrance or use of any facilities, or with the normal operations and activities of the University shall not be tolerated.

The educational process conducted in the classrooms and facilities of the university cannot be disrupted. To provide an opportunity for open debate and discussion, a location on the campus shall be designated where students may conduct rallies at certain specified times.

III. The university believes that all members of the university community should be afforded an opportunity to hear speakers, controversial or not, of various political, social, and economic persuasions. The university has a responsibility in this regard to insure that a proper balance shall be maintained with respect to such presentations in order that the educational purpose of the university may be preserved. The university shall not allow itself to be converted into either a recruiting place or a regular forum for advocates of any particular ideology.

IV. Activities which endanger the life, limb, or general welfare of individuals are totally inconsistent with universally accepted codes of behavior and shall not be permitted. Similarly, discourtesy or incivility to guests, visitors, or members of the university community shall not be permitted.

V. Howard University recognizes the right of students and faculty, acting on their own responsibility, to engage freely in off-campus activities, including civil protest and political activities, exercising their rights as citizens of the community, State, and Nation, provided they do so as individuals and not as representatives of the university.

VI. The university believes in the fundamentals of due process and fair play in the adjudication of violations of established policies, rules, and regulations of the institution.

Accordingly, a judiciary program in which students and faculty are actively involved structured along the fundamentals of due process for the hearing and resolving of serious violations shall be maintained. Such a program shall have uniform application to all members of the student community.

VII. The university must be concerned with its total corporate interests. In the interest of public relations, all public announcements and news releases shall be cleared through the Public Relations Office. Arrangements to have representatives of public communications media present on the campus, or at activities involving the university elsewhere, shall be cleared through and made by the Public Relations Office.

VIII. The rights and privileges of bona fide members of the university community have been won and maintained through tireless effort and are to be greatly cherished and should not be endangered or jeopardized by disruptive forces from within or without the university community. Any such attempts shall be met with firm action by the university.

The many factors which contribute to a stimulating campus climate conducive to the total growth of the individual should be the concern of all members of the university community.

The university believes that those involved in the educational process—faculty, students, administrators, and staff—have a responsibility, both individually and collectively, to support the policies stated above and to conduct themselves in accordance therewith.

IX. The historical commitment of Howard University to defend and safeguard academic freedom and civil rights must not be construed as unwarranted license for members of the university community to engage in activities to undermine its institutional integrity and to create an atmosphere in which the normal objectives of the University cannot be achieved. Lawlessness and disorder shall not be permitted under any circumstances.

X. Finally, it should be clearly understood that Howard University, from its inception, has been an institution dedicated to the principle that all races, creeds, and nationalities shall enjoy full participation in every aspect of its programs and activities without discrimination or intimidation. The university, therefore, cannot permit activities characterized by racism or bigotry in any form.

Violations of these fundamental policies by students, faculty members, administrators, or staff members shall be dealt with by the university promptly and firmly.

A Statement From Howard University

Washington, D.C.—Howard University trustees released today the following statement adapted by the board at its meeting Tuesday October 22.

The faculty, student, employees, alumni and friends of Howard University are entitled to a clear-cut delineation of the purposes and aims of the university at all times, but particularly at this time when there is so much discussion of Howard as a black university.

To that end, the Board of Trustees of Howard University makes the following policy statement:

Howard University was founded primarily for the education of disadvantaged black people and throughout its history has sought to fulfill that purpose. It still intends to carry it out. But nothing in Howard's history or its charter will support a black university, if by that is meant a university operated by black people alone and serving only black students. In fact, the first four graduates of Howard were white students and for 100 years, the university has never discriminated against persons on account of race or color, and does not now intend to do so. This is not only the policy of the institution, but it is also the law of the land.

Howard University is not only dedicated to the teaching of black people but also has a deep commitment to the study and teaching of the history, culture, and life of the black people in the United States and Africa. It is a university determined to teach pride in the black man and his multifaceted achievements, in his music and culture, and in himself as a personality.

In any sense of exclusiveness along racial lines, or of an abandonment of our rich history, or of restrictions of freedom of speech and association, Howard is not destined to be a black university. Not only is this contrary to our history, but it would not be the exercise of good judgment. The insistence by a minority—or even a majority—of students for the establishment of an exclusive black university at Howard is in error. It is too late in history and in the structure of our general society to establish such goals or aims. The promotion of knowledge about the black people, African history and culture, and the contemporary role of disadvantaged people is not antithetical to the educational enterprise; but an exclusive concern and/or control in education by color restriction in language and meaning is a forfeiting of the long struggle to achieve entrance into the mainstream.

Certainly we agree with the idea that we should increase our services and interests in the black man and his problem; we should seek in our research to aid him in financing his own community, in rehabilitation of the ghetto, in improvement of his schools, in making life safer for him and in moving him into the mainstream of American business activity. But at the same time we must continue to carry on the other parts of the role of a university—teaching and doing research in a nonracially discriminating fashion and setting. The university is firmly of the opinion that we are the last people in America who should espouse restriction on thought or speech. Within this framework, we believe Howard's next 100 years will be greater and more constructive than its first 100 years.

A Statement from the President of the University

This comes in continuation of my efforts to acquaint the community with rapid steps being taken to develop facts regarding the unrest of recent days. The university administration and the Mayor's Office have staffs at work to provide maximum disclosure of all relevant information concerning the incidents of Saturday, November 2, 1968.

Preliminary investigations indicate that police responded to neighborhood calls concerning the breaking of store windows on Georgia Avenue. The police units responding to the citizens' calls came into Fairmont Street in pursuit of suspects fleeing from Georgia Avenue in the direction of Cook Hall.

There are mistaken beliefs that the university called the police to halt the intimidating actions of certain dissidents who had forced entry into Ira Aldridge Theater for the purpose of ejecting white members of the audience. In fact, the university officials were attempting to resolve the difficulty in Ira Aldridge when the police arrived. Attention should be called to the fact that Sixth Street and Fairmont Street are public property and not part of the university campus. The police, therefore, have the right and duty to patrol these streets and to respond to calls from the community.

Evidence indicates that tear gas was discharged in the vicinity of Cook Hall. The Mayor's deputies are working to determine by whom and why the gas was discharged.

University officials and student leaders repeatedly requested the withdrawal of Metropolitan Police officers from the campus area. Finally they left, after being assured that university officials were fully able to control the situation. Assistance in this effort was provided by representatives from the District of Columbia Government, a U.S. Marshal, and a Police Community Relations repre-

sentative. The situation was brought under control by the university officials with student help.

The university is moving as rapidly as possible in an attempt to ascertain the facts relative to the disturbances experienced during the past weekend. It has already made substantial progress in securing information with respect to the situation and will continue its efforts to develop a full and accurate account.

The city government itself is conducting a similar investigation, and the Mayor, who has expressed his concern about the matter, has assured the university of the District Government's full cooperation in making information available and in arranging for conferences with the Metropolitan Police and other officials involved. Some preliminary conferences have already been held.

When the facts are fully ascertained, appropriate action, where indicated, will be taken by the municipal authorities and the university.

STATEMENT BY THE PRESIDENT OF THE UNIVERSITY TO STUDENT REPRESENTATIVES

One of the functions of the president of this university is to suggest, from time-to-time, new policies, techniques, and practices for the governance of the university. In our hierarchy, the board of trustees is the ultimate governing body of the university. The university senate, with its council of the senate and its steering committee, is primarily responsible for recommending needed legislative changes to the board of trustees. Suggestions for these changes or administrative implementation come to this segment of the university from students, faculties, the administrative council, or other constituents. It has been traditional at Howard to address ourselves to needed changes and directions. But significant changes in the educational process must be most thoughtfully considered by the entire university community before adoption and implementation.

The university president and the several faculties are acutely aware that the university's primary purpose is the training of its students for future community service. The teaching and learning processes cannot achieve desired results unless a wholesome faculty-student rapport exists. For this rapport to exist, there must be, from the faculty's point of view, a sincere respect for the welfare of the student, a belief in his capacity to learn and to function in school and beyond with honor and distinction as a credit to himself and his educational institution. There must be, from the student's point of view, respect for his teachers, not only the belief that they are equipped by training, experience, and disposition to be concerned for the students' welfare but the confidence that they will take whatever action may be necessary and appropriate to further the students' interests. There must also be, from the students' point of view, the confidence that the faculty's competence, dedication, and expertise will properly equip the student to function in society with honor, service, and distinction.

The president and the several faculties are concerned, not only with the resumption of the normal educational processes here at the university, but with the restoration of these basic tenets as conditions precedent to the continuance of the educational process.

Within recent weeks students have presented demands in a number of the schools and colleges of the university. Some of these demands have dealt with the interest of the students in becoming a part of the decisionmaking process. In all schools and colleges, the faculty has already indicated its agreement with the principle of student representation and participation in the making of fundamental academic policy. In this connection, however, it must be recognized that there is a primary responsibility which must be retained by faculties. The students must, however, have some share in this process. The details as well as substance must now be considered by each school and college. This includes the question of what kind of representation.

There is merit in having a uniform policy on this matter as far as possible throughout the university. We shall proceed in our consultations on this matter in the several schools and colleges and in the council of the university senate. Finally, we shall take a proposal to the Board of Trustees. It should be understood, in the meantime, that student representation is a foregone conclusion. Many of the demands which are presently before the various faculties touch upon significant matters of academic policy such as curriculum, grading, graduate requirements, and evaluation of teachers. Some of these issues can be decided rather quickly, others take a little longer not because of reluctance to change but rather because of the complexity of the problem.

It should be understood that there is a need for serious change in many areas of the university. What we want is change not for the sake of change itself, but change which will make us a more effective institution. In order to be of the greatest service to our students we need to think most seriously about such matters as curriculum, grading, and graduation requirements. We do agree with the need of making the university more relevant to the student, and the graduate more relevant to his community.

I have received progress reports from all areas of the university and I am happy to note the positive response of the faculties. I am pleased to report that many of the student demands have been acted upon favorably in various schools and colleges. What we have to report on today is the progress which has been achieved since our last meeting. In some instances, you will note that this is quite substantial. In every instance, however, there is much more to be done. In many instances these responses must be based upon financial considerations while in still others, time must be provided for faculty and student consultation.

It would appear that a substantial number of students at Howard University earnestly and sincerely believe that it is in the best interest of the university to have a more effective voice in the decisionmaking and governance of the university. This concern and the reasons set forth by the students require that the several faculties and other elements of the university earnestly and sincerely devote themselves to studying the desirability of greater student participation and developing the mechanics for achieving this goal.

Through the dialogue taking place at the university, the desirability of university-wide policy on greater student participation may evolve. At present, there is no general university policy on the question of participation of students in faculty deliberation and action. This is a matter for the several faculties to consider and make appropriate recommendations; and the desirability or undesirability of this matter has already been addressed to the several faculties for consideration. In such consideration, it is most desirable that the faculties and students carry on study and dialogue. Even though no university-wide policy in this matter exists, machinery for evolving, developing, and executing a policy in this regard is already in motion and presently functioning.

The university notes that the several faculties have reacted to the extent that they are evolving policies and procedures which contemplate participation by students on appropriate faculty committees. But the extent of contemplated participation varies. In general, it includes not only the right of decision but the right to vote in recommendations of the committees. It appears a general policy of the faculties to allow students to follow their committee reports to the faculty meetings for the purpose of discussion. Apart from this, however, there does not appear to be any general or uniform policy with respect to the rights of students to vote with the faculty after such reports have been considered. For instance, the present position of the law school is to allow student participation in the discussion of reports but no right to vote with the faculty in its action on those reports.

In considering whether or not students should participate regularly in the faculty meetings and have the right to vote, it must be noted that there are external and internal differences between the several colleges of the university, and it is entirely possible that no general rule should be developed. Each school has its own peculiar problems so that it may be educationally and professionally unwise for the university to blindly enforce a uniform policy in this regard.

At this point, the university is clear on a policy that reasonable grievances should be corrected, and this has been carried forth in the law school to a point where more than 90 percent of those grievances have been acted upon. In the law school, too, students now have a right to membership on all standing and ad hoc committees, except appointments and promotions and faculty grievances.

While the process of dialogue and study are in motion, I think I should indicate to those immediately involved, my own commitment. First, I must reiterate that this matter by and large must be solved by individual faculty resolution. Second, in an effort to restore the basic atmosphere so necessary to the continuance of the educational process here at the university, I must state that I am personally committed, and would hope that others are also, to the proposition that the students of this university should have a more effective voice in the decisionmaking and governance of the university, consistent with the maintenance of the highest academic standards and community reputation for academic excellence. The present crisis and the ensuing dialogue with our students have indicated grievances of merit and have uncovered the need for change. It is my honest belief that the faculties of this university have gone forward directly to meet the

challenge of that crisis and have met those demands and are now in the process of making those changes.

It is important that we keep open our lines of communication throughout the university and that students and faculties carry on the discussions which have recently begun. I wish also to continue to meet with you in order that we may together evaluate the results which are being obtained.

I desire to make it clear that Howard is not a monolithic hierarchy and that each school and college has its own particular population of students and faculty and the ecology is different in each school and college. Therefore, the university expects each faculty to work with its student body to determine the nature and form of student representation that would be appropriate in each of the several faculties of the university. The university has no desire or intention to superimpose upon a given faculty or college a policy which was not discussed and developed at the "grass roots" level.

Finally, it must be pointed out that while the university is anxious to move to correct legitimate grievances, that the need for consultation with its respective units, particularly the faculties of the several schools and colleges and those student bodies which are not as actively involved in campus issues as some, require time.

It is well for you to know that the university is presently studying the whole matter of finances and has reached the tentative conclusion that a significant number of student requests as well as many phases of the normal growth and expansion of the institution cannot be accommodated within the present level of institutional resources. Consultations will be held with student leaders in this connection. Meanwhile, the matter is under careful review and an announcement regarding this subject will be made later in the semester as a result of the discussions with students.

Some of the steps which have been taken to meet concerns of students, include the following:

I. ADMISSIONS

I have requested the director of admissions to develop and submit a suggested proposal for the involvement of students in the recruitment phase of the university's admissions process.

II. RESIDENCE HALLS

We recognize that there are some deficiencies in our residence halls with respect to both structure and furnishings. Steps have been taken to develop plans for improving these conditions. Most of these needs, however, will have to be met through increased fees. The matter of funds for these projects will have to be pursued by the treasurer and the president.

III. BOOKSTORE

An ad hoc committee of representatives of the student body, faculty and administration has recommended that the Bookstore be removed from its present location in the Law School to an expanded location in the American Storage Building. This will make it possible for the Law School to more adequately accommodate its expanded enrollment. Plans for this project are moving ahead accordingly.

IV. ALL STUDENT JUDICIARY

The question of the establishment of an all student judiciary is being considered by the faculty of the College of Liberal Arts.

A Special Report

A MESSAGE FROM THE PRESIDENT OF HOWARD UNIVERSITY TO MEMBERS OF THE UNIVERSITY COMMUNITY

Howard was conceived of as a public service institution. It was dedicated to the preparation of its students for full participation in American life as free and equal citizens. It has contributed during more than 100 years to this basic purpose. It has wrought well. Yet in 1969 the fact is that black citizens are not yet either participating fully in American life nor are they either free or equal in our society. Great legal victories by Howard's staff, students and graduates

have removed most of the legal and constitutional barriers to full and equal citizenship for these citizens. Integration in education, however, is still of a token variety. About one-fourth of all blacks are functional illiterates. Economically, in 1969 we are earning on an average of only one-half of the pay for the same work as the white worker earns.

Our homes are still overwhelmingly confined to the ghetto with all its attendant ills—poverty, sickness, ignorance, exploitation, intimidation by law officers and crime and violence. E. Franklin Frazier, Alain Locke, Charles Houston, Charles Thompson, Ellis Knox, Inabel Lindsay, W. Montague Cobb, G. Franklin Edwards, John Hope Franklin, and a host of other teachers and graduates of Howard have long since laid bare these grievous conditions, but still they persist.

Howard must intensify its commitment to the problems of the children of its heritage. There is need for us to reexamine our goals not to find out what they are but to discover how far we are from achieving them.

In earlier days, newly arrived immigrants could move up into the free society by study and hard work. They were white. Very little upward mobility exists in the ghetto today for anyone—much less for the Negro; isolated and with one economic class in fact, mobility is almost a mirage.

Student unrest and demonstrations in the United States are the results of many factors, among which are civil rights, the war in Vietnam, the impact of the new scientific developments daily changing the scope and direction of our society, dissatisfaction with our generation's achievements and failures, and a desire by students to be participants in the vital decisions being made concerning them. Higher education is being compelled to give heed to their frustrations, clamor and insistence. Student unrest is not confined to the campuses of our colleges and universities; it has invaded the political, economic and social structures outside the field of higher education.

We have had some stormy times on "the Hill" for the past 3 or 4 years, but to the extent to which we have reacted constructively with respect to the grievances presented by our students we have, in my judgment, made Howard a more vibrant institution.

True, in some cases, students are rude, and sometimes crude, in others, obscene, irrational and even destructive, but even as we chide them for their rudeness or crudeness, or for their language or discourtesy or oppose with firmness their violent or destructive behavior, it is my judgment that at least here at Howard we should look beneath all their posturing or rudeness or tactics or strategy and examine closely to discover those areas of Howard which need modification, new direction, or new emphasis. Anger at protests must not be used as an excuse for ignoring a need for change. On the other hand, we must not become so embroiled in confrontation as a way of life that we fail in our historic mission.

Our students must realize that this period of student unrest has not been easy at any institution but it has not yet been as difficult at Howard as it might have been, hopefully because faculty, students, administration as well as trustees and alumni have had a deep commitment to relevant needs of our people all along, even if at times we too have become too immersed in the trappings of academia. All of us should also realize that some changes are much easier to make than others. To provide students with the primary responsibility for the government and control of their life and affairs apart from the academic side of a university is far less difficult than to achieve any degree of control over academic affairs. This difference in ease of accomplishment should not cause us as faculty and administrators to close our minds to the question altogether. No university, in my opinion, will place control of the university in students. This is and will remain primarily a faculty responsibility. The faculty now must decide in what areas and in what ways students may be given a role in policy decision making.

It has been said by a recent writer that students are sometime irresponsible, occasionally cynical, and often unpleasant, but that they are also forcing the older generation to reassess many of its assumptions about politics, as well as education. And he concludes, neither, thank goodness, will ever be the same. To us in the midst of the toil and unrest on this campus, this may not be quite how we see it, but difficulties of vision or expression must be resolved.

I have said all this to say that it is my personal belief that at Howard (through changes which the respective faculties of our several schools and colleges are working out in consultation with students) we can provide a much broader participation of students in the meaningful decisions which are made here in respect to courses of study, hours, grading, types of instruction, extent of individual study and seminar work, as well as various types of requirements, without

destroying the faculty's primary responsibility for the academic side of the university.

May I, therefore, ask the university community to join hands in making this attempt. The noise and confusion with which we have been surrounded are no indications either of the seriousness of purpose of most of our students nor of any intransigence or lack of sympathy and interest on the part of our faculty in things which concern our students.

I should hope that a few raucous and disruptive voices would not be allowed to prevent this kind of intense, sincere, overall reexamination of all these matters in head to head discussions between faculty and students.

As I have said previously, we may in good faith oppose tactics but let us not oppose desirable changes merely because we are angry over tactics. These changes cannot be achieved overnight no matter what the tactics may be.

The emergence of new forms of participation by students in broad areas of academic policy must be the result of a fruitful period of experiments and discussions by students, faculty members and administrators, in good faith prepared to engage in laborious, often time-consuming and often frustrating collaborative efforts. From time to time we may expect demonstrations, but we must also expect patience from our students when the university faculties and students are engaged in the considerations of questions posed by students. We have a right to expect students to exhibit patience if positive steps indicate this is not a delaying tactic on the part of administration and faulty. I would hope we would reexamine ourselves, our operations and actions with a view to discovering our strengths and weaknesses—students, administrators and faculty alike.

Much of the present student unrest in the United States stems from the fact that students feel they have been totally excluded from the processes which determine educational policy. They want to participate. They should be able to participate certainly to some extent. It is my view that students will not succeed in achieving control of faculties or educational policy in higher education nor will they secure control at Howard. There are sound educational reasons for this. Two are education and experience. There are others. The fact, however, that they cannot control educational policies is no answer to the question as to whether or not they should be permitted to participate in the process of control. The faculties at Howard have already decided that students should participate in the formulation of educational policy. How this is to be done, to what extent and when, are all questions left to determination by the faculties, hopefully for consideration by the board of trustees at its meeting in April. The faculties have informed me that they are prepared to go forward with this. I am happy to know this. Students have informed me that they too are prepared to go forward with this. I am happy to know this.

Finally, if we all move forward in good faith, without delaying or disruptive efforts which would throw us off track, I believe the faculty and students at Howard can deal effectively and satisfactorily with the various questions which have been posed by the students. I am offering my good offices to this end, for I have put in 33 years of service and love at this institution; and it is capable of greater works in the future than it ever achieved in the past, in my opinion, if it is not torn apart by irresponsible actions.

PRESIDENT NABRIT PREDICTS STUDENTS WILL GET A LARGER SHARE IN THE GOVERNANCE OF THE UNIVERSITY

(President James M. Nabrit, Jr., predicted that students would get a larger share in the governance of the university during a meeting with student leaders, deans and administrators March 5. The meeting was the second in a 2-week period which dealt with student demands for a larger role in the decision-making processes of the university. At that time Dr. Nabrit read the following statement:)

One of the functions of the president of this university is to suggest, from time to time, new policies, techniques and practices for the governance of the university.

In our hierarchy, the board of trustees is the ultimate governing body of the university. The university senate, with its council of the senate and its steering committee, is primarily responsible for recommending needed legislative changes to the board of trustees. Suggestions for these changes or administrative implementation comes to this segment of the university from students, faculties, the

administrative council, or other constitutents. It has been traditional at Howard to address ourselves to needed changes and directions. But significant changes in the educational process must be most thoughtfully considered by the entire university community before adoption and implementation.

The university president and the several faculties are acutely aware that the university's primary purpose is the training of its students for future community service. The teaching and learning processes cannot achieve desired results unless a wholesome faculty-student rapport exists. For this rapport to exist, there must be, from the faculty's point of view, a sincere respect for the welfare of the student, a belief in his capacity to learn and to function in school and beyond with honor and distinction as a credit to himself and his educational institution. There must be, from the student's point of view, respect for his teachers, not only the belief that they are equipped by training, experience and disposition to be concerned for the students' welfare but the confidence that they will take whatever action may be necessary and appropriate to further the students' interests.

FACULTIES ARE CONCERNED

The President and the several faculties are concerned, not only with the resumption of the normal educational processes here at the university, but with the restoration of these basic tenets as conditions precedent to the continuance of the educational process.

Within recent weeks students have presented demands in a number of the schools and colleges of the university. Some of these demands have dealt with the interest of the students in becoming a part of the decisionmaking process. In all schools and colleges the faculty has already indicated its agreement with the principle of student representation and participation in the making of fundamental academic policy. In this connection, however, it must be recognized that there is a primary responsibility which must be retained by faculties. The students must, however, have some share in this process. The details as well as substance must now be considered by each school and college. This includes the question of what kind of representation.

There is merit in having a uniform policy on this matter as far as possible throughout the university. We shall proceed in our consultations on this matter in the several schools and colleges and in the council of the senate. Finally, we shall take a proposal to the board of trustees. It should be understood in the meantime that student representation is a foregone conclusion. Many of the demands which are presently before the various faculties touch upon significant matters of academic policy such as curriculum, grading, graduate requirements, and evaluation of teachers. Some of these issues can be decided rather quickly, others take a little longer not because of reluctance to change but rather because of the complexity of the problem.

It should be understood that there is a need for serious change in many areas of the university. What we want is change not for the sake of change itself, but change which will make us a more effective institution. We do agree with the need of making the university more relevant to the student, and the graduate more revelant to his community.

TIME MUST BE PROVIDED

I have received progress reports from all areas of the university and I am happy to note the positive response of the faculties. I am pleased to report that many of the student demands have been acted upon favorably in various schools and colleges. What we have to report on today is the progress which has been achieved since our last meeting. In some instances this is quite substantial. In every instance, however, there is much more to be done. In many instances these responses must be based upon financial considerations while in still other cases, time must be provided for faculty and student consultation.

It would appear that a substantial number of students at Howard University earnestly and sincerely believe that it is in the best interest of the university to have a more effective voice in the decisionmaking and governance of the university. This concern and the reasons set forth by the students require that the several faculties and other elements of the university earnestly and sincerely devote themselves to studying the desirability of greater student participation and developing the mechanics for achieving this goal.

Through the dialog taking place at the university, the desirability of universitywide policy on greater student participation may evolve. At present, there is

no general university policy on the question of participation of students in faculty deliberation and action. This is a matter for the several faculties to consider and make appropriate recommendation; and the desirability or undesirability of this matter has already been addressed to the several faculties for consideration. In such consideration, it is most desirable that the faculties and students carry on study and dialogue. Even though no universitywide policy in this matter exists, machinery for evolving, developing and executing a policy in this regard is already in motion and presently functioning.

FACILITIES HAVE REACTED

The university notes that the several faculties have reacted to the extent that they are evolving policies and procedures which contemplate participation by students on appropriate faculty committees. But the extent of contemplated participation varies. In general, it includes not only the right of decision but the right to vote in recommendations of the committees. It appears a general policy of the faculities to allow students to follow their committee reports to the faculty meetings for the purpose of discussion. Apart from this, however, there does not appear to be any general or uniform policy with respect to the rights of students to vote with the faculty after such reports have been considered. For instance, the present position of the Law School is to allow student participation in the discussion of reports but no right to vote with the faculty in its action on those reports.

In considering whether or not students should participate regularly in the faculty meetings and have the right to vote, it must be noted that there are external and internal differences between the several colleges of the university, and it is entirely possible that no general rule should be developed. Each school has its own peculiar problems so that it may be educationally and professionally unwise for the university to blindly enforce a uniform policy in this regard.

At this point, the university is clear on a policy that reasonable grievances should be corrected, and this has been carried forth in the Law School to a point where more than 90 percent of those grievances have been acted upon. In the Law School, too, students now have a right to membership on all standing and ad hoc committees, except appointments and promotions and faculty grievances.

While the processes of dialog and study are in motion, I think I should indicate to those immediately involved, my own commitment.

STUDENTS SHOULD HAVE VOICE

First, I must reiterate that this matter by and large must be solved by individual faculty resolution. Second, in an effort to restore the basic atmosphere so necessary to the continuance of the educational process here at the university, I must state that I am personally committed, and would hope that others are also, to the proposition that the students of this university should have a more effective voice in the decisionmaking and governance of the university, consistent with the maintenance of the higher academic standards and community reputation for academic excellent. The present crisis and the ensuing dialog with our students have indicated grievances of merit and have uncovered the need for change. It is my honest belief that the faculties of this university have gone forward directly to meet the challenge of that crisis and have met those demands and are now in the process of making those changes.

It is important that we keep open our lines of communication throughout the university and that students and faculties carry on the discussions which have recently begun. I wish also to continue to meet with you in order that we may together evaluate the results which are being obtained.

I desire to make it clear that Howard is not a monolithic hierarchy and that each school and college has its own particular population of students and faculty and the ecology is different in each school and college. Therefore, the university expects each faculty to work with its student body to determine the nature and form of student representation that would be appropriate in each of the several faculties of the university. The university has no desire or intention to superimpose upon a given faculty or college a policy which was not discussed and developed at the "grass roots" level.

CONSULTATION REQUIRES TIME

Finally, it must be pointed out that while the university is anxious to move to correct legitimate grievances, that the need for consultation with its respective units, particularly the faculties of the several schools and colleges and those student bodies which are not as actively involved in campus issues as some, requires time.

It is well for you to know that the university is presently studying the whole matter of finances and has reached the tentative conclusion that a significant number of student requests as well as many phases of the normal growth and expansion of the institution cannot be accommodated within the present level of institutional resources. Consultations will be held with student leaders in this connection. Meanwhile, the matter is under careful review and an announcement regarding this subject will be made later in the semester as a result of the discussions with students.

Some of the steps which have been taken to meet concerns of students, include the following:

I. Admissions

I have requested the Director of Adminissions to develop and submit a suggested proposal for the involvement of students in the recruitment phase of the university's admissions process.

II. Residence halls

We recognize that there are some deficiencies in our residence halls with respect to both structure and furnishings. Steps have been taken to develop plans for improving these conditons. Most of these needs, however, wil have to be met through increased fees. The matter of funds for these projects will have to be pursued by the Treasurer and the President.

III. Bookstore

An ad hoc committee of representatives of the student body, faculty and administration has recommended that the Bookstore be removed from its present location in the Law School to an expanded location in the American Storage Building. This will make it possible for the Law School to more adequately accommodate its expanded enrollment. Plans for this project are moving ahead accordingly.

IV. All student judiciary

The question of the establishment of an all student judiciary is being considered by the faculty of the College of Liberal Arts.

UNIVERSITY RESPONSES TO STUDENT GRIEVANCES

A report on student grievances in the undergraduate schools and colleges was completed last week and transmitted to President James M. Nabrit, Jr.

The complete list includes items acted upon or under consideration in the College of Liberal Arts, the College of Fine Arts, the College of Pharmacy, and the School of Engineering and Architecture.

The summary below is based on material submitted by the deans of the undergraduate schools and colleges.

GRIEVANCES	ACTION
1. All student judiciary.	1. Present system includes 50–50/Student-Faculty. Consideration being given to all student judiciary.
2. Black studies program.	2. Report submitted by committee. Action on report expected shortly.
3. Abolition of physical science, biological science, physical education and 2 years of language as requirement for graduation.	3. Requires extensive study because of educational implications.
4. Abolition of senior essay examination.	4. In 1969–70 to be given in first semester. If failed take Writing Laboratory.
5. Student on Board of Admissions.	5. Director of Admissions preparing proposal for inclusion of students in recruitment phase.

GRIEVANCES	ACTION
6. Student Committee to evaluate faculty.	6. Liberal Arts agrees.
7. Inadequate classroom facilities.	7. Plans for Classroom Building No. 3 are in process; Classroom Building No. 4—Funds requested; Physical Education Building for Women—Construction to start in 1969–70.
8. Office of University Development.	8. Funds requested in 1970 budget.
9. Liberal arts courses not part of major or minor to be taken on pass-fail basis.	9. Some courses now operate on this basis.
10. Removal of Department of Business from liberal arts.	10. Has been recommended by liberal arts.
11. Recruit black personnel for university counseling service.	11. University will hire best qualified personnel.
12. Report of state of affairs of each department and College of Liberal Arts.	12. Liberal arts agrees.
13. Student representation at faculty meeting.	13. All schools and colleges voted in favor of concept for some form of representation.
14. Graduate record examination.	14. No longer required for graduation.
15. Comprehensive examination.	15. No longer required for graduation.
16. Hours required for graduation.	16. Liberal arts—124 semester hours.
17. Educational Advisory Center.	17. Has been reorganized under new director.
18. Curriculum committees.	18. Includes students in all schools and colleges.
19. Curfew hours.	19. Only required for first semester freshman women.
20. Co-education visitation.	20. At discretion of dormitory residents
21. Open stacks in library.	21. Now in effect.
22. Faculty evaluation in education and administration by students.	22. Faculty concurs in this. Faculty-Student Committee to establish system.
23. Courses in Education and Administration concerned with community involvement.	23. Twelve areas in which students are required to participate in actual community involvement.
24. Open Education and Administration Building on 24-hour basis.	24. Building open 7 a.m. to 12 midnight, Monday through Friday; 7 a.m. to 9 p.m., Friday and Saturday.
25. Longer hours for Education and Administration Library.	25. Library can be kept open until 11 p.m. with additional funds.
26. Inadequate facilities in drafting rooms of Education and Administration.	26. Funds are being requested to replace deteriorated furnishings.
27. Classroom space — Education and Administration.	27. Funds for Quonset building as temporary relief being sought.
28. Updating of curriculum in Educacation and Administration.	28. National Architectural Accrediting Board and Engineers Council for Professional Development review curriculum periodically for the purpose of keeping it abreast of social-technological changes.
29. Lack of Education and Administration courses in summer school.	29. Faculty willing to offer courses but not at salary rates offered by summer school.
30. Student participation in selection of department chairman.	30. Recent legislation passed by the Board of Trustees specifies method of selection.

GRIEVANCES	ACTION
31. Student-faculty committee in Education and Administration.	31. Student-faculty committee working for 2 years for the purpose of mutual cooperation on matters of vital concern to students.
32. Library hours in pharmacy.	32. Extended to 10 p.m. on weekdays and to 1 p.m. on Saturdays.
33. Can organic chemistry or physics in sophomore year be taken in approved summer school before third year? (Pharmacy.)	33. Faculty agreed to allow students to take one of the courses in summer school between first and second year.
34. Request that only one final examination be given on any one day. (Pharmacy.)	34. The faculty agreed in principle.
35. Pharmacy calculation should not be prerequisite for continuing pharmacy curriculum.	35. Faculty agrees provided deficiency is removed prior to first semester of fifth year.
36. Laboratory periods in physiology should be as scheduled. (Pharmacy.)	36. Referred to dean of medicine for resolution.
37. Course outlines should be provided in all courses given in liberal arts. (Pharmacy.)	37. Course outlines requested by dean for liberal arts courses given to pharmacy students.
38. In biochemistry stress should be placed on fundamental aspects.	38. To be adjusted through the dean of liberal arts.
39. Instruction in pharmacology should be given by Chaudhry, F. West, W. West, or Tureman.	39. Dean of medicine will be asked to give one of the four complete responsibility.
40. Summer school for pharmacy calculations.	40. Faculty agreed to explore the need for the course in the summer.
41. There should be one semester of pharmacology instead of two.	41. Faculty did not agree to this.
42. Comprehensive examinations should be abolished. (Pharmacy.)	42. Examinations will be retained but will be divided into two parts.
43. Student - faculty - administration board—10 students, five faculty, two administors. (Fine arts.)	43. No agreement.
44. Courses not in major or minor sequence be graded on the basis of P (pass), F (fail), H (honors). (Fine arts).	44. Not acted on.
45. Founders Library hours.	45. Hours of library extended to conform with student wishes.
46. Additional reading area in Founders Library.	46. Third floor reading room has been opened with additional lighting.
47. Use of alcoholic beverages on campus.	47. Policy for use of alcoholic beverage on campus has been put into effect in accordance with D.C. Code.
48. Meals at Meridian Hill dormitory. dormitories.	48. University is subsidizing meals for students who live in Meridian Hill Dormitory and eat at Hot Shoppe.
49. Bus service.	49. University operates free bus service for students living in off-campus
50. Bookstore.	50. Bookstore is to be moved from Law School to recently purchased building by first semester 1969–70.
51. Curricula in Department of Drama.	51. Hours for graduation reduced from 145 semester hours to 130 semester hours. Added course, "The Negro in the Theater."
52. Foreign language requirement in art.	52. Discontinued for all except majors in art.
53. Humanities sequence in art.	53. Can be chosen from any appropriate course offered by university.

GRIEVANCES	ACTION
54. Social science requirement be limited to two semesters and social science sequence to one semester in Department of Art.	54. Approved.
55. No. 51, 52, and 53 be made retroactive for all students now enrolled.	55. Approved.
56. Student Center.	56. New Student Center building to be constructed upon completion of New Social Work Building. Funds are available.
57. New Social Work Buliding.	57. Now under consrtuction.
58. Planning of buildings.	58. Students to be involved in building planning. Now involved in planning of dormitories and Student Center.
59. Air conditioning of Founders Library.	59. Now in process.
60. Renovation of campus dormitories.	60. Plans for renovation, refurbishing, and replacement of old furniture dependent upon additional funds.
61. Snack bar operation—Improvement of same.	61. Appointment of full-time manger authorized.
62. Improvement of laundry facilities in residence halls.	62. Equipment contractor taking necessary steps to upgrade.
63. Athletic situation.	63. Athletics separated from physical education and acting director of athletics appointed. Athletes provided three meals per day during in-season sports. Grant-in-aid to athletes in effect on increased basis.
64. Graduate program in student personnel.	64. Full-time coordinator appointed by Department of Education.
65. Speakers policy.	65. Students free to invite speakers of their choice.
66. Student newspaper.	66. Students have complete responsibility.
67. Student government funds.	67. Budgeted and obligated exclusively by students.
68. Universitywide committees.	68. Student members on all committees, including registration, calendar, catalog, campus chest, bookstore, food service, etc.
69. Student-faculty-trustee committee.	69. Students selected by students to serve.
70. Freshman assembly.	70. Abolished.
71. African studies programs.	71. Undergraduates permitted to take courses—Ph. D. program under study. Courses increased from 50 in 1967–68 to 122 in 1968–69.
72. ROTC.	72. Compulsory ROTC abolished.
73. Faculty advisors to student organizations.	73. No longer required.
74. Health service.	74. Full implementation of improvement of program dependent upon additional funds.
75. Courses in Negro history.	75. Thirty-six Afro-American related courses were offered in the university during the first semester 1968–69—an increase of 20 courses over 1967–68.

Dr. NABRIT. Thank you very much, Mr. Chairman.

Mr. Shriver, I hope I did not stop from answering any question because I want to be completely responsive.

Mr. SHRIVER. No. I actually yielded to Mrs. Reid for a very good question.

Mrs. REID. Thank you.

Mr. SHRIVER. Not only is it of interest to the members of the Congress, but it certainly is to our constituents, over the country because we have a special interest in this school, more so than we do in Harvard University, as explained by the chairman.

We are being asked about Howard by those whom we represent. You have a tremendous responsibility as the administrator of this fine institution, and we are fortunate to have you.

Dr. NABRIT. I appreciate that, Mr. Chairman. Still I do not know whether Howard was fortunate to have me or not.

FOREIGN STUDENTS

Mr. SHRIVER. How many students from foreign countries do you have at Howard?

Dr. NABRIT. I think the number is 1,715 in 1968.

Mr. SHRIVER. How is their education financed?

Dr. NABRIT. It is financed by the countries where they come from or from some of their own people or foundations. We do not set out to furnish support.

Mr. FLOOD. Mr. Shriver and Mrs. Reid are on the Foreign Aid Appropriations Subcommittee and know this problem.

Mr. SHRIVER. They contribute the same tuition?

Dr. NABRIT. Yes.

Mr. SHRIVER.. How does the tuition compare with other universities?

Dr. NABRIT. Our tuition compares favorably with that of the State-supported institutions, which is the theory on which we have tried to operate to keep the costs down for the lower economic group that we serve. But, in some instances it may be a little higher.

It is $400 for all schools and colleges except for dentistry, which is $550, and medicine which is $700.

Mr. SHRIVER. A pretty good proportion of your enrollment is from foreign countries.

Dr. NABRIT. That is true. We have a lot of students at Howard also from the legations in the District of Columbia.

Mr. SHRIVER. You might put into the record from what countries they come.

Dr. NABRIT. We will be happy to do that.

(The information follows:)

Foreign students enrolled at Howard University for school year 1967–68
(by place of birth)

Africa:	
Algeria	1
Angola-Portugal	1
Cameroon	3
Canary Islands	1
Congo	3
Ethiopia	12
Gambia	4
Ghana	27
Guinea	1
Ivory Coast	1
Kenya	29
Libya	6
Malawi	1
Mauritania	1
Morocco	1
Mozambique	1
Nigeria	184
Rhodesia	12
Sierra Leone	4
Tanzania	4
Togo	8
Ugunda	8
Somali Republic	1
South Africa	8
Spanish Africa	1
Sudan	2
United Arab Republic	7
British West Africa	18
Liberia	15
Total	365
South America:	
Argentina	1
Bolivia	5
Chile	2
Colombia	2
Guyana	189
Madeira Island	1
Peru	6
Uruguay	1
Venezuela	3
Total	210
North America: Canada	5
Europe:	
Austria	1
Bulgaria	1
Czechslovakia	2
England	4
France	2
West Germany	15
Greece	7
Italy	3
Norway	1
Poland	2
Rumania	1
Spain	1
Union of Soviet Socialist Republics	1
Yugoslavia	1
Total	42

Foreign students enrolled at Howard University for school year 1967–68—Con.

Far East:	
Cambodia	1
China	17
Hong Kong	5
Indonesia	5
Japan	9
Korea	18
Macao	1
Pacific Islands	1
Philippine Islands	3
Singapore	1
Taiwan	1
Thailand	1
South Vietnam	3
Total	74
Middle and Far East:	
Gaza	1
India	127
Iran	49
Israel	11
Iraq	2
Jordan	16
Lebanon	2
Pakistan	16
Syria	1
Turkey	7
Total	219
Central America:	
Guatemala	2
British Honduras	1
El Salvador	1
Costa Rica	2
Panama	16
Canal Zone	1
Total	23
Caribbean area:	
Bahamas	13
Barbados	30
Bermuda	21
Cuba	2
Dominican Republic	2
French West Indies	3
Haiti	18
Jamaica	315
Leeward and Westward Islands	67
Trinidad	306
Total	777
Total foreign students	1,715

1969 PAY SUPPLEMENTAL

Mr. SHRIVER. On the first page of your statement you mention a supplemental of $401,000. What is that?

Dr. NABRIT. That is the completion of the nonteaching pay raise for 1969 which this committee began and this recognizes it as a continuance.

1970 STAFFING INCREASES

Mr. SHRIVER. Would you break down the items on page 2 of your statement showing the requests for new teaching positions and education supplies, for the record?

Dr. NABRIT. We will be happy to.

Mr. SHRIVER. How much for salaries and how much is something else?

Dr. NABRIT. Yes.

(The information follows:)

TEACHING POSITIONS, SUPPORTING PERSONNEL, AND OTHER EXPENSE INCLUDED IN 1970 REQUEST FOR INCREASE

	Number of positions	Rate	Amount
Teaching positions:			
Professor:			
Graduate school (distinguished	4	$30,000	$120,00
Home economics	1	17,000	17,000
Architecture	1	17,500	17,500
Law	1	25,000	25,000
Associate professor:			
Home economics	1	14,000	14,000
Nursing	1	13,500	13,500
Law	2	20,000	40,000
Assistant professor:			
Nursing	2	10,200	20,400
Medical technology	2	13,000	26,000
Instructor:			
Business	1	9,000	9,000
Nursing	1	8,400	8,400
Total, teaching positions	17		310,800
Supporting personnel:			
Stenographer, GS-7	1	6,981	6,981
Stenographer-clerk, GS-6	13	6,321	80,289
Aid to disadvantaged youth	16	2,500	40,000
Director, Planning and Development	1	30,000	30,000
Administrative secretary, GS-9	1	8,462	8,462
Secretary, GS-8	1	7,699	7,699
Total, supporting personnel	31		173,431
Salary increases for instructional staff			885,000
Personnel benefits, supplies, and equipment			415,769
Fellowships, graduate school			52,000
Total			1,837,000
For existing activities			1,128,000
For extension and improvement of existing program			709,000
Total			1,837,000

NEED FOR FACILITIES

Mr. SHRIVER. On page 4, relative to construction, you had quite a little discussion earlier about the large item for the hospital. It might be well to again put into the record something of the need for that building and these other buildings too.

(The requested information follows:)

STATEMENT OF NEED FOR FACILITIES REQUESTED IN 1970 BUDGET ESTIMATE

University hospital: The need for a new hospital was established in 1955 by the recommendations of the Freedmen's Hospital Study Commission, appointed by the then Secretary of the Department of Health, Education, and Welfare.

Among conclusions reached by the Commission, the following appears: "Because of the national shortage of medical, nursing, and allied professionl personnel in general, and of Negro medical, nursing, and allied personnel in particular, and because Howard University cannot perform its teaching function

in meeting these needs without a hospital there is a continuing and future need for a hospital, the primary purpose of which is to serve as a teaching facility." By act of Congress in 1961, legal basis was established for the transfer of the ownership of Freedman's Hospital to Howard University and for the construction of a teaching hospital of 500 beds.

Science library: Library materials for the various science departments are now housed in six buildings: materials in mathematics, botany, zoology, and some in physics are in Founders Library; other materials are in the chemistry, pharmacy, physics, engineering and architecture, and dental buildings. All of these libraries need additional space for books and most of them in varying degrees need more space for readers and for workers. The medical-dental library, for example, seats 135 readers but there should be 200 or more seats provided in order to meet the requirements of accrediting associations. To make matters worse, the medical-dental librarian is planning to remove 14 seats in order to provide work space for staff. It would be noted that all libraries had smaller staffs when present facilities were constructed; the staff of the medical-dental library is now four or five times larger than it was when the dental building was planned.

Classroom building No. 4: The Centennial Commission report recommended that the college of liberal arts be reduced in size, and that certain instructional departments be elevated to the status of separate divisions or schools. The two now proposed for such elevation are the department of business and the department of architecture. The current enrollment for these two departments is 500 for business and 234 for architecture. With the provision of space for these two elevated schools, it would be possible for the college of liberal arts and school of engineering to relieve some of the crowded classroom and laboratory conditions.

Carver Hall renovations: Carver Hall is a residence designed and built in 1942 for male wartime employees of the Federal Government. In 1948 the Government transferred the facility to Howard University for operation and the housing of its students. The building which can accommodate 200 students has effectively served the needs of Howard University in accommodating its male enrollment during a period of unprecedented enrollment growth.

With 26 years of continuous use the building is suffering from substantial deterioration, and therefore the need for large-scale repairs, renovations, and replacements. Recently the heating plant and hot water pipes throughout the building had to be replaced. Now the plaster is so deteriorated in certain areas that it is difficult to make repairs, or to paint. Similarly the plumbing installations of 26 years ago were made with wartime materials. Bowl and bathroom fixtures were of the cast iron materials. These fixtures now have rusted to the point that white enamel bowls need to be replaced entirely because of rust corrosion. The electrical system also needs to be overhauled, so that heavier loads may be accommodated without the danger of fire.

It has been determined that it will take the better part of a school year to accomplish this renovation job. This means that male students will have to be accommodated elsewhere, or locate rooms in the city.

Mr. SHRIVER. With reference to the residential hall, Carver Hall, and the complete renovation if it, how many people live their now and what will happen to them when you completely take away their housing?

Dr. NABRIT. We have 200 students in this building. We can do most of this work in the areas where their rooms are unused during the summer months, and those that we cannot do would not interfere with their continuation in the building. This is the way we have done all of our residences. We take some that are not in use during the summer, for example, and we do them.

UNIVERSITY CENTER

Mr. SHRIVER. In the justifications I noticed the term "university center", which has an increase of $3 million, plus, obligational authority. What is the university center?

Dr. NABRIT. That is one of the names we use. Other schools call them student center or student-faculty center. This is exactly that. Our personnel people call it the university center. But it is the building that houses all of the offices activities and services for students and it has an area for student organization offices, student meeting rooms, student dining room, snack bar, faculty dining room, and student recreational areas.

OFFICE OF UNIVERSITY PLANNING AND DEVELOPMENT

Mr. SHRIVER. I notice that you are organizing an office for university planning and development.

Dr. NABRIT. Yes.

Mr. SHRIVER. Why now, or is this something new?

Dr. NABRIT. It has grown on me more and more every year that we need an organized view of the future of the university, not one that hits you as a sudden inspiration. It ought to be orderly and it ought to be seen so that persons can look at it in advance and get the information they need and understand the perspective they are dealing with.

I think this is the way business does and I think this is a good way for a university.

EMPLOYMENT OF DISADVANTAGED YOUTH

Mr. SHRIVER. You have an item, "Aid to disadvantaged youth, $40,000."

Dr. NABRIT. That is what Dr. Burbridge was talking about.

Mr. SHRIVER. I think he was talking about a different item, the one in the hospital.

Dr. NABRIT. We use the same type of activity, that is we use a number of these students in positions during the summer where they can do things under direction and this gives us also an opportunity to give the vacation leave which accrues to many people and yet these students do some things we would have to hire somebody to do, and at the same time it is a part of the commitment of the institutions in higher learning to try to do something for youth during this period. This is a part of it.

Mr. SHRIVER. You also participate in work study programs?

Dr. NABRIT. Yes.

Mr. SHRIVER. That other schools have?

Dr. NABRIT. Right.

Mr. SHRIVER. And student aid programs of various kinds?

Dr. NABRIT. Yes. Could I tell you just a minute about one thing we are doing which we are not talking about here.

I want you to know we have a program under the juvenile court where we have a hundred boys who either because their parents are in difficulty or they have been in difficulty or they are without parents and they are in the custody and detention of the juvenile court whom we are working with.

The juvenile authorities transfer 100 boys out to Howard 2 nights a week. We then, with the students at Howard and the aid of some of

our faculty, give them training which they have not gotten in schools or were not supposed to have gotten in the schools. And then we give them the advantage of the facilities we have at the university.

This has been going on for a year without any cost except the cost of the operation of the facilities because the people have done this voluntarily at the university. To me this is a solid achievement which is service rendered by the university under this program.

Mr. SHRIVER. It is a continuing program?

Dr. NABRIT. Yes, as long as it is mutually agreeable.

MEDICAL SCHOOL SALARIES

Mr. SHRIVER. On page 113 of the justifications, you say with respect to medical salaries, there is a wide gap between what is being presently paid and what is considered to be acceptable by the Association of American Medical Colleges. The biggest discrepancy exists in the clinical field and specialties such as pathology and radiology.

Will the amounts of increase you have asked for take care of that discrepancy?

Dr. NABRIT. No, it will not take care of it. This will move us though in a much more competitive position than we are now. We are down in the bottom part of the medical schools in the United States now in this respect. So this would not take care of it but would make it so much better for us.

Mr. SHRIVER. Do you think you have asked for enough to close the gap?

Dr. NABRIT. I do not want to answer something you did not ask, but I hope you asked.

I asked for enough additional money, but I did not get a chance to get over here with it. I am answering your question now.

Mr. FLOOD. Somebody threw a block?

Dr. NABRIT. That is right.

PER DIEM COSTS OF FREEDOM'S HOSPITAL

Mr. SHRIVER. Do you have a breakdown, Doctor, of the per patient hospital cost and how much of it is for various items of expense?

Dr. BURBRIDGE. We can provide it for the record.

Mr. SHRIVER. I would be interested in seeing that.

(The information follows:)

Per Diem Costs by Major Hospital Department, Fiscal Year 1969

Department:	*Per diem cost*
1. Administration	$5.71
2. Admissions	.66
3. Dietary	4.62
4. Laundry	1.62
5. Housekeeping	2.25
6. Heat, light and power	.65
7. Maintenance and repairs	2.83
8. Motor service	.34
9. Medical and surgical services:	
a. Salaries of physicians and surgeons (house staff)	3.26
b. Supplies and miscellaneous	2.31
c. Anesthesia service	.90

Per Diem Costs by Major Hospital Department, Fiscal Year 1969—Continued

	Per diem Cost
10. Nursing:	
a. Nursing service	21.96
b. Nursing education	.56
11. Medical records and library	1.28
12. Social service	.82
13. X-ray	2.40
14. Laboratory	2.22
15. Pharmacy	2.84
16. Physical therapy	.71
Subtotal	57.94
Depreciation allowance	1.02
Grand total	58.96

OCCUPATION OF BUILDINGS BY STUDENTS

Mr. SMITH. Which buildings have you had occupied out there?

Dr. NABRIT. The administration building, and the new classroom building for the College of Liberal Arts.

Mr. FLOOD. You mean in connection with student unrest?

Mr. SMITH. Yes.

Dr. NABRIT. Those are the two buildings, and the law school. Those are the three. But all three of those were——

Mr. SMITH. Were they on three separate occasions?

Dr. NABRIT. Yes, three separate occasions.

Oh, the Fine Arts Building too.

Mr. SMITH. In the case of the Law School, how many students were involved? When I say involved, I mean that actually participated in taking over the building.

Dr. NABRIT. In the case of each of these schools, I would say with the exception of the administration building, there were less than a hundred students. But in the case of the administration building they must have had a thousand students in there.

Mr. SMITH. In the case of these three buildings that are used by other students for classes, were the same students involved in each of the three occasions or were they different groups of students?

Dr. NABRIT. They are very clever about that. They have substitutes who appear at each one of these places. You will not find the same ones. They are shrewder than that.

ACTION TAKEN AGAINST STUDENTS PARTICIPATING IN DISORDERS

Mr. SMITH. What action has been taken against the students who actually engaged in taking over a building and preventing other students from pursuing their studies?

Dr. NABRIT. All the action we have taken is to get these students removed by the use of injunction, and then we have had, as you will see from these statements, a series of regular meetings between the students in that school and the faculty on the grievances.

I suppose now we have dealt with most of them. Some we just turned down.

Mr. SMITH. That is the grievance, but I am talking about the students.

Dr. NABRIT. What I am saying is that we have not done anything other than what I am saying to you.

The first year we put out a large group of students and they took us to the court. We did not hire some teachers back, they took us to the court. We won the cases in the lower court, Federal District Court for the District of Columbia, but on appeal the Court of Appeals for the District of Columbia ruled that we had to take these students back and give them due process.

At the time we were trying to deal with this matter, the students were creating so much trouble you could not hold a hearing. We tried to make that point to the court, but the court turned us down.

So I then said to the students, you can return to school in September and as far as I am concerned you will start out on a new program just as any other student. Having gotten this kind of thing from the court I did not see any use of going back over it.

As far as the teachers were concerned, of course, they thought we ought to take them back, but they would not make a decision to that effect, and they are holding the case even until now. But we do not plan to take them back. But, as I said, the courts may not always be with you when you try to take these steps.

My exact answer to you is that thus far in these incidents to which I have referred, we have taken no punitive action because we have felt that the way in which we have done it, we have resolved our problem and got the people working on it and we saw no purpose in pursuing that.

Mr. SMITH. In other words, am I correct in assuming that with regard to these particular students that occupied buildings and took overt action to prevent other students from pursuing their studies, had it not been for this court decision you would have taken action to suspend or dismiss them?

Dr. NABRIT. Not only that, Mr. Smith, but as you will see from my statement of April 1967, we would have called the District police. This is the ultimate thing that you do. But I just was very reluctant to do it.

I was the first president to introduce the use of injunction in this type of situation and I did not for the simple reason I am a lawyer and I believe in the law, and I felt we could use that without some of the dire consequences that would follow the other police arrest procedure.

RESTRICTION ON USE OF FEDERAL FUNDS FOR STUDENTS INVOLVED IN DISORDERS

Mr. SMITH. Fortunately, under our form of government where there is a wrong, one can find a remedy, and I can think of a remedy by which we could affect the problem pretty fast. We could provide that none of the funds, in this bill will be used in any way for the education of any student that engages in one of these illegal activities of taking over the building and preventing other students from pursuing their studies.

Dr. NABRIT. I would say obviously that is a fact, you can do that, but I would hope you would not do that, not only for Howard but for other institutions.

Mr. SMITH. Do you think we ought to just leave the problem rest

and let a court of appeals decision be used for an excuse why students can take over buildings and get away with this kind of activity?

Dr. NABRIT. No, because you can always have the hearing. I believe it ought to have the hearing.

Mr. SMITH. You can have a hearing, but if somebody prevents other students from pursuing their studies they are not at the university for the right purpose.

Dr. NABRIT. I agree with that.

The only point I am making is that I would hope that the American people would still give to the universities some leeway in resolving these things because I think it would be better for higher education if that is done.

If they do not do it, as I stated at the beginning of my statement, this country is not going to stand for it. And Howard is just one of the little ones in this whole complex, but the American people are not going to stand for it.

The only thing I am hoping is that the university will not lose this power to outside groups, either the Congress or the state legislatures or other groups.

Mr. SMITH. I am concerned about the 10,500 that are not involved out of your 11,000 students. They have rights, do they not?

Dr. NABRIT. In my judgment, Mr. Smith, they do, but in my judgment what has been done has not disrupted the program of the university to that extent to which it would operate as a real detriment to the majority of students.

Mr. SMITH. The fact they were able to do it and have no action taken against them just encourages other students to do the same thing again, does it not?

Dr. NABRIT. No. I was talking about Howard, but I guess other schools find the same thing. All of our faculties do not see the same way on anything. Some of the faculty sees eye to eye with nobody. I will put it that way.

So I have had the job of trying to focus the attention of the faculty on these things and try to make the faculty take charge—you see, the faculty has this responsibility. As I said to you in the beginning, I think we are making some headway on this and coming to grips with it. It has not been easy, because you have the students on one side and the faculty on the other, and each one of them divided up in a lot of groups, and even the administrative officers do not always agree.

So we have had to try to work this out in this kind of situation along with the Government and alumni, and everybody having an interest.

It is my considered judgment that the best interest of Howard University and of the Government have been served by the way in which this has been done. This is my considered judgment. It is easy to call in police and prosecute and expel students. It takes guts and dedication to the best interest of our society to not rush pellmell into these steps.

Secondly, if we do not require the kind of act to which you refer, I believe that would be to the best interests of all concerned. If this thing gets worse, that kind of action is going to be taken.

Mr. CARDWELL. Would you permit me to interject?

Mr. SMITH. Yes.

Mr. CARDWELL. I am not certain that that kind of action, that particular piece of language, would be as effective as might appear on the surface. There is a good chance, it seems to me, that the courts would still hold, as they have held thus far, that the individual student who is accused of having violated the rights of other students is entitled to the right of due process within the administration of the university, and that the university still has to take him back.

What you have done then is deprive the university of a part of their funds and they would still have to take the student back. I think in the final analysis you are still working against the students you are trying to protect. You have reduced the amount of Federal support, but the university still has to take the students back.

I think you have here a confusion of a philosophical issue with the legal issue. The philosophical issue is, does the administration want to take some action that would meet the test of due process as viewed by the courts; or does it not, does it want to take some other course in dealing with these students?

It seems to me that the issue and the language you talk about really would work against your end objective.

Mr. SMITH. I do not see how that could be because we are involved with limiting aid to a particular student and there is no way to compel the university to give Federal aid to that particular student.

Mr. CARDWELL. But you still have to spend other money.

Dr. NABRIT. When you say this, I guess it is understood we were talking about the amount of money which the university receives from the Government.

There is also the amount of money which other universities receive from the Government. This morning's paper said that Harvard, which is our most influential and affluent university, gets $64 million from the Government. Would this apply to that? That is the question.

Mr. SMITH. To the extent it can be reached, I think these kind of amendments are going to be applied to certain students at all of the universities, but they cannot apply quite as much as they do to Howard because you are directly financed and under the responsibility of the Secretary of HEW.

Dr. NABRIT. I would hope you would not do that at this stage. I would hope that the committee would not support it.

Mr. CASEY. Will the gentleman yield?

Mr. SMITH. Yes.

Mr. CASEY. How about the senior student McGhee? Is he receiving any aid as an individual student?

Dr. NABRIT. I did not understand you.

Mr. CASEY. Is the senior leading this latest episode receiving any aid to go to school as an individual student?

Dr. NABRIT. I do not know, but we could find out.

(The information follows:)

Robert McGhee receives no aid from university during current year.

Mr. CASEY. That is what Mr. Smith is talking about.

If he is going to school on any work program or whatever it may be, or if he is getting any support stipend, in other words, I do not think the American public wants to pay him to go there and disrupt the university.

Mr. CARDWELL. I did not understand that is what you were talking about.

Dr. NABRIT. I did not understand that was what you were saying.

Mr. SMITH. I think some want to go further than that.

Mr. CARDWELL. Let me clarify the point I was trying to make because I think it is important.

Here is a university that receives a large part of its total resources from a Federal grant, and you could limit through appropriation language the extent to which that particular Federal grant might go to finance the costs of educating the student at issue, but you could not restrict the application of other funds that are available to the university. And if the courts ruled that the university had to take the student back as a student, what is really happening is the university is financing him out of its other funds.

But what you have done then is reduce the aggregate available to the university. I do not know how you can apply it literally to the students at issue.

Mr. SMITH. I do not see how the courts can rule the university has to educate anybody. I want to read such a decision.

Mr. CARDWELL. They have ruled until they have received due process within the administration you have to take them back. That does not mean you could not take punitive action against them.

Dr. NABRIT. No, I think you can.

Mr. SMITH. You have not tried to take any, have you?

Dr. NABRIT. For the reason I said. I was trying to bring to a nonharmonious situation harmony and to remove these more abrasive things I could see myself were causing some of the difficulty so we would then be left dealing with those demands which the university would not consider, and then this is where we would take our stand. But it was very difficult for me to do this when half of the things in there were things which in my own judgment I thought the faculty or the university should change.

PROPOSED RESTRICTIONS ON FEDERAL AID TO UNIVERSITIES

Mr. SMITH. As a matter of fact, what is now underway in Congress, and I am not involved in it and have opposed it but I think it may pass, to deny any university any Federal funds if they do not take certain kinds of action.

Dr. NABRIT. If they are going to do that, that is a different thing.

In my view, that would be different. The reason I say that is this: I would hate for the Government to pass that law only with respect to Howard since we are primarily a Negro university in population. I would hate for them to do that. But if it were——

Mr. SMITH. Of course, relating to students it applies to all universities, but Congress could not apply it to other universities as to most of their money when they do not receive nearly as great a proportion of their funds in an outright Federal grant.

Dr. NABRIT. But the point I am making is that great universities in this country, the major white universities get more money from the Federal Government, I do not care whether they are State universities or what they are, than our total appropriation. This is what I am saying.

Any of the great universities.

Mr. CARDWELL. What would happen, even if you apply it universally, really you would put higher education out of business almost overnight. If you cut off all Federal funds to Harvard and Howard both at the same time, I think they would both go bust.

Dr. NABRIT. We would go bust. Harvard might be able to make it, we would not.

Mr. SMITH. The difference between you and other universities in the affect of the provisions some Members of Congress are promoting has nothing to do with the race of the majority of the students at all. The law itself for a hundred years has provided that the HEW Secretary has the ultimate control of finances at your university and so it could be applied more directly.

Dr. NABRIT. On this question about the Government itself taking action similar to your language, even though this may be the sense in the Congress and even though Congress may pass it, I would hope they would not pass it, not for Howard but in higher education.

Maybe the universities are bringing it on themselves now. I am not arguing that. I am merely saying to you, I do not think this is the way.

DISCIPLINARY ACTION AGAINST STUDENTS

Mr. SMITH. While I have opposed cutting off whole universities rather than just certain guilty students, I really believe honestly that your failure to take any disciplinary action against these students that use violence or occupy buildings is increasing the probability of laws passing which go too far. The President of the United States himself says the university officials have to have backbone, that is the term he used, and what you are failing to do is being interpreted as not having backbone when you do not take any disciplinary action against these students.

Dr. NABRIT. I am hoping this committee can see that is not the case. It is much easier to take that kind of action than it is not to. All you have to do is just turn these people loose and then take all the action that you are talking about. You can do this.

But for a small school like ours, this would be something which would be very difficult for us to overcome. Harvard can overcome it.

Mr. SMITH. Even with due process in doing so, you could have taken some action, could you not?

Dr. NABRIT. But the point is everybody—and I do not mean Congress, I am talking about the country—everybody who looks at the university problem they play up Howard more than they play up San Francisco State. We have not had anything like this, but Howard is something that the press loves, and the radio people.

Mr. SMITH. I had not noticed that.

Dr. NABRIT. When you look at it, Mr. Smith, you have gotten in your mind what these people say that Howard University has just been in turmoil and violence. We are not, we have not had it. This is what I mean.

So if Congress would act on that, they would be acting on facts that do not exist. We have had disturbances, do not misunderstand.

Mr. SMITH. I am talking about the use of force to take over a building or trespass to keep other students from using it. I do not care how much they peacefully demonstrate, how many placards they have, but

when they take overt action to keep others from pursuing their education, they are denying civil rights of other people and I don't believe it should be tolerated.

Dr. NABRIT. Would you not give the university some opportunity to decide at the stage at which this should be done?

Mr. SMITH. I interpreted what you had said to indicate you are never going to do anything because there is some appeals court decision.

Dr. NABRIT. No, no. That is not my position.

You see, these are three or four different things. I was saying in my judgment I did not pursue those students that I had been in court with the whole summer because I just did not think there was any use to go through all of this again. I let the students come in. This was a different conclusion.

All of the other cases which we have had we have not been taken into court, we have gone into court to get injunctions to remove the students from the building. We have not had any building destroyed, we have not had any damage done to the buildings, we have had no violence on the campus.

So in my judgment, to interpret what the communications media say as requiring Congress to do something to Howard is unthinkable.

Mr. SMITH. I am not interpreting communications media. Let's get specific about it.

I am talking about your failure to have, with due process, taken some kind of disciplinary action that would lead to suspension or dismissal of those students who forcibly took over buildings and prevented other students from pursuing their education, encouraging others to commit similar acts.

Dr. NABRIT. When you put that last part on there, you see I cannot answer it. If they prevent them from getting an education, I would have to agree with you. But in——

Mr. SMITH. They kept the others out, did they not?

Dr. NABRIT. They kept them out 1 day.

Mr. SMITH. Even if only 5 minutes.

Dr. NABRIT. My point is this is a judgment which I do not think that any group should deprive the university of an opportunity to take. Why should we not be permitted to decide for ourselves as other universities do?

Mr. SMITH. Do you intend to do anything about this even with due process?

Dr. NABRIT. I do. When the circumstances in our judgment require it, we will do it. I did not get an injunction when the students came up and sat in my office. I did not because I do not think the situation warranted it. But when they got in the administration building, then I got the injunction.

In other words, every violation of a regulation in the university is not prosecuted. But this is sine qua non; without anything else this must occur. I would hope it would not be worded that way. That is what I am saying.

RESIGNATION OF LAW SCHOOL DEAN

Mr. SMITH. What was involved in the problem with the law school dean?

Dr. NABRIT. The law school dean resigned to go to Rutgers; on my recommendation the board appointed a former ambassador, Pat Harris, who is professor in the law school, to dean. She got in there just as the students were having these difficulties with one of the programs in the law school, and she had been a favorite of the students, but when she undertook to carry out her responsibilties as dean, the students turned on her and without thinking about it, she said that she was not invited to two administrative meetings where decisions were made and therefore she could not function.

As a matter of fact, she was in one of the meetings and talked and got the vice president of the university to excuse her because she had something else to do.

Mr. SMITH. Was this a difference of opinion over what action should be taken against the students?

Dr. NABRIT. No, no differences of opinion, because the action that was being taken was the action she was recommending. And she tendered her resignation. I immediately accepted it.

Then about the next day she said maybe she acted too precipitously, but I had appointed somebody to act because the law school could not operate in this sort of situation without a dean. And she is still teaching on the law faculty.

I never made any statement with respect to her statement because I did not see any use. I am making it to the committee for the committee's benefit. She is a very able woman in my opinion, a good law teacher.

EXPANSION OF MEDICAL SCHOOL

Mr. SMITH. Last year I asked you about the possibility of increasing the number of students in the medical school and you indicated you did not think that by 1975 it could be increased more than 10 percent. Do you stand by that now?

Dr. NABRIT. Let's put it this way, Mr. Smith: Without strong support from the Government, I would not stand by that. We can do things in this country that just would amaze people so I would say with strong enough efforts we could double the incoming class.

Mr. SMITH. I interpreted what you said last year to indicate you did not think you could get the professors.

Dr. NABRIT. I understand now, I am talking about the increase of 100 over this period of time. If I were assured this is what we were going to do, then I would present a program for the additions to the staff which would be needed as this first class reached the school, as the second class reached, as the third and the fourth, you see.

So it would be available. This is why I say if you really wanted to do it, this is the way you would do it and you would also find that you might have space problems for the first and second years. These also could be prepared.

I believe if that is what the Government wants done, medical schools in general and Howard in particular could do it.

Mr. SMITH. We could do it more so with Howard than with others due to the unique situation with regard to financing.

Dr. NABRIT. If I could get this medical school up to where it should be, then I would be ready to take off on the other. This is what concerns me. It is very difficult.

Mr. SMITH. You mean up where it ought to be in quality or quantity?

Dr. NABRIT. In the quantity and quality, and this is a matter of funds. This determines both of those.

Mr. SMITH. So you do not misinterpret it, I have been a strong supporter of Howard, as I think every member of this committee is.

Dr. NABRIT. I know that.

Mr. SMITH. I really think there is a great opportunity there and a great need, and especially with regard to the medical school and the diploma nursing school, and so forth. If enrollment were doubled, there would be positions for all of the graduates. But I just do not have any patience if we are going to be the committee that goes to the Congress each year and tries to get more money and then we find that the students that we are trying to give a chance out there are not permitted to go to class.

Dr. NABRIT. Let us hope you would not form this judgment because this would not actually depict Howard. I would guarantee you that in substance we have come out of this better than any university in the United States, because we have had a more likely place to flare up than any, and I would say this, and it has not been easy. We have had no violence and education has been continuous.

These people sitting back here have worked night and day, every day of the week, because we have other forces, just as you can understand.

COURT DECISION ON EXPULSION OF STUDENTS

Mr. SMITH. There is nothing in this court decision that would have prevented you from filing trespass charges, is there?

Dr. NABRIT. I am making it clear that suit did not stop me from doing these things you and I are talking about. This is a judgment which I have made.

No, I do not. I have given that impression, I do not want that. It does not stop us from getting trespass warrants and having arrests, nothing stops us from calling the District police in and having them take these people from the campus. There is nothing to keep us from filing trespass charges. None of this. Nothing to stop us from expelling students. I am the one who has decided not to do these things.

Mr. SMITH. I had the impression that you felt that you were extremely restricted in what you could do on account of a court of appeals decision.

Dr. NABRIT. I was telling you where I tried to do something without following the law. This is what I did and I was telling you the court stopped me in that.

What I am saying, Mr. Smith, is in my judgment I hope the committee would not look at us in that light. We have, with the help of this committee, come through three very difficult years without losing either our strength, our reputation, or our constituents. And this to me is something which the committee should take pleasure in and say to the Congress the president of the university takes the responsibility for these judgments. If they are bad, then he has made bad judgment.

Mr. SMITH. I think the concern is that perhaps failure to have dismissed, suspended or disciplined leaders who seized buildings encourages others to do the same thing and I fear it will get worse.

Dr. NABRIT. You see, Mr. Smith, if you look at the campus, when I was a student I would agree with you but if I look at all of the cam-

puses in the country, starting from New England and go out to the West, our campus is a very calm place today. Newspapers are not always the best mirrors of Negro people and their problems or of Howard University.

Mr. SMITH. That is all.

Mr. FLOOD. Mrs. Reid?

Mrs. REID. I had intended pursuing the same line of questioning, but I think Mr. Smith has made some good points and I do concur with the remarks you have made, Mr. Smith, and I am glad this is on the record because I have great concern also, as I know other members do, as well as people throughout the country.

UNIVERSITY POLICY ON STUDENT DISORDERS

Dr. Nabrit, I ask you what you would do if you had what you would call a violent situation and I would certainly hope that you would follow through with forceful action in this regard.

Dr. NABRIT. Let me answer the question so you have no question about it because I would want you to have it.

The university will use any law enforcement body or agency available under whatever circumstances necessitates it. In other words, we will get injunctions, we will take out processes for trespass, we would have the police department itself come in if necessary.

We are not going to endanger the lives and property at Howard University and this we say. We do say to the committee that between the time that we do these things, it seems to us is a time when Howard should have a chance to exercise its judgment. And if its judgment is bad, it has not been borne out to the moment. We have taken some of these steps, we have fired people, put people out, we have used injunctive process. Thus far our judgment has been vindicated.

Where is does not and we need something else, we are prepared to go, but we certainly would like for the committee to understand what we are trying to do and would be prepared to give us the opportunity to exercise that kind of judgment because we are on the spot and we know what it is we are doing.

Mrs. REID. In your judgment, the situations you have had heretofore have not warranted any stronger action than has been taken?

Dr. NABRIT. In my judgment, no.

You will find from California to Massachusetts universities would differ on this matter. Some have taken some action, some have taken none. But in each instance the people have to make a judgment.

Looking at Howard University after 3 years, my judgment is we have come out of this as good as any institution in the United States. And I will stand up to anybody on that because we have not torn that institution to pieces, we have not lost the support and respect of people, and we are trying to deal with some—we forget that some of these things that are agitating the students ought to be dealt with by the university.

Sometimes we do not like the way people present things and we forget the things that they presented. These students can be very exasperating and discourteous and all of this sort of thing all over the country.

And some of the demands are impossible. But there are things that are going on in higher education in America which higher education should examine.

What I am telling you is that we are trying to get our Howard University community involved in considering these changes and these improvements in higher education which we ought to make so we can separate these things for action, always remembering that at universities these are people who do not want anything done. This is the kind of milieu that exists in higher education today.

ENROLLMENT AND NUMBER OF GRADUATES

Mrs. REID. I notice in your justifications that since the establishment of the university in 1867, 102 years, 27,565 persons have been graduated from the university, and that last year you had a total enrollment of 13,236 registered. It would seem to me that with the sizable enrollment you have had in recent years, the total number of graduates would be larger. Would you comment on that?

Dr. NABRIT. That is a good question, but we have a reasonable answer to it.

For the first 50 years of the university's existence, the number of graduates was not as large as the number of people in one of the colleges at Howard, because the number of students was small. For 20 years we did not have 75 students in the law school. From the time I came in until 20 years after I had been there, we still did not have 75. Now we have 400.

So what I am saying is that Negroes were not in large numbers going into higher education. It was a very small group that went and Howard was one of the places where it had a larger group, but when I came to Howard, Howard did not have 2,000 students. So this 25,000 is really a product of the last 25 years when the graduates and the number of students have increased. This number reflects the denial of 100 years of equal education to Negroes.

SUPPORT FROM GIFTS AND GRANTS

Mrs. REID. Under your organized research in your justifications you refer to support from the contributions and grants from individuals and organizations outside of the university. Is this support increasing or decreasing?

Dr. NABRIT. It fluctuates, but it has been steadily on the increase. As you get more graduate programs, more Ph. D. programs, you tend to attract more grants and gifts, and as the graduates get a little more money they tend to give you more.

Mrs. REID. What was the total of such support during the past fiscal year? Will you place this in the record?

Dr. NABRIT. Yes, the support under gifts and grants?

Mrs. REID. Yes.

(The information follows:)

Gifts and grants for 1967–68 supporting sponsored research, training and regular programs

Department of Health, Education, and Welfare:	
Office of Education	$38,938
National Institutes of Health	1,479,246
Juvenile delinquency	22,465
Childrens Bureau	347,373
Vocational rehabilitation	33,291
Bureau of State Services	72,889
Total	1,994,202
Department of Agriculture	4,294
Department of Defense:	
Air Force	35,911
Army	48,609
Navy	19,195
Civil Defense	36,022
Total	139.737
Atomic Energy Commission	10,776
National Air Science Foundation	121,791
National Science Foundation	97,797
United Planning Organization	201,391
Office of Economic Opportunity	77,957
Department of Labor	19,799
Peace Corps	7,786
Department of the Interior	72,414
Department of Commerce	223,304
Department of State	5,350
District of Columbia Government	3,192
Reimbursement for overhead in Federal grants	508,371
Total projects supported by Federal funds	3,488,161
Projects supported by non-Federal funds received from other sources	756,839
Total, gifts and grants 1968	4,245,000

FOREIGN STUDENTS

Mrs. Reid. We discussed the foreign students enrolled and I think Mr. Shriver went into that rather thoroughly but I wanted to know whether this group is increasing or decreasing.

Dr. Nabrit. It stands about the same. I would say if anything it has slipped a little because one of the places where we had a rather sizable number was Nigeria, and the trouble there between Nigeria proper and Biafra has affected that. So I would say it about holds its own and may be slipping just a little.

AFRICAN STUDIES

Mrs. Reid. We hear a great deal of discussion today about the demand for courses in African studies and black culture and I see you do have a program in African studies. In view of the wide interest in this, would you submit for the record a list of the courses in your curriculum?

Dr. Nabrit. I would be happy to.

(The information follows:)

LIST OF COURSES IN AFRICAN STUDIES AND AFRO-AMERICAN RELATED SUBJECTS OFFERED AT HOWARD UNIVERSITY, FALL SEMESTER 1968–69

SIMILAR GROUP OF COURSES ARE OFFERED DURING THE SPRING SEMESTER

A. African studies and research program

1. Language courses

Course title.—Moroccan Arabic I, Modern Standard Arabic I, Modern Standard Arabic III, Structure of Maghrebi Arabic I, Shilha I, Tamachek I, Hausa I, Hausa III, Fula I, Malinke I, Yoruba I, Yoruba III, Yoruba V, Ibo I, LiNgala I, Bassa I, Amharic I, Swahili I, Swahili III, Swahili V, Tswana I, Tswana III, African Language Structure III.

2. Literature courses

African Literature in English I, African Literature in French I.

3. Linguistics courses

Berber Structure I, Field Methods, Historical Linguistics of Africa.

4. Area courses

History of Africa: Research Methods I, North African History I, Culture History of West Africa I, The African World, Theory and Methods in African Studies, Cultural Geography of Africa I, Role of Africa in World Economy I, Traditional Art and Psychology, African Music: Tribal and National, African Dance and Drama I, Urbanism in Africa, East African Societies and Cultures, West African Societies and Cultures, Thesis Research I, Thesis Research II, Research Methods in African Studies, African Civilizations I, History of the Sudan I, African Music I.

B. Department of art

Art of Africa and Oceania, Art and Architecture of Africa, Negro in the Theater.

C. Department of architecture (city planning)

City Planning Problems and Analysis, Social Structure of Communities, The Planning Process, Low-Income Housing and Problems.

D. Department of economics

Economic Development in Africa, African Economy.

E. Department of education

Comparative Education: Africa.

F. Department of geography and geology

Politics of Emerging Nations, Africa.

G. Department of government

Comparative Government: French-speaking Africa, The Party Systems and Electoral Problems, Public Opinion and Pressure Groups, Government and Politics of Africa South of the Sahara, The Negro in American Politics.

H. Department of history

Africans and Afro-Americans, Rise and Ancient African Civilizations, Seminar in African History, Race and Race Relations in Brazil, Modern Revolution and Liberation Movements, History of Colonizations in Africa, Colonization of Africa, Colloquia in African Institutions, The Negro in the United States, American Urban.

I. Department of sociology and anthropology

Peoples and cultures of Africa I, Descriptive Linguistics I, The Negro in America, Intergroup Relations, Urban Sociology.

J. Department of business administration

Business, government and the ghetto.

K. Department of English

American prose and poetry of Negro life, literature of the American Negro.

L. Department of German-Russian

Racial and ethnic minorities in Soviet Russia.

M. Department of romance languages

Introduction to Haitian literature.

N. Department of speech

Communication in a free society, black rhetoric in 1950.

O. Department of music

History of jazz, jazz seminar, jazz arranging.

P. Department of religion

History of the Negro church, directed research of Negro church history, religion in Negro literature, nonviolence and social change, urban training I.

Q. Department of social work

Community organization III.

Mrs. REID. Do you feel these courses as now offered are responsive to the demands being expressed?

Dr. NABRIT. In some respects.

Let me say during all of the years I have been at Howard we have had courses of this character in history and sociology, history of the Negro family, and so forth, and over in law school I taught courses in civil rights. I started the course in civil rights and it was part of the constitutional course.

So we have had this and then we set up an African studies program primarily to acquaint people interested in research with some of the African languages and other things. We got the foundations interested and that developed.

Now all of these programs were only available to students under one of two conditions, if they wanted to study Negro history or African culture, they had to be either in the graduate school or a major in history.

The students wanted all students at Howard to have an opportunity for this. So this was done.

The courses are now available both in the graduate school and in the colleges. In my own judgment these courses have not yet sufficiently related themselves to the problems of the Negro in the ghettos in the United States. That is, they are still up in the air as many of our courses are in the university where you are dealing with national principles, things of this order.

But when you are talking about whether it is satisfactory, my answer is, It is satisfactory as to the number and extent, not satisfactory in many instances as far as quality is concerned.

Mrs. REID. How do you feel these programs of African studies compare with those available at other comparable colleges and universities?

Dr. NABRIT. I do not think there is any comparison. We have the best. We have been doing it longer, but some of this we just started the other day when all of this disturbance started. But we are far in advance in many of these areas.

Mrs. REID. Are these new ones because of the demands of the students or was this your decision?

Dr. NABRIT. First of all, they arise out of these demands and secondly, an action on my part because I have met with the faculty so many times on this. It is very difficult to get our faculty to change its views, and that is, you must take European history and American history and Western Europe before you can take anything.

I argued with the faculty you could take any history you want if you are going to study history, but be sure you have certain histories you require everybody to take. The way they were taught would use the methodology the same way as all history courses. That is you do these things first and then we will see whether we will let you in Negro history or African history or any of these other things.

Of course, the answer is all foolishness, but it took me 3 years before the faculty agreed. You see, I could not decide it. They had to decide it. I do not decide this. I try to provide leadership but the faculties of the respective schools and colleges and all the universities decide this.

USE OF VOLUNTEERS

Mrs. REID. Dr. Burbridge, in reference to your personnel shortage, are you able to draw from volunteer help or is this feasible in your situation?

Dr. BURBRIDGE. We have a women's auxiliary which has a membership of about 500 or 600 people living in the community but this is not a stable source of employment.

As a matter of fact, it is no source of employment at all because you have no continuity, you have no dependability and so we have never sought to staff any activity with volunteer help.

When we talk about our ratios of employees to occupied beds, we are talking about full-time employed people getting salaries.

EMPLOYMENT OF DISADVANTAGED YOUTH

Mrs. REID. You discussed at some length your program to hire youths to get them off the streets, and I think this is certainly very commendable. I would say, however, that I agree with the chairman that it is so important that these young people are given jobs to do and are kept busy and supervised because I have seen it happen so frequently where you have a very commendable program and fine goal in mind, but if the young people are not given specific duties and kept busy then I think you are completely undoing what you are trying to accomplish.

Dr. NABRIT. Yes.

Mrs. REID. That is all.

Mr. FLOOD. Thank you, Doctor.

Dr. NABRIT. Thank you Mr. Chairman and members of the committee.

JUSTIFICATION MATERIAL

Salaries and Expenses, Howard University

Amounts Available for Obligation

	1969	1970
Appropriation	$17,830,000	$20,445,000
Proposed transfer from "Community mental health resource support" for pay increases	401,000	-
Advances and reimbursements	4,000	4,000
Reimbursements from non-Federal sources	14,917,376	14,917,376
Total obligations	33,152,376	35,366,376

Obligations by Activity

Page Ref.	1969 Estimate Pos.	1969 Estimate Amount	1970 Estimate Pos.	1970 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
General Administration	211	$3,082,194	216	$3,188,194	+ 5	$ +106,000
Resident instruction & departmental research	1207	17,036,258	1246	18,927,258	+39	+1,891,000
Organized research	-	4,000,000	-	4,000,000	-	-
University libraries	68	1,177,534	72	1,187,534	+ 4	+ 10,000
Operation and maintenance of physical plant	294	2,685,106	301	2,892,106	+ 7	+ 207,000
Auxiliary enterprises	235	2,973,383	235	2,973,383	-	-
Student aid	-	2,197,901	-	2,197,901	-	-
Total obligations	2015	33,152,376	2070	35,366,376	+55	+2,214,000

Obligations by Object

	1969 Estimate	1970 Estimate	Increase or Decrease
Total number of permanent positions	2,015	2,070	+ 55
Full-time equivalent of all other positions	576	576	-
Average number of all employees	2,591	2,646	+ 55
Personnel compensation:			
Permanent positions	$18,243,025	$19,583,025	$+1,340,000
Positions other than permanent	3,674,870	3,674,870	-
Other personnel compensation	171,971	171,971	-
Total personnel compensation	22,089,866	23,429,866	+1,340,000
Personnel benefits	1,510,809	1,664,809	+ 154,000
Benefits for former personnel	123,919	123,919	-
Travel and transportation of persons	214,196	214,196	-
Transportation of things	10,554	10,554	-
Rent, communications and utilities	827,525	827,525	-
Printing and reproduction	165,570	165,570	-
Other services	1,198,740	1,444,740	+ 246,000
Supplies and materials	3,067,950	3,177,950	+ 110,000
Equipment	1,617,386	1,929,386	+ 312,000
Grants, subsidies and contributions	2,325,861	2,377,861	+ 52,000
Total obligations	33,152,376	35,366,376	+2,214,000

Summary of Changes

1969 estimated obligations	$33,152,376
1970 estimated obligations	35,366,376
Net change	2,214,000

Increases:

	Base Positions	Base Amount	Changes from Base Positions	Changes from Base Amount
A. Increased Support for Existing Activities				
1. Salary increases for teaching staff				
a. All instructional divisions except Medicine		$ -		$ 555,000
b. Medicine		-		250,000
c. Personnel benefits		-		80,000
				885,000
2. Medicine - equipment		81,273		50,000
3. Improvement of Instruction in the School of Law				
a. New teaching positions	15	246,407	3	65,000
b. Personnel benefits		23,880		6,000
				71,000
4. Dentistry - equipment		57,896		50,000
5. Engineering				
a. Supporting personnel	14	80,645	1	6,981
b. Educational supplies, equipment and personnel benefits		167,057		65,019
				72,000
Total - Increased Support for Existing Activities			4	1,128,000
B. Support for Extension and Improvement of Existing Programs				
1. Planning and Development				
a. Director		-	1	30,000
b. Supporting personnel		-	2	16,161
c. Supplies, equipment and personnel benefits		-		29,839
				76,000

	Base		Changes from Base	
	Positions	Amount	Positions	Amount
B. Support for Extension and Improvement of Existing Programs (continued)				
2. Improvement of Instruction in the Graduate School				
a. New teaching positions	15	$ 519,798	4	$ 120,000
b. Supporting personnel	7	36,367	2	12,642
c. Educational supplies, equipment and personnel benefits		40,565		33,358
d. Fellowships		-		52,000
				218,000
3. Partial support for the establishment of a School of Business				
a. New teaching positions	14	165,953	1	9,000
b. Supporting personnel	1	5,689	3	18,963
c. Educational supplies, equipment and personnel benefits		7,250		61,037
				89,000
4. Partial support for the establishment of a School of Home Economics				
a. New teaching positions	9	87,689	2	31,000
b. Supporting personnel	3	15,144	2	12,642
c. Educational supplies, equipment and personnel benefits		6,900		11,358
				55,000
5. Partial support for the establishment of a School of Architecture				
a. New teaching positions	17	299,418	1	17,500
b. Supporting personnel	6	28,889	2	12,642
c. Educational supplies, equipment and personnel benefits		8,710		26,858
				57,000
6. Partial support for the establishment of a School of Medical Technology				
a. New teaching positions		-	2	26,000
b. Supporting personnel		-	2	12,642
c. Supplies and personnel benefits		-		11,358
				50,000

	Base		Changes from Base	
	Positions	Amount	Positions	Amount
B. Support for Extension and Improvement of Existing Programs (continued)				
7. Improvement of Instruction in the School of Nursing				
a. New teaching positions		$ -	4	$ 42,300
b. Supporting personnel		-	2	10,758
c. Educational supplies, equipment and personnel benefits		-		70,942
				124,000
8. Aid to Disadvantaged Youth, New positions		-	16	40,000
Total - Support for Extension and Improvement of Existing Programs			46	709,000
C. Strengthening of Supporting Services				
1. Improvement in retirement program for University employees - Supplements to retirement allowances for employees who are scheduled to retire		123,919		25,000
2. Activities in support of instructional program - Data Processing Program, Supplies, expenses and equipment		179,055		150,000
3. Operation and maintenance of physical plant				
a. Strengthening of staff				
New positions	294	1,716,536	5	50,818
Personnel benefits		136,449		5,182
b. Special rehabilitation and renovation projects				146,000
				202,000
Total - Strengthening of Supporting Services			5	377,000
Total change			55	2,214,000

SALARIES AND EXPENSES

Fiscal Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1960	$ 4,617,000	$ 4,617,000	$ 4,617,000	$ 4,617,000
1961	5,490,000	5,490,000	5,490,000	5,490,000
1962	7,007,000	7,007,000	7,007,000	7,007,000
1963	7,935,000	7,935,000	7,935,000	7,935,000
1964	8,819,000	8,819,000	8,819,000	8,819,000
1965	9,843,000	9,843,000	9,843,000	9,843,000
1966	11,198,000	11,198,000	11,198,000	11,198,000
1967	13,534,000	13,534,000	13,534,000	13,534,000
1968	15,534,000	15,534,000	15,534,000	15,534,000
1969	18,330,000	17,830,000	17,830,000	17,830,000
1969 transfer for pay increase	401,000			
1970	20,445,000			

DEPARTMENT OF HEALTH, EDUCATION AND WELFARE
HOWARD UNIVERSITY
SALARIES AND EXPENSES

General Statement

Howard University, located in the District of Columbia, chartered by an Act of Congress, celebrated one hundred years of service to higher education on March 2, 1967. The University consists of ten schools and colleges and offers programs of higher education on the undergraduate, the graduate and the professional levels. Undergraduate students are registered in the college of liberal arts; graduate students seeking the master's and doctor's degrees are registered in the graduate school; professional students are registered in the colleges of medicine, dentistry, pharmacy, fine arts, schools of engineering and architecture, social work, law, and religion. (The school of religion receives no support from Federal funds.)

Enrollment of Students

The University served a total of 13,236 registrants during the year 1967-68 distributed as follows: 9,391 students during the regular two semester session; 2,203 students during the 1967 summer session; and 1,642 registrants for special programs. For the regular two semester term, the 9,391 enrollment for the several divisions was as follows: liberal arts, 5,190; graduate school, 1,231; engineering and architecture, 813; fine arts, 432; social work, 218; medicine, 410; dentistry, 342; pharmacy, 235; law, 417; religion, 53. There were 212 students enrolled in Army ROTC and 515 students in Air Force ROTC.

There were 9,727 degree seeking students from the United States distributed as follows: New England States, 211; Mid-Eastern States, 5,236; Great Lakes States, 608; Plain States, 129; Southern States, 3,116; Southwestern States, 151; Alaska, 1; and Hawaii, 6.

There were 1,755 foreign students enrolled during the second semester 1967-68, constituting 15% of the total enrollment. These foreign students came from 38 countries and 8 island possessions of the British, French and Dutch West Indies.

The Faculty

There were 1,164 teachers serving the University during the school year. There were 568 full-time teachers and 596 part-time teachers. The full-time equivalent of the teaching staff was 704.84. Of this full-time equivalent, 688.57 were teaching at the rank of Instructor or above.

Graduates

During the 1967-68 school year, there were 1,143 graduates from the ten schools and colleges, distributed as follows: liberal arts, 679; engineering and architecture, 69; fine arts, 66; graduate school, 207; social work, 99; medicine, 93; dentistry, 72; dental hygiene, 19; pharmacy, 22; law, 97; religion, 15. From the date of its establishment in 1867, Howard has graduated 27,565 persons.

The professional programs have produced graduates in the following fields: medicine, 3,833; dentistry and dental hygiene, 2,300; law, 2,002; religion, 477; engineering and architecture, 1,527; and social work, 1,033.

Significant Program Developments

Among the significant events which took place during the school year 1967-68 were the following: Exhibition of paintings and prints by Charles Mungolo under the patronage of the Democratic Republic of the Congo; summer workshops in the Materials of Negro Culture sponsored by the National Foundation on the Arts and the Humanities; institution of a work-study program with government and industry for students in the School of Engineering and Architecture; conference on the Medical Genetics of the Negro sponsored by the Department of Pediatrics, College of Medicine; host for the Annual Meeting of the American Physiological Society; expansion of the Continuing Education Program in Dentistry, offering short refresher courses and exposition courses designed for the general practitioner, and a Symposium on the future of Puerto Rico held in the School of Law.

Program Goals for 1970

1. To establish and maintain teaching salaries at Howard University on a level comparable with better universities, and at "A" or above, as set forth by the latest salary report of the American Association of University Professors.

2. To partially eliminate deficiencies in the several instructional divisions that were found by the U. S. Office of Education and accrediting bodies in the course of their regular examinations.

3. To revitalize activity within the university structure which will make it possible to explore new sources of non-Federal support for the university program, and to coordinate the numerous long-range planning projects now being developed.

4. To elevate three instructional departments in the College of Liberal Arts and School of Engineering and Architecture, namely busines, home economics and architecture, to the status of separate schools.

5. To give greater consideration to relating the educational program of the university to problems that affect our cities and metropolitan areas.

6. To maintain non-teaching salaries at levels comparable to those for employees in the Federal Government and in comparable institutions.

7. To maintain student-teacher ratios which will permit effective instruction in the several schools and colleges.

8. To establish interdisciplinary or multidisciplinary research and teaching units such as the current program in African Studies.

9. To keep the physical plant up to the highest efficiency so that teaching and research may flourish in the most favorable environment.

1970 Appropriation Request

Request is respectfully made for an appropriation of $20,445,000 under the title of Salaries and Expenses, as partial support for Howard University in fiscal year 1970. This request represents an increase of $2,214,000 above the appropriation of $17,830,000 and proposed transfer for pay increases of $401,000 in fiscal year 1969.

1. General Administration

	Estimate 1969 Pos.	Amount	Estimate 1970 Pos.	Amount	Increase or Decrease Pos.	Amount
Personnel Compensation and Benefits	211	$2,148,075	216	$2,228,835	+5	$ +80,760
Other expenses		934,119		959,359		+25,240
Total		3,082,194		3,188,194		+106,000

Explanation of Activity

General Administration includes obligations related to executive and administrative offices which serve the University as a whole. It is in this area that educational and management policies are initiated, evaluated and promoted; activities and programs related to these policies are correlated and supervised; and leadership is exercised in the promotion of efficient performance and execution of the educational program.

The activity includes three major sub-activities, namely general administrative offices, student services, and general institutional expense.

Summary of Increases

The following is a summary of increase in obligations for General Administration:

1. Office of Planning and Development		
Director (1)	$30,000	
Supporting personnel (2)	16,161	
Supplies, expenses, personnel benefits and equipment	29,839	$76,000
2. Aid to Disadvantaged Youth		
New positions (2)		5,000
3. Improvement in retirement program for University employees - supplements to retirement allowance for employees scheduled for retirement		25,000
Total Increase, General Administration (5 Positions)		106,000

Justification for Increases

1. Establishment of an Office for University Planning and Development, $76,000 - The University has reached the point in its growth where programs, support, and physical plant planning needs to be a continuing activity under the guidance and supervision of a major administrative officer of vice-presidential status. It is envisioned that this office will be responsible for the preparation and coordination of long-range academic plans and financial plans which will assist the University in meeting its objectives.

At present, each educational division and department develops long-range programs and activities without the benefit of continuing assistance from a coordinator who would have an over-all view of University objectives. Further, these plans and programs must be related to financial resources and support. The director of this office will be responsible for developing support from new sources not already tapped.

The budget of $76,000 will be distributed as follows:

Salaries:		
Director	(1)	$30,000
Supporting Staff	(2)	
GS-9		8,462
GS-8		7,699
Personnel benefits		4,600
Supplies and expenses		5,000
Equipment		20,239
Total		$76,000

2. Aid to Disadvantaged Youth, $5,000 - The total amount requested for this program is $40,000, which is distributed to the activities as follows: administration, including student personnel services, $5,000; instruction, $20,000; libraries, $10,000; and in the physical plant, $5,000. The purpose of this program is to provide employment for students or potential students who need to supply their financial resources through work. It is expected that approximately 16 full-time equivalent positions will be established with average compensation of $2,500. The number of students may be increased with the establishment of part-time jobs.

The students assigned to this program will be given work which has educational value for the individual, and relief for University divisions having problems meeting some of their manpower needs.

3. Supplements to Retirement Allowances for employees Scheduled for Retirement, $25,000 - This request is intended to continue program, started in 1966, of partial support of retirement plans which provide for minimum retirement allowances for those retirees who have served the University for a minimum of 18 years. In addition to allowances from this source, retirees receive annuities from the Teachers Insurance and Annuity Association (TIAA) and/or College Retirement Equities Fund (CREF), and Social Security, in accordance with their contributed accumulations. A total of 33 retirees have benefited from this program.

2. Resident Instruction and Department Research

	Estimate 1969		Estimate 1970		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel Compensation and Benefits	1207	$14,838,824	1246	$16,181,292	+39	$+1,342,468
Other expenses		2,197,434		2,745,966		+ 548,532
Total		17,036,258		18,927,258		+1,891,000

Explanation of Activity

This activity includes all direct obligations related to the operation and administration of educational programs in the ten schools and colleges, the summer sessions, the professional medical services (except nursing) required by Freedmen's Hospital, the research conducted within the several departments, University-wide counselling services, the data processing and computer centers, and the operation of educational and clinical activities in dentistry, child care, and junior music.

Obligations for this activity include (1) salaries for the Academic Vice President, the deans and directors in the several schools and colleges, the teaching staff, and the supporting non-teaching staff, (2) laboratory classroom office supplies, and other related expenses, and (3) equipment.

All ten schools and colleges of the University are fully accredited by the regional or national accrediting agencies which exercise this function.

Summary of Increases

The following is a summary of increase reflected in the Resident Instruction and Departmental Research Activity:

A.	Improvement of Instruction in the Graduate School			
	1. New teaching positions	(4)	$120,000	
	2. Supporting personnel	(2)	12,642	
	3. Fellowships		52,000	
	4. Educational supplies, equipment and personnel benefits		33,358	$218,000
B.	Improvement of Instruction in the School of Law			
	1. New teaching positions	(3)	65,000	
	2. Personnel benefits		6,000	71,000
C.	Improvement of Instruction in the College of Medicine			
	1. Equipment			50,000
D.	Improvement of Instruction in the College of Dentistry			
	1. Equipment			50,000
E.	Improvement of Instruction in the School of Engineering			
	1. Supporting Personnel	(1)	6,981	
	2. Educational supplies, equipment and personnel benefits		65,019	72,000
F.	Improvement of Instruction in the School of Nursing			
	1. New teaching positions	(4)	42,300	
	2. Supporting personnel	(2)	10,758	
	3. Educational supplies, equipment and personnel benefits		70,942	124,000
G.	Partial support for the establishment of a School of Business			
	1. New teaching position	(1)	9,000	
	2. Supporting personnel	(3)	18,963	
	3. Educational supplies, equipment and personnel benefits		61,037	89,000
H.	Partial support for the establishment of a School of Home Economics			
	1. New teaching positions	(2)	31,000	
	2. Supporting personnel	(2)	12,642	
	3. Educational supplies, equipment and personnel benefits		11,358	55,000

I.	Partial support for the establishment of a School of Architecture			
	1. New teaching positions	(1)	$ 17,500	
	2. Supporting personnel	(2)	12,642	
	3. Educational supplies, equipment and personnel benefits		26,858	$ 57,000
J.	Partial support for the establishment of a School of Medical Technology			
	1. New teaching positions	(2)	26,000	
	2. Supporting personnel	(2)	12,642	
	3. Supplies and personnel benefits		11,358	50,000
K.	Aid to Disadvantaged Youth			
	1. New positions	(8)		20,000
L.	Salary Increases for Members of the Teaching Staff			
	1. All instructional divisions except Medicine		555,000	
	2. Medicine		250,000	
	3. Personnel benefits		80,000	885,000
M.	Support of Data Processing and Computer Center			
	1. Supplies, Expenses, Equipment and personnel benefits			150,000
	Total Increase	(39 positions)		$1,891,000

Justification for Increases

A. Graduate School - new teaching positions (4), supporting personnel (2), personnel benefits, supplies and equipment, $218,000 -- It is to be noted that traditionally graduate students have been taught by the instructional staff of the College of Liberal Arts. This request, which is somewhat of a departure from the traditional concept, is intended to strengthen the instructional program of the Graduate School through the employment of mature, distinguished professors, who will add quality to Ph.D graduate programs in history, English and government. The following gives details of request:

New teaching positions -		
Distinguished Professors,	(4) @ $30,000	$120,000
Supporting personnel - GS-6	(2) @ 6,321	12,642
Personnel benefits		13,200
Supplies and materials		15,158
Equipment		5,000
Fellowships	(15)	52,000
Total		$218,000

B. Law - new teaching positions (3) and personnel benefits, $71,000 - This sum is needed to carry out the University's part of Ford Foundation grant agreement for the improvement of the Law School program. This grant for $1,800,000 was spread over a five year period, with the understanding that support ends during fiscal year 1968-69. The request here presented is intended to pick up support for three teaching positions formerly funded under the grant. The following gives detail of request:

New teaching positions -		
Professor	(1)	25,000
Associate Professors	(2)	40,000
Personnel benefits		6,000
Total		$ 71,000

C. College of Medicine -educational equipment, $50,000 - This request for $50,000 is intended to upgrade scientific and teaching equipment now being used. Three major areas will be supported by approximately 80% from the sum requested; namely audio-visual, the academic reinforcement program, and pathology.

D. Dentistry - replacement of dental equipment, $50,000 - The Dean of the College of Dentistry has proposed a program for the replacement of dental equipment in the clinical area. When the present dental building was constructed in 1954, a number of dental units were brought over from the old building. These units along with new units purchased with the building do not provide opportunities to utilize the latest scientific techniques. It is therefore proposed that these dental units be replaced on a programmed basis.

E. Engineering - supporting personnel and other objects, $72,000 -- The purpose of this request is primarily to provide for replacement and upgrading of equipment. A five year program estimated to cost $250,000 has been proposed. This estimate will also provide for needed funds for supplies, travel and other expense, and for one laboratory supporting position. The following gives details of request:

Supporting personnel	(1) GS-7	$ 6,981
Supplies and materials		14,321
Equipment		50,000
Personnel benefits		698
Total		72,000

F. School of Nursing - teaching positions (4), supporting positions (2), and other objects, $124,000 -- The four year degree granting program in nursing is scheduled to accept its first students in 1969-70. Four teachers are needed to cover basic professional subjects. At present a Dean and supporting administrative staff have been authorized, and this staff is at work organizing the program. The request for supporting personnel will provide teachers with necessary assistance. Other objects consist of personnel benefits, supplies, and equipment necessary to get this new program started. The certificate program at Freedmen's Hospital is expected to continue for some time to come, in order to increase the available supply of nurses. The following gives details of request:

New teaching positions -			
Associate professor	(1) @	$13,500	$ 13,500
Assistant professor	(2) @	10,200	20,400
Instructor	(1) @	8,400	8,400
Supporting positions -			
GS-6	(2) @	6,321	10,758
Personnel benefits			5,300
Supplies and materials			12,652
Equipment			53,000
Total			124,000

G. School of Business - new teaching position (1), supporting personnel (3), and other objects, $89,000 -- This request further implements recommendations of the Centennial Commission Report, whereby vocationally oriented programs are separated from the College of Liberal Arts. It is believed that this autonomy will provide impetus for greater growth and service to the profession. It is expected that one teacher will be added for each of the next three years. The supporting personnel (3) will provide assistance in each of the major areas of concentration. Equipment request will furnish offices, and provide new hardware. The following gives details of request:

New teaching positions -			
Instructor	(1)		$ 9,000
Supporting staff - GS-6	(3)	@ $6,321	18,963
Personnel benefits			2,800
Supplies and materials			22,237
Equipment			36,000
Total			89,000

H. School of Home Economics - teaching positions (2), supporting personnel (2), and other objects, $55,000 -- This department in the College of Liberal Arts is also scheduled for upgrading to the status as a school, similar to that of business. The teaching staff will be increased from 11 to 15, and supporting personnel from 2 to 6 over the next two years. Other objects will provide for personnel benefits, supplies and equipment. The new home economics building will continue to serve as the base of operation. The following represent details of request:

New teaching positions			
Professor	(1)		$17,000
Associate professor	(1)		14,000
Supporting personnel			
GS-6	(2)	@ $6,321	12,642
Personnel benefits			4,500
Supplies and materials			3,858
Equipment			3,000
Total			55,000

I. School of Architecture - teaching position (1), supporting personnel (2), and other objects $57,000 -- The Department of Architecture is to become a separate School of Architecture. The creation of a separate division for architecture will permit this program to expedite development of graduate and city planning programs. The present staff of 17 teachers will eventually be increased to 22, with 9 supporting positions. The following represent details of request:

New teaching position -			
Professor	(1)		$17,500
Supporting personnel			
GS-6	(2)	@ $6,321	12,642
Personnel benefits			3,000
Supplies and materials			3,858
Equipment			20,000
Total			57,000

J. School of Medical Technology, $50,000 -- The sum here requested is intended to partially support programs which will provide training in paramedical specialties, such as chemistry, and bacteriology. Because of the scarcity of persons experienced or trained in specialties required to support functions of the professional Medical staff, the College of Medicine and the Hospital have had to undertake limited training programs.

Additional support will make it possible to organize this activity, so that it can function as a unit in the Medical Center. The following represents details of the request:

New teaching position - Assistant professors	(2)	@ $13,000	$26,000
Supporting personnel - GS-6	(2)	@ 6,321	12,642
Personnel benefits			3,900
Supplies and materials			7,458
Total			50,000

K. Aid to Disadvantaged Youth, $20,000 - See the Administrative activity for justification on total program costing $40,000.

L. Salary increases for teaching staff in all schools and colleges, $885,000 - A review of University priorities indicates that the maintenance of salaries comparable to those found in better educational institutions offers the best possibility of recruiting, retaining, and advancing effective teachers. The salary increase estimate of $885,000 for 1970 represents approximately 71% of the $1,242,109 needed to bring all teaching salaries up to the 1968-69 AAUP "A" rating and to maintain these salaries at the "A" rating. This estimate is based on the assumption that salaries will continue to increase at the annual rate of 7%. The estimate of $885,000 will permit average salary increases of approximately 8.5% for teachers in 1970, but will not assure all ranks of an "A" rating under AAUP or, comparability within the scale provided by the Association of American Medical Colleges.

With respect to medical salaries for which a need of $362,420 has been developed within the total of $1,242,109 cited above, there is still a wide gap between what is being presently paid and what is considered to be acceptable by the Association of American Medical Colleges. The biggest discrepancy exists in the clinical fields and in specialties such as pathology, radiology, etc.

As has been the custom and procedure in the past, salary increases will be distributed on a percentage basis to all teaching positions, with supplementary increases for promotions, and for merit. The merit increases will affect approximately one-third of the teaching staff based upon recommendations of the dean concerned. Special attention will be given to salaries in the College of Medicine. The following represents a distribution of sum requested:

Increases for teaching staff in all instructional divisions, except Medicine	$555,000
Increases for Medical Staff	250,000
Personnel benefits	80,000
Total	885,000

M. University data processing programs, equipment, $150,000 - The purpose of this request is to upgrade present equipment for greater use in the educational program, to acquire additional supplies required by the expanded use of equipment, and to purchase packaged programs adaptable to University need. The following represents a distribution of sum requested:

Contract Services - rental of equipment and packaged programs	$100,000
Supplies and materials	25,000
Equipment	25,000
Total	$150,000

3. Organized Research

	Estimate 1969		Estimate 1970		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel Compensation and Benefits	-	2,700,000	-	2,700,000	-	-
Other expenses		1,300,000		1,300,000		-
		4,000,000		4,000,000		-

Explanation of Activity

The obligations included under this heading are supported from contributions and grants from individuals and organizations outside of the University, for research, training, and related activities in the Graduate School, the College of Liberal Arts, the School of Social Work, the College of Medicine, the College of Dentistry, the College of Pharmacy, and the School of Engineering. Each grant received by the University has a separate budget that is recommended by the Dean and approved by the President and the Board of Trustees, to cover obligations for personnel, supplies, expense and equipment.

Obligations are offset in full by gifts and grants received from Government agencies, business organizations, individuals, and foundations.

Summary of Increases

None.

4. University Libraries

	Estimate 1969		Estimate 1970		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel Compensation and Benefits	68	$ 580,202	72	$ 590,202	+4	$ +10,000
Other expenses		597,332		597,332		
Total		1,177,534		1,187,534		+10,000

Explanation of Activity

The General Library serves the needs of all ten schools and colleges of the University. It is now the central library for a University-wide system, with a director who supervises the professional libraries located in medicine, law, religion, engineering, pharmacy, music, chemistry and social work. Obligations for these libraries include salaries of the supervisor, professional, and clerical staffs, additions to the library book and periodical collections, binding costs, and operating supplies and expenses. The estimates include obligations for all the libraries of the University.

The several University libraries report book collections of 575,357 volumes at the close of fiscal year 1968, an increase of 41,735 volumes over 1967. Periodical subscriptions number 4,980 in 1968, an increase of 48 over the previous year.

Summary of Increases

The following is a summary of obligations increase allocated to University libraries:

A. Aid to Disadvantaged Youth
   1. New Positions (4) $10,000

Explanation of Increase

Aid to disadvantaged Youth, $10,000 - See General Administration for full justification of program which totals $10,000.

5. Operation and Maintenance of Physical Plant

	Estimate 1969		Estimate 1970		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel Compensation and Benefits	294	$ 2,041,089	301	$ 2,102,089	+7	$ +61,000
Other expenses		644,017		790,017		146,000
Total		2,685,106		2,892,106		207,000

Explanation of Activity

The activity identified as Operation and Maintenance of the Physical Plant is responsible for the plant through the following major divisions, namely, (1) the Building Service Division, which includes the janitorial and grounds crew; (2) the operation and maintenance division, which includes mechanical service, repairs to buildings, power plant operation, and furniture repair; (3) the Special Services Division, which include telephone, guard, trucking, stores, and clerical services, and (4) miscellaneous activities such as property insurance, special projects, and maintenance of rental property.

This activity supplies heat to the Freedmen's Hospital. It also furnishes operation and maintenance services to endowment properties, extension properties and auxiliary enterprise units on a reimbursable basis. These reimbursements are audited regularly and reported as a reduction of expenses.

Summary of Increases

The following is a summary of obligation increases allocated to the operation and maintenance of physical plant:

The program increases supported by request for increase in appropriation --

A.	Special rehabilitation and renovation projects	$ 146,000
B.	Strengthening of staff - 5 positions	50,818
C.	Personnel benefits	5,182
D.	Aid to Disadvantaged Youth New Positions (2)	5,000
	Total	$ 207,000

Explanation of Increases

A. Special rehabilitation and renovation project, $146,000 - Request is here made that the sum of $146,000 be made available for the following projects:

1. Replacement of two of the three elevators in the Women's dormitory quadrangle at $50,000 each, $100,000 - These elevators have been in continuous service since 1931 when the buildings were constructed. With good maintenance service these elevators have come through 37 years of heavy use without an accident. They have reached the point that normal maintenance will not suffice. Major repairs and replacement must be made for continued use by residents of the building. The request for 1970 will allow replacement of two of the elevators, leaving $50,000 for 1971.

2. Dormitory Furniture replacement, $46,000 - The furniture in six of the dormitories needs to be replaced on a programmed basis, involving four years for a total of $400,000. Three of the dormitories were built in 1931 one in 1938, and two in 1942. Heavy and continuous use has deteriorated this equipment to the point where replacements should be made immediately, particularly for the three oldest buildings. Equipment involved would be beds, study tables, chairs, dresser, reception room furniture, study lamps, clothes closets, etc.

B. Additional Positions (5) in the Crafts, $56,000 - With the acquisition of new buildings for the building program, has come the need for additional positions with skills in electricity, plumbing, and carpentry. Of particular concern is the need for skill in electrical and mechanical engineering fields. The addition of these positions will help to eliminate need for contract service and add strength to areas that gives major concern for the operating and maintenance program. The following represents a distribution of sum requested:

New positions -			
Electrical engineer	(1)	GS-15	$19,780
Electrician	(1)	CPC-10	8,663
Plumber	(1)	CPC-10	8,663
Carpenter	(1)	CPC- 9	7,980
Clerk	(1)	GS- 5	5,732
			$50,818
Personnel benefits			5,182
Total			$56,000

6. Auxiliary Enterprises

	Estimate 1969		Estimate 1970		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel Compensation and Benefits	235	$ 1,292,486	235	$ 1,292,486		-
Other expenses		1,680,897		1,680,897		-
Total		2,973,383		2,973,383		

Explanation of Activity

The Auxiliary Enterprises activities include an estimate of obligations for operation of student residence halls, food services, bookstores, and athletics. The student residence halls consist of ten dormitories -- 6 for women and 4 for men -- with maximum sleeping accommodations for 2,600 students. The University operates four cafeterias -- two on the main campus, and the other two off-campus in the Slowe Hall Residence Building and Meridian Hill Hotel. These four food services provided more than a million meals during 1967-68 to dormitory residents, to local students, and to faculty and to staff. There are also two bookstores -- one to serve medical and dental students with books, supplies, equipment and miscellaneous services, and the second provides books and supplies for students in the other eight schools and colleges. In addition to the bookstore operations, the University maintains control over vending machines, located in the campus buildings. The athletic activities are related to the intercollegiate and intramural program of both men and women. This program is supported by an allocation of student fees and admission charges to games.

While these several activities are designated as auxiliary, they serve the entire educational program of the University, and contribute substantially towards its efficient operation. The University intends that these activities be as financially self supporting and that they render service to the student and University community at prices as close to cost as possible.

Summary of Increases

None.

Explanation of Increases

None.

7. Student Aid

	Estimate 1969		Estimate 1970		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel Compensation and Benefits	-	$ -		$ -	-	-
Other expenses		2,197,901		2,197,901		-
Total		2,197,901		2,197,901		-

Explanation of Activity

The obligations appearing under this activity are related to the student aid program of this University. Included under this program are scholarship, fellowship, grant-in-aid, traineeship and prize awards made to students in the several schools and colleges. Support for this activity is derived from income from the endowment fund, gifts, and grants from individual or organizational contributors, and an allocation from student fees.

Summary of Increases

None.

TABLE I

HOWARD UNIVERSITY

FULL-TIME EQUIVALENT ENROLLMENT BY
SCHOOLS AND COLLEGES FOR FALL AND SPRING SEMESTERS(1)
FOR YEARS 1968 THROUGH 1970

		1968 Actual	1969 Estimate	1970 Estimate
	Undergraduate			
1.	Liberal Arts	4,623	4,854	4,854
	Graduate and Professional Schools			
2.	Graduate	816	857	857
3.	Engineering & Architecture	782	782	782
4.	Fine Arts	411	411	411
5.	Social Work	305	305	305
6.	Medicine	410	410	410
7.	Dentistry	342	357	357
8.	Pharmacy	215	215	215
9.	Law	418	418	418
10.	Religion	53	53	53
	Total	3,752	3,808	3,808
	Total - Full-time Enrollment for 2 Semesters	8,375	8,662	8,662

(1) Exclusive of summer sessions and junior music, and post graduate dentistry.

TABLE II

HOWARD UNIVERSITY

GROSS ENROLLMENT BY SCHOOLS AND COLLEGES*
FOR FALL SEMESTER OF 1968 COMPARED
WITH 1969 THROUGH 1970

		First Semester Gross Enrollment		
		1967-68 Actual	1968-69 Estimate	1969-70 Estimate
	Undergraduate			
1.	Liberal Arts	4,795	5,035	5,035
	Graduate and Professional Schools			
2.	Graduate	1,094	1,149	1,149
3.	Engineering and Architecture	780	780	780
4.	Fine Arts	446	446	446
5.	Social Work	218	218	218
6.	Medicine	410	410	410
7.	Dentistry	342	357	357
8.	Pharmacy	215	215	215
9.	Law	417	417	417
10.	Religion	48	48	48
	Total	3,970	4,040	4,040
	Total - Gross Enrollment	8,765	9,075	9,075

*Exclusive of special programs in religion, music and post graduate dentistry. (48 student registrants)

TABLE III

HOWARD UNIVERSITY

FULL-TIME ENROLLMENT BY SCHOOLS AND COLLEGES*
FOR FIRST SEMESTER OF 1968-1970

		First Semester Full-Time Enrollment		
		1967-68 Actual	1968-69 Estimate	1969-70 Estimate
	Undergraduate			
1.	Liberal Arts	4,784	5,023	5,023
	Graduate and Professional Schools			
2.	Graduate	886	930	930
3.	Engineering and Architecture	833	833	833
4.	Fine Arts	425	425	425
5.	Social Work	334	334	334
6.	Medicine	410	410	410
7.	Dentistry	345	360	360
8.	Pharmacy	218	218	218
9.	Law	417	417	417
10.	Religion	48	48	48
	Total	3,916	3,975	3,975
	Total - Full-time Enrollment	8,700	8,998	8,998

*Exclusive of 48 students registered in special programs in music, religion and dentistry.

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TABLE IV

OBLIGATIONS OF HOWARD UNIVERSITY
FOR 1970 COMPARED WITH 1967, 1968 AND 1969

		1967 Actual	1968 Actual	1969 Estimate	1970 Estimate
1.	General Administration	$2,533,000	$2,892,000	$3,082,000	$3,188,000
2.	Resident Instruction and Departmental Research	12,309,000	14,595,000	17,036,000	18,927,000
3.	Organized Research	3,594,000	3,161,000	4,000,000	4,000,000
4.	University Libraries	985,000	872,000	1,178,000	1,188,000
5.	Operation and Maintenance of Physical Plant	3,072,000	3,211,000	2,685,000	2,892,000
	Total-Educational and General	22,493,000	24,731,000	27,981,000	30,195,000
6.	Auxiliary Enterprises	2,358,000	3,133,000	2,973,000	2,973,000
7.	Student Aid	2,095,000	2,122,000	2,198,000	2,198,000
	Total Obligations	26,946,000	29,986,000	33,152,000	35,366,000

TABLE V

ANALYSIS OF FINANCING IN SUPPORT OF BUDGET ESTIMATES
FOR FISCAL YEARS 1967 THROUGH 1970

	1967 Actual	1968 Actual	1969 Estimate	1970 Estimate
From Non-Federal Sources				
1. Student Fees - Tuition	3,374,000	3,414,000	3,533,000	3,533,000
Incidental & Service	948,000	990,000	979,000	979,000
2. Endowment Income	265,000	271,000	276,000	276,000
3. Gifts and grants	3,990,000	4,245,000	5,532,000	5,532,000
4. Sales & Services of Educational Departments & Activities	194,000	236,000	232,000	232,000
5. Other Income	18,000	34,000	28,000	28,000
6. Auxiliary Enterprises	2,241,000	2,538,000	2,757,000	2,757,000
7. Student Aid	1,566,000	1,524,000	1,580,000	1,580,000
Total - Non-Federal Sources	12,596,000	13,252,000	14,917,000	14,917,000
From Reimbursements				
Freedmen's Hospital	812,000	1,197,000	-	-
Other sources	4,000	4,000	4,000	4,000
Total - Reimbursements	816,000	1,201,000	4,000	4,000
From Government Appropriation	13,534,000	15,534,000	18,231,000	20,445,000
Total - Financing	26,946,000	29,986,000	33,152,000	35,366,000

TABLE VI

HOWARD UNIVERSITY

PERCENTAGE RELATIONSHIP OF 1970 OBLIGATIONS BY ACTIVITY COMPARED U.S. OFFICE OF EDUCATION DATA

	Total Obligations 1970 (In thousands)	Percent of Educational and General	Percent of Total	U. S. Office of Educ. Data for 1963-64 (1)
Educational and General				
1. General Administration	$ 3,188	10.6	9.0	10.5
2. Resident Instruction and Departmental Research	18,927	62.7	53.5	30.2
3. Organized Research	4,000	13.2	11.3	21.4
4. University Libraries	1,188	3.9	3.4	2.6
5. Operation and Maintenance of Physical Plant	2,892	9.6	8.2	7.6
6. Other Educational and General Expenditures	-	-	-	8.3
Total Educational and General	30,195	100.0	85.4	80.6
Auxiliary Enterprises	2,973	-	8.4	15.9
Student Aid	2,198	-	6.2	3.4
Total	$35,366	-	100.0	100.0

(1) U. S. Office of Education
Preliminary Report on Financial
Statistics of Institutions of
Higher Education, Fiscal year 1964

TABLE VII

DETAIL OF CHANGES IN REIMBURSEMENTS

	1968 Actual	1969 Estimate	1970 Estimate
I. Reimbursements from other accounts			
A. Freedmen's Hospital (1)			
1. Number of positions	120	-	-
2. For services of Technicians	1,081,733	-	-
3. For Personnel benefits	50,768	-	-
4. For heat, light and power	64,060	-	-
Total - Freedmen's Hospital	$1,196,561	-	-
B. U. S. Post Office	4,000	4,000	4,000
Total advances and reimbursements from other accounts	$1,200,561	$ 4,000	4,000
II. Reimbursements from Non-Federal Sources	$13,251,616	$14,917,376	$14,917,376

(1) Obligations incurred on a reimbursable basis for Freedmen's Hospital were discontinued as of July 1, 1968.

TABLE VIII

HOWARD UNIVERSITY

Schedule of Comprehensive Tuition Fees*
Effective for Fiscal Year 1968, 1969 and 1970

School or College	Fees for 2 Semesters
Graduate School	400
Social Work	400
Liberal Arts	400
Engineering and Architecture	400
Pharmacy	400
Law	380
Religion	380
Medicine	700
Dentistry	550
Dental Hygiene	400
Fine Arts:	
Music	450
Art and Drama	400

*Comprehensive tuition includes fees previously charged for tuition, athletics, health service, library, laboratory, and graduation.

TABLE IX

SALARIES AND EXPENSES, HOWARD UNIVERSITY

NEW POSITIONS REQUESTED - FISCAL YEAR 1970

Administration	No. of Positions	Grade	Annual Rate	Salary
Director, Planning and Development	1		$30,000	$ 30,000
Supporting Personnel				
Administrative Secretary	1	GS-9	8,462	8,462
Secretary	1	GS-8	7,699	7,699
Aid to Disadvantaged Youth	2		2,500	5,000
	5			51,161
Resident Instruction				
Professor				
Graduate School (Distinguished)	4		30,000	120,000
Home Economics	1		17,000	17,000
Architecture	1		17,500	17,500
Law	1		25,000	25,000
Associate Professor				
Home Economics	1		14,000	14,000
Nursing	1		13,500	13,500
Law	2		20,000	40,000
Assistant Professor				
Nursing	2		10,200	20,400
Medical Technology	2		13,000	26,000
Instructor				
Business	1		9,000	9,000
Nursing	1		8,400	8,400
Supporting Personnel				
Stenographer	1	GS-7	6,981	6,981
Stenographer-Clerk	13	GS-6	6,321	80,289
Aid to Disadvantaged Youth	8		2,500	20,000
Total Resident Instruction	39			418,070
Libraries				
Aid to Disadvantaged Youth	4		2,500	10,000

Physical Plant

Electrical Engineer	1	GS 15	$ 19,780	$ 19,780
Electrician	1	CPC 10	8,663	8,663
Plumber	1	CPC 10	8,663	8,663
Carpenter	1	CPC 9	7,980	7,980
Stenographer-Clerk	1	GS 5	5,732	5,732
Aid to Disadvantaged Youth	2		2,500	5,000
Total Physical Plant	7			55,818
TOTAL	55			$535,049

Construction, Howard University

Amounts available for Obligation

	1969	1970
Appropriation	$ 2,209,000	$22,710,000
Unobligated balance available, start of year	16,002,821	8,211,121
Unobligated balance available, end of year	-8,211,121	-1,031,235
Total obligations	10,000,700	29,889,886

Obligations by Activity

Page Ref.	Project	1969 Estimate	1970 Estimate	Increase or Decrease
	Home Economics Building	$ 384	$ -	$- 384
	Power Plant Facilities	920,000	196,985	- 723,015
	Physical Education Building (men)	2,909	-	- 2,909
	Classroom Building #2	294,489	-	- 294,489
	Women's Dormitory #7	395,700	-	- 395,700
	Warehouse Service Building #1	2,658	-	- 2,658
	Men's Dormitory #4	15,000	3,346,061	+ 3,331,061
	Social Work Building	1,447,326	-	- 1,447,326
	Physical Education Building (Women)	2,520,000	126,954	- 2,393,046
	University Hospital	535,000	22,200,000	+21,665,000
	Site Planning and Development	337,000	19,585	- 317,415
	Site for University Expansion	43,224	-	- 43,224
	Master Development Program Study	11,743	-	- 11,743
	University Center	28,000	3,410,301	+ 3,382,301
	Classroom Building #3	127,361	10,000	- 117,361
	Women's Dormitory #8	2,837,026	50,000	- 2,787,026
	Medical-Dental Library Expansion	24,000	-	- 24,000
	President's House	-	5,000	+ 5,000
	Warehouse Service Building #2	378,880	-	- 378,880
	General Library Expansion	80,000	15,000	- 65,000
	Classroom Building #4	-	150,000	+ 150,000
	Science Library	-	100,000	+ 100,000
	Carver Hall Renovation	-	260,000	+ 260,000
	Total Obligations	10,000,700	29,889,886	+19,889,186

NEW OBLIGATIONAL AUTHORITY BY ACTIVITY

Page Ref.	Project	1969 Estimate	1970 Estimate	Increase or Decrease
	General Library Expansion	$ 100,000	$ -	$- 100,000
	Social Work Building	497,000	-	- 497,000
	Power Plant Facilities	665,000	-	- 665,000
	University Hospital	-	22,200,000	+22,200,000
	Science Library	-	100,000	+ 100,000
	Classroom Building #4	-	150,000	+ 150,000
	Carver Hall Renovation	-	260,000	+ 260,000
	Women's Dormitory #7	947,000	-	- 947,000
	Total, New Obligational Authority	2,209,000	22,710,000	+20,501,000

Obligations by Object

		1969 Estimate	1970 Estimate	Increase or Decrease
25.1	Other Services	$ 1,449,000	$ 1,632,886	$+ 183,886
26.0	Supplies & Materials	41,700	-	- 41,700
31.0	Equipment	450,000	-	- 450,000
32.0	Lands and Structures	8,060,000	28,257,000	+20,197,000
	Total Obligations	10,000,700	29,889,886	+19,889,186

Summary of Changes

1969 estimated obligations	$ 10,000,700
1970 estimated obligations	29,889,886
Net change	$ 19,889,186

Increases:

For Program items:

University Hospital	$ 22,200,000
Science Library	100,000
Classroom Building #4	150,000
Carver Hall Renovation	260,000
Total increases	$ 22,710,000

Decrease:

Building projects financed from prior year balance	- 2,820,814
Total net changes requested	$ 19,889,186

EXPLANATION OF CHANGES

Increases

1. New obligation authority is requested in 1970 Budget Estimates for the following projects:

a. University Hospital	$22,200,000	
b. Science Library	100,000	
c. Classroom Building #4	150,000	
d. Carver Hall Renovation	260,000	
		$22,710,000

2. Increase in obligations from unobligated authority of prior years:

a. Men's Dormitory #4	3,331,061	
b. University Center Building	3,382,301	
c. President's House	5,000	
		6,718,362
		$29,428,362

Decreases

The following decreases in obligations result from non-recurring obligations against authority previously granted:

Home Economics Building	384	
Power Plant Facilities	723,015	
Physical Education Building (men)	2,909	
Classroom Building #2	294,489	
Women's Dormitory #7	395,700	
Warehouse Service Building #1	2,658	
Social Work Building	1,447,326	
Site Planning & Development	317,415	
Site of University Expansion	43,224	
Master Development Program Study	11,743	
Classroom Building #3	117,361	
Women's Dormitory #8	2,787,026	
Physical Education Building (Women)	2,393,046	
University Hospital	535,000	
Medical-Dental Library Expansion	24,000	
General Library Expansion	65,000	
Warehouse Service Building #2	378,880	
		9,539,176
		$19,889,186

Construction

Fiscal Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1959	171,000	123,000	123,000	123,000
1960	21,000	21,000	21,000	21,000
1961	1,658,000	1,658,000	1,658,000	1,658,000
1962	4,958,000	4,958,000	4,958,000	4,908,000
1963	5,617,000	5,617,000	5,617,000	5,617,000
1964	6,245,000	6,245,000	6,245,000	6,245,000
1965	1,810,000	1,810,000	1,810,000	1,810,000
1966	2,920,000	2,920,000	2,920,000	2,920,000
1967	3,342,000	3,342,000	3,342,000	3,342,000
1968	23,111,000	3,926,000	3,926,000	3,926,000
1969	2,209,000	2,209,000	2,209,000	2,209,000
1970	22,710,000			

GENERAL STATEMENT CONCERNING THE BUILDING PROGRAM

The building program at Howard University has largely followed the Master Development Program as prepared in 1951 with the cooperation of General Services Administration under an appropriation of $50,000 authorized by the Congress (public Law 639, 80th Congress, approved June, 1949). This program was based upon a twenty year projection which would make it possible to accommodate an equivalent of 5,200 full-time students in ten schools and colleges, for a regular two-semester school year. The student projection of 5,200 was reached in 1963. The full-time equivalent student enrollment for 1969 is expected to be 8,662. In order to update the Master Development Program, request was made and the Congress authorized two appropriations in 1965 and 1967 totaling $60,000 to study the building needs of the University for the next twenty years. This study is about complete -- needing only approval of the National Capital Planning Commission, and resubmission by architect in final form. In general, the Revised Master Development Program provides educational, administrative, service, and auxiliary facilities for a full-time equivalent of 12,000 students or an increase of 6,800 over the 1951 plan.

The transfer of Freedmen's Hospital to the supervision of Howard University, the acquisition of the old Griffith Stadium site, and the proposed construction of a new 500 bed teaching hospital represents the major development in the building program.

While the proposed program envisions the acquisition of approximately 43 acres of additional land contiguous to the present campus site, careful thought has been given to intensified use of present Freedmen's Hospital site as a means of accommodating buildings contemplated for an increased enrollment.

The following summarizes appropriations and the status of building projects since 1945 ;

STATUS OF BUILDING PROJECTS, SHOWING APPROPRIATED AND REQUESTED OBLIGATIONAL AUTHORITY (1)

	DIRECT APPROPRIATIONS		
Completed Projects	Plans and Specifications	Construction	Total Obligational Authority
1. Master Development	$ 50,000	$ -	$ 50,000
2. Power Plant Survey	21,000	-	21,000
3. Women's Dormitories (2)	39,600	1,750,400	1,790,000
4. Engineering Building	42,480	2,118,860	2,161,340
5. Dental School	42,480	3,257,680	3,300,160
6. Science Hall Alterations	12,760	307,240	320,000
7. Pharmacy Building	55,500	904,500	960,000
8. Biology-Greenhouse Bldg.	101,500	1,770,500	1,872,000
9. Law School Building	107,900	1,302,100	1,410,000
10. Administration Building	90,500	1,534,500	1,625,000
11. Pre-Clinical Medical Bldg.	190,000	4,436,000	4,626,000
12. Men's Dormitory #3	101,800	1,898,200	2,000,000
13. Auditorium-Fine Arts Bldg.	57,015	3,687,985	3,745,000
14. Home Economics Building	70,000	1,105,000	1,175,000
15. Power Plant Facilities Repairs, and Boilers	-	1,292,000	1,292,000
16. Telephone Duct System	-	122,000	122,000
17. Physical Educ. Bldg. - men	203,000	3,270,000(2)	3,473,000
18. Classroom Building #2	105,000	2,225,000	2,330,000
19. Warehouse Service Bldg. #1	52,000	550,000	602,000
	$1,342,535	$31,531,965	$32,874,500
Under Construction in 1969			
1. Women's Dormitory #7	120,000	3,417,000	3,537,000
2. Renovation of Electrical & Steam Distribution Systems	-	1,779,000	1,779,000
3. Social Work Building	56,000	1,434,000	1,490,000
	$ 176,000	$ 6,630,000	$ 6,806,000
In Planning Stage in 1969			
1. Men's Dormitory #4	139,000	3,714,000	3,853,000
2. Master Development Program Study	60,000	-	60,000
3. University Hospital	1,230,000	-	1,230,000
4. Physical Education Building for Women	140,000	2,620,000	2,760,000
5. Site Plans and Development	20,000	419,000	439,000
6. University Center	240,000	3,760,000(2)	4,000,000
7. Classroom Building #3	150,000	-	150,000
8. Women's Dormitory #8	150,000	2,741,000	2,891,000
9. Medical-Dental Library Expansion	24,000	-	24,000
10. General Library Expansion	100,000	-	100,000
11. President's House	5,000	-	5,000
12. Power Plant Facilities-Electrical Distribution	85,000	-	85,000
	$2,343,000	$13,254,000	$15,597,000

	Plans and Specifications	Construction	Total Obligational Authority
Acquisitions and Renovations in Progress			
1. Warehouse service Bldg. #2	$ -	$ 700,000	$ 700,000
2. Site for University Expansion	-	1,725,000	1,725,000
	-	2,425,000	2,425,000
In 1970 Estimates			
1. University Hospital	-	22,200,000	22,200,000
2. Carver Hall Renovation	-	260,000	260,000
3. Science Library	100,000	-	100,000
4. Classroom Building #4	150,000	-	150,000
	250,000	22,460,000	22,710,000
	$4,111,535	$76,300,965	$80,412,500

(1) At June 30, 1969

(2) $677,000 transferred to University Center building project from unobligated balance

Construction, Howard University

Summary of Appropriation Request

Howard University requests an appropriation of $22,710,000 for the following building projects:

	Appropriated To Date	Request For 1970
For Construction		
University Hospital	1,230,000	22,200,000
Carver Hall Renovation	-	260,000
Total - Construction	$1,230,000	$22,460,000
For Plans and Specifications		
Science Library	-	100,000
Classroom Building #4	-	150,000
Total - Planning	-	250,000
Total	$1,230,000	$22,710,000

A justification for each project follows.

No. B 17 - University Hospital

(For Construction of Project)

1. Appropriation Request - Howard University respectfully requests an appropriation of $22,200,000 for the construction of a teaching hospital including built-in equipment.

2. Plans and Specification - The Congress appropriated a total of $1,230,000 for the planning of the University hospital (Public Law 87-332, approved September 30, 1961 and Public Law 88-136, approved October 11, 1963). The preparation of the plans and specifications is under way. They are expected to be completed in the second quarter of the fiscal year 1970. (See status report on page No. 152)

3. Estimated Cost of the Project - The Bureau of the Budget in a letter addressed to the Comptroller of HEW, dated January 13, 1966, set the limitation of cost as of October 1966 at $20,731,000 excluding portable equipment. The Public Buildings Service in a letter addressed to the President of Howard University under date of March 23, 1967, estimated that the project would cost $23,200,000 at the 1969 price level. While considerable slippage in the planning schedule has necessitated an updating of the October 1966 figure, we do not believe we can budget for future price increases at this time. Accordingly, our estimate of $22,200,000, which excludes portable equipment, represents our best judgement of the cost as of September 1968.

4. Need for the New Facility - The need for a new hospital was established in 1955 by the recommendations of the Freedmen's Hospital Study Commission, appointed by the then Secretary of the Department of Health, Education and Welfare.

   Among conclusions reached by the Commission, the following appears: - "Because of the national shortage of medical, nursing, and allied professional personnel in general, and of Negro medical, nursing, and allied personnel in particular, and because Howard University cannot perform its teaching function in meeting these needs without a hospital there is a continuing and future need for a hospital, the primary purpose of which is to serve as a teaching facility." By Act of Congress in 1961, legal basis was established for the transfer of the ownership of Freedmen's Hospital to Howard University and for the construction of a teaching hospital of 500 beds.

5. Description of the New Facility - The new facility is to be a hospital building having a capacity of 500 beds to be erected on the recently acquired Griffith Stadium site, with a direct connection to the College of Medicine Buildings.

   The building is to have a gross area of about 587,625 square feet. It is to be a simple rectangle in plan having six stories above ground and two stories below. The building will provide medical and nursing service space, plus various facilities for teaching. Provision will be made also for welldeveloped out-patient clinics with the required teaching and related service space.

Carver Hall Renovations
(Renovations)

1. Appropriation Request - It is requested that the sum of $260,000 be appropriated for the complete renovation of the Carver Hall Residence Building.

2. Estimated Cost of the Project - The Physical Plant Department has made a cost estimate for the project based upon known renovations required. The following is a summary of items and cost involved:

a. Electrical - renew entire installation of wiring, panels, lighting fixtures, service outlets, emergency outlets, fire alarms, and clocks.	$ 90,000
b. Plumbing - renewal of cold water pipes throughout the building, controls, thermostats, new showers, toilets, etc.	125,000
c. Plastering - renewal of plaster in selected rooms, halls and spaces and paint.	25,000
d. Ventilation - for showers, toilets and halls	20,000
Total	$260,000

3. Need for Renovations - Carver Hall is a residence designed and built in 1942 for male war-time employees of the Federal Government. In 1948 the Government transferred the facility to Howard University for operation and the housing of its students. The building which can accommodate 200 students has effectively served the needs of Howard University in accommodating its male enrollment during a period of unprecedented enrollment growth.

With 26 years of continuous use the building is suffering from substantial deterioration, and therefore the need for large scale repairs, renovations, and replacements. Recently the heating plant and hot water pipes throughout the building had to be replaced. Now the plaster is so deteriorated in certain areas that it is difficult to make repairs, or to paint. Similarly the plumbing installations of 26 years ago were made with war-time materials. Bowl and bathroom fixtures were of the cast iron materials. These fixtures now have rusted to the point that white enamel bowls need to be replaced entirely because of rust corrosion. The electrical system also needs to be overhauled, so that heavier loads may be accommodated without the danger of fire.

It has been determined that it will take the better part of a school year to accomplish this renovation job. This means that male students will have to be accommodated elsewhere, or locate rooms in the city.

30-234 O-69—Pt. 6—62

Science Library
(Plans and Specifications)

1. Appropriation Request - Request is made for an appropriation of $100,000 to permit the development of plans and specifications for a science library building.

2. Estimated Cost of the Project - The Building Program Office estimates that this facility will cost approximately $1,000,000.

3. Need for the New Facility - Library materials for the various science departments are now housed in six buildings: materials in mathematics, botany, zoology, and some in physics are in Founders Library; other materials are in the Chemistry, Pharmacy, Physics, Engineering and Architecture, and Dental buildings. All of these libraries need additional space for books and most of them in varying degrees need more space for readers and for workers. The Medical Dental Library, for example, seats 135 readers but there should be 200 or more seats provided in order to meet the requirements of accrediting associations. To make matters worse, the Medical-Dental Librarian is planning to remove fourteen seats in order to provide work space for staff. It whould be noted that all libraries had smaller staffs when present facilities were constructed; the staff of the Medical-Dental Library is now four or five times larger than it was when the Dental building was planned.

4. Description of Project - A science library located, perhaps, on a part of the Freedmen's Hospital site or as an annex to the Chemistry and Physics Buildings, would be centrally located for all departments and schools concerned except the Department of Mathematics. Such a library would provide for more economic use of personnel and possible reduction in the duplication of materials. At the same time, needed space for the order and catalog departments of Founders Library could be provided. Under our present organization we are probably using more personnel than is actually needed to operate five separate science libraries during the evening and week-end hours and we could probably reduce some of the duplication of materials - - engineering departments duplicate materials now being purchased for mathematics, physics, chemistry, and other sciences; zoology and medicine are duplicating materials; pharmacy is probably duplicating material in chemistry and some branches of medicine, etc.

Classroom Building #4
(Plans and Specifications)

1. Appropriation Request - Request is made for an appropriation of $150,000 for the purpose of preparing plans and specifications for a classroom and laboratory building.

2. Estimated Cost of the Project - The Building Program Office of Howard University has made an estimate of $2,500,000 for the erection and equipping of Classroom Building #4. This estimate is based on current construction costs, and the relationship of proposed structure to a similar building recently constructed on the campus.

3. Need for Additional Classroom and Laboratory Space - The Centennial Commission Report recommended that the College of Liberal Arts be reduced in size, and that certain instructional departments be elevated to the status of separate divisions or schools. The two now proposed for such elevation are the Department of Business and the Department of Architecture. The current enrollment for these two departments is 500 for business and 234 for architecture. With the provision of space for these two elevated schools, it would be possible for the College of Liberal Arts and School of Engineering to relieve some of the crowded classroom and laboratory conditions.

4. Description of Facilities - It is anticipated that Classroom Building #4 will be a typical classroom-laboratory facility, with classrooms, offices, and laboratory space that is suitable for business, architecture or any other type of instructional activity.

HOWARD UNIVERSITY BUILDING PROGRAM

Statement of Appropriations, Obligations, Expenditures and Balances
at June 30, 1968

Projects	Appropriations	Obligations	Expenditures	(T)Transfers & Rescissions	Balances Obligated	Balances Unobligated
Auditorium-Fine Arts building	$ 3,745,000	$ 3,719,062	$ 3,719,062	$ -25,938	$ --	$ --
Science Hall Alteration	320,000	319,937	319,937	- 63	--	--
Law School building	1,410,000	1,384,796	1,384,796	-25,204	--	--
Biology-Greenhouse building	1,872,000	1,872,000	1,872,000	--	--	--
Administration building	1,625,000	1,621,797	1,621,797	- 3,203	--	--
Men's Dormitory #3	2,000,000	1,820,671	1,820,671	-179,329	--	--
Pre-Clinical Medical building	4,626,000	4,624,764	4,624,764	- 1,236	--	--
Pharmacy Building	960,000	959,990	959,990	- 10	--	--
Dental Building	3,300,160	3,299,204	3,299,204	- 956	--	--
Engineering Building	2,161,340	2,161,340	2,161,340	--	--	--
Women's Dormitories Nos. 4 & 5	1,790,000	1,787,474	1,787,474	-2,526	--	--
Master Development Program	110,000	98,258	81,258	--	17,000	11,742
Physical Education building (men)	4,150,000	3,414,338	3,414,338	-677,000(T) -53,000(T) -2,753	--	2,909

Building Program - continued

Projects	Appropriation	Obligations	Expenditures	(T) Transfers & Rescissions	Obligated	Unobligated
Home Economics building	$ 1,175,000	$ 1,174,591	$ 1,170,629	$ - 25	$ 3,962	$ 384
Power Plant Survey	21,000	21,000	21,000	--	--	--
Classroom building #2	2,330,000	2,035,511	2,009,061	--	26,450	294,489
Women's Dormitory #7	2,590,000	3,141,300	2,293,483	+557,000(T)	847,817	5,700
Warehouse Service building #1	602,000	560,341	560,341	- 39,000	--	2,658
Men's Dormitory #4	3,853,000	131,939	24,176	-382,000(T)	107,764	3,339,061
Site Plans & Development	439,000	82,415	82,415	--	--	356,585
University Hospital	1,230,000	438,765	190,610	--	248,155	791,235
Power Plant Facilities	1,699,000	1,300,015	1,213,678	+53,000(T)	86,337	451,985
Telephone Underground Duct System	122,000	48,948	48,948	-73,052	--	--
Power Plant, Boiler Generator	792,000	789,358	789,358	- 2,642	--	--
Social Work building	993,000	42,674	42,674	--	--	950,326
Womens Dormitory #8	2,891,000	3,974	3,974	--	--	2,887,026
Site for University Expansion	1,725,000	1,681,776	1,671,566	--	10,210	43,224
University Center building	3,323,000	161,699	84,158	+677,000(T) -175,000	77,542	3,663,301
Medical-Dental Library Expansion	24,000	--	--	--	--	24,000
Warehouse Service Building #2	700,000	321,121	321,121	--	--	378,879

Building Program - continued

Projects	Appropriations	Obligations	Expenditures	(T) Transfers & Rescissions	Balances Obligated	Balances Unobligated
Classroom building #3	$ 150,000	$ 2,639	$ 2,639	$ --	$ --	$ 147,361
President's House	5,000	--	--	--	--	5,000
Physical Education building (Women)	2,760,000	113,046	61,346	--	51,700	2,646,954
Totals	$ 55,493,500	$ 39,134,742	$37,657,807	$-355,937	$1,476,935	$16,002,821

Status of Plans for New Teaching Hospital Project as of December 31, 1968

The feasibility study required by the Bureau of the Budget was completed in October 1965. As a result of this study the Griffith Stadium site was selected and the architects proceeded with the Diagrammatic Sketches. In the development of the Diagrammatics several matters arose which called for consideration to an increase in the authorized gross area of the building. The major matters involved were: the need to restore the laundry to project; the need for research space and, the consideration of net to gross area ratio, which did not take into account need for minimum secondary circulation. In September, 1966,representations were made to the Department of Health, Education, and Welfare for an increase in the gross area of the building to provide for needed additions. During this period work on the plans awaited the outcome of considerations on request. After review and conference, the Bureau of the Budget approved an increase in the gross area, and a corresponding increase in the estimated cost of project.

This change in requirements of the building called for a new set of drawings, and therefore, a new contract with the architects. A new contract was negotiated and approved by the Department of Health, Education, and Welfare in June 1967. The contract called for the completion of the Diagrammatics within 17 weeks after notice to proceed, or by November 27, 1967. In January, 1968 the administration of the project was transferred from the Central Office of the Public Buildings Services to the Regional Office. Work proceeded on the Diagrammatics and they were completed and submitted to the University, through the Public Buildings Service, on February 9, 1968. The University advised the Public Buildings Service of its approval of this first phase with modification noted, on March 28.

Consideration, by the medical staff in determining the best arrangements within authorized space limitations required more time than the allocated 17 weeks. However, many of the elements of planning, which would normally take place in the subsequent stage, were attained in the Diagrammatic Sketch stage. These efforts should contribute to the possibility of getting back on schedule in the following tentative drawing stage which Public Building Services advises is due by January 28, 1969. The Public Building Service has indicated a schedule in the letter that follows, for estimated completion dates on the several remaining stages.

C
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GENERAL SERVICES ADMINISTRATION

Region 3

Washington, D. C. 20407

September 30, 1968

Dr. James M. Nabrit, Jr.
President
Howard University
Washington, D. C. 20001

Dear Dr. Nabrit:

In regard to your correspondence dated September 25, 1968, the time table for the completion of design and construction of the Teaching Hospital is as follows:

1.	Completion of Tentatives	December 31, 1968
2.	Approval of Tentatives	January 28, 1969
3.	Completion of Working Drawings	September 30, 1969
4.	Approval of Working Drawings	November 4, 1969
5.	Invitation to Bid	February 17, 1970
6.	Bid Opening	March 17, 1970
7.	Contract Award	April 21, 1970
8.	Notice to Proceed	May 25, 1970
9.	Completion of Construction	August, 1972

Should you have any further questions regarding this schedule, please do not hesitate to contact this office.

Sincerely,

W. A. Meisen /s/

W. A. Meisen
Chief, Design Branch

JUSTIFICATION MATERIAL

SPECIAL INSTITUTIONS

Howard University
Freedmen's Hospital

Amounts Available for Obligation

	1969	1970
Appropriation	8,739,000	9,109,000
Proposed transfer from "Community Mental Health Resources Support" for pay increase	291,000	...
Reimbursements	3,600,000	3,600,000
Total obligations	12,630,000	12,709,000

Obligations by Activity

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Operation and maintenance	1099	$11,239,000	1195	$11,232,000	+96	-7,000
Education and training	39	1,391,000	43	1,477,000	+4	+86,000
Total obligations	1138	$12,630,000	1238	$12,709,000	+100	$+79,000

Obligations by object

	1969 Estimate	1970 Estimate	Change
Total number of permanent positions	1,138	1,238	+100
Full-time equivalent of all other positions	267	270	+3
Average number of all employees	1,308	1,387	+79
Personnel compensation:			
Permanent positions	7,543,000	8,181,000	+638,000
Positions other than permanent	1,190,000	1,250,000	60,000
Other personnel compensation	351,000	351,000	...
Subtotal, personnel compensation	9,084,000	9,782,000	+698,000
Personnel benefits	565,000	606,000	+41,000
Travel and transportation of persons	17,000	17,000	...
Transportation of things	8,000	8,000	...
Rent, communications and utilities	200,000	200,000	...
Printing and reproduction	41,000	41,000	...
Other services:	576,000	377,000	-199,000
Supply and materials	1,283,000	1,333,000	+50,000
Equipment	936,000	425,000	-511,000
Subtotal	12,710,000	12,789,000	+79,000
Deduct quarter & subsistence charges	-80,000	-80,000	...
Total Obligations by object	12,630,000	12,709,000	+79,000

Summary of Changes

1969 Estimated obligations	12,630,000
1970 Estimated obligations	12,709,000
Net change	+79,000

Increases	Base Positions	Base Amount	Changes from base Positions	Changes from base Amount
A. Built-in				
1. Statutory within-grade increases	...	...	...	42,000
2. Wage board increases	...	...	...	37,000
3. Annualization of permanent positions new in 1969	...	...	...	48,000
Total built-in increases	...	...	...	127,000
B. Program Increases				
1. Increase in staff to strengthen basic services (Nursing, Dietetic, Housekeeping, Maintenance, etc.)	801	5,865,000	+66	+309,000
2. Increase in staff to strengthen special services (Lab., radiology, anesthesiology, etc.)	218	1,845,000	30	+208,000

3. Increase to provide auxiliary staff by after-school employment of local youth.....	...	....	....	+15,000
4. Increase supplies to provide for fuller utilization of the advantages of disposables.....	...	1,283,000	....	+50,000
5. Increase in nursing school faculty (4 positions) and stipends for additional student nurses and dental interns and residents.....	39	511,000	+4	+80,000
Subtotal.....	...	....	100	+662,000
Total increase	...	....	100	+789,000
C. Decreases				
1. Built-in				
Reduction in alterations program.....	...	363,000	...	-199,000
2. Program				
Reduction of equipment purchases.....	...	932,000	...	-511,000
Total decreases.....	....	....	...	-710,000
Net Change.....	....	....	100	+79,000

Explanation of Changes

Statutory Promotions The increase of $42,000 is required to provide for statutory within grade promotions for employees in grades comparable to the GS schedule.

Wage Board Increases An increase of $37,000 is requested to provide in 1970 for 1969 wage board employee increases.

Annualization of positions new in 1969 An increase of $48,000 is required to provide funds for a full year for the new positions in 1968 which were supported for only part of the year.

Improvement of Basic Services An increase of 66 positions and $309,000 is required to remedy some of the major staff deficiencies in the basic services area of the operation of the Hospital.

Improvement of Special Services An increase of 30 positions and $208,000 is required to remedy some of the major staff deficiencies in the special services area of hospital operations.

After School Employment of Local Youth An increase of $15,000 is requested to provide auxiliary help for the hospital by after school employment of local youth.

Increased use of Disposables An increase of $50,000 in supply funds is needed for additional improvement of sanitation and efficiency by increased use of disposable supplies.

Increase in Education and Training An increase of four positions and $80,000 is needed to strengthen the faculty of the nursing school and to provide stipends for 12 additional health professional trainees.

Decrease in Alterations Requirements A decrease of $199,000 in alteration requirements represents the reduction of the request by the cost of non-recurring alteration projects carried on in 1969.

Decrease in Equipment Purchases A decrease of $511,000 represents a reduction in 1970 from the 1969 level of equipment purchases.

Freedmen's Hospital

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1958	$3,147,400	$3,115,400	$3,115,400	$3,115,400
1959	3,111,500	3,105,000	3,105,000	3,105,000
1960	3,190,000	3,190,000	3,190,000	3,190,000
1961	3,505,000	3,497,600	3,497,600	3,497,600
1962	3,736,000	3,736,000	3,736,000	3,736,000
1963	3,909,000	3,909,000	3,909,000	3,909,000
1964	3,880,000	3,880,000	3,880,000	3,880,000
1965	4,038,000	4,038,000	4,038,000	4,038,000
1966	4,624,000	4,624,000	4,624,000	4,624,000
1967	6,762,000	6,639,000	6,639,000	6,639,000
1968	6,937,000	6,937,000	6,937,000	6,937,000
1969	8,739,000	8,739,000	8,739,000	8,739,000
1969 Proposed Transfer for Pay Increase	291,000			
1970	9,109,000			

Howard University
Freedmen's Hospital

General Statement

Objectives and Goals

The objective of the Freedmen's Hospital is to operate an efficient institution providing a good quality of patient care to its patient clientele in the Metropolitan Washington Area, functioning as a fully adequate locale for the teaching functions of Howard University and for the training of para-medical personnel and utilizing the resources that are available in patient material and professional talent to develop a creative and effective research program.

As a measure of the amount of improvement that is needed to reach this objective of the Hospital, the estimate proposes the first phase of a program directed toward attaining general comparability with the employee patient ratio of teaching hospitals. This measure is not presented for the sake of comparability alone. It underlines the principle that the citizens who make up the patient clientele of Freedmen's Hospital are entitled to health services in this location equal to those that would be received in institutions of a similar position in the Washington community.

Basic Assumptions

The 1970 Estimates assume:

1. That the first phase of a three year program will be initiated in 1970 directed toward increasing Freedmen's Hospital inpatient staffing to a level comparable with the other teaching hospitals.

2. That the conversion to disposable supplies initiated in 1969 will be continued in 1970.

3. That the inpatient and outpatient workloads will remain at the same level as in 1968.

Operation and Maintenance

The 1970 estimates provide for built-in items in a total amount of $121,000. In addition, the major item of request is the first installment of an increase in staffing which if continued at the same rate for three years will result in approximate comparability with the local University Hospitals. These were most

recently reported for calendar year 1967 in the August 1, 1968 issue of the Journal of the American Hospital Association as having an average ratio of employees to inpatients of from 3.5 to 3.8. Furthermore, the trend of this ratio historically has shown rapid increases in all hospitals as shown in the table below.

Employees Per 100 Patients 1964-1967
All Non-Federal Short-Term General
Non-Profit Voluntary Hospitals[1/]

Year	Personnel per 100 Census
1946	156
1950	191
1952	184
1954	207
1956	213
1958	224
1960	232
1962	241
1964	247
1965	252
1966	264
1967	268

This trend, of course, reflects the increasing complexity of modern hospital care and the heightened concentration of effort toward more intensive care which shortens inpatient stay and facilitates outpatient management of the patients illness.

Nevertheless, assuming that a 3.5 ratio represents comparability, it should be noted that the Freedmen's Hospital in 1969 has an average ratio calculated on the same basis of 2.9 employees per patient which in 1970 if this request is approved will be increased to 3.1 employees per patient.

The actual positions selected for inclusion in the request for 1970 were determined in a department-by-department review of the Hospital's most urgent manpower needs.

[1/] Page 449, Journal of the American Hospital Association, part 2, August 1, 1968.

A major area of concern to the hospital has been the continuing trend of decline of pay patients with a consequent threat of eventual reduction of the receipts from these which constitute a major part of the resources of the hospital. This trend which stems from the fact that patient services are inferior to those available elsewhere, has continued as should have been expected into 1968. However, we believe that the substantial support provided by the Congress in 1969 and recognition of the needs of the hospital in 1970 will stem the tide and result in a leveling of the pay patient load in these two years. The estimates for the two years provide for a climate of improving services and refurbishing of our ancient facilities to a point where they can begin to compete on the local scene. Thinking beyond 1970 when we might hope to obtain parity in staffing and services it is reasonable to expect that this adverse trend will be reversed and that we may be able to see an increase in the proportion of our pay patients. A summary of the trend by fiscal year is shown on the following table.

Composition of Patient Load 1965-1970

Fiscal year	Full pay patients av. census Medicare	Other	% of Total	Av. indigent census incl. D.C. certified	% of Total	Total Average census
1965	...	261.2	72.5	99.0	27.5	360.2
1966	...	246.1	68.9	111.2	31.1	357.3
1967	71.8	162.4	65.2	124.9	34.8	359.1
1968	71.1	143.0	60.9	137.6	39.1	351.7
1969	71.0	143.0	60.8	138.0	39.2	352.0
1970	71.0	143.0	60.8	138.0	39.2	352.0

In addition to our staffing requirements, we propose to continue the conversion to disposable supplies begun in 1969 which provide better personnel utilization and a substantial improvement in safeguards against infection. The 1970 estimates request $50,000 for this important advance in technique. The total of the increases in this activity amounts to $703,000, however, offsetting decreases result in a net decrease of $7,000.

Education and Training

The Howard University - Freedmen's Hospital training activity operates in a twofold area of national need. The great shortage of health manpower is so well-known and obvious to serious observers of hospital operation that it needs no elaboration in this justification. In addition to fulfilling this need, our location makes health training in the para-medical skills more accessible to the young urban population of the Washington Metropolis. This great service that could be done by increasing the scope of this activity led to an examination of our potential for increase. The 1970 estimates, as result of this examination, propose an increase of 5 positions for the Nursing School faculty and stipends for additional nurse

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pharmacy and dental interns and dental post-graduate residents. The total increase requested in this activity including $6,000 for mandatory increases amount to $86,000.

The total added mandatory and program needs for both activities, before giving effect to decreases for non-recurring items in 1969, amount to an increase over the year of 100 positions and $789,000, however, after giving effect to the proposed decreases, a net increase of $79,000 in appropriated funds is required.

Operation and Maintenance

	1969 Estimate		1970 Estimate		Increase or decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits	1099	$8,264,000	1195	$8,917,000	+96	+653,000
Other expenses	...	2,981,000	...	2,321,000	..	-660,000
Subtotal	1099	11,255,000	1195	11,238,000	+96	-7,000
Deduct quarter and subsistence charges	...	-6,000	...	-6,000	..	...
Total	1099	11,239,000	1195	11,232,000	+96	-7,000

Program Statement

Freedmen's Hospital operates 441 beds and 75 bassinets, an outpatient clinic and an emergency service. This active medical care complex provides services in its main building and an annex. Some auxiliary services, interns quarters and nurse trainee quarters are provided in a number of smaller buildings.

The functions of Freedmen's Hospital are to serve as a teaching hospital for Howard University and to play an important role in the provision of medical care to patients from the Washington Metropolitan Area. A new building is expected to be completed in 1972 which when it is completed will continue and increase the services now provided. However, until the building is ready, it is fitting and proper that the care furnished in this hospital should be as far as possible comparable with that received by the patients of university hospitals in the area. Such a policy in addition to alleviating the gross deficiencies in the care furnished to the Freedmen's Hospital clientele has a sound economic basic in the fact that it is the only means of retaining and eventually increasing the proportion which pay patients constitute of the total hospital population. The considerations relating to this situation were stated in the general statement on the preceding pages. These estimates propose increases that are needed to carry out our purposes. Explanations of the specific items of need are given by major object on the following pages.

Personal Services and Benefits

The increase of $653,000 for personnel compensation and benefits will provide for the following requirements:

	Positions	Amount
Built-in:		
Statutory ppromotions.....	..	36,000
Wage board increases.....	..	37,000
Annualization of positions new in 1968.	..	48,000
Subtotal mandatory.....	..	121,000
Increases in Staffing		
Basic Services		
Nursing	29	128,000
Dietary	5	16,000
Housekeeping	8	31,000
Maintenance	10	54,000
Medical Records	2	8,000
Social Service	1	6,000
Communications	2	9,000
Procurement and Supply	3	12,000
Business Operations	6	45,000
Subtotal basic services	66	309,000
Special Services		
Laboratory	6	29,000
Pharmacy	2	9,000
Radiology	2	10,000

Outpatient	5	82,000
Physical Medicine	2	10,000
Pediatrics	1	5,000
Neuropsychiatry	1	10,000
Urology	1	3,000
Otolaryngology	1	3,000
Orthopedics	1	3,000
Ophthalmology	2	10,000
Thoracic Surgery	1	7,000
Neurosurgery	1	7,000
Anesthesiology	1	6,000
Obstetrics-Gynecology	1	4,000
Medicine	1	6,000
Dentistry	1	4,000
Subtotal Special Services	30	208,000
After school employment of local youth	..	15,000
Grand total personal services and benefits	96	653,000

Specifics by Department are as follows:

Nursing Department

Twenty nine (29) positions..... $128,000

The major segment of this request is for additional support needed for ward care of patients. Two staff nurses and fifteen nursing assistants will supplement the nursing staff in our areas of greatest need. In addition, a ward manager program is proposed for the entire hospital. This division of overall responsibilities would be particularly efficient in the Nursing Department because of its chronic shortage of skilled personnel. The new concept releases professional personnel badly needed for direct patient centered functions and at the same time permits the utilization of competent managerial skills for the administrative duties in the individual nursing areas. Ten (10) positions are needed for this purpose. Further, a program analyst is needed to participate in the development of methods for better utilization of personnel and for improvement of service to the patient. Finally, an administrative assistant in the office of the Director of Nursing to assist in and promote interpersonal relations and general management of the Department.

Dietary Department

Five (5) positions..... $ 16,000

Present staffing in this Department still has some deficiencies in the area of service and sanitation. Leave coverage too is still a major problem. In order to improve the situation six additional food service workers are requested. With this added staff the following purposes would be accomplished:

1. Advance preparation of cold food items and supplies for tray assembly.
2. Elimination of delays in delivering food to patients. This together with the preceeding purpose would insure hot and palatable food reaching the patient.
3. More efficient dishwashing operations to provide better sanitation.
4. Expeditious pick up of trays to avoid interference with bedside care.
5. Regularized cleaning and care of dietary equipment.

Housekeeping and Security

Eight (8) positions..... $ 31,000

Eight additional employees are requested for housekeeping and security to cover the specific needs listed as follows:

1. An additional housekeeper is needed to provide complete twenty-four hour coverage of our Emergency Area. With the completion of our renovation program, the fuller coverage is needed.
2. An additional housekeeper is needed to provide adequate staff for cleaning offices used on a seven day basis (nursing, laboratory, radiology, physicians, etc.) This added coverage would free present off hours staff for work in patient areas and supply some assistance toward our current leave coverage problems.
3. An additional housekeeper is needed to clean the first, second, and third floor waiting areas in the clinic building. Present staff provides grossly inadequate coverage of this requirement.
4. Two housekeepers are needed for moving, re-arranging, and general handling of furniture, furnishings, supplies, and equipment. Our current practice of using staff assigned to regular duties prevents adequate maintenance of required sanitation. These employees could also be rotated to complete our requirements for leave coverage.
5. A review of our cleaning operations in the main building shows that staff is insufficient for current needs. Bathroom sanitation and private room cleaning appear to be the major sufferers from this staffing deficiency. Two additional housekeepers are requested to supply this need.
6. A guard is needed for night coverage of the Emergency Room where we now have no facility for handling potentially dangerous situations.

Maintenance of Buildings and Grounds

Ten (10) positions..... $ 54,000

The Maintenance Department requests ten additional positions to fill the specific needs listed below:

1. An air-conditioning and refrigeration mechanic is needed to provide proper service and maintenance for an ever increasing workload. Our present staff is not adequate to provide for the constant demands that arise when patient space is cooled with individual units. An instance of an increase in this workload is the recent installation of window units in the second floor of the Annex to augment the complement of our better private and semi-private (pay patient) rooms. There has also been an increase in central air conditioning and food freezer cooling.
2. Our present staff of three operating engineers does not quite provide twenty-four (24) hour coverage on a five day basis. One additional engineer is needed to provide full seven day a week twenty-four (24) hour a day coverage

with adequate provision for leave. These employees are the emergency crew of the Hospital in off hours while carrying a substantial assignment of routine maintenance duties.

3. Our present staff of two plumbers does not begin to cover the many emergencies that arise in our ancient buildings. Outside contractors often have had to be called to cover unmet needs and any attempt at a preventive maintenance program is impossible with present staffing. One additional plumber is needed to relieve some of our staffing deficiencies in this craft.
4. A grounds foremen is needed to provide closer supervision of our grounds maintenance staff and to set up and maintain an orderly program of grounds maintenance, snow removal, etc. An additional yard-man is also needed to provide proper ground maintenance on weekends.
5. An additional electrician's helper is needed to eliminate installation and repair backlogs and to provide for a routine maintenance and checking program. The lack of such a program could increase danger of fire. Leave coverage problems would also be removed with the addition of this employee.
6. Two additional painters are required so that proper rotational painting of areas can be established and maintained. This will permit compliance with District Government requirements that patient areas be painted every three years and dormitory areas every two years.
7. One plasterer is needed in conjunction with the painters requested above to permit the establishment and maintenance of a rotational painting program.
8. A continual backlog of carpentry needs can only be eliminated by the addition of another carpenter to the staff. Here too the additional help would permit the establishment of a routine maintenance program.

Medical Records Department

Two (2) positions..... $8,000

There are still major deficiencies in our medical record services primarily in the correlation of reports on emergency patient services, and outpatient records with the regular inpatient record for the same patient. With two additional employees, more efficient organization of the work and fuller recording of patient records will be available and will go far toward improving our performance in this area. The additional staff will permit the preparation of older records for microfilming with consequent better access to files and management of records within presently available space.

Social Service

One (1) position..... $ 6,000

The present staffing of our Social Service Department is not sufficient to handle the potential case load in this Hospital where almost 40 percent of the inpatient load represents indigent patients. In order to provide additional help as economically as possible, one social work assistant is needed. An employee of this kind takes over some of the sub-professional work of the regular professional staff such as receptionist interviewing, compiling record information, performing routine field visits and contacting resource agencies. With this addition, fuller coverage of the Social Service needs of our patients can be achieved.

Communications

Two (2) positions..... $ 9,000

Two additional telephone operators are needed to cover our requirements for service more adequately during the day and to provide needed after hours coverage especially since additional lines will be available in 1970.

Procurement and Supply

Three (3) positions..... $ 12,000

This Department requests three additional positions as follows:

1. An additional purchasing agent is needed to provide an inspection and trade in program to get better utilization of our equipment funds. Another area of potential benefit that cannot be properly followed up with present staff is the utilization of surplus property lists for which the Hospital is eligible.
2. A property clerk is needed for better stores management and to cover on a cyclical basis the physical inventory and record responsibilities of the Hospital with respect to its expendable and unexpendable property. Leave coverage in both the purchasing and property area is almost non-existent and will be provided with the help of this added employee.
3. A clerk typist is also needed to free time of higher grade personnel now engaged in preparing routine correspondence and in record keeping.

Business Operations

Six (6) positions..... $ 45,000

The Business Operations area needs additional staff as follows:

1. A computer systems analyst and a programmer to develop the systems and programs for putting payroll, patient accounts and patient statistics on computer. In addition, the Hospital proposes to use experimental terminals to develop the systems and programs that will be needed when the new hospital is completed. Computer time will be obtained from the University.
2. An internal auditor is needed to provide the accounting control which can best be achieved by periodic random audits of the Hospital's financial operations. With $3,600,000 received from patients and with well over a million dollars spent for disposable supplies the Hospital needs to assure itself that finances and cash are handled in a secure and businesslike manner.
3. One cash clerk is needed to provide collection potential in off hours and to provide leave coverage in regularly scheduled work days.
4. Two accounting clerks are needed to provide better control and recording of patient charges. The Hospital's handling of these matters has been criticized by the Public Health Service and the University's independent auditors. The deficiencies noted should not be allowed to continue for lack of this recommended addition to our staff.

Laboratory

Six (6) positions..... $ 29,000

The major need in this area is for four medical technologists. These additions to staff will strengthen areas where service demands cannot be met (one each in Urology, Immuno-chemistry and Hematology). One technologist is also needed to supply skills in endocrinology not now represented in the laboratory technical staff.

The increasing workload in the laboratory and the additional staff proposed above generate a need for proper recording of tests which is just not being met even at present. One additional clerk is needed to carry on this function more adequately.

Because of the emergency nature of a good deal of laboratory work, the usual messenger and mail routines are not sufficiently quick to insure that delay does not threaten danger to patients. A clerk-messenger attached to the laboratory will remove this deficiency and also be responsible for routine pick-ups, getting

emergency (special purpose) supplies, and assist on a clerical basis with the routine administrative work of this large department.

Pharmacy

Two (2) positions..... $ 9,000

One pharmacy helper is needed to distribute drugs to ward areas (including the Annex) and to enlarge our prepackaging program which speeds up the distribution of drugs, provides for more efficient use of manpower in filling prescriptions and reduces the possibility of error. The continuing increase in the number of prescriptions prepared is an added factor in this requirement.

Our pricing and issuing system has been improved by more closely paralleling the usual hospital practice. An additional clerk is needed to implement this change fully and to keep up with the charges required as the cost of drugs changes.

Radiology

Two (2) positions..... $ 10,000

A radioisotope technician is needed to provide for longer coverage and for the increased utilization of nuclear medicine in standard hospital practice. This employee will assist the radio-physicist, calibrate radioisotope equipment, prepare pharmaceuticals for patient use and assist in the instruction of students in our school for x-ray technologists. A radiology aide is also needed for escorting patients from ward areas to the radiology areas.

Outpatient

Five (5) positions..... $ 82,000

A supervising physician is needed to direct and coordinate all activities of the Emergency Program (almost 50,000 visits a year) plus care of inpatient activity. He will also be responsible for assignment and direction of house staff.

A coordinating Administrative Medical Officer is also needed to supervise the Outpatient Department. This is in keeping with the increasing importance of the Outpatient services in their role of taking the load off hospital beds by ambulatory treatment where possible. For this reason, the Outpatient service is now and will continue to be of great significance. Outpatient care when adequately supervised and properly developed will make many hospital admissions unnecessary, will insure superior medical care, will give adequate pre-admission diagnosis, shorten hospital stay and insure good post hospitalization follow-up care.

The Medical Officer will be in charge of the various clinics and insure efficiently run clinics serving a maximum number of patients and giving early appointments, adequate screening, adequate follow-up care and better patient care. Those requiring hospitalization would then have a shorter hospital stay. This will result in better patient utilization of our limited number of hospital beds. This is in keeping with our goal to cause the entire Outpatient and Emergency to be lifted to a high level of competence and acceptability. This must be done so that these outpatient services can more adequately serve the community and the Hospital. The ultimate goal is that hospital outpatient care will begin and end in the Outpatient Department, as far as possible.

The rapidly expanding Outpatient Department responsibility demands extensive administrative duties now carried on by the physician in charge. A non-medical assistant under the direction of the Director of the Outpatient service (Emergency included) will serve to coordinate the functions of the many supportive services and release expensive professional time for use in direct patient care.

Our present outpatient responsibility is rapidly growing annually. This requires an increasing amount of diagnostic, therapeutic and follow-up care given and supervised by experienced physicians. This increase is due to the rising population, its medical need and a broadening national concept of outpatient care. Good outpatient care will reduce cost and time of hospitalization. At the same time it will allow maximum hospital bed utilization when needed. Two additional medical officers are requested to assure better and more efficient operation of our present clinics. They will also be used to start additional clinics in the evenings.

Physical Medicine

Two (2) positions..... $ 10,000

An art therapist is needed to provide an additional group of techniques to the Physical Medicine diagnostic and treatment resources. As a part of the rehabilitation team, his skills will aid in the management of physical, pychological and psychiatric disabilities and enhance the speedy return of patients to maximal function. Recent trends in rehabilitation concepts and philosophy and the worsening problem of shortage of traiditonal disciplines (e.g., Occupational Therapists) demand a more aggressive search on our part for new ways of managing old problems. An art therapist will contribute measurably to our efforts to fill voids that are existent in the overall rehabilitation program. Additional benefits will be derived from utilizing the therapist's knowledge and skills in the preparation of teaching materials.

The physical medicine facilities are in continuous use by numbers of patients and personnel who create a heavy burden of soilage and disarray. Effective therapy is dependent upon the availability of sanitary, restful and safe environs in which to work. An additional employee is needed to assume responsibility for general orderliness, dusting, emptying waste baskets, keeping equipment clean and dust-free, emptying and replacing paraffin machines, maintenance and cleaning of other equipment in order to release regular staff time for the continually growing workload of this Department.

Pediatrics

One (1) position..... $ 5,000

One clerk stenographer is needed to offer service to the Chief, Pediatrician and Associate and Assistant Pediatricians in the following areas:

1. In the preparation of reports regarding patients to other agencies.
2. Processing applications for residency training programs.
3. Offering service to the speciality clinics in Pediatrics to include Pediatric Endocrine, Cardiac, Allergy, Hematology. The secretary can type a dictated write-up of the clinic visit, duplicates of which can be placed on the hospital record and there by improving their quality and usefulness. These clinic patients are usually seen over a period of years and require comprehensive care including occupational therapy, psychologic evaluation and follow-up, public health coordination, special education, etc. This requires much correspondence, record keeping and filing.

Neuropsychiatry

One (1) position..... $ 10,000

The needs for psychiatric care in this hospital are far above the potential ability to serve with present staff. In order to provide some additional service so badly needed in this community a clinical psychologist should be added to the staff of this Department to increase our service potential.

Urology	1 position.....	$ 3,000
Otolaryngology	1 position.....	3,000
Orthopedics	1 position.....	3,000

In each of these departments there is no full-time clerical help. A clerk typist is requested in each case to provide staff for routine office work, compilation of department statistics,

preparations of reports on rounds, assistance with medical records maintaining appointment schedules, etc.

Ophthalmology

Two (2) positions..... $ 10,000

The potential for furnishing service has recently been improved by the recent renovation program which supplied additional space for the Ophthalmology Department. However, the service is staffed far below the level that can supply the needs of the Hospital's clientele. In order to expand the service, both in extent and types of therapy available, an ophthalmic assistant (sub-professional level) and one doctor's assistant is needed.

Thoracic Surgery

One (1) position..... $ 7,000

The expansion in service of the Thoracic and Cardiovascular Surgery Division is the essential reason for requiring an administrative assistant. Our functions previously were limited to surgery of the lungs and esophagus, however, at the present time we are involved in both diagnostic studies for diseases of the heart and great vessels as well as in curative measures. The clinic load for the Thoracic Surgical Service is therefore increased by approximately 100 percent in the past two years, thus, the need for providing accurate records of these clinic patients and arranging for follow-up visits to the Thoracic Surgical Clinic and for referral for hospitalization is particularly pressing.

This employee will also have the responsibility for training new personnel which will help the continuity of our program. In essence, the specific justification for this position is to cover our expanding services to patients within the Hospital, including the Outpatient Clinic which has been and will be further enlarged.

Neurosurgery

One (1) position..... $ 7,000

There is a need for expansion of the services of this department to provide for increased patient load and to add capability for special diagnostic studies. In order to satisfy this need as economically as possible, an appropriately skilled employee, a special study nurse should be added to this staff. The quantity and level of service will be raised by this addition since more work can be done and the time of physicians can be disengaged from some of these tasks and devoted to direct patient care.

Anesthesiology

One (1) position..... $ 6,000

This busy department has no administrative or secretarial help. With an increasing workload in connection with the residency and nurse trainee program, medical student fellowships, appointment calendar and all the administrative routine of a department of twenty-four (24) employees a staff assistant is urgently needed.

Obstetrics - Gynecology

One (1) position..... $ 4,000

An additional clerk typist is needed to provide regular staff for the duties listed below. These functions are now largely without coverage or one performed by professional personnel. The incumbent would also assist with routine administrative work and typing. Specifics are the following:

1. Minutes of ward rounds
2. Minutes of departmental meetings
3. Departmental statistics
4. Annual statistical report
5. Help with departmental charts
6. Maintain records for the residents
7. Resonsible for correspondence and reports for the house staff.

Medicine

One (1) position..... $ 6,000

This department is in need of a medical technologist to perform laboratory tests in close and immediate conjunction with the physician where such service is required. The volume of work of this busy department and the basic equipment available guarantee full utilization of such an employee. The corollary saving of physician time now rendering some small part of this needed service will be a valuable and needed contribution of additional skilled professional direct care to patients.

Dentistry

One (1) position..... $ 4,000

The recent alterations have made possible a substantial increase in space available for the Dental Clinic. This will make possible provision for a greater proportion of the available patient load but with this there must be additional staffing to make adequate service available.

At present we have only one para-dental personnel employed in the Division of Oral Surgery and that is the Dental Hygienist Supervisor of the Oral Surgery Clinic. We presently maintain in operation two clinics at Freedmen's Hospital, one in the Emergency Room area and the other on the ground floor of the Annex Building of Freedmen's Hospital. With the expected expansion, we will be urgently in need of help and the addition of a dental assistant position would greatly alleviate our problems in this area.

After School Employment of Local Youth

Zero (0) positions.....$15,000

The sum of $15,000 is requested to provide auxiliary help to the Hospital by part-time employment of local high school youths. This will aid the Hospital by relieving skilled personnel of tasks that can be done by the new employees, thus freeing them for additional patient care responsibilities. A dual social purpose will also be served since the money earned can be used to finance continuation of studies and the exposure to a medical care situation can orient these employees toward the possibilities of technical and professional careers in the health care field. To the extent that this latter effect should occur, it would represent a contribution toward alleviating the nation's shortages of skilled health personnel.

Net Requirements for "Other Objects". $-660,000

The only request for "Other Objects" is in the amount of $50,000 to supply funds for a continuation of the program of conversion to disposable supplies where these provide for safer and more efficient patient care. The advantages of such a program may be summarized as follows:

1. Eliminate the possibility of cross - infection
2. Reduce the danger of touch contamination
3. Make possible more efficient utilization of nursing personnel
4. Permit streamlined and efficient distribution
5. Reduce personnel requirements for central supply

This increase of $50,000 is offset by a reduction in contractual services ($199,000) and in equipment purchases ($511,000) which makes the net reduction for "Other Objects" amount to $660,000.

Education and Training

	1970 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits.....	39	1,385,000	43	1,471,000	+4	+86,000
Other expenses.....	..	80,000	..	80,000	...	...
Subtotal.....	39	1,465,000	39	1,551,000	+4	+86,000
Deduct quarters and subsistence charges.....	..	-74,000	..	-74,000	...	...
Total.....	..	1,391,000	..	1,477,000	+4	+86,000

Program Statement

The training program at Freedmen's Hospital fulfills an important function as a training ground in the shortage area of professional and technical health skills. Its position as the teaching hospital of Howard University provides an unusually broad base for this training function. Because of the basic need for the skills provided by this training a review was made to determine where the programs now furnished could be expended within our present facilities. This examination motivated a request for additional support in Nurse Training, Pharmacy and Dentistry with requirements as discussed in the material below:

Specific increases are as follows:

Built-in..... $ 6,000

The sum of $6,000 is required for built-in statutory promotions.

Nurse Training

Four (4) positions..... $54,000

The most important purpose to be served by this increase in funding is the addition of eight trainees to the Student body of the Nurse training program which will bring the total body to 110 students. To accomplish this purpose, to provide a broader curriculum, and to make available remedial and tutorial assistance which tends to be needed by some individuals, two instructors and one teaching

assistant are needed. This additional requirement is based on the recommendation of the accrediting bodies in their evaluation of the present program. A recruiting officer is also needed to insure that a full complement of qualified trainees is obtained and to assist with the admission, registration, grant and loan, and administrative responsibilities of the school.

Pharmacy Interns

Zero positions..... $ 6,000

After a review of the Hospital's capabilities in this area, we find we can offer training to and recruit one additional pharmacy intern.

Dental Interns and Residents

Zero positions..... $20,000

In order to assist in supplying the nation's great need for trained oral surgeons, Howard University has set up a three-year residency program in this specialty. In consideration of the University's position as a primary source of Negro health professionals such representation should be implemented by approving the requested funds. They are needed to provide for one dental intern and two first-year residents to begin this important program.

A tabulation of all trainee positions in 1969, and 1970 is shown on Table III which is included in the supplementary material at the end of the justifications.

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Howard University
Freedmen's Hospital

Table I

New Positions Requested, Fiscal Year 1970

Position	Grade	No.	Annual Salary
Physician	GS-15	2	$ 39,560
Physician	GS-14	2	33,892
Computer Systems Analyst	GS-14	1	16,946
Auditor	GS-13	1	14,409
Clinical Psychologist	GS-12	1	12,174
Program Analyst	GS-12	1	12,174
Computer Systems Analyst	GS-12	1	12,174
Recruitment Officer	GS-11	1	10,203
Nursing Instructor	GS-11	2	20,406
Medical Staff Assistant	GS- 9	7	59,234
Teaching Assistant	GS- 8	1	7,699
Medical Staff Assistant	GS- 7	7	48,867
Medical Lab. Technician	GS- 7	4	27,924
Nurse	GS- 6	2	12,642
Medical Technician	GS- 6	1	6,321
Clerk Stenographer	GS- 5	1	5,732
Clerk	GS- 5	3	17,196
Purchasing Agent	GS- 5	1	5,732
Nursing Assistant	GS- 4	5	25,725
Clerk Typist	GS- 4	7	36,015
Telephone Operator	GS- 4	2	10,290
Dental Assistant	GS- 4	1	5,145
Pharmacy Helper	GS- 4	1	5,145
Guard	GS- 4	1	5,145
Nursing Clerk	GS- 4	5	25,725
Nursing Assistant	GS- 3	8	36,800
Clerk Typist	GS- 3	4	18,400
Nursing Assistant	GS- 2	4	16,924
Subtotal regular schedule		77	$548,599
Air Conditioning Mechanic	WB-14	1	8,028
Plumber	WB-11	1	7,010
Operating Engineer	WB-10	1	6,677
Carpenter	WB-10	1	6,677
Plasterer	WB- 9	1	6,448
Painter	WB- 8	2	12,396
Electrician's Helper	WB- 7	1	5,970
Grounds Foreman	WB- 5	1	5,470
Food Service Worker	WB- 4	5	20,800
Housekeeper	WB- 3	8	36,112
Grounds Worker	WB- 3	1	4,514
		23	$120,102
Grand total		100	$668,70.

Summary of Patient Load and Collections

Patient Load by Payee Type — Table II

Average Patient Days

Inpatient Services:	1968 Actual	1969 Estimate	1970 Estimate
Full Pay other than Medicare	143.0	143	143
Medicare	71.1	71	71
D.C. Certified	57.0	57	57
State Certified	1.0	1	1
D.C. and Other Free	79.6	80	80
Total	351.7	352	352

Receipts for Patient Care

	1968 Actual	1969 Estimate	1970 Estimate
Pay patients other than Medicare	1,940,086	1,980,000	1,980,000
Medicare Patients	915,620	940,000	940,000
District of Columbia and other jurisdictions	667,532	680,000	680,000
Total receipts	3,523,238	3,600,000	3,600,000

Patient Statistics Freedmen's Hospital 1968-1970
Fiscal Year

Workload	1968 Actual	1969 Estimate	1970 Estimate
Inpatient admissions.....	12,134	12,200	12,200
Average daily census -adults...	351.7	352	352
Average daily census -newborn..	32.6	33	33
Average daily census-total...	384.3	385	385
Outpatient			
Clinic visits.....	57,633	58,000	58,000
Emergency visits.....	42,381	43,000	43,000
Total outpatient visits.....	100,014	101,000	101,000

Table III

Trainee Positions by Type, 1969-1970

Type of Training	Trainee Positions 1969	1970
Pharmaceutical Intern	2	3
Hospital Administrative Intern	1	1
Dietetic Intern	10	10
Student Nurses		
1st Year	36	44
2nd Year	33	33
3rd Year	31	31
House Officers		
Dental Intern	2	3
Medical Intern	26	26
1st Year Medical Resident	28	28
2nd Year Medical Resident	24	24
3rd Year Medical Resident	24	24
4th Year Medical Resident	10	10
1st Year Dental Resident	..	2
Occupational Therapy Intern	1	1
Student X-Ray Technician		
1st Year	10	10
2nd Year	10	10
Nurse Anesthetist	4	4
Medical Technician	12	12
Total	264	276

WEDNESDAY, APRIL 29, 1969.

DEPARTMENTAL MANAGEMENT

SALARIES AND EXPENSES, OFFICE OF THE SECRETARY

WITNESSES

JOHN G. VENEMAN, UNDER SECRETARY
ROBERT C. COULTER, EXECUTIVE OFFICER, OFFICE OF THE SECRETARY
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET
LEON E. PANETTA, DIRECTOR, OFFICE FOR CIVIL RIGHTS

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimated	1970 estimated
Personnel compensation:			
Permanent positions	$3,358	$3,821	$4,289
Positions other than permanent	235	233	233
Other personnel compensation	67	67	67
Total personnel compensation	3,660	4,121	4,589
Personnel benefits: Civilian employees	272	308	345
Travel and transportation of persons	291	298	325
Transportation of things	5	5	10
Rent, communications, and utilities	210	204	256
Printing and reproduction	109	106	125
Other services	363	387	596
Supplies and materials	56	53	62
Equipment	58	40	65
Total obligations	5,024	5,522	6,373

PERSONNEL SUMMARY

Total number of permanent positions	328	287	344
Full-time equivalent of other positions	24	24	24
Average number of all employees	323	307	341
Average GS grade	8.7	9.1	9.3
Average GS salary	9,969	10,676	10,887

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Executive direction	4,534	4,983	5,729
2. Public information	451	539	644
3. Manpower study	39		
Total obligations	5,024	5,522	6,373
Financing:			
Receipts and reimbursements from:			
Federal funds	−35		
Trust funds	−1,211	−1,282	−398
Comparative transfers:			
Federal funds	2,380	3,320	
Trust funds	868	893	
Unobligated balance lapsing	153		
Budget authority	7,179	8,453	5,975
Budget authority:			
Appropriation	7,139	8,405	5,975
Transferred to other accounts		−168	
Appropriation (adjusted)	7,139	8,237	5,975
Proposed transfer from other accounts for pay increases		216	
Reappropriation	40		
Relation of obligations to outlays:			
Obligations incurred, net	7,026	8,453	5,975
Obligated balance, start of year	1,709	1,402	960
Obligated balance, end of year	−1,402	−960	−696
Adjustments in expired accounts	96		
Outlays	7,429	8,895	6,239

Mr. FLOOD. Now we have "Departmental management, salaries and expenses, Office of the Secretary," and the presentation will be made by the Under Secretary, Mr. John G. Veneman.

This is your first appearance, Mr. Secretary?

Mr. VENEMAN. That is correct, with the exception of the first visit with the Secretary when I came in.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Mr. FLOOD. We have your biographical sketch. It is imposing. You would go big in my district.

(The biographical sketch follows:)

Name: John G. Veneman.

Position: Under Secretary.

Birthplace and date: Corcoran, Calif., October 31, 1925.

Education: Attended local schools. Graduated Modesto High School, 1943. Higher education in business administration at Arizona State College and University of Texas.

Experience:

Member, California State Legislature.

Member California State Assembly; Committee on Revenue and Taxation, chairman, Joint Committee on Medi-Cal administration (medicaid), chairman; Committee on Social Welfare, member; Committee on Finance and Insurance, member; Joint Legislative Committee on Public Domain, member; State Social Welfare Board, member; Committee on Fish and Game, member (1962–63); and Committee on Agriculture, member (1963–67).

Stanislaus County Board of Supervisors (1958–62); chairman, Board of Supervisors (1960); chairman, Stanislaus County Highway Advisory Committee (1960).

Stanislaus County Committee for School Organization, member (1957–58).

Empire Union School District, trustee (1957–58).

Stanislaus County Grand Jury, member (1956).

Community service and affiliations:
First Presbyterian Church of Modesto, member.
Stanislaus County YMCA, member board of directors.
American Cancer Society—Stanislaus County Branch, member (1958–62).
California State Chamber of Commerce and Greater Modesto Chamber of Commerce.
Commonwealth Club of San Francisco.
Empire Lions Club, president (1957).
Modesto Elks.
Civic awards:
Selected as Outstanding Assemblyman of 1968 by California Capitol Press Corps.
Young Man of the Year, Modesto Junior Chamber of Commerce (1960).
Military Service: U.S. Navy officers training program (1944–45).

Mr. FLOOD. Do you have anybody with you whom we have not met before?

Mr. VENEMAN. I think you met Mr. Coulter, and this is Mr. Leon Panetta, the new director of the Office for Civil Rights. He will be available for the last portion of the testimony. I think we could take up salaries and expenses, Office of the Secretary, first and then take up the Office of Civil Rights. I think you know everybody else.

Mr. FLOOD. Mr. Panetta will make the presentation for the Office for Civil Rights?

Mr. PANETTA. Mr. Veneman will present it. I am prepared to back him up.

PREPARED STATEMENT

Mr. FLOOD. How do you want to proceed?

Mr. VENEMAN. I have a statement on file with the committee.

Mr. FLOOD. Do you want us to place that statement in the record?

Mr. VENEMAN. Yes.

(The statement follows:)

Mr. Chairman and members of the committee, when Secretary Finch appeared before this committee last month, he outlined for you his views as to the urgent problems with which we must deal if our national systems of health, education, and welfare are to contribute reasonably to improving the quality of life that all Americans may ultimately enjoy. He stated that our emphasis will be on:

(1) Efforts to help bring the poor and the disadvantaged into the productive mainstream of American life; and

(2) Programs that mobilize the vast resources of the independent sector—that genuinely and substantially involve private enterprise and voluntary initiative.

He outlined our interim strategy as including:

(1) Rigorous and prompt evaluation and reevaluation of all existing HEW programs.

(2) Mounting experiments and demonstrations, first as a means of identifying and testing the best courses of action and, second, as a means of persuading others—the States, local communities, and the private sector—to take over and to drive promising programs on to completion.

(3) Greater emphasis on planning and coordination so that both we and others may know better what we are doing, where we are heading, and why.

(4) Cutting back low priority programs, and unpromising approaches, as soon as such action is indicated.

(5) Strengthening the Department's capability to discharge its responsibilities.

I wish to emphasize what I believe are the truly significant management initiatives we have developed; among others, we are examining the manner in which manpower throughout the Department is utilized, we are getting a grip on the many advisory committees and study groups throughout the Department, and we are merging the budget development process more closely with our long-range planning and our evaluation programs. These initiatives, like any management, take leadership.

I am impressed by the support that I find this committee has given our predecessors in their efforts to strengthen the Office of the Secretary. If we are to be successful in the strategy described by Secretary Finch, which I have just repeated, further strengthening of the leadership capacity of the Office of the Secretary will be required. The budget request for fiscal year 1970, which is before you today, provides a further step in this direction. This appropriation request would provide an increase of 57 positions and $851,000 to assist us in leading and pulling together the Department.

I should like now to speak briefly of the specific activities supported by this appropriation.

ASSISTANT SECRETARY FOR EDUCATION

The Assistant Secretary for Education must exercise a policy and leadership role over education programs of this Department and throughout the Federal Government. In addition, his office has responsibility to give department-wide leadership to programs to assist and benefit Indians and Spanish surnamed Americans. It provides staff support for the President's Council on Physical Fitness and Sports and handles Department liaison with Howard University, Gallaudet College, the National Technical Institute for the Deaf, and the American Printing House for the Blind.

Two areas which are receiving especial attention by this office are programs to assist Indians and Spanish surnamed Americans. Department-wide policies to guide programs providing services to these groups are being developed and plans are being made for ways to promote greater effectiveness of Federal programs for these population groups.

It is our judgment that the current staff of 39 is adequate to handle the responsibilities assigned to this office and, therefore, no increase is requested.

ASSISTANT SECRETARY FOR HEALTH AND SCIENTIFIC AFFAIRS

One result of the recent reorganization of the Public Health Service was the assignment of line responsibility over the three health agencies of the Department to the Assistant Secretary for Health and Scientific Affairs. In addition, he continues to have responsibility for leadership, policy development, and coordination in all health and scientific programs in the Department, including medicare, medicaid, and the health activities of the Children's Bureau.

We are faced by many serious problems which must be solved if the American people are to receive the high quality of health and medical care that is technically possible in light of present levels of scientific knowledge. There are serious and growing shortages of health manpower. Better and more efficient systems for the delivery of health services must be developed and promoted.

Increasingly urgent and apparent are the many environmental problems of the country.

These are but a few of the many problems with which the Assistant Secretary for Health and Scientific Affairs must be concerned in his efforts to give leadership and to develop sound policies to guide the health and science programs of the Department. To assist him to more effectively carry out his responsibilities, we are requesting an increase of 13 positions on his staff.

ASSISTANT SECRETARY FOR LEGISLATION

The Assistant Secretary for Legislation is the Secretary's principal advisor on legislative programs and on relations with Congress. He and his staff develop the Department's legislative proposals in cooperation with the operating agencies, others in the Office of the Secretary and representatives of various interested groups. He assists and represents the Secretary on legislative matters at the Bureau of the Budget, the White House and the Congress.

Another responsibility of this Assistant Secretary, which is demanding an ever increasing amount of time, is the development of departmental position and reports on legislative proposals referred by Members of Congress and congressional committees.

To carry out these and the other responsibilities of this office in an effective manner we request seven additional positions.

ASSISTANT SECRETARY FOR PLANNING AND EVALUATION

We have previously noted our intention to undertake rigorous and prompt evaluation and reevaluation of all of the programs of the Department. This is

a vital and continuing need if we are to make the most effective use of our resources, reduce or eliminate less productive programs and give emphasis to those that are best contributing to our objectives of improving the quality of life for all Americans. The focus for these efforts in the Office of the Secretary is in the Office of the Assistant Secretary for Planning and Evaluation.

In cooperation with the other Assistant Secretaries, this Office carries the major burden of planning in the Department, by developing long-range objectives and evaluating alternative means of achieving them. It provides leadership to the agencies in their conduct of economic and systems analysis. This Assistant Secretary serves as departmental coordinator and principal advisor to the Secretary in responding to immediate issues raised by the White House, Congress, and other sources.

We are increasing the role which this office plays in the Department's systems for planning, analysis, and evaluation of the Department's activities, building on a good base from the previous administration. In addition, greater emphasis will be placed on coordinating HEW programs with related programs of other agencies. In part, this will be achieved by more effective staff work in connection with our participation in the Urban Affairs Council.

The scope and complexity of the Department's problems far outdistance the capacity of the current staff of this office to carry out the necessary analytical work and fulfill the other responsibilities assigned to them. Consequently, we are requesting 19 additional positions.

OFFICE OF PUBLIC INFORMATION

The internal organization of the Office of Public Informtion is being reshaped so that it may more effectively perform in its two major areas of responsibility—providing leadership and direction to public information activities throughout the Department, and providing support and assistance to the Secretary in fulfilling his responsibilities for public reporting. In the past, activities in these two areas have been intermixed throughout the staff of this office. Henceforth, one group will concentrate on working with and providing leadership to those engaged in information work in the operating agencies, while the second, smaller group will continue the work required in direct support of the Secretary and the various parts of his office.

The growth in size and number of programs in the Department has greatly increased the workload and problems involved in provision of adequate information to the news media, in provision of information materials aimed at groups of citizens who particularly need to be aware of one or more of the Department's programs and what the programs make available to them such as the aging, consumer groups, the physically handicapped. Consequently, we are requesting eight additional positions.

IMMEDIATE OFFICE OF THE SECRETARY AND UNDER SECRETARY

The Secretary and I look to the various Assistant Secretaries and their competent staffs for much of the detailed development of departmental policy and leadership of Departmental action within the program areas assigned to them. There remains a broad area of staff work which we require that must be provided by staff working directly with us. Such staff is needed to deal in broad perspective with high priority problems, including management as well as those brought to our attention by the White House, the Congress, other agencies of Government—Federal, State, and local—and the public.

In the few months that we have been responsible for the leadership of this large and complex Department, we have been especially impressed by the number, diversity, and importance of the problems which must be dealt with in the immediate Offices of the Secretary and Under Secretary. To assist us in dealing with these problems and issues both promptly and wisely, we are requesting the addition of 10 positions to our staff.

Gentlemen, I will be happy to answer any questions which you may have.

Mr. VENEMAN. Why don't I summarize this statement?

Mr. FLOOD. Proceed as you wish.

GENERAL STATEMENT

Mr. VENEMAN. I think as long as the committee has read the statement I would like to point out briefly what the procedure has been in the Secretary's Office in "Salaries and expenses", what the desire is, and what direction we are trying to take in the Office of the Secretary. I think Secretary Finch has pretty well laid it out but we are trying to put as much emphasis as we can first on the effectiveness of the programs we have. Therefore we are beefing up our planning and coordination efforts. The Secretary mentioned Congress has been more than generous in providing HEW with new programs and new initiatives.

Mr. FLOOD. Ten years ago the total budget for Health, Education, and Welfare, was about $3.5 billion. Now, in 10 years, it is over $17 billion. So you see how fast this thing has gone.

Mr. VENEMAN. Yes. And I think on top of that we have to take a look at how much State and local governments have been leaning on the Federal Government. I know from my experience in the State legislature they are always looking for other sources of revenue.

Mr. FLOOD. "Leaning" is a very moderate word.

Mr. VENEMAN. Again, what we have attempted to do primarily is place more emphasis in the Office of the Secretary itself, utilizing the program planning and evaluation staff in a closer relationship with Assistant Secertary Kelly's Office so that the budget development process is merged more closely with our long-range planning and our evaluation programs. I think we had a fairly good budget review this year taking these things into consideration.

STAFFING REQUEST

I think we could run down the various personnel requests in the various Assistant Secretaries' Offices.

First of all is the office of the Assistant Secretary for Education. There we are suggesting that the 39 members of the current staff are adequate to carry out the responsibilities of this office. There are a couple reasons for that. For one thing, the Secretary has suggested that one person be the Commissioner of Education and the Assistant Secretary for Education, which is similar to Mr. Keppel's situation when Mr. Gardner was Secretary.

We have also moved one or two programs out of that Office into the Office of Education, which makes it unnecessary to increase that staff to any extent.

In the Office of the Assistant Secretary for Health and Scientific Affairs we are recommending an increase of eight professional staff members in that office plus five clerical. I believe one of the main areas we have to concern ourselves with in this particular field is the responsibility the Government has assumed in the delivery of health services, particularly in titles 19 and 18. The Assistant Secretary has the responsibility of coordinating these activities. When you look at the three basic areas with which the Assistant Secretary for Health and Scientific Affairs must be concerned, this is a modest request for staff.

Mr. Creed Black who is the Assistant Secretary for Legislation is in contact with most of you on occasion. He is attempting to provide better service for the legislative branch. We are suggesting an increase of five professional people and two clerical in his Office. I think what

he is attempting to do with his staff is to have a specialist in his Office in each of the particular areas of health, education, and welfare as well as have legislative liaison for both the Senate and the House. I think this is advantageous both from the standpoint of the Secretary's Office and from the standpoint of the Members of Congress.

The Office of the Assistant Secretary for Planning and Evaluation is the Office where we have the largest suggested increase, which I mentioned at the outset. We are attempting to find out what is really going on in the programs of the Department, trying to find out which of these programs have been effective.

We have a great deal of emphasis on research projects, many of which will be cleared through the Assistant Secretary for Planning and Evaluation, and an attempt will be made to establish some long-range goals by the Office. The request is for 12 professional people and seven clerical. I think in the light of the change of emphasis we have in the Department it is probably a very justified request.

I think one other point is that, the President's establishment of the Urban Affairs Council with which Secretary Finch's Office has a great deal of relationship, has required a great deal more work in our Department. We have assigned staff work for the Urban Affairs Council to the Office of Planning and Evaluation, which has consumed probably the equivalent of at least two staff people's time and perhaps higher than that now.

In the Office of Public Information we are suggesting an increase of eight persons. We are trying to organize that office so that we have a little bit more of a direct channel from the Secretary's Office to the other public information offices that are in the agencies. We have found quite often a lack of coordination. We feel it is imperative that we know what is going out down there, what kind of publications are being developed, what kind of visual aids are being developed, what kind of press releases are going out. Through reorganization and minor staffing increases we would hope to have a better idea of what all the other agencies are doing.

In the immediate Offices of the Secretary and Under Secretary we are requesting six additional professional staff, these would be assistants to the Secretary and to myself, and four additional clerical people. I have found, particularly in my case, when I arrived on the scene, the previous Under Secretary had a relatively small staff. We are trying to provide more management controls through the Secretary's Office. We recently appointed a Deputy Under Secretary whose primary expertise is in the field of management. He will be given a good deal of responsibility on the Secretary's behalf and on my behalf to keep an eye on the internal operations of the Department. Primarily, these people would be direct staff persons responsible to the Secretary and to myself.

One thing I think is rather interesting is the fact that the physical volume of mail and correspondence going through the Secretary's Office apparently has increased considerably over the previous administration. Mr. Gray, who is the Secretary's assistant——

Mr. FLOOD. Is that good or bad?

Mr. VENEMAN. It depends on the issue. If it is praise it is good and if it is criticism it is bad. But they all have to be processed. Primarily this has been the requirement for additional clerical staff.

I think that pretty well analyzes what our requests are in the Office of the Secretary. I shall be glad to answer any questions.

EFFECT OF THE BUDGET REVIEW

Mr. FLOOD. As a matter of fact, the Secretary's Office seems to have come off rather well in the Nixon review of the budget. Almost everybody else has been cut. How do you explain that? I can guess, but what is your explanation, or do you know?

Mr. VENEMAN. I am not sure all of them have been cut. I guess we are lucky.

Mr. FLOOD. You are going to be modest?

Mr. VENEMAN. We have seen the situation in the Secretary's Office per se where, just based on what we had seen coming in, there was not the degree of staff assistance that a new person coming in would require. I think you can attribute that to a few things. I think it would be better for a new Secretary to transfer a slot or make some provision so that the Secretary has adequate help at his level. Secretary Cohen had been in the Department for many years and knew where to turn for the expertise. I think that is one factor. Another factor is in my own case. When I arrived I do not think the position of Deputy Under Secretary was filled, and I do not think the confidential assistant position was filled so there was not that element there. Certainly it is not a new approach, but it is an attempt to put some real leverage in the Secretary's Office and put him in a position where he can not only understand but manage the various elements in the Department.

EFFECT OF REVENUE AND EXPENDITURE CONTROL ACT

Mr. FLOOD. What effect did the Revenue and Expenditure Control Act have on the Office of the Secretary?

Mr. CARDWELL. There has been a declining employment, as in other parts of the Department, but as you look at a large Department you will find the turnover rate at the top is not nearly as great as where you have large concentrations of lower paid employees. But it has and will continue to have an effect. We lost the jobs authorized by this committee last year as far as this year is concerned due to the Expenditure Control Act.

Mr. FLOOD. You have had an opportunity yourself, then, to review the organization of the staffing in the Secretary's Office?

Mr. VENEMAN. I certainly have. I have taken a look from the Assistant Secretary's level on up.

Mr. FLOOD. Does this budget proposal before us now represent the Secretary's views as to where he feels the need is for additional staff and additional funds?

Mr. VENEMAN. Yes, it does reflect his views as to where he would place his priorities.

PUBLIC INFORMATION

Mr. FLOOD. Here is an old chestnut. Tell us why in the world you need eight additional positions for public information. You have been around here long enough to know the phrase "public information officer" raises a red flag on the Hill immediately. Somebody will jump on that sure.

Mr. VENEMAN. I wish we had the public information officer here. The additional personnel are required primarily for the purpose—

the truth is perhaps we are overburdened with public information officers. I think there must be 500 of them.

Mr. FLOOD. I don't mean just in your office, I mean the whole Government. It is simply appalling.

Mr. VENEMAN. But we need to have the Office of Public Information really respond to and know what is going on, we felt this is where the weak link is. There seems to be a weakness in coordinating the information work in the various agencies. Perhaps one of the things we can do for the people that we represent and the people who want to be responsive to the programs that we have been given the responsibility for is to let them know what is going on in Government. I think one thing the Secretary does not want to see, or Congress for that matter, is a bureaucratic agency operating without revealing to the public what they are actually doing. And as a program grows I think the need for dissemination of information grows.

Mr. CARDWELL. Mr. Chairman, six of the eight are Grade 11's and below, so we are not setting up a new method of controlling the news. I would say from my observation of the new administration it has one of the most open news policies of any administration in modern times. That has been my experience so far.

Mr. VENEMAN. None of these are for the Secretary or myself, I can assure you of that.

Mr. FLOOD. How do you decide which public information activity should be conducted by your various agencies and which should remain in the Office of the Secretary? How do you decide that?

Mr. VENEMAN. There is actually a great deal of duplication of positions. For instance, there would logically be a publication man putting out publications for the Office of Education as well as one on the Secretary's level. I think it would be inappropriate to hire one to put out an Office of Education publication or a Social Security Administration publication from the Secretary's Office. They should be in the agency. I think the other types of publications that go across the board, such as a Department of Health, Education, and Welfare newsletter on what is going on should be on the Secretary's level. Another thing is the coordination of these so the Secretary actually knows what is being done down in the agency so it is not being done unilaterally. I don't think the Secretary's Office should be telling the Office of Education what to put in a release, but the Secretary should know what is being put out.

PLANNING AND EVALUATION

Mr. FLOOD. Here is another bad word, evaluation. What leads you to believe 19 additional people are needed for planning and evaluation? You already have 67 people in that activity. What will these new people do, evaluate the evaluators or make plans for the planners? Sixty-seven are doing that now.

Mr. VENEMAN. We have 67 presently. As I indicated, more emphasis is being placed on this in the Department. We feel a great number of programs have gone into effect that have not really had a determination made as to whether or not they are working effectively. In education in the last 10 years, for example, we went from I think five categorical type grants to 83. In other words, we are giving aid to education in some 80 ways. How do we know that is doing any

good when it gets down to the school district? These are the kinds of programs I think we should look into and determine which ones are of high priority.

Another area we have received criticism on are the public assistance programs. The question is what kind of shift in direction can be made to more effectively take care of the needs of the poor and disadvantaged. We are suggesting about $9 million for demonstration projects on income maintenance. The primary responsibility for developing these projects will be in this office as well as in the Social and Rehabilitation Service. Two years ago this would not have been done. This gives the Secretary the opportunity to more closely evaluate and utilize the kinds of projects that are being developed.

And of course the other factor—and I think it is one we really should have the answer to and have to recognize—is the fact it is requiring more staff time to respond to the requests of other agencies as we coordinate the activities of the Departments of Labor, and Health, Education, and Welfare, and Commerce. We have seen many programs become fragmented, and we have seen an increased emphasis by this administration to bring these together. We have assigned our staff in this connection primarily to planning and evaluation. It is a large increase but we have given them a greater responsibility.

PROGRAM, PLANNING, AND BUDGETING SYSTEM

Mr. FLOOD. Here is a curious situation. You are asking $50,000 for an "in depth revision of the 'program, planning, and budgeting system' so that the HEW system can respond to revised Bureau of the Budget requirements and needs."

What are the Bureau of the Budget's special requirements and needs? Why do they need special treatment?

Mr. CARDWELL. The Bureau of the Budget, as you know, provides the initial leadership for the establishment of a comprehensive planning system for the whole Federal Government. That has been their duty in the evolutionary stages. HEW began about 3 years ago to develop its part of that system. Several years ago the Bureau of the Budget reviewed the HEW operation and they criticized it. There were a number of improvements they thought ought to be made, one of which is to develop some common lines of delineation between program descriptions as used by managers and as used in the budget. We find the budget is essentially organizationally oriented, but in trying to evaluate our programs and make decisions about them they asked that we examine a program from the standpoint of its function as well as from the standpoint of its organization. They asked that we make a number of changes. We do not have on our staff at this time all the expertise needed to do this.

I don't think we want to overstress the Bureau of the Budget in this. We are not really as interested in "serving them" as we are in developing a truly satisfactory planning mechanism at HEW, one that the Secretary can use and one that hopefully will help us tell the committee what we want to do and why so that we can get a comprehensive picture of HEW and not be so dependent on the separate parts coming up and laying out their plans.

Mr. FLOOD. What is the matter with your present system? I thought it was pretty good.

Mr. CARDWELL. We really don't have a true system of planning. We are trying to improve planning. In the past we used the budget staff. I don't think I need to tell you how much of the time of the budget staff is spent in just making the annual budget. We have overtaxed that staff. They can no longer do the big job. We want to get the goals and objectives and policies of the Secretary and of the administration out ahead of the budget, ahead of the legislative process, so that rather than becoming ends in themselves they can be implementing devices.

Mr. FLOOD. Suppose you just give us a rough estimate of the total spent in the entire Department on this program, planning, and budgeting system.

Mr. VENEMAN. You mean in all agencies?

Mr. FLOOD. In HEW.

Mr. KELLY. I don't have that.

Mr. VENEMAN. You have an element of planning in almost every agency.

CONTRACT STUDIES

Mr. FLOOD. Indeed I know it. You are asking $50,000 for what you call "a series of small scale contractor studies which will serve to provide data input to in-house program analyses." What is that?

Mr. COULTER. These are studies to develop processes for handling the program data that is being collected and getting it in a manageable form to make it usable to the Secretary and the Under Secretary and their staff in making their decisions on programing.

Mr. FLOOD. A series of such studies, small scale contractor studies?

Mr. COULTER. Yes. We propose to have a number of these studies done to assist in developing the best way to handle data in the various program areas of the Department—in health, education and welfare programs.

Mr. FLOOD. We get so afraid of empire builders. Everytime there is a new administration you people come in with a lot of vim and create new agencies.

Mr. VENEMAN. I don't think any of us have any desire to build empires in this Department. We think it is sufficiently large as it is.

Mr. FLOOD. I agree with that. Funds have been appropriated for studies all over the lot. Do you think we will get our money's worth from these studies by these outside contractors?

Mr. VENEMAN. Well, actually I cannot answer that accurately. I would have some reservations about it. That is why I would seriously—between us, it seems to make more sense to beef up our own staff than to let so many contracts out.

Mr. FLOOD. You want to do both.

Mr. VENEMAN. If I had to establish it in priorities—and I don't know if this is a higher increase than previously.

Mr. CARDWELL. No, we have been proposing about the same contracting work for about 2 years, and this same proposal, as a matter of fact, was made by the last administration in its budget submitted in January. So the new administration has not really changed the degree of emphasis.

From my own experience sitting up here, for example yesterday Mr. Michel raised the point with respect to titles II and III of ESEA and for impacted area aid, whether there were not effective ways to

provide aid to education under title I. This comes up time and time again. Congress wants to know why it is better to do it one way rather than another. We give you our empirical judgment on the basis of experience, but very rarely are we able to give you an analysis that someone has thoughtfully put together. That is what the word "evaluation" means. It seems to me it would serve the Secretary and the people if we could get it to work.

INCREASE IN OFFICE OF THE SECRETARY

Mr. FLOOD. You have 10 new jobs you want for the immediate office of the Secretary. I know some Foreign Ministers who don't have 10 people in their offices. You want 10 in addition to the array you already have.

Mr. VENEMAN. The array is not so big in the Secretary's office itself.

Mr. FLOOD. How many are there?

Mr. COULTER. Forty-six positions in the two offices at the present time.

Mr. FLOOD. And you want 10 more. That is quite a percentage jump. You have 46 and want 10 more. Percentagewise that is quite an increase.

Mr. COULTER. That would result in a total of 33 professionals, including the Secretary and the Under Secretary.

Mr. VENEMAN. Percentagewise it is a large figure but I think we have to take a look at what we had and what we are attempting to do.

Mr. CASEY. Mr. Chairman, could I ask a question there?

Mr. FLOOD. Yes.

Mr. CASEY. Where are these 10?

Mr. FLOOD. In the Secretary's Office alone.

Mr. CASEY. What rating?

Mr. FLOOD. I think about half of the 46 there now are clerical.

Mr. VENEMAN. Four would be secretarial, GS–7 and GS–6. We would have one GS–11; two GS–14's; and three GS–15's.

Mr. CARDWELL. I think here again we could point out that this judgment is not just the judgment of Secretary Finch and Under Secretary Veneman. It is the same judgment Secretary Cohen and Secretary Gardner made about how the offices should be staffed.

Mr. COULTER. These were the numbers that actually were proposed by the previous administration when this budget was first formulated.

Mr. FLOOD. That does not make it sacred. It is still a big jump.

Mr. VENEMAN. A big increase, yes.

ASSISTANT SECRETARY FOR EDUCATION

Mr. FLOOD. You talk about the Commissioner of Education and the Assistant Secretary for Education. They are one and the same man?

Mr. VENEMAN. We are recommending that. We would still retain the Assistant Secretary for Education and retain some of the programs.

Mr. FLOOD. In view of that, how will the activities of the staff of the Assistant Secretary for Education differ from those of the staff of the Commissioner of Education?

Mr. VENEMAN. These people will be responsible for different programs which are under the Assistant Secretary for Education. There would be no similarity in programs per se. For example, the programs to assist Indians and Spanish surnamed Americans are under the As-

sistant Secretary for Education, whereas all your higher education programs are in the Office of Education.

Mr. FLOOD. So the fact he is wearing two hats would not change his responsibilities?

Mr. VENEMAN. It would not change his responsibilities. As Assistant Secretary for Education these programs would fall under him.

Mr. CARDWELL. But had that change not been made the staffing for the Office of the Assistant Secretary for Education would have been greater.

ASSISTANT SECRETARY FOR HEALTH AND SCIENTIFIC AFFAIRS

Mr. FLOOD. You are asking for 13 new jobs for the Assistant Secretary for Health and Scientific Affairs. What is his job? How does it differ from the health agencies?

Mr. VENEMAN. You mean like NIH?

Mr. FLOOD. Yes.

Mr. VENEMAN. The health agencies under him report to him. They include NIH, the Consumer Protection and Environmental Health Service, the Health Services and Mental Health Administration.

Mr. CARDWELL. We are talking about a 97-man staff here if you authorize the 10-position increase. This staff overseas a 40,000-man operation. I think it is one of the smallest overhead staffs you would find.

Mr. FLOOD. Isn't that an extra layer on the cake?

Mr. CARDWELL. No. We are trying to develop a common control point for the Department's health activities. For example, there is an interrelationship between medicare and medicaid, the social security program and the vocational rehabilitation program and other programs not as large that need to be linked together, such as the Children's Bureau, Youth Development, and others. All these things need to be linked together.

OFFICE OF INTERNATIONAL HEALTH

Mr. FLOOD. I would like to see some other things linked together. Why under the sun can't you put international health under the Fogarty International Center?

Mr. CARDWELL. I can explain to you why that decision was made. You may not agree with it. They wanted to reserve the Fogarty International Center for interrelationships between scholars, to bring scholars together in an environment that would be conducive to their study and the pursuit of their particular discipline. The Office of International Health is promoting a relationship between dometsic research and overseas research, the gathering of information about what is being done abroad in that area. They felt the real spirit of the Fogarty International Center would become encumbered if you gave them all the elements now in the Office of International Health. It is true they invite foreign scholars to visit the Fogarty International Center but they also invite the domestic scholars.

Mr. FLOOD. It sounds to me like a distinction without a difference.

Mr. CARDWELL. We will be glad to go into it again. I think Dr. Marston is aware of your concern. We will talk to him about it.

Mr. FLOOD. Mr. Michel.

POPULATION AND FAMILY PLANNING

Mr. MICHEL. I notice in the office of the Assistant Secretary for Health and Scientific Affairs you are requesting a staff assistant to the Deputy Assistant Secretary for Population and Family Planning, a GS–14. All during the course of the hearings I have noticed you have family planning everywhere. Now we have to have a top guy to pull them all together.

Mr. FLOOD. If the gentleman will yield, I would like to show him this chart. If this is not a Rube Goldberg setup.

Mr. CARDWELL. Is that the Assistant Secretary for Health?

Mr. FLOOD. Yes.

Mr. CARDWELL. I would say, in all fairness to the Under Secretary, he did not invent this arrangement. It was here when he got here.

Mr. FLOOD. That does not help me any.

Mr. VENEMAN. I would say the Department is looking into reorganization.

Mr. FLOOD. Have you taken a look at this thing?

Mr. VENEMAN. Yes.

Mr. FLOOD. Here is the National Institutes of Health and they have a whole flock of institutes under them. Then you have the Health Services and the Mental Health Administration and they have their satellites. Then you have the Consumer Protection and Environmental Health Service setup. They have their satellites. Then we go up to the Surgeon General. That is papa. Then there is grandpapa, the Assistant Secretary.

Mr. VENEMAN. Let us see if we can answer your question about the GS–14 on family planning. Is that a coordinating function?

Mr. CARDWELL. Yes. You will find somebody on family planning everywhere.

Mr. VENEMAN. I was looking at the model city plan for Seattle, and it has $226,000 for family planning. We could almost buy the pills and give it to them for that price.

Mr. CARDWELL. I think one of the things we should give the coordinator to do is to change the name.

Mr. MICHEL. You make a very valid point there, too.

ASSISTANT SECRETARY FOR LEGISLATION

Now in the area of legislation you make a request for seven new positions. Of course as an administration we have been making the point that, as distinguished from the previous administration, ours will not be, at least in the initial stages, one of thrusting upon the Congress all kinds of new legislation, but rather one of trying to digest and evaluate what has already been thrust upon us in great amounts. This suggests to me that rather than an increase needed in legislative assistance, that if we just hold the line, there would be sufficient numbers. Were the people doing that same work called something else in somebody else's shop?

Mr. VENEMAN. I don't think so. I believe these would be additional positions.

Mr. CARDWELL. I think this is a matter of trying to do something we have not previously done and trying to do better the job of responding to the Congress. I don't think it is a matter of our anticipat-

ing a lot of legislation, but rather it is a matter of doing a good job of analyzing the legislation that we have.

Mr. VENEMAN. And also it is responding to congressional requests. As your constituencies increase the more requests come to you for many things.

Mr. CARDWELL. Also, if a new administration attempts to make a change, let us say it is a change that it decides will improve efficiency and economy. Any change will promote a relationship to Congress. You have to explain why you want the change. There will be some for it and some against it and every change increases the work.

Mr. MICHEL. I think if you call it legislative liaison it sells better, but just from the standpoint of legislation we have had too much of it.

Mr. VENEMAN. These would be primarily liaison people. Our Office, I would say, has probably recommended less legislation in the overall field of health, education, and welfare than the previous administration because the Secretary has taken the posture, let us make the things we have work rather than propose new ones. But, as Mr. Cardwell just said, just the recommendation for change in three hospitals has required countless staff time. The recommendation that we change the regional offices has required countless hours of staff time just responding to congressional requests as to why we are doing this thing.

ASSISTANT SECRETARY FOR PLANNING AND EVALUATION

Mr. MICHEL. Next is the Office of the Assistant Secretary for Planning and Evaluation. I know the Secretary made a big point about how his administration would be bent on evaluating this myriad of programs that have been thrust upon the Department, but did the previous administration have a shop that did this type of work?

Mr. VENEMAN. They did. They had essentially the same operation.

Mr. MICHEL. But you think you have to have 19 more people to do the job?

Mr. VENEMAN. That is what we are requesting.

Mr. MICHEL. Did they have any program analysts and operations research analysts?

Mr. COULTER. Yes. There were some positions of that type. These would be in addition.

Mr. CARDWELL. There is one new element being proposed at this time and that is that the the Assistant Secretary for Planning and Evaluation would also provide staff assistance to the Secretary in trying to solve the puzzle of how to deal with problems that cross agency and departmental lines. For example, the Secretary is an important participant in the Urban Affairs Council and as a member of the Council he gets assignments and he has to have a staff to do analyses, prepare papers and reports, and so on. This is but one example. That particular function at this point in time has also been assigned to the Assistant Secretary for Planning and Evaluation, and it is a significant one.

Mr. VENEMAN. As a matter of fact the staff assigned to that has been having to work every weekend. The Urban Affairs Council has a habit of wanting a report in a number of hours and there have been very few weekends that these fellows have not been working.

Mr. MICHEL. And in the Office of Public Information why would there have to be two more public information specialists rather than, say, one? There is an increase of two GS–14 public information specialists and one GS–13 deputy press officer.

Mr. COULTER. They would be working in different areas. One would be working in connection with the broadcast and television media and the other in the area of publications and periodicals.

Mr. VENEMAN. This reflects the change in the Visitor's Information Center, does it not?

Mr. COULTER. Yes.

Mr. MICHEL. Was there such an office as this in the previous administration, for public information?

Mr. COULTER. Yes, sir.

Mr. CARDWELL. But I think the Under Secretary is referring to a program to set up a Visitor's Information Center for people coming to the HEW buildings looking for information and materials.

Mr. COULTER. That is a new unit set up to handle the workload imposed on us by the passage of the Freedom of Information Act.

Mr. MICHEL. This figure of eight is an increase of eight?

Mr. CARDWELL. Yes. There is an increase of eight. There are 29 there now.

Mr. MICHEL. You want two additional public information specialists. Obviously that office before had a director of public information or something of that kind. Did they have a deputy? You are asking for a deputy press officer. They must have had a top man and a deputy and you want three.

Mr. CARDWELL. We have a press officer and I have always marveled at the way the guy works.

Mr. FLOOD. What do you mean by that?

Mr. CARDWELL. When we put the budget together, normally we have a conference on the HEW budget which lasts a couple hours and it takes a lot of work to display to the public what the budget is all about. There is one guy that has to bring the press together and coordinate all the questions and they even call him at home at night and all over the place. He says he wants some help and I don't blame him. I would want some too.

Mr. MICHEL. If this is in keeping with Herb Klein's position that we want to be as forthright as we can to get the information to the public thoroughly and quickly, I am for that; but if it is to withhold information, I am against it.

Mr. CARDWELL. There is obviously a political limitation on how many people we can have and call them public information officers. We have a sensitivity and we realize this.

Mr. CASEY. Will the gentleman yield?

Mr. MICHEL. Yes, I will be glad to yield.

Mr. CASEY. Last year during the hearings I requested Secretary Cohen to put into our record the top assistants, special assistants, and so forth he had in these various departments and those he was requesting last year. With reference to the Office of Public Information they had in fiscal year 1968, 13 exclusive of the Director, being the Deputy Director, Associate Director for Public Services, Administrative Assistant to the Director, Senior Projects Coordinator, Assistant

Director for Project Coordination, Coordinator of Field Information Services, Public Information Specialist-Program Officer, Press Officer, Assistant to the Press Officer, Press Assistant, Public Information Specialist for Radio and Television, Assistant Director for Editorial Services, and a Writer-Editor.

They requested last year five additional positions. How many did you put on? They requested these five additional positions: A Program Information Specialist-Program Officer, a Film Production Coordinator, a Deputy Press Officer, a Public Information Specialist for Research, and an Editor. How many of those five did you put on?

Mr. CARDWELL. The Revenue and Expenditure Control Act resulted in our losing the positions that you approved in 1969.

Mr. VENEMAN. We have 16 in those categories. This is exclusive of clerical.

Mr. CASEY. I have no clerical. I just asked for these top grades.

Mr. VENEMAN. Which would include, I think, those that were transferred in for the Visitors' Information Bureau.

Mr. COULTER. That is correct.

Mr. VENEMAN. We probably had three for them.

Mr. CARDWELL. But am I not right; we have not added any?

Mr. COULTER. That is right.

Mr. CASEY. So unless we repeal that provision we are spinning our wheels again?

Mr. FLOOD. Sure.

Mr. CARDWELL. You can deliberate that and make a decision, but unless the act is repealed, the act says seven out of 10 may be filled and three out of every 10 are lost until we reach the level of June 30, 1966, and it would take us about 3 years to get to that level in the Department. But even if we got to that level in the Department we are not sure the whole Government would get to that level. So, as the Secretary said, it is an endless spider web.

Mr. MICHEL. What was the number involved in that area?

Mr. CASEY. In public information?

Mr. MICHEL. Yes.

Mr. CASEY. In fiscal year 1968 exclusive of the Director they had 13 top assistants and they requested five more and they now have 16 in that category.

Mr. COULTER. The 16 does include the Director plus two we added to the Visitors Information Center.

Mr. CARDWELL. On a comparable basis it is the same number.

Mr. COULTER. That is right.

Mrs. REID. Will you yield?

Mr. MICHEL. Yes.

Mrs. REID. I had the same concern Mr. Michel expressed because over the past several years there certainly has been much criticism about the number of information specialists in the Government, so much effort has gone into actually trying to sell Government programs, and somehow, putting it in this context, gives it a different connotation than saying public information specialists.

Mr. VENEMAN. I think there is a degree of semantics here in defining what we are really talking about. I think one of the things that we are subjected to, and Bruce pointed it out when he referred to how the press officer is subjected to these calls, is the incidental things that occur that you do not anticipate.

An example is the recent occurrence in Lake Michigan where the DDT tolerance in the Coho salmon reached the point where 28,000 pounds of frozen salmon had to be seized. That required many man-hours of press time, responding to calls from all over the Great Lakes region, culminated with meetings with Representatives in Congress, and finally ending up with a Sunday meeting with the five Governors in Chicago.

From just that one thing, I think you can see what often is required from the standpoint of public information staff time, and that was a totally unexpected thing we did not anticipate, but which just happened.

Mr. MICHEL. Mrs. Reid and I do not mind you getting out the information and bona fide information being disclosed to the public. We rebel at the propagandizing of the general public that has, we feel, been going on to a great extent and want to be given assurance we are not propagandizing people in supporting this kind of a program for empire building purposes.

Mr. CARDWELL. I do not think that propaganda comes from the Office of the Secretary, Public Information Office, it comes from the program advocates.

Mr. VENEMAN. I think if we can get adequate and responsive staff to the Secretary on the Secretary's level and good coordination with the program people down below, we can alleviate a lot of propaganda vis-a-vis information.

I think the way it is set up now, and with the relatively small staff at the Secretary level, it will be very difficult for us to find out what they are really doing in the bureaucracy until we get good people. The GS levels look high, but if you are going to have somebody in the Secretary's office that the agencies must respond to, I think we have to have them at a level that is not excessive but is slightly above those down below.

EFFECT OF REVENUE AND EXPENDITURE CONTROL ACT

Mr. MICHEL. Mr. Moyer reminds us last year the request was for 173 additional positions in the Office of the Secretary, and Mr. Casey we kind of put the knife to that, as you recall, to the extent of permitting only 27 of that request of 173.

And then of course, with that allowance, the imposition of the Revenue and Expenditure Control Act took its toll.

Mr. CARDWELL. But we were not authorized to fill any of those positions. They were immediately lost. Frankly, though, we would ask you to do the same thing again this year, because in the event the act were to be repealed and you failed to authorize additional positions, if not here elsewhere, we would still have our hands tied.

We think you take the thing a step at a time, and the first step would be to have this committee make a decision about what employment level it believes is necessary to do the job and then let the Revenue and Expenditure Control Act find its own way. It may or may not remain in effect.

We would ask you to consider the personnel request on the assumption of the budget, namely that the act will be somehow repealed.

Mr. COULTER. As a matter of fact, in addition to not being able to utilize the new positions the Congress authorized last year, we lost 42 positions out of this one appropriation from the number that we had

the preceding year because of the effect of the Revenue and Expenditure Control Act.

Mr. FLOOD. I raised this question with the Secretary yesterday. Suppose it is not repealed but merely amended.

Mr. CARDWELL. Then nothing is lost so far as the Committee on Appropriations is concerned. You have taken the action you deem necessary to operate Government, and we would not be able to fill the positions.

Mr. MICHEL. Do you think it would help if you came up with a legislative proposal to do what you say ought to be done?

Mr. CARDWELL. I do frankly, and I do not know what the White House plans in this regard. The President in his public discussions of the budget amendment indicated that he was adopting on his own volition an executive branch policy which would hold employment at the level projected for this June 30 and he would hold it for all of 1970. In other words, this would be a voluntary control he would exercise.

I would hope that the next step would be that he would ask the Congress to accept that as a substitute for the Revenue and Expenditure Control Act. In our mind it would be much the better arrangement because it gives him the flexibility he needs to run the Government. Otherwise we end up with vacancies and losses related only to the happenstance of who leaves when and where.

Mr. MICHEL. I have no more questions, Mr. Chairman.

Mr. FLOOD. Mr. Casey?

Mr. CASEY. As I understand it, you did not fill any of those positions you requested last year; is that right?

Mr. CARDWELL. Yes.

COMPARISON WITH 1969 REQUEST

Mr. CASEY. Let's make the record clear then so it does not look like you are asking for assistants in this top bracket in addition to those in the budget of last year.

The Office of Assistant Secretary for Education, is that directly under the Secretary's Office?

Mr. CARDWELL. Yes.

Mr. CASEY. How many do you have there now in the top grades?

Mr. CARDWELL. Assistant Secretary for Education?

Mr. CASEY. Yes.

Mr. VENEMAN. For the Assistant Secretary for Education, we have 20 with 19 clerical for a total of 39.

Mr. CASEY. You have 20 in the top grades. Are you asking for anymore this year?

Mr. VENEMAN. No, we are asking for just the same.

Mr. CASEY. No increase?

Mr. CARDWELL. Last year we did ask for an increase.

Mr. CASEY. In the Office of Assistant Secretary, Health and Scientific Affairs, how many do you have in the top grades?

Mr. VENEMAN. We have 44 professional and 40 clerical.

Mr. CASEY. Special Assistant. Last year it is stated you had 11 exclusive of the Assistant Secretary, Deputy Assistant, Special Assistant, Confidential Assistant, Assistant to the Assistant, and including a statistician and a medical officer. These were GS–14 and up.

Mr. CARDWELL. This year we are asking for six additional GS–14's and above.

Mr. CASEY. Last year you asked for eight. Did you fill any of those?

Mr. CARDWELL. No, sir.

Mr. CASEY. None of them were filled?

Mr. CARDWELL. No, sir.

Mr. CASEY. So you are asking for less this year than you did last year, is that right, or about the same?

Mr. CARDWELL. Yes, sir.

Mr. CASEY. Assistant for Legislation, you had 10 counting the Congressional Liaison Assistant, a grade 12, and the rest are 13 and up, and you asked for three additional GS–15's.

Mr. VENEMAN. This year we are asking for five.

Mr. CARDWELL. One of which would be 15, two of which would be 14's, and one of which would be a 13.

Mr. CASEY. None that you asked for last year was filled?

Mr. CARDWELL. No, sir.

Mr. CASEY. In the Office of Assistant Secretary for Planning and Evaluation you asked for 16 new assistants, GS–14 and up, assistants and specialists, program managers. Were any of those spots filled?

Mr. VENEMAN. No, sir.

We are now asking for five 13's, four 14's, and three 13's so that would be a total of 12 in the professional category.

Mr. CASEY. Any way you are asking for about 12 that are not clerical?

Mr. COULTER. Yes.

Mr. CASEY. The rest of them are clerical?

Mr. COULTER. Yes.

Mr. CASEY. And the Office of Public Information we went over a while ago. None of the additional positions requested last year were filled?

Mr. CARDWELL. Right.

Mr. CASEY. And you are asking for four more in the higher bracket with the rest being clerical?

Mr. CARDWELL. Right.

Mr. CASEY. And last year you asked for five and none of them were filled. Is that correct?

Mr. COULTER. Yes.

Mr. CASEY. So basically you are asking for just about what you did not get last year due to this limitation. And in some instances you are a little lower.

Mr. CARDWELL. Correct.

Mr. CASEY. No more questions, Mr. Chairman.

Mr. FLOOD. Mrs. Reid?

PRIORITIES

Mrs. REID. Mr. Veneman, of the 57 new positions which you are requesting how many of these carry high priorities?

In other words, if some had to be cut, which ones would you cut to have the least effect on your overall program?

Mr. CARDWELL. I am glad you asked that question.

Mr. VENEMAN. Do you want my personal reaction?

Mrs. REID. Is it possible to evaluate these positions in this way?

Mr. VENEMAN. I would have to be very honest and say from my own experience, from what I have seen, which is limited, conceded, I think that probably the Office of Program Planning and Evaluation would be among the high priorities because of the workload that we are shoving into that office now.

I cannot respond on Health and Scientific Affairs. I think it is strictly from a standpoint of the program responsibilities there that they would be justified, but I am just not in a position to say whether or not those that have been requested are really high priority or whether or not some of those could be reduced.

In the Office of Secretary for Legislation, I would say we have relatively a high priority again because of the workload and because of the relative understaffing in the past.

And there is another factor that I think we do have to recognize as fact. That is that the previous Secretary had a much closer rapport with Members of Congress than the new administration has and a lot of the work Mr. Cohen did himself, as far as congressional liaison is concerned.

Mr. CARDWELL. Could I answer that?

I worked for him and I am a great admirer of his, but I will say one thing about him on the record because I think he would have to agree with me.

When he was Secretary he was also his own Under Secretary, he never stopped being the Assistant Secretary for legislation either, in a way, and he did a lot of things because of his experience and his special interest and his ties to the Hill that no one else will ever be able to do again.

As an individual he was tremendously productive, but he really never let those areas develop as they should have because he had his own tailor-made approach to them. He was a wonderful person and I think an excellent Under Secretary and Secretary, but these were his peculiarities in the approach to the job which you will not find again.

Mr. MICHEL. I would surely have to agree with the comment Mr. Cardwell makes, because of his many, many years experience down here he was sometimes called Mr. Social Security but he had worked at the Federal level for many years with other H.E.W. programs as well.

Mr. VENEMAN. He had been in the department for more than 30 years and that is natural.

In order to provide the same kind of relationship or respond equally as well to congressional requests, I think this would be a priority item.

Public information officers. Without offending Mr. Brand, I would say that perhaps we could make that office function if necessary, but I think again the public would be served better by this somewhat modest request.

And I think the point Mr. Casey made is that there really is not too much difference from what we asked for last year.

Mrs. REID. One further question.

PRESIDENT'S COUNCIL ON PHYSICAL FITNESS

I notice in the justifications that 12 of the 39 staff positions in the Office of Asistant Secretary for Education are for the Preident's Council on Physical Fitness support.

Is that an unusually large percentage of employees for this one phase of activity?

Mr. VENEMAN. I think what you would have to do is compare it perhaps to the President's Council on Mental Retardation or other types of councils.

What is the comparison?

Mr. COULTER. The President's Council on Mental Retardation has a slightly larger staff than this.

Perhaps in relation to 39 positions in the Assistant Secretary's Office it looks like it is high. I think in relation to staff work they have to do, it is not. Again, I think the Assistant Secretary for Education's Office is smaller in numbers of positions because of the proposal that the Assistant Secretary also be Commissioner of the Office of Education. He will have some staff available to them there.

Mrs. REID. Thank you, Mr. Chairman.

Mr. FLOOD. Thank you, Mr. Secretary.

CRITICISM OF FOOD INDUSTRY

Before you leave the chair, I have before me an excerpt from the Washington Star of April 17, and the reason I mention it to you is the people in your department who have jurisdiction will not be back to testify further, and I want this in the record.

The heading is "Editors Hear Nader Indict the Food Industry." Subhead, "Watch Food Industry Closely, Nader Advises."

You probably are aware of it and I am sure your people are aware of the article. I want to insert it at this time and invite any comments from the proper person in your department who may wish to see it and comment on it.

(The articles follow:)

[From the Washington Evening Star, April 17, 1969]

EDITORS HEAR NADER INDICT FOOD INDUSTRY

(By William Delaney)

Consumer advocate Ralph Nader told the nation's editors today that the "real test of the press" will come in its scrutiny of the $100 billion food industry, a scrutiny which he predicted will be a primary domestic issue of the 1970s.

His pre-luncheon address to the American Society of Newspaper Editors was an unappetizing litany of disclosures of contaminated cookies, trashy meat and even genetically worrisome diet soft drinks.

Even more startling to the several hundred editors meeting at the Shoreham Hotel was his disclosure that "the average American life expectancy has been declining since 1962," a fact which he said raised questions about the nation's environmental pollution problems.

Nader indicated the Department of Health, Education and Welfare hadn't made a point of making this data public. He said the figures showed the American male ranks 18th in the world in life expectancy, the female 11th.

In another talk at the editors' session, Defense Secretary Melvin R. Laird discussed plans for a thorough new study of the entire U.S. "defense community," covering both its "mission" and its performance.

Laird said he would soon name a "blue ribbon panel" to conduct "a thorough, independent and objective study of the defense community."

Laird also defended the Nixon administration's proposed antiballistic missile defense system, which he said would give the United States the capability to deal with major nuclear threats emerging in the 1970s.

The Food and Drug Administration, the nation's prime watchdog in this field, "has neither the resources, the regulatory dedication nor adequate authority to keep up with the proliferating abuses in the food industry," Nader said.

The current FDA budget, $23 million, is "even less than what we pay for protecting migratory birds," he said.

CRITICIZES WHITE HOUSE

Under questioning by the editors, whom he congratulated for "increasingly progressive" efforts in consumer reporting, Nader said the Nixon administrations posture in consumer protection has thus far been "a very discouraging picture, even compared with the preceding administration."

Nader appeared during a session at which the editors also heard several speakers discuss domestic violence, and one, sociologist Otto Larsen of the University of Washington, warned them to listen to the complaints of the hippies, black militants and campus rebels.

Laird said a major feature of the Safeguard missile shield is that it would give the country a number of options for defending U.S. nuclear deterrent forces or cities against various missile assaults.

In his comments on the food industry, Nader said, "The grand old tradition in restaurants of sending the meal back needs to be resurrected" by all consumers.

RESPONSE TO RECENT SPEECH BY RALPH NADER

Employees of the Food and Drug Administration are trying earnestly with the resources available to them to perform the functions and carry out the responsibilities for which they are employed.

In the first 9 months of fiscal year 1969, FDA approved seizures on 205 shipments of food products and detained 1,294 violative imported food products. There have been 15 prosecutions, and eight firms have been enjoined from distribution of violative food products. In addition, there have been 123 recalls of violative products. During that same period, FDA conducted 14,696 inspections of food establishments; carried out wharf examination on 9,953 imported food lots; examined 31,490 domestic food samples and 12,923 imported food samples.

FDA is also devoting time and resources to education and other programs related to securing voluntary compliance from the food industry. For example, FDA's self-certification program, expresses a new approach to the problem of providing safe, wholesome, and properly labeled food by developing cooperation between Government and industry. There are now two firms participating in this pilot program; up to five additional pilot programs are planned for fiscal year 1970. FDA also conducte workshops and conferences with industry and State and local officials. For fiscal year 1970, FDA plans seven national conferences and 116 district workshops in food-related programs.

Undoubtedly, FDA could improve its surveillance of the food industry with additional resources. It should be recognized that reductions in its food programs have been necessitated over the past two years to allow additional emphasis on serious problems involving the safety and efficacy of drugs. Roughly one-third of FDA's resources are devoted to food programs—about $23 million, as Mr. Nader has pointed out. Under the present budget of $70.4 million, this is the maximum amount that can be devoted to problems involving foods if FDA is to maintain a balanced regulatory program in all of the areas within its jurisdiction: drugs, cosmetics, therapeutic devices, and hazardous products.

Mr. VENEMAN. We might bring it back in written form for you, Mr. Chairman.

Having been closely associated with the food industry in California, I would hope this would not be interpreted by Members of Congress as a blanket indictment.

Mr. FLOOD. You can be sure of that.

Mr. VENEMAN. There are some very, very high quality processing facilities with very, very strict restrictions throughout the country.

Mr. FLOOD. Mr. Nader attracts attention.

Mr. VENEMAN. He certainly does.

JUSTIFICATION MATERIAL

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

DEPARTMENTAL MANAGEMENT

Salaries and Expenses, Office of the Secretary

Amounts available for obligation

	1969 Estimate	1970 Estimate
Appropriation	$ 8,405,000	$ 5,975,000
Transfer from Social Security trust funds	1,282,000	398,000
Transfer to "Operating Expense, Public Buildings Service", General Services Administration	-168,000	---
Comparative transfers to:		
Salaries and expenses, Office of Community and Field Services	-4,838,000	---
Social Security Trust Funds	-893,000	---
Salaries and expenses, Office of Administration	-53,000	---
Comparative transfers from:		
Salaries and expenses, Office of the Surgeon General	980,000	---
Comprehensive health planning and services	97,000	---
Health manpower	90,000	---
Dental health	39,000	---
National Institutes of Health Management Fund	35,000	---
Health services, research and development	325,000	---
Salaries and expenses, Office of the Comptroller	5,000	---
Proposed transfer from "Community Mental Health Resource Support" for pay increase costs	216,000	---
Total obligations	5,522,000	6,373,000

Obligations by Activity

Page Ref.			1969 Estimate Pos.	1969 Estimate Amount	1970 Estimate Pos.	1970 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
12	1.	Executive Direction:						
		a. Secretary and Under Secretary..	46	$ 858,000	56	$ 980,000	+10	$ +122,000
		b. Assistant Secretary for Education.....	39	1,056,000	39	1,057,000	---	+1,000
		c. Assistant Secretary for Health and Scientific Affairs.....	84	1,393,000	97	1,601,000	+13	+208,000
		d. Assistant Secretary for Legislation.....	22	381,000	29	466,000	+7	+85,000
		e. Assistant Secretary for Planning and Evaluation.....	67	1,295,000	86	1,625,000	+19	+330,000
		Total, Executive Direction.....	258	4,983,000	307	5,729,000	+49	+746,000
20	2.	Public Information....	29	539,000	37	644,000	+8	+105,000
		Total obligations.....	287	5,522,000	344	6,373,000	+57	+851,000

Obligations by object

	1969 Estimate	1970 Estimate	Increase or Decrease
Total number of permanent positions.....	287	344	+57
Full-time equivalent of all other positions.....	24	24	---
Average number of all employees.....	307	341	+34
Personnel compensation:			
Permanent positions.....	$ 3,821,000	$ 4,289,000	$ +468,000
Positions other than permanent.....	233,000	233,000	---
Other personnel compensation.....	67,000	67,000	---
Subtotal, personnel compensation..	4,121,000	4,589,000	+468,000
Personnel benefits.....	308,000	345,000	+37,000
Travel and transportation of persons....	298,000	325,000	+27,000
Transportation of things.....	5,000	10,000	+5,000
Rent, communications, and utilities.....	204,000	256,000	+52,000
Printing and reproduction.....	106,000	125,000	+19,000
Other services.....	387,000	596,000	+209,000
Supplies and materials.....	53,000	62,000	+9,000
Equipment.....	40,000	65,000	+25,000
Total obligations by object.....	5,522,000	6,373,000	+851,000

Summary of Changes

1969 estimated obligations	$ 5,522,000
1970 estimated obligations	6,373,000
Net change	851,000

	1969 Base Pos	1969 Base Amt	1970 Estimate Pos	1970 Estimate Amt
A. Increases:				
1. Built-in:				
Annualization of 1968 pay increase				$ +8,000
2. Program:				
(a) Executive direction	258	$4,969,000	+49	+589,000
(b) Public information	29	539,000	+8	+104,000
(c) Special projects	---	---	---	+150,000
Subtotal, Program	xxx	xxx	+57	+843,000
Total increases	xxx	xxx	+57	+851,000
Net change	xxx	xxx	+57	+851,000

Explanation of Changes

A program increase of 57 positions is requested to strengthen the Office of the Secretary in order to provide the leadership, guidance and coordination required by the Department's increased responsibilities in meeting the complex social problems confronting the Nation.

Executive Direction and Program Coordination

An increase of 49 positions is requested for Executive Direction and Coordination. Ten of these positions are for the immediate Office of the Secretary and the Under Secretary. These positions are requested to provide the Secretary with the additional staff necessary to meet increased demands, in terms of guidance, direction, program coordination, and administrative functions.

The remaining 39 positions are requested to provide the Assistant Secretaries with the necessary staff to handle operational problems and provide them with the capability for medium and long-range planning to achieve Department goals. Within this total increase, 19 positions are requested for the Assistant Secretary for Planning and Evaluation to provide Department leadership in the further development of information systems and program evaluation techniques and to provide better coordination of HEW programs with the programs of other agencies. The requested increase would also provide the Assistant Secretary for Health and Scientific Affairs with 13 additional positions. The increase would assist him to carry out his increased role in the management of the three principal health agencies, particularly in the fields of health services, health and medical care, family planning, health manpower, and scientific programs. The increase would provide the Assistant Secretary for Legislation with seven additional positions to assist him in meeting increased demands for special reports, and analyses

and drafts of legislation. These increased demands result from the increasing complexity of the Department's legislative program.

An increase of $150,000 is requested for a series of special projects in fiscal year 1970. This will provide $50,000 for the Assistant Secretary for Health and Scientific Affairs to undertake special studies in such areas as patent policy, scientific and technical information, health manpower and family planning and population; and $100,000 for the Assistant Secretary for Planning and Evaluation, which will provide $50,000 for an in-depth revision of the Program, Planning, and Budgeting System so that the HEW system can respond to revised Bureau of the Budget requirements and needs, and $50,000 for a series of small scale contractor studies which will serve to provide data input to in-house program analyses.

Public Information

Eight additional positions are requested for this Office in fiscal year 1970. These additional positions are required to strengthen coordination, formulation, and establishment of policies and procedures to insure an effective Department information program fully responsive to public needs. There is also a need to develop information materials aimed at special DHEW target groups such as the elderly and the non-English speaking. This Office also requires strengthening to meet the additional administrative workload resulting from the increased growth and complexity of Department programs.

Explanation of Transfers

	1969 Estimate	Purpose
Operating Expense, Public Buildings Service, General Services Administration	$ 168,000	Rental of space.
Comparative transfers to:		
Salaries and expenses, Office of Community and Field Services	(5,740,000)	Reflects the transfer of the following functions:
	4,808,000	Office for Civil Rights.
	564,000	Center for Community Planning
	368,000	Office of the Assistant Secretary for Community and Field Services
Salaries and expenses, Office of Administration	67,000	Reflects the transfer of the Office of Equal Employment Opportunity.
Comparative transfers from:		
Salaries and expenses, Office of Administration	14,000	Reflects the transfer of positions and funds for Visitor's Information Center support.
Salaries and expenses, Office of Community and Field Services	9,000	Reflects the transfer of positions and funds for Visitor's Information Center support.
Salaries and expenses, Office of the Surgeon General	980,000	Reflects transfers in connection with reorganization of the Public Health Service.
Comprehensive health planning and service	97,000	Included in the Public Health Service reorganization.
Health Manpower	90,000)	
Dental Health	39,000)	Included in the Public Health Service reorganization.
National Institutes of Health Management Fund	35,000)	
Health services, research and development	325,000	Reflects the transfer of the President's Council on Physical Fitness and Sports.

	1969 Estimate	Purpose
Comparative transfers from: (cont.)		
Salaries and expenses, Office of the Comptroller.....	$ 5,000	Reflects the transfer related to Public Health Service reorganization.
Proposed transfer from:		
Community Mental Health Resource Support.....	216,000	Proposed transfer for pay increase costs.

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1960:				
Appropriation	$2,151,000	$2,061,000	$2,061,000	$2,061,000
SSA transfer	318,000	302,500	302,500	302,500
1961:				
Appropriation	2,260,000	2,209,000	2,209,000	2,209,000
SSA transfer	336,000	326,000	326,000	326,000
1962:				
Appropriation	2,532,000	2,382,000	2,532,000	2,527,000
SSA transfer	352,000	352,000	352,000	352,000
1963:				
Appropriation	3,160,000	2,717,900	2,717,900	2,717,900
SSA transfer	429,000	375,150	375,150	375,150
1964:				
Appropriation	2,918,000	2,833,000	2,833,000	2,833,000
SSA transfer	467,000	467,000	467,000	467,000
1965:				
Appropriation	3,396,000	3,281,000	3,281,000	3,281,000
SSA transfer	479,000	479,000	479,000	479,000
1966:				
Appropriation	4,356,000	3,789,000	3,789,000	3,789,000
SSA transfer	501,000	501,000	501,000	501,000
1967:				
Appropriation	5,146,000	7,964,000	7,163,000	7,513,000
SSA transfer	669,000	1,272,000	1,272,000	1,272,000
1968:[1]				
Appropriation	8,088,000	6,739,000	7,139,000	7,139,000[2]
SSA transfer	1,211,000	1,211,000	1,211,000	1,211,000
1969:				
Appropriation	10,705,000	8,405,000	8,405,000	8,405,000[3]
SSA transfer	1,459,000	1,282,000	1,282,000	1,282,000
1970:[4]				
Appropriation	5,975,000			
SSA transfer	398,000			

1/ Appropriation structure revised effective fiscal year 1968.
2/ Excludes $40,000 reappropriation for Comprehensive Study of the Administration of Training Programs.
3/ In addition, $216,000 is to be transferred from Community Mental Health Resource Support for pay act increases.
4/ Appropriation structure revised effective fiscal year 1970.

Salaries and Expenses, Office of the Secretary

Introduction

The fiscal year 1970 estimate for the Office of the Secretary is based on a revised appropriation structure which has been adjusted to reflect the current organization and assignment of functions within the Office of the Secretary. This revised appropriation structure provides support for the immediate Office of the Secretary and Under Secretary, the Assistant Secretaries for Health and Scientific Affairs, Education, Legislation, Planning and Evaluation, and for the Office of Public Information, including the Information Center. The Assistant Secretary for Community and Field Services, the Center for Community Planning, and the Office for Civil Rights previously included in this account have been transferred to the new appropriation "Office of Community and Field Services". In addition, the fiscal year 1970 estimates include funding for the President's Council on Physical Fitness and Sports, which was previously funded in the Public Health Service.

The fiscal year 1970 request provides for 344 positions and $6,373,000 an increase of 57 positions and $851,000 over the adjusted fiscal year 1969 level. This increase will provide for 49 positions to strengthen Executive Direction and eight positions for Public Information Activities.

Executive Direction

	1969 Estimate		1970 Estimate		Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits:						
Secretary and Under Secretary.....	46	$ 711,000	56	$ 798,000	+10	$ +87,000
Assistant Secretaries for:						
Education.....	39	728,000	39	729,000		+1,000
Health and Scientific Affairs.....	84	1,214,000	97	1,326,000	+13	+112,000
Legislation.....	22	305,000	29	366,000	+7	+61,000
Planning and Evaluation.....	67	1,078,000	86	1,241,000	+19	+163,000
Subtotal.....	258	4,036,000	307	4,460,000	+49	+424,000
All other costs.....	--	933,000	--	1,255,000	--	+322,000
Total.....	258	4,969,000	307	5,715,000	+49	+746,000

Immediate Office of the Secretary

The rapid growth of the Department's programs and the increasing complexity of national social problems places a great burden directly upon the immediate Office of the Secretary. In order to consider alternative approaches and combinations of approaches to these problems, it is necessary for this Office to have the staff capability to fully assess all the factors involved in a given decision. This will require additional staff with expertise in specific program areas, who have very broad perspective. In addition such decisions must be fully coordinated with the Executive and Legislative Branches. Increased attention must also be given to setting priorities, to overall planning, and to direction, guidance and effective implementation of these decisions.

The increasing volume of high priority projects and continuing liaison with the White House, the Congress, other government departments and agencies and the public, which must be handled with dispatch has placed a growing burden upon the limited staff of the Office of the Secretary.

To provide the Secretary's Office with this expertise and to meet a growing administrative workload, ten additional positions are requested for fiscal year 1970.

Assistant Secretary for Education

General Statement

The Office of the Assistant Secretary for Education has a policy and leadership role with respect to education programs both within the Department and throughout the Federal Government. In addition to this broad role this Office has responsibility for: Department-wide international programs, the President's Council on Physical Fitness and Sports, Department-wide Indian

programs, programs for Spanish sur-named Americans, the National Advisory Committee on Education of the Deaf, Department liaison with Howard University, Gallaudet College, the National Technical Institute for the Deaf, the American Printing House for the Blind, and development of plans for a model secondary school for the deaf.

The current staff for this office is 39 including 12 positions for the President's Council on Physical Fitness and Sports. No additional positions are requested for FY 1970.

Accomplishments and Objectives

The Office of the Assistant Secretary for Education will continue in Fiscal Year 1970 to emphasize long-term planning of educational programs and policies, and provide departmental level leadership in attacking certain educational problems not susceptible to solution by one agency.

The Office will work closely with the Office of Education and other organizations within the Department on educational planning and policy development and with other Federal agencies through the already established medium of the Federal Interagency Committee on Education. This Committee provides coordination between Federal agencies for educational programs and the development of educational policy. This Office, in its relationships with State and local governments, institutions and foundations, has the unique capacity to speak for education both from a Department and Federal viewpoint.

Two areas of concern which have received increased attention are Indian Affairs and programs for Spanish-Surnamed Americans. The Office of the Assistant Secretary for Education formulates Department-wide policy for services which can be brought to bear on these groups. The Office also coordinates with other concerned agencies who provide services to Indians and Spanish-Surnamed Americans. This office is attempting to bring the full effects of Federal programs to these target groups in a planned and coordinated manner. This office is presently working with the Indian and Spanish-American communities to evaluate present services and to plan for innovative approaches to their social problems.

The President's Council on Physical Fitness and Sports is included in these estimates for the first time in fiscal year 1970. The Assistant Secretary for Education has been assigned overall responsibility for this program.

Assistant Secretary for Health and Scientific Affairs

General Statement

The Assistant Secretary for Health and Scientific Affairs is responsible for leadership and policy development and coordination of health and science programs throughout the Department; line direction of the three health agencies; determining and planning legislative needs to support such programs; and for liaison with Congress, Federal, and non-Federal agencies and professional organizations on matters of departmental concern in these fields. Program areas of particular concern to the Assistant Secretary and his staff are health and medical care, international health, family planning, alcoholism, narcotics and drug abuse, prescription drugs, provision of health services, environmental health, science programs, health manpower and patent policies.

As a result of the recent reorganization of the Public Health Service, this Office has responsibility for the activities of the Health Services and Mental Health Administration, the Consumer Protection and Environmental Health Service and the National Institutes of Health as well as responsibility for overall health policy direction and coordination for other health programs of the Department, including Medicare, Medicaid, and the health activities of the

Children's Bureau.

An increase of 13 positions is requested to augment the current staff of 84 positions engaged in the programs discussed below.

Accomplishments and Objectives

Health Manpower

During fiscal year 1968 this Office participated in the development and presentation of proposals culminating in the Health Manpower Act of 1968. This Office played a key role in the analysis and implementation of the Report of the National Advisory Commission on Health Manpower. In conjunction with the Department of Labor, Veterans Administration, and the Department of Defense, a program for recruiting discharged military servicemen trained in health occupations into civilian positions (Project Remed) was organized and implemented.

During fiscal year 1969 the Office of the Assistant Secretary for Health and Scientific Affairs assumed line responsibility over the three health agencies of the Department. A fundamental review and reconsideration of health manpower needs is underway with a view to evaluating the results of operating agency programs, their strategies and priorities. The coordination of these findings will enable the office to better concentrate their efforts on the most essential aspects of health manpower.

In fiscal year 1970 this Office will continue in the identification of health manpower needs and utilization, and the consideration and evaluation of patterns of financing, educating, training and securing health personnel. The Office will continue the development of policies and the coordination of priorities and programs of the operating agencies. Emphasis will be given to legislative proposals and special studies concerning health manpower. An increase of 2 positions is requested to strengthen these activities.

Health and Medical Care

New legislation enacted in fiscal year 1968 greatly improved the capacity of the Department to deal with health services organization and distribution problems. Of particular significance were the Health Services and Facilities Amendments which emphasize regional medical programs, health services for migrating farm workers, mental health and mental retardation programs, extension of loans to hospitals, and consumer protection services.

One of the most promising methods of distributing scarce medical manpower is that of group practice. In a group practice several physicians can provide medical service to a far greater number of people than the composite of their individual positions. In this area, a Task Force on Group Practice reviewed the recommendations of the Conference on Promotion of Group Practice, held in 1967, and reported to the Secretary on implementation. Additionally, a working arrangement was established with the National Medical Association providing technical assistance to their Foundation in setting up group practices in areas where they have sufficient membership for such programs.

In fiscal year 1969 studies of independent practitioners, inclusion of preventive medical services in Medicare, and proficiency testing were initiated in response to Congressional requests made in connection with the 1968 Social Security Legislation Amendments.

In fiscal year 1970 this Office will have increased responsibility for developing policy, for program coordination, for the development of legislative proposals and for professional, intergovernmental and public liaison, and information related to the organization and delivery of health services. In performance of these functions, the Office will develop and maintain relations within

the Department in the following functions: Public Health Service on Regional Medical Programs (P.L. 89-749), Community Health Services and Medical Care Administration, Health Services Research and Development, Direct Health Services, Children's Bureau on Maternal and Child Health; Rehabilitation on programs concerning the Handicapped, Crippled Children, and Mental Retardation, and Title XIX of the Social Security Act and the Social Security Administration on Title XVIII of the Social Security Act. The Office will also maintain liaison with other agencies and Departments such as: HUD for Demonstration Cities and Group Practice; OEO for Community Action Programs and Neighborhood Health Centers; Department of Agriculture for Rural Health Services; and the Veterans Administration. The Office will also perform special functions in relation to the continued stimulation of group practice; urban health services organization; rural health services organization, teaching hospital medical care organization as well as standards and organizations of facilities. The Office will be the principal adviser to the Assistant Secretary for Health and Scientific Affairs in matters listed above. An increase of one position is requested to strengthen this area.

Science

This Office provides guidance on policy and program coordination relating to biomedical research and research training; research and development related to the occupational and environmental determinants of ill health and the elimination of environmental and work hazards; consumer protection; drug development, evaluation and utilization; and related scientific problems.

During fiscal year 1968 this Office served as a focal point for the development of a variety of DHEW programs - such as initiating a program in response to the Federal Radiation Council's deliberations on lung cancer in uranium miners; working for the passage of the Radiation Control Act for Health and Safety of 1968; and working with the Department of Agriculture to create a memorandum of understanding on standards for instant nonfat dry milk.

During fiscal year 1969 and fiscal year 1970 continued emphasis must be placed on budget support and program development in the health areas of such programs as: air pollution, research in human reproduction, food protection, noise research and other health related scientific programs. The programs of the several offices involved in these problems must be reviewed to ensure complementary program development in this Office. In order to effectively carry out these programs an increase of 4 positions is requested for fiscal year 1970.

Patent Policy

In fiscal year 1968, the Department's policy regarding institutional patent agreements underwent a thorough study and it was concluded that the policy should be continued on the basis of a standard form agreement with all qualified grantee institutions. In fiscal year 1969, all existing institutional agreements will be terminated and a new standard form agreement offered to all qualified grantee institutions. Additionally, efforts will be continued towards providing timely determination of rights for all inventions reported to the Department.

In fiscal year 1970, a program for granting limited exclusive licenses to Department-owned patents will be developed and put into effect.

Population and Family Planning

In fiscal year 1968 a committee of representatives of departmental operating agencies was set up to help in the coordination of population and family planning programs and projects within the Department. The Office worked with various professional organizations to accelerate professional school curriculum development related to family planning. An interagency committee was established to

develop a plan for a uniform Reporting System on Family Planning Services in the United States.

In fiscal year 1969 the Office will continue to be involved in all phases of the development of the statistical system designed to provide full coverage of the major federally supported family planning services and to incorporate uniform data provided by the major voluntary service agencies. In addition this Office will continue to work closely with the White House, the Bureau of the Budget, the operating agencies, and private groups in coordinating population and family planning programs.

This Office will develop by fiscal year 1970 a time-phased five year operating plan including programs to provide family planning services to the poor and near poor; research programs; training of medical, social welfare and allied personnel, including the incorporation of family planning materials in the curricula of medical and other related professional schools; and public education programs. One additional position is requested to implement this plan.

Planning and Program Coordination

The Office of Planning and Program Coordination is responsible for directing the development of the Department's health legislative program, review and redevelopment of the Department's health program and financial plan, staff support for the White House Task Force on Health Planning and staff support and planning of the activities of the National Advisory Health Council. It maintains contact with the Council on Legislation and Committee on Government Medical Services of the American Medical Association, the American Hospital Association, and various voluntary health associations. At present the staff is also working on the development of alternative plans for increasing the Department's capacity in the area of national health planning.

This Office provides staff and secretariat for the National Advisory Health Council. In fiscal year 1970 the role and function of the National Advisory Health Council will be expanded and enlarged in the area of coordination of interdepartmental health activities with other relevant Federal agencies. The grants management activities of the three departmental health administrations will be monitored with respect to development and operations. Staff support and technical assistance will be provided to the proposed Department grants management committee. The Office will participate in the development of the Department's proposals on capital financing of hospitals and medical facilities. Four additional positions are requested to initiate and support the above.

Office of International Health

The Office of International Health is the principal advisor to the Assistant Secretary for Health and Scientific Affairs on international health matters. This responsibility includes providing analyses of information necessary for policy formulation, review and program coordination in three major functional areas: (1) international programs operated within the Public Health Services; (2) professional and technical participation with multilateral health agencies and organizations; and (3) technical support to U.S. bilateral health programs operated outside the Public Health Service, primarily by the Agency for International Development.

A major program within the Public Health Service is the Special International Research Program (P.L. 480). During fiscal year 1968 this program involved more than 240 projects, of which 136 were supported from the $15,000,000 fiscal year 1968 appropriation. The Office of International Health has responsibility for providing effective coordination, evaluation and policy direction of this activity. During fiscal year 1968 a method was established to utilize the resources

of the World Health Organization for the development and implementation of programs supported by excess foreign currencies. Continued emphasis will be given to the development and analysis of information required for the establishment of priorities, measurement of project accomplishments and analyses of program trends.

In fiscal year 1969 the international health effort will strengthen and revise administrative procedures and coordinate the development of service-wide priorities. Increased technical assistance will be provided to the Agency for Internationl Development in the priority areas of population control, family planning, and nutrition. The continuing emphasis in fiscal year 1970 will be the coordination of international health programs to focus on the solution of these priority health problems throughout the world.

In addition, in fiscal year 1970 increased effort will be made in the multilateral health area to provide capability for the analysis of the multilateral health activities of international organizations and agencies in order to assess implications and contributions of these activities to the United States. Such work is vitally important in assisting the Departments of State and Health, Education, and Welfare in formulating U.S. positions on international health matters, as well as in providing support to U.S. delegations to governing bodies of international health organizations. In order to provide this increased emphasis, one position is requested for fiscal year 1970.

Assistant Secretary for Legislation

General Statement

The Assistant Secretary for Legislation is the principal advisor to the Secretary on legislative programs and relations with Congress. He and his staff develop the Department's legislative proposals, work with constituent agencies, task forces, private groups, and others in the Office of the Secretary. He assists and represents the Secretary on legislative matters at the Bureau of the Budget, the White House, and the Congress. He develops the Department's position on legislative proposals originating in Congress or elsewhere and reviews reports prepared on such proposals requested by Congressional committees, the Bureau of the Budget, or others. He directs the Office of Congressional Liaison and maintains close relations with associations which represent groups interested in the Department's programs. He takes a leading role in a number of Presidential, interdepartmental, and departmental committees and task forces. The current staff for this Office is 22; an increase of 7 positions is requested for fiscal year 1969.

Accomplishments and Objectives

The increasing amount and complexity of new legislation has placed a great burden on this office. This office reviews potential legislation directed at the social needs of our Nation. Legislation in this field made up twenty percent of the last Administration's total legislative program. There is an increasing amount of legislation for programs that cut across agency and departmental lines which greatly increases the work of this office because of the more complicated clearance and coordination problems which result. Additional resources are needed to provide the greater specialization to meet this workload. This growth in legislation and the increasing numbers of specialized staffs in the Congress, the Bureau of the Budget and the White House has led to increased requests for special reports, drafts of legislation, back-up material in the form of program data, etc. The need to be responsive to severe time constraints has made it difficult for the office to carry out its responsibilities. To insure timely and accurate response to these requests and to meet the continuing workload of this office, it is requested that seven positions be allowed in Fiscal Year 1970.

Assistant Secretary for Planning and Evaluation

General Statement

The Assistant Secretary for Planning and Evaluation serves as the principal advisor to the Secretary on the formulation of policy, economic and social analysis, program analysis and evaluation, and interdepartmental programs for planning and evaluation. In that regard, the Assistant Secretary provides the staff work and other assistance required by the Secretary to deal with interdepartmental problems, including matters coming before the Urban Affairs Council, and before various interdepartmental committees. The Assistant Secretary also serves as the principal liaison person for the Secretary with extradepartmental sources of information and analysis, including universities, other governmental planning agencies, and the private sector.

In cooperation with the other Assistant Secretaries, the Office implements the Department's planning, programming, and budgeting system by developing long-range objectives for the Department, evaluating alternative means of achieving these objectives, conducting studies of the costs and benefits of Department programs, and by providing staff leadership to the agencies for the conduct of economic and systems analyses.

The Assistant Secretary serves as departmental coordinator, and the principal arm of the Secretary, in responding to immediate issues confronting the Department raised by the White House, Congress, and other sources. He obtains for the Secretary immediate information on field effectiveness of programs supported by the Department by sending key personnel for on-the-spot evaluation of such programs. These evaluators will report directly to the Secretary on their findings.

This office is responsible for the planning of any transfer of programs into the Department from other agencies. Included in this is a general review of the organization of the Department in conjunction with the Office of the Under Secretary and the Office of the Assistant Secretary for Administration.

The reorganization of health activities, particularly in the Public Health Service, increased the scope of health program planning, analysis and evaluation functions of the Office of Assistant Secretary for Planning and Evaluation. In addition, this Office will provide to the Assistant Secretary for Health and Scientific Affairs staff support and leadership in the development of program and financial plans for the Department's health programs. This involves providing analytical support to determine economic and programmatic implications which are relevant to the Department's health budget, and providing leadership and coordination for program evaluation.

The current staff of this Office is 67; an increase of 19 is requested for Fiscal Year 1970.

Accomplishments and Objectives

Considerable progress has been made towards developing a planning process which would allow decision-makers at various levels to make more informed decisions about the allocation of Department's resources. The continual process of sharpening objectives and up-dating and revising departmental plans will be carried on under the direction of this Office.

In Fiscal Year 1969 this Office improved its system for support of programming, planning, analysis and evaluation of the Department's programs. This system groups resource allocations and program results by major purposes, activity, and beneficiary groups and allows information to be provided by organization, appropriation, mode of financing, legislative situation, and the nature of the recipient to whom funds are distributed. This system is being integrated into the total Department planning, evaluation, legislative and budgeting process

and will be further expanded and improved during Fiscal Year 1970.

The scope and complexity of the Department's problems exceed, by far, the capacity of the current staff of the Office of Assistant Secretary for Planning and Evaluation to do the necessary analyses of major programs and to provide departmental leadership for the agencies in program analysis. This estimate provides for six additional positions in this area: one new staff member in the area of education, one in the areas of social services and income maintenance; two in health; and two in community and neighborhood programs.

Surveys of the Department's program evaluation and program management audit activities indicate that these were not always focused on answering high priority questions. This Office is establishing systematic procedures for evaluation of major programs and program management audits throughout the Department. In order to strengthen this work, an additional six positions (two in education, two in income maintenance and social services, and two in health) are requested for Fiscal Year 1970.

In order to provide better coordination of HEW programs with the programs of other agencies five additional are requested for analysis of interdepartmental issues. These will be used to strengthen the scope of our work with the Urban Affairs Council and to provide the Secretary with an increased capability for quick response to interdepartmental issues.

Two positions are requested for Fiscal Year 1970 to provide additional technical development capability in the Information Systems area. The Office plans to expand its automated support to the analysis and evaluation functions and the integration of fiscal information with other non-financial measures of program progress and impact.

Studies

Included in the FY 1970 estimate is $50,000 for an in-depth revision of the PPB System required so that the HEW system can respond more effectively to revised Bureau of the Budget requirements and DHEW needs. Included also is $50,000 for a series of small scale contractor studies which will serve to provide data input to in-house program analyses.

Office of Public Information

	1969 Estimate		1970 Estimate		Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits.....	29	$ 393,000	37	$ 474,000	+8	$ +81,000
All other costs...	---	146,000	--	170,000	---	+24,000
Total.....	29	539,000	37	644,000	+8	+105,000

General Statement

The Office of Public Information is the unit in the Office of the Secretary with primary responsibility for assisting the Secretary in fulfilling his legal and administrative responsibilities for public reporting. In addition, the Office is responsible for overall supervision of the Department's total public information program; provides counsel and guidance to the operating agencies on their information materials and activities; serves as the central point of communication with press, broadcast, and other news media; provides a variety of writing and editorial services, including production of major publications such as the Department's Annual Report; is responsible for administering and implementing the Freedom of Information Act, P.L. 90-23 including operation of a one-stop information center; and provides liaison and coordinating services for the Department's nine regional information officers.

Accomplishments - FY 1968

The Office is charged by the Secretary with direct responsibility for the release of information to the news media. In addition to reviewing and clearing all news releases, including those for which the operating agencies were formerly responsible, the Office has improved and expanded its press activities and enhanced its working relationships with news media personnel through the combined activities of the Press Officer; the Coordinator of Field Information Services; and the Radio-TV Officer; and has expedited the flow of information from Washington to the States and the community. HEW's regional information officers can better assist the States and local communities in interpreting the impact of Department activities, and receive a fuller feed-back on HEW program results. Better news coverage was obtained through the broadcast media with the new "Spot Master"--a tape cartridge machine connected to telephone lines with actual voice recordings of news items by Department officials. The Office has been successful in interesting the radio and television networks, major stations, and documentary producers in developing in-depth stories about Department programs.

To evaluate the use and effectiveness of Department publications, the Office directed readership surveys of 3 periodicals and 6 single-issue publications by graduate communication schools in 4 universities. The Office also supervised an initial survey of the effectiveness of Department information for communication in the inner-city.

The HEW Visitors-Information Center, officially opened on October 23, 1968, was the result of the Department's positive approach to the Freedom of Information Act and its desire to provide increased services to the public. Close liaison and consultation with all operating agencies and the Office of the General Counsel have insured that denials have been few, and then only by fair interpretation of both the spirit as well as the letter of the Act. The Center

features exhibits and a slide-sound presentation explaining Department programs. The latter is used in Washington and the field for public information, recruitment and employee orientation.

Objectives - FY 1969 and 1970

Efforts to increase broadcast media coverage and to improve the field information service need to be sustained and augmented by more effective activities on the part of the operating agencies. The Office is continuing to actively demonstrate what can be done with appropriate effort and to encourage the agencies to make the most effective use of their own resources.

The Office will continue to encourage the establishment of facilities similar to the headquarters Visitors Information Center in the regional offices and work toward overall improvement of the Department's direct dealings with the public, including better and speedier responses to written inquires directed to the Secretary and his staff.

The Department's section of the 1968 Catalog of Federal Domestic Assistance is in preparation; preparation of a handbook of Department programs, grants and services will continue into 1970. A project using writers and artists from the Watts Writers Workshop in Los Angeles is underway to develop and design pamphlets and other materials about DHEW programs specifically for inner-city residents. This use of ghetto talent is a new concept. After testing audience reaction in Los Angeles and other large cities, it is hoped that other ghetto talent can be used to improve and expand our communications with inner-city residents. Cooperative projects with the National Public Relations Council for Health and Welfare Services, also aimed at communicating with the disadvantaged, are progressing.

New Positions.

The current staff of the Office of Public Information is 29; an increase of 8 positions is requested for fiscal year 1970.

New legislation in recent years has added greatly to the number and complexity of Department programs. Many of these new programs cross agency and Department lines. This heightens the need for coordination and requires formulation and establishment of policies and procedures to insure an effective and economical public information program. To meet these needs, 2 additional public information specialists are requested who will be particularly concerned with substantive programs and developments, on a Department-wide basis, in the areas of education and social welfare, and will be responsible for close liaison with the Department's agencies in these areas. A similar effort to establish a more effective approach to information in the area of health is now underway.

The expansion of the Department's activities and the increased responsibilities of the Press Officer to expedite and coordinate the flow of information to the news media has significantly increased the demands upon the press-support facilities of this Office. Accordingly, one position is requested to provide the Press Officer with a Deputy capable of sharing responsibilities in this area.

There is an urgent need for information materials aimed at groups who are the particular concern of HEW programs: children and youth, the aging, the family, the consumer, the physically handicapped, and others. To respond to this need and to insure that these groups are informed about the programs that

can benefit them, this Office will develop special materials, both printed and graphic, that will be aimed at each specific group. To do this effectively while carrying out our newly assigned responsibilities to produce program handbooks and fact sheets and to mount a special information effort towards the disadvantaged, 4 positions are requested: a writer-editor, a research assistant (who would be able to give support to the Office's entire range of information activities), and two secretary-typists.

The Office is responsible for a large volume of public inquiries, requests for congratulatory messages, and for developing and assembling information kits for such events as the National Intercollegiate and High School Debate Topics, much of which must be done within severe time constraints. In order to insure that such projects are done in a timely fashion and to assist in carrying out routine housekeeping responsibilities, one additional position is requested.

New Positions Requested
Fiscal Year 1970

	Grade	Annual Salary
I. Executive Direction and Coordination		
Office of the Secretary and Under Secretary:		
(3) Special Assistant to the Secretary	GS-15	$ 59,340
(2) Special Assistant to the Secretary	GS-14	33,892
Staff Assistant	GS-11	10,203
(3) Secretary	GS-7	20,943
Secretary	GS-6	6,321
	(10)	130,699
Assistant Secretary for Health and Scientific Affairs:		
Executive Secretary, National Advisory Health Council	GS-15	19,780
Special Assistant to Deputy Assistant Secretary for Science	GS-15	19,780
Program Analyst, Office of International Health	GS-14	16,946
Staff Assistant, Inventions Office	GS-14	16,946
Special Assistant to Deputy Assistant Secretary for Health Manpower	GS-14	16,946
Staff Assistant to Deputy Assistant Secretary for Population and Family Planning	GS-14	16,946
Public Health Analyst	GS-13	14,409
Staff Assistant to Deputy Assistant Secretary for Health Manpower	GS-13	14,409
(2) Secretary	GS-6	12,642
(3) Secretary	GS-5	17,196
	(13)	166,000
Assistant Secretary for Legislation:		
Special Assistant to the Assistant Secretary for Legislation	GS-15	19,780
(2) Special Assistant to the Assistant Secretary for Legislation	GS-14	33,892
Special Assistant to the Assistant Secretary for Legislation	GS-13	14,409
Staff Assistant	GS-12	12,174
Secretary (Stenographer)	GS-5	5,732
Clerk-Stenographer	GS-3	4,600
	(7)	90,587
Assistant Secretary for Planning and Evaluation:		
(2) Staff Assistant (Program Evaluation)	GS-15	39,560
Operations Research Analyst	GS-15	19,780
Staff Assistant (Intergovernmental Issues)	GS-15	19,780
Program Analyst	GS-15	19,780
Staff Assistant (Intergovernmental Issues)	GS-14	16,946
Staff Assistant (Program Evaluation)	GS-14	16,946

	Grade	Annual Salary
I. Executive Direction and Coordination (continued)		
Assistant Secretary for Planning and Evaluation: (continued)		
Program Analyst	GS-14	$ 16,946
Systems Analyst	GS-14	16,946
Program Analyst	GS-13	14,409
Systems Analyst	GS-13	14,409
Staff Assistant (Program Evaluation)	GS-13	14,409
(3) Secretary	GS-7	20,943
Secretary	GS-6	6,321
(3) Secretary	GS-5	17,196
	(19)	254,371
Total, Activity I	(49)	641,657
II. Office of Public Information		
(2) Public Information Specialist	GS-14	33,892
Deputy Press Officer	GS-13	14,409
Writer-Editor	GS-11	10,203
Administrative Staff Assistant	GS-7	6,981
Information Research Assistant	GS-7	6,981
Secretary-Typing	GS-6	6,321
Secretary-Typing	GS-5	5,732
	(8)	84,519
Total all activities	(57)	726,176

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WEDNESDAY, APRIL 30, 1969.

SALARIES AND EXPENSES, OFFICE FOR CIVIL RIGHTS

WITNESSES

JOHN G. VENEMAN, UNDER SECRETARY
LEON E. PANETTA, DIRECTOR, OFFICE FOR CIVIL RIGHTS
ROBERT C. COULTER, EXECUTIVE OFFICER, OFFICE OF THE SECRETARY
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

GENERAL STATEMENT

Mr. FLOOD. We will now take up the appropriation for "Salaries and expenses, Office of Civil Rights." I suggest that we place your prepared statement in the record at this point.

Mr. VENEMAN. Very good.

(The prepared statement follows:)

"SALARIES AND EXPENSES, OFFICE FOR CIVIL RIGHTS"

Mr. Chairman and members of the committee, I am pleased to have this opportunity to present to you the fiscal year 1970 budget request for the Office for Civil Rights.

The Secretary, as you know, is giving considerable attention to this program. He indicated in his opening statement to you on the Department's total budget request that he is giving highest priority to the requested increase of 75 new positions for this program. The proposed increase will enable us to strengthen our efforts to carry out a vigorous and balanced program for compliance with title VI of the Civil Rights Act of 1964.

Title VI has proved its effectiveness and considerable progress has been made in achieving its purpose, for ending discrimination as to race, color, or national origin in programs that receive Federal funds.

The Department is responsible for assuring that beneficiaries of approximately 200 major programs receive services free of discrimination. The Federal aid is provided through 500 State Agencies and tens of thousands of school districts, colleges, hospitals, nursing homes, child care institutions and other similar programs.

Approximately 71,000 institutions fall within the responsibility of this office under title VI. Some 17,000 of these institutions require priority reviews since available information indicates serious compliance problems exist.

The current staff is not sufficient to handle this workload. The fiscal year 1970 budget request will provide us with the necessary base resources required to make significant progress in meeting this pressing workload.

The minority citizens who are the primary beneficiaries of the civil rights law are entitled to expeditious handling of the discrimination problems now existing in federally supported programs. The decisionmaking authorities at the local and State level, with whom we negotiate for change, are entitled to best possible staff resources from our Department in resolving complex and sensitive issues of noncompliance.

Our objective is to secure compliance with title VI through forthright and effective enforcement. To accomplish this, we need all doors of communication open where the problems are greatest.

I would like to summarize our accomplishments and our plans for the next year, based on this request.

Accomplishments and Goals

EDUCATION

Southern, elementary and secondary.—The policies for school desegregation, issued in March 1968, require all school districts to eliminate the dual school

system by the beginning of the 1969–70 school year, or in certain instances requiring construction by the fall of 1970. The issuance of these policies marked the first time the Department had notified all school districts eliminating the dual system under voluntary plans (as opposed to court orders) of the target date by which they must be completely free of discrimination or face the loss of Federal financial assistance. During the past year nearly 300 school districts have adopted acceptable desegregation plans. This office is now negotiating with another 340 voluntary plans districts in southern schools for the submission and implementation of desegregation plans. These districts are, in most cases, those that have done least to meet the requirements of the law, and that have the most to do in the way of change. Their problems are complex, usually involving a large proportion of minority students as compared to white students.

In addition, the title VI program has in past months expanded its efforts in the North, and in higher education institutions throughout the country, increasing the demands upon the Department in carrying out its responsibilities.

Urban schools.—With the expansion in 1967, of the requirement that school districts in the North as well as in the South report periodically, to HEW on the racial composition of enrollment and faculties, the groundwork was laid for the establishment of a nationwide program of systematic reviews of school districts. To date, we have received statistical information from over 4,000 northern and western school districts indicating the extent to which minority group students and faculty members are attending schools with white students and white faculty members. In fiscal year 1968 only six systems were reviewed. During fiscal year 1969 we expect to accomplish the review of 50 systems; and in fiscal year 1970 with the requested staff increase we hope to conduct 95 review of urban school systems.

Higher education.—The higher education compliance program was launched in August 1967 with a nationwide questionnaire on racial enrollments sent to 2,300 colleges and universities receiving Federal financial assistance. On the basis of data received, approximately 300 colleges having a minority enrollment of less than 1 percent were selected for compliance review. During fiscal year 1968 we were able to review 30 institutions. During fiscal year 1969 we hope to complete approximately 260 more reviews. In fiscal year 1970 we project the completion of 796 reviews of universities and colleges.

The fiscal year 1970 request provides 57 new positions to meet our responsibilities in the education field. Of this increase, 17 positions will be directed toward strengthening our programs in the northern and western school systems; six positions will be for those school systems desegregating under court order; 10 positions will be for the review of those systems which will have funds terminated for failure to adopt an effective desegregation plan; and 12 positions will be directed to the compliance program for colleges and universities, which got underway in fiscal year 1968. The remaining 12 positions will enable us to give increased emphasis to the problems of the dismissal of Negro teachers; to the review of new school construction, especially in areas where discrimination may exist; and to the review of State educational agencies.

HEALTH AND SOCIAL SERVICES

Hospitals.—Of the Nation's 9,000 hospitals almost all receive Federal financial assistance. Ninety-eight percent of all hospitals in the Nation are officially committed to provide services without discrimination. More than 3,000 of these hospitals changed their previous policies and practices to comply with title VI. Most of the country's hospitals have not been reviewed since 1966. At that time approximately one of three hospitals in the United States was in need of a full field review for detailed checking of compliance and assistance in meeting the requirements of the law. Two to 3 years is needed to completely review these hospitals. In fiscal year 1968 about 300 hospitals were reviewed. We expect to complete 600 more hospital reviews during fiscal year 1969 and during fiscal year 1970 with the requested increase in new positions, 1,000 hospitals are expected to receive review.

Nursing homes.—From all evidence available, a high percentage of nursing homes are still either all white or all black. The Federal Government has a direct responsibility for approximately 5,000 extended care facilities through the medicare program. In addition Federal funds are given to the States for care of patients in nursing homes through various welfare programs. In fiscal year 1968, only 150 nursing homes received a review of their facilities. In fiscal year 1969,

coverage will be expanded to 250; and with the requested fiscal year 1970 staff increase, approximately 600 nursing homes will be reviewed.

State agencies.—During fiscal year 1968 the Office for Civil Rights conducted compliance reviews of the health and welfare programs of four States. In each of these compliance reviews of health, and welfare agencies and facilities, such as local welfare agencies, child care facilities, day care center, rehabilitation centers, special programs for the aged, and mental health facilities, noncompliance problems have been identified and corrective action initiated. In fiscal year 1969 this Office will complete 21 more comprehensive reviews of State operations. During fiscal year 1970 it is expected the remaining 25 State reviews and follow-up functions that result from the first round of State agency reviews will be completed.

An increase of seven positions is requested in the "Health and social services" area to complete the reviews of State agency operations for follow-up actions on completed reviews, and for post audits of complaint investigation and facility compliance determinations.

CONTRACT COMPLIANCE

The Office for Civil Rights assumed the Department's contract compliance responsibility under Executive Order 11246 in November 1967. Contract compliance specialists have been assigned in five regional offices, with 140 reviews being conducted to date. The present staff will perform approximately 190 review actions during fiscal year 1969, or 5 percent of the projected workload of 3,800 reviews. The additional eight positions requested in fiscal year 1970 will enable the staff to complete 820 more reviews in 1970.

SUMMARY OF REQUEST

In summary the fiscal year 1970 request will provide $6,115,000 and 401 positions, an increase of $1,307,000 and 75 positions above the fiscal year 1969 level. Of the total increase 75 percent or 57 positions, are for the education program.

With proper staffing, we can move more efficiently and more rapidly to lay the issue of racial discrimination in federally funded programs to rest. That is the clear objective and the clear obligation of this administration.

We are proposing a bare-bones staffing increase for the fiscal year 1970 budget. But approval of this request will also provide a clear expression of determination on the part of this Congress to support fair and firm enforcement of title VI uniformly throughout the Nation.

There should never be a question in the minds of the American citizen that this or any other administration will uphold the law, or that the Congress will provide the necessary resources to accomplish this objective in the field of human rights. Congressional support of this budget request will not only contribute to the increased efficiency of a difficult and complex program, but will provide a vigorous statement of commitment to the goal of equal educational opportunity.

I do not say that another million dollars or a few more staff members will solve the Nation's civil rights problems, but I know of no better investment than in the protection of the rights of the individual. I am convinced that there is no finer purpose for the expenditure of the modest sum requested here.

Mr. FLOOD. Then any comment that you and Mr. Panetta wish to make about the statement you can make now.

Mr. VENEMAN. Mr. Chairman, I think I will let Mr. Panetta carry the primary load in this particular testimony.

By way of introduction, let me say Mr. Panetta formerly served with Senator Kuchel from California. He was one of the counsel on his staff. Shortly after Secretary Finch was selected by President Nixon, Mr. Panetta came over to assist us in the transition, primarily to cover many bases with the staff men and subsequently as the pressures of the civil rights problems built up, we gradually handed them over to Leon to evaluate and work with on behalf of the Secretary.

The end result was that after the few weeks and months he no longer was doing anything else except civil rights matters and when

Mrs. Martin tendered her resignation, Mr. Panetta was well qualified and well trained during those weeks to move right in, not only on the basis of what experience he had there, but on the basis of the experience he had in assisting the Senator in getting civil rights legislation through Congress in the past. So we feel we are very fortunate to have Leon in the role.

I think the other thing, as we talk about the salaries and expenses for the Office for Civil Rights, is that Secretary Finch is attempting to respond to the desires of Congress when in their appropriation amendment they have suggested that we place equal emphasis upon the northern school districts, the problems in the North as well as the problems in the South.

We feel that great gains have been made, but we do have rather large areas in which there have been complaints for noncompliance. Although we are down to not as many school districts in the South, we are certainly now at the point where those that have not complied or those that have had funds withdrawn are really quite frankly the tough cases.

The Secretary has indicated his desire to respond to Congress, to respond to the decisions that have been made by the courts, and to enforce the laws that are on the books of this country whether it be civil rights legislation or any other kind of legislation and certainly the Civil Rights Act is one that is very sensitive, generates a lot of emotion, it requires many changes of traditions that have been established in the past.

It is not an easy task, not an easy task for a Secretary and not an easy task for Members of Congress in order to try to pass legislation that would see to it that we comply with the provisions of the Constitution.

We feel that the additional employees that are requested and the additional expenses requested for this Department are necessary if we are in fact going to carry out the provisions of this title.

BIOGRAPHICAL SKETCH

Mr. FLOOD. We do not have a biographical sketch of you, do we?

Mr. PANETTA. No, I anticipated the Under Secretary would testify.

Mr. FLOOD. We would like to have one and we will have it inserted at this point in the record.

I knew you of course when you were with the Senator, as many of us did. Since you are wearing a brass hat over here, we would like to have it in the record because I am sure it will be examined by certain people, if you know what I mean.

(Biographical sketch follows:)

Name: Leon E. Panetta.

Position: Director, Office for Civil Rights and Special Assistant to the Secretary for Civil Rights.

Birthplace and date: Monterey, Calif., June 28, 1938.

Education: B.A. from University of Santa Clara, with honors, 1960. Graduated from Santa Clara's Law School, with honors, 1963. Editor of the Law Review.

Experience:

1966–1969—Legal counsel and legislative aide to Senator Thomas Kuchel of California. Took active role in the drafting of 1968 civil rights bill.

1964–1966—Active duty as an Army officer, serving chiefly as a defense counsel in proceedings before military courts and boards.

Member of the California bar. Admitted to practice before the U.S. Supreme Court, Federal district courts, and the U.S. Court of Appeals.

ENFORCEMENT OF THE CIVIL RIGHTS ACT

Mr. PANETTA. Mr. Chairman, rather than giving the statement, I want to lay out my basic approach to the program as I see it.

First of all, I think that the administration and certainly HEW has to be committed to enforcing the law in this area. I think if there were any retreat as far as enforcing the law as we see it, this would not only be wrong but would not, I think, meet the problems that the law is designed to meet.

So it comes down to this: What is the law that we are trying to enforce? It is the Civil Rights Act, but it is more than that. It is the court decisions that have interpreted the law.

The basic decision we are dealing with now is the *Green* case, decided in May of 1968, which deals with both freedom of choice plans as well as the period in which the desegregation and disestablishment of the dual school system should be accomplished.

In that case, the Supreme Court held that desegregation should be accomplished now, and it underlined "now."

It also indicated that if there is a more efficient and a quicker method of desegregating the school system than freedom of choice, freedom of choice must be held unacceptable. That is pretty much the way we see the law at this time and the way our guidelines are framed.

With regard to our March guidelines, they ask nonmajority Negro districts in the South for a plan of desegregation by September of 1969.

With regard to majority Negro districts or those having serious construction problems, we aim for a terminal plan by September of 1970. These deadlines relate specifically to what we consider to be the dual school structure. If we go into an urban system like Chicago or Detroit, and if we can establish the question of discrimination, solving that kind of problem would be very long-range indeed.

So what accomplishments have been made to date in this area?

With regard to the South, close to 89 percent of the school districts in the South are in compliance with the law. Some never had a problem to begin with, either because they are an all white or all black school system, or because they met the law at the time it was enacted.

With regard to 11 percent of the school districts, we have approximately 103 that are at some stage of administrative proceedings within Health, Education, and Welfare. We have 125 districts that have had their funds terminated, and we have about 250 school districts with which we are negotiating now. So roughly 500 school districts are either in noncompliance or in questionable compliance with the law.

Those are the hard nuts that have to be cracked with regard to the southern school district.

Mr. FLOOD. Is that a lot?

Mr. PANETTA. It is a great deal when you consider the problems that we are facing in those 11 percent.

MAJORITY NEGRO SCHOOL DISTRICTS

For example, the vast majority of those school districts are majority Negro districts. When you have a district in which 88 percent of the student population is black, it is very difficult to desegregate without producing a ratio that just about drives the whites out of the school system.

So your result is an all-black public school system and an all-white private school system. These are some of the hazards we are dealing with now in the southern school systems. I am very concerned with our entire approach to majority Negro districts, where there has been a tendency to postpone action in the past.

There was an agreement between Ruby Martin and the Justice Department that the Justice Department would act on majority Negro districts. Because of their own limited resources, this was never done. Now I am again negotiating with Justice on ways we should approach the problem.

In South Carolina we now have 22 cases before a district court which has said that HEW should provide assistance to these school districts as to how they can best be desegregated.

Mr. FLOOD. In State district court?

Mr. PANETTA. It is a Federal district court in the State. We have a number of majority Negro districts there in which title IV educators are developing various plans on how, by 1969–70, they may exchange students or develop a gradual pattern of mix so there is not the fear of suddenly crashing into desegregation that usually occurs.

We think there are some attractive plans there and, hopefully, the Court will enforce them.

ACTIVITIES IN NORTHERN STATES

Turning to the North, there never really was a Northern program until the last year. In October about 67 of our staff members were located in the South and about 30 were located in the Northern offices. As a result of the appropriation provision which stated that there should be a balanced approach both North and South, the Northern and Southern staffs have been equalized. It is Secretary Finch's feeling and mine that if you have a law on the books that deals with discrimination, whether it be Southern or Northern, we should try to enforce the law on an equal basis.

I talked with a number of people who feel that the Civil Rights Act only aims at the dual school structure and that it really only aims at the Southern situation. It does not say that and I think it talks in terms of discrimination per se, which can occur anywhere regardless of geographic boundaries.

So we are beginning to have a balanced approach in the North. But the Northern situation is a lot more difficult because you do not have the dual school structure, you do not have laws which said these schools are for black and these schools are for white.

What you have to establish is a pattern of discrimination which eventually resulted in a system where all of the black children went to the black schools. Generally, we find that, because there is residential segregation, we are dealing with the problem of racial imbalance. If we look into these districts enough we sometimes can develop a racial assignment pattern which resulted from the gerrymandering of various school zones or other discriminatory acts which may have resulted in a certain school setup. We can proceed on the basis of such evidence to prove discrimination, but about 15 times more man-hours are needed to establish discrimination in the North than in the South.

Therefore, if we really intend to enforce the law as it stands, we will have to increase our resources and our man-hours.

SCHOOL DISTRICTS WHOSE FUNDS HAVE BEEN TERMINATED

We also must deal with other current problems by going back to the 125 terminated districts. Some of these districts have been terminated for 3 years. They are not only not receiving Federal funds and saying pretty much, "To hell with the Federal Government," but they are also continuing to discriminate.

So for obtaining legal enforcement in these districts, termination has been a very poor tool. My feeling is we have to go back to these 125 districts and try in every manner to bring them back. If we cannot do that, Justice should proceed against them and bring them back into compliance with the law so that these funds can again go into the district.

SCHOOL DISTRICTS UNDER COURT ORDER

Secondly, we want to have personnel to monitor court order districts. In Mississippi, a number of the districts are under court order. When we go to a superintendent in Mississippi and ask, "Can you please give us a desegregation plan that does this?" he says, "If you look across in the next district they are under a court order and they are not doing half of what you are asking me to do. So show me where I can pick up a court order." Many of them have not been brought up to the level of the *Green* case and many of the districts are not really moving as fast as they should.

Those districts should be monitored by HEW. We should be able to prove whether they are in fact in compliance with the law or complying with the court order.

HIGHER EDUCATION

With regard to higher education, for the first time we have begun to move into this field. As you know, there is a court case in Tennessee which established that they had a segregated college system there. A court order has now been rendered which provides for a pattern of desegregation over a very long period of time.

In this area we certainly have to at least raise the problem of discrimination as to what is done and how it is done and how quickly it is done. This is going to require a great deal of negotiating with State school officials.

We are in the process of doing this with Pennsylvania, Maryland, Arkansas, Louisiana, and with Mississippi.

We really do not have a sufficient body of knowledge as to how you take a whole higher educational system and attempt to desegregate it. When you have certain colleges that are all black, certain colleges that are all white, how do you desegregate that kind of system?

I think it has to be done, but the question is how can it be approached so you do not destroy the educational level within a particular State.

HEALTH PROGRAMS

With regard to our health programs, this is really an area that is not given as much attention as it should be. We have had something

like 98 percent compliance in the hospital area. I have often asked why is it so easy to get compliance in the hospitals and so difficult to get compliance when it comes to the schools. And the ususal response is, if you are sick you do not really care who you are sharing a hospital room with. It is just a question of being treated. There are thousands of hospitals that have come into compliance, but we have not really conducted a review of those hospitals since 1966 to make sure that they are still in compliance with the law. And that should be done and must be done.

In the contract compliance area, we are also responsible——

Mr. MICHEL. Why would you think you have to make a review if there was no vestige of any kind of complaint being filed?

Mr. PANETTA. Because I think it could happen that a particular hospital, which had once shown that it did have a nondiscriminatory policy as far as patients are concerned, could very easily go back to being a segregated hospital if it at some point decides to put the Negro patients in one wing and white patients in another wing of the hospital.

COMPLAINTS

Mr. MICHEL. Do you not think with all of the publicity you would get a complaint filed and not have to go out fishing for business?

Mr. PANETTA. Surprisingly enough, I would think that would be the case and it was my feeling it should be the case.

For example, and I go back to the school situation where I would think there obviously should always be a complaint if we do not proceed against them, it is not the case. In many of the districts in the South in which we are proceeding, there is no complaint on file from which Justice could proceed. This is one of the problems really. And you wonder why there is not a complaint by the Negro population.

The black leadership varies from community to community in the South and, as far as I can see, this is what the difference is. Where you have a very thorough, aggressive kind of black leadership, you may well have the situation where they will move and complain and go into court. But that is not always the case. This is one of the reasons why we have got to act without complaints.

CONTRACT COMPLIANCE

In the contract compliance area, which is under the Executive Order 11246, we are required to insure that we have equal employment with regard to hospitals and State agencies and business firms that have contracts with HEW. There are something like 3,800 possible reviews that we could conduct in this area and we are only conducting about 5 percent at this time.

The personnel we are requesting here will enable us to at least lift this up substantially to at least 12 percent. I am confounded by the fact we have a law to enforce, yet do not have the personnel to really go in and enforce the law. Part of the problem, of course, in the whole contract compliance area is one of coordination.

I am deeply disturbed by the many fingers in the pot when it comes to who should enforce what as far as equal employment is concerned. We do have the Federal contract compliance people. We have the Equal Employment Opportunity Commission, and we have the vari-

ous agencies who have their own equal employment compliance divisions. And all of these people many times do in fact overlap in their dealings with employers.

I think that throughout the Government some kind of overall coordination has to be established. It has to be done, and with regard to my own people, I am making sure that under the Civil Rights Office we bring all of the civil rights action within the Department under my office.

So generally there are a broad range of programs that we are involved with. Of course the most controversial is the school desegregation program. It is my feeling within the next two years, as far as our target dates are concerned, we could well meet that problem and get all of the school districts that are out of compliance either into compliance with the terminal plan or else in administrative proceedings.

And then it would be basically a question of concentrating on whether compliance is a continuing thing and looking at the north and into the other problems that are going to develop in the future.

ORGANIZATION OF CIVIL RIGHTS ACTIVITIES

Mr. FLOOD. One of the changes made by the Nixon administration in its review of the budget was to set this program out as a separate appropriation.

What makes you think that is desirable? Why?

Mr. PANETTA. I think the basic reason for that, sir, was the fact——

Mr. FLOOD. Do you want to attract attention?

Mr. PANETTA. Basically when I came in and was asked to assume the position of director, there were two provisions I set.

First of all, I wanted to make sure all civil rights matters were handled through my office, No. 1.

And No. 2, I wanted to retain my title as Special Assistant to the Secretary, so I would report directly to the Secretary and be able to speak with the authority of the Secretary on matters of civil rights.

For that reason, we then were taken out of the Assistant Secretary for Community and Field Service and placed in a separate category.

Mr. FLOOD. Former Secretary Cohen was quoted in the press, I never talked to him about it and I do not think the committee ever did, as favoring a transfer of this entire program to the Department of Justice; any further talk going on about that?

Mr. PANETTA. No. As a matter of fact, when Secretary Finch was asked about this very early in the game, he said he did not favor that, because it would create a loss of momentum as far as the program is concerned.

I would go beyond that. I think it would be very wrong to place a program that deals with school problems and education problems completely to over to Justice. As a matter of fact, I think Justice agrees. Lawyers and judges cannot really make a decision as to what is the best way to desegregate, a way that not only does the job but is educationally sound as well. This is a question that remains for educators, and HEW is able to provide that kind of assistance.

I would prefer to sit down with superintendents and discuss the best way we can protect the educational level as well as do the job. I do not think you can do that with the Justice Department which has to

pretty much handle a situation in a very clear-cut manner: you are violating the law and have to come into compliance with the law, and it is up to you to decide how you should do it.

DISTRIBUTION OF EFFORT BETWEEN NORTH AND SOUTH

Mr. FLOOD. You mentioned this and you did give some figures, but what proportion of your efforts are going into desegregation in the North as distinguished from desegregating in the South?

Mr. PANETTA. At the present time we have something like 59 individual staff people in the northern offices and 50 in the South.

Mr. FLOOD. That is the answer.

PROGRESS IN DESEGREGATION OF SCHOOLS

How does the proportion of children being educated in racially desegregated schools at the present time compare to the proportion when Congress passed the Civil Rights Act in 1964? Where are we today?

Mr. PANETTA. I think we are at this point: At that time it was something like 4 percent, as I understand it. At this time more than 20 percent of the Negroes are actually in integrated classes. That means there is an awful lot left to be done, but the reason is that, as I said, of the 11 percent of the school districts remaining to be desegregated, most are majority Negro districts.

CHANGES IN GUIDELINES

Mr. FLOOD. Have there been any changes in the policy down at HEW on guidelines on civil rights enforcement since the new administration came on board?

Mr. PANETTA. No, sir. There was a great deal of confusion surrounding what the guidelines were and what we could accomplish by changing the guidelines. I think initially there was a feeling that somehow, by changing the guidelines, we could change the law. The emphasis was on trying to do anything which would permit a freedom of choice plan or extension of the terminal dates involved. These were basically the real crucial problems.

When they talk about guidelines, this is what they are talking about. There had to be a very long educational process involved to try to tell people that the guidelines are merely HEW's policies that implement the law, that they no way represent the law itself and that the law is established by the Congress and interpreted by the courts. We are obliged to enforce what the *Green* case has come down with.

Mr. FLOOD. Do you have any changes planned?

Mr. PANETTA. The only changes that could occur as far as the guidelines are concerned are if there are changes in the law. That means if a new court case comes down which deals with desegregation, we pretty much have to look at our guidelines and revise them accordingly.

Mr. FLOOD. As of now?

Mr. PANETTA. At the present time there is not.

Mr. FLOOD. Is it still the policy of the Department to require that all school districts which are eliminating the dual school system under

voluntary plans to complete the process, no later than the beginning of the 1969–70 school year?

Mr. PANETTA. No, sir.

Well, at present we only have—as I said, the guidelines provide the nonmajority Negro districts should aim for September of 1969. In other words, we should have a plan on file which says they will.

Mr. FLOOD. The beginning of the school year?

Mr. PANETTA. Yes.

If they have serious construction problems or they are a majority Negro district, we aim for September of 1970, but have not accepted any plan which goes beyond those dates. If we did, we could very well be undermining those districts that have come into compliance and have given us plans which aim at those dates.

CONTRACT COMPLIANCE

Mr. FLOOD. What are your functions in connection with contract compliance? How do you operate?

Mr. PANETTA. Basically in the contract compliance area when there is a contract——

Mr. FLOOD. Do they conflict in any way with the compliance operation of the Department of Labor?

Mr. PANETTA. Not substantially. As a matter of fact, I think they do take some of their directions from the Federal contract compliance people at Labor as far as procedures.

For example, in Philadelphia there is a hospital which is contracting with HEW. We are responsible for insuring that the contractor who is either building a hospital or a big educational center or what have you has equal employment opportunities.

Mr. FLOOD. How do you function?

Mr. PANETTA. What we do, we have a staff man who works out of Washington or Philadelphia go in and check the figures with regard to the contractor to determine whether he has equal employment standards. This is all done in coordination with the Federal contract compliance people so that our standards are the same. We had a pre-award contract requirement, and now we are in the process of changing some of those rules because the Comptroller General has said there is some question here as to whether this is within the law or not.

Mr. FLOOD. Who has said that?

Mr. PANETTA. The Comptroller General. This was in November, sir.

Mr. FLOOD. Your budget shows 326 positions for fiscal year 1969.

Mr. PANETTA. Yes.

NEED FOR ADDITIONAL STAFF

Mr. FLOOD. You want 75 more for fiscal 1970. How are you using the 326 you have now?

Mr. PANETTA. What we are facing now is, we have 59 individuals in the North and 50 in the South. Because it requires so much additional time to look into a school district in the North to determine whether discrimination exists, it is going to require many more individuals to do the investigation. As far as the South is concerned, if we can negotiate an arrangement with Justice which will involve allow-

ing us to monitor court order districts, this is going to involve more bodies now. We do not do that at the present time.

Secondly, if I want to bring the terminated districts in to compliance, right now there is no contact whatsoever with the terminated districts, we are spending all of our time on the eleven percent.

Mr. FLOOD. You are going to be pretty busy with the 326 people?

Mr. PANETTA. That is right.

Mr. FLOOD. Suppose we did not give you the 75 new ones. What difference would it make?

Mr. PANETTA. It would make it extremely difficult to try to pick up the 125 terminated districts, to monitor court order districts and to complete our jobs.

Mr. FLOOD. That is part of the answer you gave Mr. Michel, in monitoring the districts.

Mr. PANETTA. That is right, and in monitoring court order districts which we do not do right now, because we do not have the time. We do not have the time to go back to terminated districts and try to bring them back into compliance. We do not have the time or the people to go into the northern urban areas and really do a complete study as to what kind of patterns have developed and whether we can take steps to try to eliminate some of the discrimination.

SPECIAL PROJECTS

Mr. FLOOD. Now your budget for 1970 as presented includes an increase of $495,000 for what you call "special projects."

How will you use that money? What is a special project?

Mr. PANETTA. At the present time we have a contract, I think with George Washington University, which involves data collection on racial composition. That figure is aimed at trying to improve our whole data collection operation so we can have a complete list of statistics as to what the racial balance is, not so much the racial balance but the black and white attendance at the elementary level, at the higher education level, and also with regard to the hospital area.

In other words, before we can really move, we need not only to determine whether we should move but whether districts that come into compliance are staying in compliance. We do not kick off an investigation unless we have statistics which show——

Mr. FLOOD. Do you have anything at all from the Bureau of Census?

Mr. PANETTA. I do not think the Bureau of Census really relates to numbers of students in a school district and whether a particular school has so many black children, so many white children.

Mr. FLOOD. They want to ask everything else, why do you not ask them to ask it?

Mr. PANETTA. That is a good question.

Mr. FLOOD. Why could they not do this? Do you have to have two knocking on doors?

Mr. PANETTA. I guess that is kind of the problem. We do not want to knock on doors for this information. We can get it without having to knock on doors from the school districts. It is really a certain body of figures we do not want to foist upon the Census.

Mr. FLOOD. You do not have this big brother complex, do you?

Mr. PANETTA. Not at all. As a matter of fact, I would hope the States could pick up more, and they are with regard to the northern operation.

EFFECT OF SECTIONS 409 AND 410 OF 1969 APPROPRIATION ACT

Mr. FLOOD. Here is a very difficult problem.

You are proposing to eliminate two general provisions, the famous 409 and 410, famous or infamous, depending on where you come from. They were included in last year's Appropriation Act, as you know.

Mr. PANETTA. Yes, sir.

Mr. FLOOD. That is relating to forced busing to overcome racial imbalance. What effect have these provisions had on your operations?

Mr. PANETTA. Basically none, sir. That is really the reason why we have not even included them this year.

Mr. FLOOD. Why do you want to eliminate them?

Mr. PANETTA. All they do is tell us the areas that we do not go into anyway because all we deal with is discrimination, not areas of racial imbalance.

In other words, it is not racial imbalance that involves violation of the law, it is discrimination. So we do not go into an area if it is just a question of racial imbalance. That is why we say we should not go into an area which involves racial imbalance, to say just enforce the law, period.

Mr. FLOOD. Let me ask this way: What will happen if those provisions are retained in this year's bill that would not happen if they were kept out?

Mr. PANETTA. I think the answer to the question is whether you retain it or leave it out, it will not have any impact on what we are doing.

Mr. FLOOD. Mr. Michel?

FUNDS WITHHELD FROM SCHOOL DISTRICTS NOT IN COMPLIANCE

Mr. MICHEL. How much money is involved in withholding of funds from those districts that you mentioned that are not in compliance?

Mr. PANETTA. I do not know that figure.

Mr. MICHEL. Any estimate on it? As I recall, you mentioned there was a large number that are not in compliance.

Mr. PANETTA. There is something like 500 districts in trouble with the law but there are only 125 that have actually been terminated and are not receiving Federal funds.

Mr. MICHEL. Could we not have for the record the amount of money that is involved in those 125?

Mr. PANETTA. I would hesitate to make an estimate off the top of my head.

Mr. MICHEL. Supply that figure for the record, if you will.

Mr. PANETTA. I certainly will.

(The information follows:)

The amount involved in the withholding of funds from school districts which were found in noncompliance with title VI of the Civil Rights Act of 1964 is not readily available in the Department. Virtually all Federal assistance to public schools is channeled through State education agencies. Grants are made to the State agency and it has the responsibility for allocating and approving applications from local school districts. Also when DHEW conducts formal proceedings to withhold funds from noncomplying school districts it acts on behalf of other Federal agencies and Departments which provide assistance to these school districts.

Therefore, to comply with this request, State education agency officials in each of the nine States where local school districts have had funds withheld were

asked to supply estimates of the total amounts involved for the 1968–69 school year. State officials estimated that approximately $25 million was made available for redistribution to other school districts operating within the law in their States. The only withheld funds which would not have been available for redistribution to complying school districts in the State and which would have been lost to the State are "impacted area" funds (Public Law 81–815 and 81–874) going to those districts which are affected by the presence of a Federal military or civilian establishment. Such funds would not amount to a significant percentage of the total.

The figure given by State officials represents only an estimate since most of the State education agencies have not completed their year-end accounting. Furthermore, it is impossible to ascertain to what extent terminated school districts would have used the full amount to which they were entitled since many school districts do not. Moreover in other programs, such as surplus property donations, it is impossible to estimate the extent to which an individual school district might have participated.

The estimated amount of funds that were redistributed to other school districts represents about 4 percent of the total Federal funds going to public schools in these nine States.

HIGHER EDUCATION

Mr. MICHEL. In the area of higher education you mentioned a college in Tennessee, I believe.

Mr. PANETTA. The college system in Tennessee was brought to court and is being desegregated.

Mr. MICHEL. The whole university system within the State?

Mr. PANETTA. That is right, sir.

And we finally agreed on a desegregation plan which the court then ordered into effect.

Mr. MICHEL. That came about as a result of a complaint being filed, did it not?

Mr. PANETTA. That is right.

Mr. MICHEL. How many people in your shop actually are detailed to the area of higher education?

Mr. PANETTA. There are only two staff professionals right now in the higher educational field. That makes it extremely difficult because we are moving into a very difficult area. When you are talking about a whole college system and what you do to desegregate it, when you have a number of black colleges and white colleges which may be long distances apart, do you talk it in terms of making one a liberal arts college and attracting students there, another an engineering college and attracting students there?

These are great problems and we do not have the needed body of knowledge on hand.

Mr. MICHEL. The Secretary makes a big point about community colleges. By their very nature their student enrollment is from a limited geographical area. Conceivably these colleges could be in the midst of a very, very preponderantly black or white community, as the case may be, and it is just outside the realm of possibility of making the mix complete, so to speak.

Do you anticipate anyone filing a complaint because of that.

Mr. PANETTA. I think part of the request we have for additional personnel is because we hope to develop a greater expertise as far as the location of new construction and where it should be located in the community.

Certainly if a community college is going to be located in preponderantly urban area just like Federal City College or Howard

University for that matter, it may wind up preponderantly black as a consequence. As long as they do have an open policy we cannot at this point get into the problem.

Mr. MICHEL. I think you have made that point clear, that the Civil Rights Act says there will be no discrimination, it does not say anything about so-called racial balance.

Mr. PANETTA. That is right.

SPECIAL EFFORTS TO ENROLL NEGRO COLLEGE STUDENTS

Mr. MICHEL. Again in this field of higher education there are efforts being made to subsidize and especially assist the disadvantaged, mainly the blacks, to go to institutions of higher learning through some kind of special concession regardless of whether or not they come up to the standards that the university holds out for the general public.

My own personnel feeling is that that is wrong, that discriminates against me or my children, but it is being done.

What is that delicate balance? How much does a university admissions office give in for the express purpose of admitting a given number of additional blacks to achieve what they feel is a balanced student body?

I had a contingent of students visiting me just last week or the week before from the University of Illinois, and they made this point relative to the University of Illinois. They, were using figures of numbers of blacks versus whites as against the total population et cetera as the desirable mix for the university.

Mr. PANETTA. Of course what we are dealing with is a long-range type of problem. The reason they are lowering the standards is because the elementary schools and secondary schools where the blacks have been attending are not up to the same standards that white students have had. So generally you do have a lower ratio of black students applying for and being accepted into college student bodies. So the real question is to move toward that time when we can lift up the standards of all black elementary schools. That is the whole point of the Civil Rights Act and the *Brown* decision. Once we have desegregated, hopefully this will lift the level of education for blacks as well as for whites. But until we have reached that point, the question is whether colleges should make a special effort to attract black students into the student body. I think that efforts should be made, but how far they should go in lowering their standards to do that, I don't think I am prepared to answer.

BLACK STUDIES PROGRAMS

Mr. MICHEL. In answer to my earlier inquiry with reference to whether or not it is your responsibility to make an overall review of hospitals to see if they are still complying with the law, you made some mention of complaints being filed on schools or hospitals. Of course the other extreme of that is that the really militant ones today are asking us to turn around completely from what you are trying to bring about and go back to the old system. A case in point is a black studies program.

Mr. PANETTA. That raises a very interesting point because the whole black area comes into play in my office. It is not a question of whether we condone or not condone black studies, but we cannot allow black

study programs that are not open to all, white as well as black. If you are going to have a black studies program it must be open to all.

Mr. MICHEL. What happened to that case? Was it in Florida?

Mr. PANETTA. Antioch College. Antioch College is like no other college as I understand it. I have never been there, but the students do a lot of the teaching, they run their own institutes, and what have you. We will be releasing a letter on Friday to the president of Antioch. The president has assured us he has an open policy. We could find no exclusion based on race or national origin.

We feel if the trend continues and the number of blacks in separate schools should grow it could involve violation of title 6.

Mr. MICHEL. Wasn't that case brought about by a complaint brought by a white student who did not have access to the course?

Mr. PANETTA. He never really applied for entrance, as I understand it. What he was doing was saying, "The black kids are doing this and I don't like it." But he never applied.

Mr. MICHEL. But if he did and was denied, then you would have something to act on?

Mr. PANETTA. Yes; we are taking the president at his word that he has an open policy. If this is not the fact we will have to move in.

REVIEWS OF SCHOOL DISTRICTS IN THE NORTH AND SOUTH

Mr. MICHEL. You mentioned 50 reviews in the South and 50 in the North. What is the total school population or number of school districts involved with the 50 in the South? And what are we talking about when we say the South as distinguished from the balance of the country?

Mr. PANETTA. I think of the 12 Southern States—and it varies from time to time because they bring school districts together and what have you—it runs 4,326 school districts in the South. There are about 15,000 school districts in the North and West and East.

Mr. MICHEL. I think you singled out Chicago and Detroit. That prompts me to ask, are those the biggest trouble spots?

Mr. PANETTA. No; we are conducting at present something like 50 reviews.

Mr. MICHEL. Does that mean 50 communities?

Mr. PANETTA. Fifty school districts. I think in California we have eight or 10.

Mr. MICHEL. How did you choose these districts for review?

Mr. PANETTA. The initial review was kicked off by statistics which we finally gathered in northern school districts. For example, if you look at a school district and see in one or two schools they have an all black enrollment or an all Mexican enrollment, there may be a problem. We then go on what we call a preliminary review. One guy goes and sees if in fact there is a problem there. If he establishes there is more to it than just statistics, then a full review is conducted in which a team of five or so go in and look into the background and look over the papers and what have you to see how the situation did develop. If they can establish there were deliberate acts of discrimination, then we can move in. We don't move in unless we can establish this. We cited our first northern school district, Ferndale, Mich. We feel in that instance we can establish certain deliberate acts by the board to maintain a segregated school.

Mr. MICHEL. That is similar to South Holland, Ill.?

Mr. PANETTA. South Holland, Ill., is a Justice matter. I think a court order is in effect there which implements the title 4 plan that HEW developed. As I understand it, the district is running very low on funds. The plan calls for new construction and it might be difficult to implement that plan at this time.

Mr. MICHEL. What happens in a case like that where you find there are no resources to provide the new facilities required unless there is a tax increase, which takes time?

Mr. PANETTA. I guess the only approach at that point is to consider what facilities are available, considering what they can use at this point, and how much money they do have and how much they can do in moving toward desegregation.

QUALIFICATIONS OF CIVIL RIGHTS STAFF

Mr. MICHEL. You said in response to a question by the chairman that this work more properly belongs where it is rather than in Justice because it is much more proper that educators who are conversant with all these problems be the ones making the on-the-spot investigation and determination. How careful are you about the type of people you hire in your shop to be sure they are qualified educators? We have had some pretty bad complaints in the past about the kind of people who have been doing this work, and it brought on all kinds of trouble because they really have not been up to their task.

Mr. PANETTA. I think many of those complaints have been justified in that a lot of the individuals who first came into the program—this is not necessarily first hand knowledge, it is something I have gathered from discussions with a lot of people—a lot of the people who first came into the program were civil rights activists who went into a district and merely said, "You are in noncompliance with the law and you had better come into compliance. I don't care how you do it."

I think we are at the stage where we should not do that. We should be able to advise them as HEW people that they have a problem and sit down with them and try to work out a plan. The first step is whether the school board is willing to say "We have a problem." Once they do that we can sit down. But as far as the new personnel are concerned, we prefer generally that they be trained either in law or education.

Mr. MICHEL. If this committee should put on its Santa Claus suit, which it does not do often, and approve this entire request for 75 additional people, and everybody saw fit to go along with it, who would be the people applying for these jobs? Would you recruit them? Where are they? Where do they come from?

Mr. PANETTA. I think it is essential to go out and try to recruit people like this. We would have to look at university campuses to find people who are interested in this problem. I found there are a lot of people who are interested in the whole civil rights problem, particularly as it relates to the cities. I have had no problem in talking to people. In some of the positions I am trying to fill now I have had no problem in going to somebody I found was qualified and asking, "Will you take this position? It is a hot spot but if you can do the job there is a lot to be gained." They are really excited about it.

Mr. MICHEL. What is the level of pay for the 75 you are requesting?

Mr. PANETTA. There are five GS–15's and fourteen GS–14's, and there are something like 23 secretarial help.

Mr. MICHEL. Put that salary schedule along with the grades in the record, please.

Mr. PANETTA. Yes.

(The information follows:)

NEW POSITIONS REQUESTED, FISCAL YEAR 1970

	Grade	Number of positions	Annual salary
Civil rights activities:			
Civil rights advisory specialist	GS–15	3	$59,340
Contract compliance officer	GS–15	2	39,560
Civil rights advisory specialist	GS–14	14	237,244
Behavorial scientist	GS–14	1	16,946
Contract compliance officer	GS–14	2	33,892
Civil rights advisory specialist	GS–13	13	187,317
Research assistant	GS–13	1	14,409
Contract compliance officer	GS–13	2	28,818
Civil rights advisory specialist	GS–12	8	97,392
Do	GS–11	5	51,015
Do	GS–9	1	8,462
Secretary (stenographer)	GS–6	9	56,889
Clerk-stenographer	GS–5	10	57,320
Do	GS–4	4	20,580
Total		75	909,184

Mr. MICHEL. That is all, Mr. Chairman.

Mr. FLOOD. Mr. Casey.

FREEDOM OF CHOICE

Mr. CASEY. Mr. Panetta, you stated that if you find a school district with two schools with almost all Negro children it is an indication to you it should be checked. What do you check for? Do you check to see if they are not letting them go to some other school if they want to?

Mr. PANETTA. Once you have seen the statistics showing there are two black elementary schools, the next question is, where are they located? For instance, are blacks being bused past white schools to go to a black school? In other words, is any direct discrimination involved in placing that child in school?

Mr. CASEY. If there is a school a few blocks away is he being made to go a couple of miles away and spend time on a bus to get there?

Mr. PANETTA. Right.

Mr. CASEY. Then you are a strong advocate of freedom of choice, are you not?

Mr. PANETTA. My advocacy of freedom of choice is pretty much in line with the *Green* case decided by the Supreme Court, which said basically if freedom of choice is doing the job so far as desegregation is concerned then freedom of choice is okay, but if there is a more effective way of doing it, then it is not the right way.

Mr. FLOOD. Will you put in the record a synopsis of the statements of fact and the questions of law and the conclusions of law in the *Green* case?

Mr. PANETTA. Yes, sir.
(The information follows:)

SYNOPSIS OF THE GREEN CASE

In *Green* v. *New Kent County*, 391 U.S. 430, decided May 27, 1968, the Supreme Court established the principles that school districts formerly segregated by State law must adopt plans "for dismantling the State-imposed dual system of racially identifiable schools 'at the earliest practicable date.'"

The New Kent County, Va., School District served 740 Negro students and 550 white students in two schools, each containing all grades. Like many Southern school districts, New Kent County had implemented a "free choice" desegregation plan in 1965. Under a "free choice" plan, each student chooses the school he attends, provided there is room for him in the school of his choice. By the 1967–68 school year 15 percent of the county's Negro children attended the formerly all-white school. No white student attended the Negro school.

The Court found New Kent County's free choice desegregation plan unacceptable because it did not promise immediate elimination of the district's dual school system. Since there was every indication that white students would not choose to attend the Negro school, the Court held that the school district must "be required to formulate a new plan and, in the light of other courses, such as zoning, fashion steps which promise realistically to convert to a system without a 'white' school and a 'Negro' school, but just schools."

The opinion notes that "the general experience under 'freedom of choice' has been such as to indicate its ineffectiveness as a tool of desegregation." The Court indicated that a free choice plan would be acceptable if in a particular situation it seemed the best method; but that "if there are reasonably available other ways, such for illustration, as zoning, promising speedier and more effective conversion to a unitary, nonracial system, 'freedom of choice' must be held unacceptable."

On the same day that it decided *Green*, the Supreme Court reiterated the *Green* principle in two similar cases, *Monroe* v. *Board of Commissioners*, 391 U.S. 443 and *Raney* v. *Board of Education*, 391 U.S. 450.

DEFINING DISCRIMINATION

Mr. CASEY. That is a good idea, thank you, Mr. Chairman.

As you well know, you have people living in certain areas because they want to, or because the land is cheap, or because it is close to their job, or because that is the only place they can afford to buy if they are buying a house. When you say discrimination, I hope you are not talking about being able to go to a certain school, but you are talking about the quality of education?

Mr. PANETTA. You mean in determining whether or not there has been discrimination?

Mr. CASEY. As to give them good quality of education. This is, if everybody is using the same textbooks and the quality of teachers is the same.

Mr. PANETTA. The first thing we look at is what are the facilities like. Are they spending the same amount per pupil for the white as for the black pupils?

Mr. CASEY. We have had some of our citizens, and some in Government, who have felt that the quality of education was not sufficient and that there was discrimination in the quality of education if you did not have a mixing of the races, not only on a pupil basis but on a teacher basis. How do you feel about this?

Mr. PANETTA. My position on that basically is this: We have accepted plans for desegregation which leave all black or all white schools because that is the only way to do it. The law at this point does not require that we have a so-called salt-and-pepper effect in all

schools, although the fifth circuit has decided in one case there should be no school that can be racially identified as an all white or all black school. That case is being appealed to the Supreme Court now. But at this point our position and my position is that we will have to accept the fact in some cases there will be some all black schools. We think the quality of education can be as high there, but the fact remains if that school was established as an all black school or as an all white school, the law says there is an affirmative duty to disestablish that in some way.

Mr. CASEY. The high school I went to was established as an all white school but it is practically all black now because the neighborhood has changed.

Mr. PANETTA. There is not much you can do in that situation.

Mrs. REID. Would the gentleman yield at that point?

Mr. CASEY. Yes.

METHODS OF DESEGREGATING SCHOOL SYSTEMS

Mrs. REID. If a school is established as an all white or as an all black school, then you would go in?

Mr. PANETTA. You mean if it was established as an all black school and happened to be in an all black neighborhood?

Mrs. REID. Yes. What would you do? Would you try to place white pupils in that school even though they did not live in that neighborhood?

Mr. PANETTA. We would take into consideration all the facilities available. We would look to see how good the facilities are that were established as all black. The usual approach is to close the all black school and build another school. There is great hesitation to send whites into a Negro neighborhood. It is a method which can be applied if a school district is willing to do it, but I think the better plan, or the one that can be sold to a community, is to build a new school outside the Negro neighborhood. Or, for example, where you have an all black school in a Negro neighborhood, you can zone the neighborhood so that one portion is black and one portion is white. There are different ways of doing it. You have to look at each situation.

Mr. CASEY. How will you zone them?

Mr. PANETTA. For example, if you have an all black residential section that is surrounded by an all white area, you may in some way zone your elementary and secondary schools so that a portion of the blacks are attending the integrated school.

Mr. CASEY. I thought the freedom of choice took that out.

Mr. PANETTA. Again I would have to refer to the *Green* case that said if there is a more effective way of desegregating, such as zoning, then freedom of choice is unacceptable. In most cases zoning disestablishes the system quicker than freedom of choice.

Mr. CASEY. Then your interpretation of the *Green* case is that if you have an all black school or if they are going to build a new school they should build it so it takes in both black and white areas?

Mr. PANETTA. If we are talking about a system established as a dual system.

Mr. CASEY. They were established 100 years ago.

Mr. PANETTA. I would say yes.

Mr. CASEY. What about in the North?

Mr. PANETTA. In the North I referred to the Ferndale, Mich., situation where we feel that by various discriminatory acts, a school system has established and maintained an all black school. We feel steps must be taken to desegregate it. It is now the responsibility of the local school board to determine whether they can build a new school.

Mr. CASEY. You leave it up to the school board? You tell them what they have to do and leave it up to the local school board to do it?

Mr. PANETTA. One of my basic principles is I don't think we should throw it on their lap. We tell them what the law is and ask what assistance we can provide so that they can meet the requirements of the law. My feeling is we do have these problems and we want to provide such assistance as we can in working out alternative plans to desegregate a district.

POSSIBLE CHANGES IN SECTIONS 409 AND 410

Mr. CASEY. As to the amendment that the chairman spoke about earlier with reference to busing. The original committee version of sections 409 and 410 passed the House once, and stated that none of these funds could be used for the busing of students without the consent of the parents, period. Somebody over in the Senate got excited about racial imbalance and threw that in. You said the present language does not bother you. How would you feel if we took out racial imbalance and just said no student would be bused without the consent of his parents?

Mr. PANETTA. Then I think you would be in a position of saying you could not do this even in a situation that involved direct discrimination, and I will oppose that kind of language. I think what you would be doing would be undermining what the Supreme Court said and what the Civil Rights Act intended.

Mr. CASEY. And to hell with the parents?

Mr. PANETTA. I think the more basic question is whether we will abide by what the Court said.

Mr. CASEY. Never mind the Court. What do you think about it?

Mr. PANETTA. You mean my personal opinion?

Mr. CASEY. Yes.

Mr. PANETTA. I feel that in regard to the freedom of choice question you have to be extremely careful to see whether there is a bona fide freedom of choice situation in which parents are freely exercising that choice so far as the students are concerned. In many situations we have very little integration by reason of freedom of choice, and you ask them why and the whites say, "we are not about to send children to a black school" and the blacks say, "we are not about to send our children to a white school." So I think it has proven to be an ineffective system. If it were proven to me it could work I might endorse freedom of choice, but it has not been proven to me so far.

METHODS OF BRINGING ABOUT DESEGREGATION

Mr. CASEY. Of course, we have to stop some parents from teaching hate to their children, and when a youngster comes to the school and they start harassing him that is something else, but using the other extreme I can see in my hometown of Houston you would have to bus

them clear across town to do that, many miles. The children would spend half their time on the bus.

Mr. PANETTA. In that type of situation I know the problems involved in busing. What we try to do is to develop as many alternative plans for a community as possible so that they are not in a position of having to choose just busing. Some communities have said this is what they want to do and this is a decision they must make.

Mr. CASEY. It is all right if you want to do it?

Mr. PANETTA. As far as the Department is concerned I don't think we should tell them this has to be the final answer. We try to keep "busing" out of our vocabulary.

Mr. CASEY. You say you don't tell them they have to do this but you have the money and you tell them unless they figure out a way to get a group of white children who live way over here to a school many miles away you will not give them the money. You tell them it is their problem but unless they do it they will not get the money. We have a practically brand new school that is closed down. They made them build a new one.

Mr. PANETTA. My basic approach to this whole problem is, I have never seen a school district where there is only one way to do it. There are always many alternatives. Sometimes the school boards do not have the expertise to develop the plans because they don't understand what is required of them. I have told my people that when they go in and tell a school district they are not in compliance they should point out that we can give them title 4 assistance.

Mr. CASEY. The Secretary said he was not for playing the numbers game.

Mr. PANETTA. That is right.

"PROPER" PROPORTION OF WHITE AND BLACK TEACHERS

Mr. CASEY. One of the predecessors in this Department sent out a memorandum in writing that you shall start integrating the faculty; if you have none, you will put one white teacher in a school that has none and one black teacher in a school that has none and double it every year until you get a "proper"—whatever that is—proportion. Do you think that is also a part of your duties?

Mr. PANETTA. No, sir. I don't think we should tell them specifically what ratio is required. A lot of times a school district will ask how much they must do to put themeslves in compliance. In that case you have to suggest a figure. And I think we have an obligation to at least suggest what would be acceptable as far as the law is concerned.

SCHOOL DISTRICTS IN TEXAS

Mr. CASEY. I appreciate the letter you sent me under date of April 25 with reference to the Texas school districts. You don't have all the districts in Texas on the list you sent me, do you?

Mr. PANETTA. I think we have only those with some kind of problem.

Mr. CASEY. You listed the districts totally desegregated, those with desegregation plans, those with plans to be desegregated by 1969, 1970, and 1971, and the number of districts under review in the regional office and forwarded to Washington, and those with Federal assistance terminated. What about the others not listed?

Mr. PANETTA. The ones that are not listed probably never had a problem to begin with. I think the ones listed are the ones we have had contact with.

Mr. CASEY. If they had a problem, they are listed here?

Mr. PANETTA. Yes.

Mr. CASEY. A couple, I see, have had their assistance terminated.

Mr. PANETTA. Yes.

Mr. CASEY. I appreciate the information. It is very helpful.

Now, those that are referred to the Justice Department, you have nothing more to do with them?

Mr. PANETTA. Pretty much.

Mr. CASEY. Such as the Houston independent school district which is back in court?

Mr. PANETTA. So I understand.

Mr. CASEY. Does the Justice Department ever confer with you before they initiate these suits? Were you in office when they brought the second go-round in Houston?

Mr. PANETTA. At that time they made no contact with us. When we do go to Justice and try to determine what districts they are moving on in order to have some coordination, they normally would like to look at our files.

Mr. CASEY. I think your idea is better to go talk with them. The Houston people said not one word was said to them and, blooey, and they thought they were doing all right under the last court order.

Mr. PANETTA. I dealt with a situation in Panola, Miss., where Federal funds had been terminated. I called the superintendent and said I was prepared to sit down with him and see if they could come in compliance.

Mr. CASEY. Could you sit down with the Justice Department and see if they would call off the dogs?

Mr. PANETTA. There is nothing that keeps us from negotiating. It makes the job more difficult when Justice has it.

Mr. CASEY. Yes; it would make it more difficult.

That is all.

Mr. FLOOD. Mrs. Reid?

SOURCE OF CIVIL RIGHTS STAFF

Mrs. REID. How many of the 75 new positions in your office would be lawyers?

Mr. CARDWELL. I think there is a distinction you would have to make as to whether they would be employed as attorneys in the performance of their job or whether they might be lawyers by training working in civil rights.

Mr. PANETTA. Yes. We do not have a specific requirement that they be lawyers.

Mr. CARDWELL. All lawyers working as lawyers are largely in the General Counsel's office.

Mrs. REID. Where would you get these people, from a civil service register?

Mr. PANETTA. No. We have a number of Northern operations where in a number of Northern States they have set up offices, title 4 type offices. These people are at the State level and go in the communities

and do much of what we do. I think I would look there first because they have the expertise.

Mr. CARDWELL. But they would qualify under the Civil Service Act.

Mr. PANETTA. Yes.

Mr. COULTER. They may not be on civil service registers initially but people of this type would have to file for the appropriate examination of the Commission and pass it and their names appear on a register before we could employ them.

Mrs. REID. Do you foresee a time in the future when the number of employees in the civil rights field might be reduced and the need would be for only a small staff?

Mr. PANETTA. Yes. I think once we have received acceptable plans in the South, for example, it would be mostly a matter of monitoring. I do visualize the time we can substantially reduce the staff.

REVIEW OF HOSPITALS

Mrs. REID. Mr. Michel posed the question about your going into the hospitals. As I understood your answer, you consider it part of your duty to review the hospitals where there have been complaints to find out whether or not there is compliance?

Mr. PANETTA. Most of the ones that were approved were approved in 1966 or 1967. We have received information that in many instances hospitals have returned to a segregated status and we should go back and review them to be sure they are in compliance.

Mrs. REID. You get this information through complaints?

Mr. PANETTA. Sometimes through complaints but basically it involves having our people, when they go in a community, check in with the hospital administrator and see how things are going.

Mrs. REID. But you are not actually sending people out to find hospitals that are not in compliance?

Mr. PANETTA. No.

Mr. CARDWELL. You would under this proposal gather data. We would ask hospitals routinely for information.

Mr. PANETTA. Yes, but sending a full team into a hospital would not be done. It would be a matter of gathering information.

Mrs. REID. Thank you.

Mr. FLOOD. Ten o'clock tomorrow morning.

(Note: The justification material is included in that submitted, and included in the hearing record, for "Salaries and expenses, Office of Community and Field Services.")

THURSDAY, MAY 1, 1969.

SALARIES AND EXPENSES, OFFICE OF COMMUNITY AND FIELD SERVICES

WITNESSES

MRS. PATRICIA REILLY HITT, ASSISTANT SECRETARY, COMMUNITY AND FIELD SERVICES
JOHN T. GRUPENHOFF, DIRECTOR OF FIELD COORDINATION
ROBERT C. COULTER, EXECUTIVE OFFICER, OFFICE OF THE SECRETARY
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Permanent positions	5,930	8,069	9,076
Positions other than permanent	167	166	186
Other personnel compensation	55	85	69
Total personnel compensation	6,152	8,320	9,331
Personnel benefits: Civilian employees	459	604	768
Travel and transportation of persons	678	754	868
Transportation of things	16	17	40
Rent, communications, and utilities	626	682	884
Printing and reproduction	171	172	201
Other services	891	465	991
Supplies and materials	86	88	102
Equipment	137	63	146
Total obligations	9,216	11,165	13,331

PERSONNEL SUMMARY

Total number pf permanent positions	792	795	946
Full-time equivalent of other positions	15	15	17
Average number of all employees	640	798	889
Average GS grade	8.7	9.1	9.3
Average GS salary	$9,969	$10,676	$10,887

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Field services	4,857	5,793	6,522
2. Center for community planning		564	694
3. Civil rights	4,359	4,808	6,115
Total obligations	9,216	11,165	13,331
Financing:			
Receipts and reimbursements from: Trust funds	−1,815	−2,079	−3,342
Comparative transfers from other accounts:			
Appropriated funds	−4,419	−5,470	
Trust fund accounts	−868	−893	
Unobligated balance lapsing	47		
Budget authority	2,161	2,723	9,989
Budget authority:			
Appropriation	2,209	2,508	9,989
Transferred to other accounts	−48		
Appropriation (adjusted)	2,161	2,508	9,989
Proposed transfer from other accounts for pay increases		215	
Relation of obligations to outlays:			
Obligations incurred, net	2,114	2,723	9,989
Obligated balance, start of year	67	316	330
Obligated balance, end of year	−316	−330	−1,207
Adjustments in expired accounts	−67		
Outlays	1,798	2,709	9,112

Mr. FLOOD. We now have departmental management, salaries and expenses, Office of Community and Field Services. The presentation will be made by Mrs. Patricia Reilly Hitt.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

We have a biography of you, Mrs. Hitt, which we shall place in the record at this point.

(The biography follows:)

Name: Patricia Reilly Hitt.

Position: Assistant Secretary for community and field services.

Birthplace and date: Taft, Calif., 1918.

Education: Attended Whittier California Public Schools; B.S. in education, University of Southern California.

Experience: 1968—Cochairman and director of women's activities of the Nixon for President Committee; 1966—State Cochairman and director of women's activities for Robert Finch, Candidate for Lt. Governor; 1964–67—Republican State Central Committee, member executive committee and speakers bureau chairman; 1964—State Chairman of Women's Activities for George Murphy; 1960–64—Republican National Committee, member executive committee and National Committee Woman for California; 1950–60—Member and official of various State and local Republican committees; 1951—Orange Chamber of Commerce Committee on growth and development of urban areas (zoning and planning); 1946–47—Owner-operator, private nursery school, Laguna Beach, Calif.; 1952 to the present—Partner of Miller-Hitt Co.; and 1959 to the present—Part owner, Reilly Holdings.

Community service and affiliations: Assistant League of Orange, member board of directors; Villa Park Property Owners, member board of directors; Orange Chamber of Commerce, member; Orange Citizens Committee for Better Schools, Community Chest, Heart Association, American Red Cross, March of Dimes, YMCA, Boy Scouts, Chapman College, member board of governors.

Mr. FLOOD. You also have a statement, Mrs. Hitt. How do you wish to proceed?

Mrs. HITT. Whatever is your pleasure. I will be delighted to read it if I may.

Mr. FLOOD. It is your show. We will do as you wish.

GENERAL STATEMENT

Mrs. HITT. Mr. Chairman and members of the committee, I am very pleased to have this opportunity to discuss with you the budget request of the office of the Assistant Secretary for Community and Field Services.

My office is newly organized. It combines a number of activities which are of particular significance to the departmental concern for more effective delivery of services and for the interrelationship of programs. Essentially, the Assistant Secretary for Community and Field Services is the Secretary's principal adviser and focal point within DHEW for relating Department programs to urban problems; through the office of Field Coordination and the Center for Community Planning we have broad coordinating responsibilities both within and outside the Department. We are concerned also with the matter of consumer protection. We have responsibility for developing opportunities for young people to have an impact on the development of American life, and we are engaged, through the President's Committee on Mental Retardation, in strengthening the national effort to combat mental retardation. Thus our concerns and our activities are both broad and complex.

OFFICE FOR CONSUMER SERVICES

Our concern for consumer protection is centered in the Office for Consumer Services, which has responsibility for strengthening and coordinating the consumer aspects of the programs of this Department. We want to broaden the scope of this activity in 1970 so that the Office can work with the various agencies of the Department to make sure that consumer interests are reflected in their ongoing programs. How can welfare recipients, for example, be helped to use their income prudently and economically? This and other educational efforts require skilled leadership, and we are requesting the addition of two professional positions to help with the expansion of this program.

This expanded staff is necessary to put into effect five priorities of this Office as we now see them: (1) work with the various HEW agencies to review and strengthen attention to the broad spectrum of consumer interests within the Department's programs; (2) disseminate HEW's technical and research findings in layman terms through an HEW Consumer Newsletter and other publications; (3) work with the Center for Community Planning on the establishment of consumer programs and services in the model cities; (4) give technical assistance to Federal and State representatives on consumer activities related to the programs of HEW; and (5) develop and supplement consumer programs in the private sector by working with existing voluntary, business, and labor-sponsored and other consumer organizations to encourage understanding of the marketplace and to stimulate use of volunteers in consumer education in schools and low-income areas.

DEPUTY ASSISTANT SECRETARY FOR YOUTH

We have established an Office of the Deputy Assistant Secretary for Youth to reflect our concern for opportunities for young people. In 1970, the activities of this office will be directed toward developing youth leadership training programs, and establishing the kind of communication with youth groups which will bring their perspective to bear on departmental programs. We will provide technical assistance to State and school youth programs and will work toward the creation of more meaningful work experiences and new career opportunities for youth in Government agencies. An increase of four positions, three professional, is requested for this program in 1970.

PRESIDENT'S COMMITTEE ON MENTAL RETARDATION

The President's Committee on Mental Retardation evaluates national, State, and local mental retardation efforts, helps coordinate Federal activities and facilitates communication between Federal, State, and local agencies. The Committee informs the public about mental retardation and mobilizes support for related activities. At least once each year the Committee reports and makes recommendations to the President.

Among the major activities of the Committee during 1970 will be: (1) an in-depth study of educational programs for retarded youngsters with special emphasis on inner city education; (2) development of specific proposals for improving residential care programs for retarded children and adults; (3) completion of a 2-year study of the economics of mental retardation; (4) completion of studies of the relationship between mental retardation and cultural and nutritional deprivation; (5) completion of plans for developing a mental retardation information center; and (6) a study of the organizational and administrative impediments to the delivery of effective, client-centered services in local communities; and (7) examination of methods for bringing effective preventive and rehabilitative services to rural areas. All of these activities and others will be conducted through the Committee's active work groups. The staff work necessary to support these work groups will require the addition of two positions in 1970.

The Department is vitally concerned with exploring alternate forms of income maintenance. There is a need for experimentation with proposed changes in the present system of public assistance—including such ideas as the various forms of a negative income tax. Extensive work is needed to devise experimental models, convene work groups of experts, and make use of private, academic, and governmental resources across the Nation in order to develop a viable proposal for an income maintenance system.

OFFICE OF FIELD COORDINATION

I want to touch now upon the two organizations which are providing a major share of the coordination of HEW programs with States and localities. The Office of Field Coordination serves as staff on matters related to organizing and coordinating the field activities of the Department. During the past year it has worked closely with the Center for Community Planning in providing leadership and guid-

ance to the Regional Offices in implementing the model cities program, and in so doing has designed new methods of coordination at the regional level. It has pioneered in new management techniques for the regional offices, particularly in the establishment of new dimensions for regional personnel programs.

Because it becomes increasingly clear that the challenges facing us require new relationships between Federal, State, and local officials, the Office has stimulated more effective communication among the three levels of government on the central issue of delivering resources in health, education, and welfare. These new links or communications are being forged by the regional directors in their contacts with Governors, mayors, and their respective staffs. The intent is to establish a mutual sense of confidence with State and local governments; the process is that of a wide variety of conferences and discussions with administrators and legislators at these levels.

The demands for more effective coordination, for increased intergovernmental communication, and for more efficient management services will increase more rapidly in the coming fiscal year, if only because the issues we face will not mark time. To enable the Office of Field Coordination and the regional offices to move ahead in these areas, a total of 53 additional positions is requested, 48 of which will be in the field.

CENTER FOR COMMUNITY PLANNING

The Center for Community Planning is the other principal organization within this office which addresses the most urgent urban problems we face today. During the 2 years of its existence the Center has not only focused upon the model cities program, but has been deeply involved in helping mayors, private agencies, neighborhood groups, and States come to grips with the problems of the inner cities.

A part of the Center's mandate is to focus HEW resources on urban problems. It does this by developing guidance so that programs throughout the Department are more sensitively tailored to meet the needs of inner city residents. It has provided systems for developing effective coordination of programs particularly where a problem requires the response of several agencies in concert. The Center gave emphasis to developing a communications system, both through publications and through training that cuts across normal in-service training programs within HEW.

The Center for Community Planning also works closely with the Department of Housing and Urban Development and other Departments with a responsibility for urban programs in coordinating HEW efforts with theirs.

The Center serves as the central source of information on urban problems for the Department, and as such is both educator and planner. In 1970, it will need to develop increasing support of technical assistance to cities and States involved in model cities efforts. To meet these increased responsibilities an additional 10 positions are requested.

In summary, to carry out the objectives of these various programs in 1970, we are requesting an increase of 76 positions and $859,000 above the 1969 level.

Mr. Chairman, I will be pleased to answer any questions you or other members of the committee may have.

May I say that when I use the word "coordinator" or "coordination"

here it is in the context of bringing into common focus or common action, or to meld various programs, and services within the Department. I think you will notice that my office is primarily intradepartmental in its concept. Almost every part of it is there to bring into focus and to bring into one central place information, activities, and programmatical solutions that cut across individual agency lines in the Department.

Mr. FLOOD. We understand that.

FIELD COORDINATION

Your largest item of increase is 53 additional positions for what you call field coordination. You people tell us that this is a very difficult year for the budget, and you people tell us that there must be economy and savings in Federal expenditures. As a matter of fact, this subcommittee had the same idea before you people suggested it. That is why I wonder, do you think these positions you are requesting are so important that they must be added even under these very stringent budgetary conditions?

Mrs. HITT. Yes, I do, sir. I am as economy minded as anybody else. I would not be asking for it if I did not feel it was necessary for us to do the job. I agree we must be economy minded but I also feel deeply we must deliver our services.

Mr. FLOOD. People started to come to my office as soon as the budget for HEW was in print—and these are all very fine people from all over the country, dedicated people, very sincere people, volunteers, professionals, the very best, interested in the whole broad spectrum of HEW. Many of them have been in these programs for years and they have done wonderful things in this decade. I know many of them very well, men and women, and nobody could question their sincerity or honesty, except for a few of the professional lobbyists and we know them, but I mean the great bulk of these people. They begin by saying, "We know the budget must be balanced and we are very strongly in favor of that (which they are), and we recognize the economic circumstances in the country (and they do), and we know about inflation (and they do), and we know everything possible must be done and it must be done now, this is the year—and then comes the "but"—"but don't touch my program," whatever it might be. And you join the chorus.

Mrs. HITT. Maybe the "but" was the difference. I feel the programs, the services, we are talking about delivering here are established programs and established services and I think we have an obligation and most of the requested staff is to attempt to do a better job in that area. Forty-eight of the fifty-three are in the field.

ASSISTANT REGIONAL DIRECTORS FOR HEALTH

Mr. FLOOD. Why do you need 18 positions to establish Assistant Regional Directors for Health? What is an Assistant Regional Director for Health?

Mrs. HITT. The need for the Assistant Regional Directors for Health is simply that the programs within HEW concerned with health have become numerous, and we are finding more and more that we cannot use the old categorical approach. It must be a comprehensive approach because most families, if they need one service, need other services too.

What we are trying to do is establish a focal point that will deal within the region and indirectly within the Department in providing a melded system.

Mr. FLOOD. What ever happened to our old friends around the country, the Regional Health Directors? Are they like old soldiers and just fade away?

Mrs. HITT. I am afraid that is a question somebody else will have to answer because I do not have that knowledge as to their particular function. I would like to ask Mr. Grupenhoff, the Director of Field Coordination, to answer.

Mr. FLOOD. Since you are establishing Assistant Regional Directors for Health, that casts an affront on the old Regional Health Directors who, we thought, were doing a fine job.

Mr. GRUPENHOFF. Before the reorganization last year the Regional Health Directors coordinated all the health activities in the field.

Mr. FLOOD. Sure.

Mr. GRUPENHOFF. Now the Regional Health Directors coordinate the Health Services and Mental Health Administration activities in the field but do not direct the work of the Consumer Protection and Environmental Health Service or the NIH or the FDA in the field. He has responsibility now only for the health services and mental health aspects.

There were a number of studies done in the Department on the problem of coordination of regional health programs. One indicated there was need for an Assistant Regional Director to pull together all the activities in the field of health, because it is very difficult to have one agency work out problems with an equal agency. Also, there was a desire to have a stronger regional setup to pull together the activities. We began to develop this idea last year with the Assistant Regional Director for Health to pull health programs together and that appears in this budget request. A large number of our health programs cross not only health lines but SRS, social security, medicare, and others.

Mr. CARDWELL. Two things have happened that are important. This is really a direct outgrowth of the reorganization dividing health activities in three parts, and there is a need to pull those three parts back together at the regional level.

Another point is that the old PHS Regional Health Director did not coordinate all health programs at the regional level. There were two important programs that did not come under his wing. One was the Food and Drug consumer protection activity. That was being conducted out of the FDA office and from there to the Department.

The second important and growing health program that was not under the old Regional Health Director's wing but would come under the new Assistant Regional Director for Health is the coordination of medicare and medicaid programs with other health delivery programs of the Public Health Service.

So these are two important new additions to the workload at the regional level.

ASSIGNMENT OF FUNCTIONS TO REGIONAL OFFICES

Mr. FLOOD. What is the Department's current policy on reassigning functions to the regional offices? You wake up some Monday morning at 9:00 o'clock and you have a handful of functions. How do you

assign them to the regional office? Do you just get rid of them?

Mrs. HITT. No, we don't just ged rid of them. We are looking in the direction of decentralization, as I am sure you know, so that the people closest to local and State government will be better able to work authoritatively with these people. When a problem comes up, if it pertains to the region it is through the staff of the Office of Field Coordination that it is relayed to the region, and a constant contact is kept with the regional personnel involved to see that it is being taken care of.

Mr. FLOOD. Is it your intent, then, to decentralize administration and program decisions in the region?

Mrs. HITT. What we are trying to do is to make it more possible and more feasible for our regional directors to act in concert with the State and local governments with a quicker and more positive response to their needs.

Mr. FLOOD. I remember when the Russians fired Sputnik all sorts of things began to happen. Then we got an announcement from Truman one dramatic morning that the Russians had the A-bomb sooner than we thought they would. So everybody started to decentralize the Government. We had trucks at the various departments hauling away files and scattering them all over the country. But one dark night they all crept back.

Mrs. HITT. We are not going to start out with vans and trucks. We are striving to do a better job for the States and local areas in the delivery of services with as little red tape and as little delay as is feasible.

Mr. FLOOD. Do you have any data which would indicate the relative growth of the staff in the regional offices as compared to your headquarters staff?

Mr. GRUPENHOFF. We can supply that. I think you will find the management services staff in the regions has not grown proportionately to the management staff in Washington. That is, the number of people served by each person in the field has grown constantly over the years so that we have not been able to keep up with the services required.

(The information follows:)

WASHINGTON AND OTHER AREA EMPLOYMENT—FISCAL YEARS 1967-70

	Washington area		Areas other than Washington				Total	
			Regional offices		Other			
	Positions	Percent	Positions	Percent	Positions	Percent	Positions	Percent
1967 actual	28,701	30.5	3,246	3.4	62,261	66.1	94,208	100.0
1968 actual	28,524	28.3	4,227	4.2	67,983	67.5	100,734	100.0
1969 estimate	27,505	28.6	4,005	4.1	64,767	67.3	96,277	100.0
1970 estimate	28,596	28.4	4,481	4.4	67,783	67.2	100,860	100.0

NOTE: The above figures reflect only those positions included in the Labor-HEW appropriation bill.

(Washington area employment has decreased from fiscal year 1967 through fiscal year 1969 while the regional offices and other locations outside Washington show a net increase. The fiscal year 1970 request would leave the Washington area employment below the fiscal year 1967 level; and raise employment in the regional offices and other locations outside Washington above the fiscal year 1968 level.

(In fiscal year 1970 regional office positions will have increased 25 percent, or 1,235 positions over the fiscal year 1967 level. At the same time the regional director's staff will have increased by only 52 positions, to provide the additiona leadership, direction, and coordination required to meet this increased growth in the regions.)

PRESIDENT'S COMMITTEE ON MENTAL RETARDATION

Mr. FLOOD. The mental retardation programs have come a long way over the last 10 years. It all began with the interest in Jack Kennedy's sister and now the awareness is all over the Nation, which is good. Now, what is the President's Committee on Mental Retardation?

Mrs. HITT. The President's Committee on Mental Retardation was established in 1966 by executive order. It is a lay committee. It is also, by executive order, chaired by the Secretary of HEW. The Secretary of Labor also sits on the Committee. But it is primarily a 21-person—men and women—lay committee, and they are people who have an abiding, an intense, feeling or understanding in the field of mental retardation.

Mr. FLOOD. Why is it budgeted here? We have a separate appropriation, "Mental retardation."

Mrs. HITT. The staff support for the President's Committee on Mental Retardation is done by original designation in HEW and it is in my office. That is why we are asking for two new staff positions. This committee has already been in existence some 2½ years and they have done a remarkable job of making the public aware of the problem. They have had a total of some $30 million donated time on television and radio media to bring public focus on it.

You may have seen the documentary done by Hallmark called "Teacher, Teacher."

In addition they have about 16 working groups of this lay committee who spend a great deal of their time as volunteers in specific areas and specific fields, and the staff support of these work groups comes under my office.

Mr. CARDWELL. Could I add something to that? You mentioned not too long ago during the hearings, Mr. Chairman, that you would find mental retardation activities cropping up at various points in the Department. It is of interest to NIH, and it is of interest to the Department of Labor in Employment, and so on. There is a whole list of them. And one of the functions of the President's committee is to coordinate these various activities.

Mr. FLOOD. Are any of these programs ever really coordinated?

Mr. CARDWELL. I think so. As Mrs. Hitt pointed out, the Secretary is the chairman. So it does not make sense to have the chairman located in the Social Rehabilitation Service. We believe it should be at the Secretary's level so it can function to coordinate not only our Department operations but interdepartmental operations as well.

Mr. FLOOD. The Secretary must be a very busy fellow.

Mr. CARDWELL. He is.

OFFICE OF CONSUMER SERVICES

Mr. FLOOD. What does the Office of Consumer Services do?

Mrs. HITT. The Office of Consumer Services does a great deal. As a matter of fact, I think what they have accomplished in the short time they have been in operation is particularly noteworthy.

Mr. FLOOD. Our problem is we get so frustrated over here. We have the Consumer Protection and Environmental Health Service—an imposing title. We have the President's Committee on Consumer Inter-

ests. You are not going to start competing with my friend Mrs. Knauer from Philadelphia?

Mrs. HITT. No, sir. I have the greatest respect for her. We will work with her. The Office of Consumer Services in my office at HEW is an intradepartmental operation. However, the Director of that Office sits on an advisory committee with Mrs. Knauer of the President's Committee. We furnish to the President's Committee on Consumer Interests information from HEW and from HEW programs. At the same time, the Office of Consumer Services within my office, brings together the consumer information from all the various agencies and offices within HEW. The assignment of the Office of Consumer Services in my office gives a contact point for private consumer agencies and other departments, the President's committee, and individuals, and provides a place to which they can make inquiry or come to for information which must be gathered from all over the Department.

One other point is we have now started a pilot project of a newsletter to put the consumer services from all over the Department of HEW into terms that the poor or disadvantaged or less educated can not only read and understand but can use. We also plan to build a consumer service into the model cities program, and this will be the responsibility of this office.

Mr. FLOOD. More coordination?

Mrs. HITT. I really prefer the term to bring to common focus or to meld.

REGIONAL OFFICE RELOCATION

Mr. FLOOD. Suppose you describe the conditions which led to the decision to have the Charlottesville regional office moved to Philadelphia and to close the Kansas City regional office. Will these changes bring about a reduction in cost or in force or was it just time for a change?

Mr. CARDWELL. Mr. Chairman, we discussed this previously to some extent and I think we promised the committee that when we finished our ongoing analysis of costs we would make it available to the committee.

Mr. FLOOD. All right. We will let it go at that.

There is a great title going around looking for a playwright. It should be "The Coordinator." That would certainly sell out at the National Theater. I don't know what would happen to it in London or Kansas City, but it would be sold out here in Washington.

INCOME MAINTENANCE EXPERIMENTS

On page 38 of your justifications you say "The Office of the Assistant Secretary for Community and Field Services has assumed leadership in the Department in experimentation with alternate forms of income maintenance."

In case you don't know it, that is the "in" phrase now, "income maintenance." That is the coming thing.

Mrs. HITT. I found that out.

Mr. FLOOD. Can you tell us what you are doing or planning to do in this very exciting area?

Mrs. HITT. Yes. Obviously my office, because of the focus on model cities and consumers and the youth operation, will have an interest in

this. It is a very important function. There will have to be a great deal of thought given to it and some experimental programs.

Since the budget was printed the Secretary has established the Office of the Assistant Secretary for Planning and Evaluation as the main focus. At the time this was printed it was in my office. Since then the Planning and Evaluation staff, working with SRS, have the major focus on this. I think you would call them the convening office on income maintenance. So while we will be involved and interested in it and personnel in my office will take part in task forces and studies, the major impetus will fall within that office. My guess is that these positions will work with them, too.

Mr. FLOOD. Are you aware that we are now experimenting with different forms of income maintenance?

Mrs. HITT. When I say "experiment" we are talking about model programs. This is not going to be an easy decision to make but this will be under "program planning and evaluation."

Mr. FLOOD. Then you won't just be tinkering with things?

Mrs. HITT. Oh, no.

Mr. MICHEL. May I ask that at this point in the record we have the legislative authority under which we will carry on this experimental project on income maintenance?

Mr. CARDWELL. In the Social Security Act there is authority to develop research and experimentation.

Mr. MICHEL. And that is what we are using as authority?

Mr. CARDWELL. Yes, sir. We will insert it in the record.

(The information follows:)

The legislative authority to conduct income maintenance experiments is contained in sections 1110 and 1115 of the Social Security Act which follow:

COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS

SEC. 1110. (a) There are hereby authorized to be appropriated for the fiscal year ending June 30, 1957, $5 million and for each fiscal year thereafter such sums as the Congress may determine for (1) making grants to States and public and other nonprofit organizations and agencies for paying part of the cost of research or demonstration projects such as those relating to the prevention and reduction of dependency, or which will aid in effecting coordination of planning between private and public welfare agencies or which will help improve the administration and effectiveness of programs carried on or assisted under the Social Security Act and programs related thereto, and (2) making contracts or jointly financed cooperative arrangements with States and public and other [10] organizations and agencies for the conduct of research or demonstration projects relating to such matters.

(b) No contract or jointly financed cooperative arrangement shall be entered into, and no grant shall be made, under subsection (a), until the Secretary obtains the advice and recommendations of specialists who are competent to evaluate the proposed project as to soundness of their design, the possibilities of securing productive results, the adequacy of resources to conduct the proposed research or demonstrations, and their relationship to other similar research or demonstrations already completed or in process.

(c) Grants and payments under contracts or cooperative arrangements under subsection (a) may be made either in advance or by way of reimbursement, as may be determined by the Secretary; and shall be made in such installments and on such conditions as the Secretary finds necessary to carry out the purposes of this section.

DEMONSTRATION PROJECTS [1]

Sec. 1115. In the case of any experimental, pilot, or demonstration project which, in the judgment of the Secretary, is likely to assist in promoting the ob-

[1] See sec. 502 of the Economic Opportunity Act of 1964, p. 792, vol. II.

jectives of title I, X, XIV, XVI, or XIX, or part A of title IV in a State or States—

(a) the Secretary may waive compliance with any of the requirements of section 2, 402, 1002, 1402, 1602, or 1902 as the case may be, to the extent and for the period he finds necessary to enable such State or States to carry out such project, and

(b) costs of such project which would not otherwise be included as expenditures under section 3, 403, 1003, 1403, 1603, or 1903 as the case may be, and which are not included as part of the costs of projects under section 1110, shall, to the extent and for the period prescribed by the Secretary, be regarded as expenditures under the State plan or plans approved under such title, or for administration of such State plan or plans, as may be appropriate.

In addition, not to exceed $4,000,000 of the aggregate amount appropriated for payments to States under such titles for any fiscal year beginning after June 30, 1967 shall be available, under such terms and conditions as the Secretary may establish, for payments to States to cover so much of the cost of such projects as is covered by payments under such titles and is not included as part of the cost of projects for purposes of section 1110.

Mr. FLOOD. What kind of model would it be?

Mrs. HITT. I cannot answer that, sir, because that is not going to be my responsibility. I would be glad to supply that information for the record.

Mr. FLOOD. Will you place in the record at this point the number of your employees who will be assigned to this particular thing?

Mrs. HITT. Yes, I will.

(The information follows:)

No member of the staff of the Assistant Secretary for Community and Field Services per se would be working directly on such experiments. This office would participate in discussions within the Office of the Secretary concerning the scope, character and timing of such experiments. HEW regional staff would also cooperate in such efforts as they may occur at the local level.

DEPUTY ASSISTANT SECRETARY FOR YOUTH

Mr. FLOOD. What are the responsibilities of the Deputy Assistant Secretary for Youth? I am in favor of youth. I wish I had more myself. But what does this fellow do?

Mrs. HITT. It is his responsibility to focus attention within the Department of HEW to encourage in every way possible young people to come into Government service, and at the same time to be sure when they do that their elders give them an opportunity to be involved in whatever part of the Government they are working in.

The Deputy Assistant Secretary for Youth works with his counterparts in other departments. For example, in the past 2½ or 3 months this office has been deeply involved in a study with the Justice Department in the field of juvenile delinquency. The Deputy Assistant Secretary for Youth will also be very much involved with the White House on the White House Conference on Children and Youth. At the same time we are going to make a much greater effort to communicate, not just with the dissident and dissatisfied youth but with the general college youth.

Mr. FLOOD. He is not contemplating regional assistants for youth?

Mrs. HITT. No. In fact, he is right across from my office, I am working very closely with him because as a mother I am deeply concerned about youth. I think we have to establish channels of communication with all youth today. And I am not sure that some of the problems we have with youth do not come as a result of their not being given enough responsibility, a big enough piece of the action. My Deputy Assistant Secretary for Youth is very much involved also with the summer employment activities, job opportunities, for youth.

MODEL CITIES PROGRAM

Mr. FLOOD. You seem to be putting a great deal of effort into the model cities program?

Mrs. HITT. Yes, sir.

Mr. FLOOD. How do you get in this act? What are you doing? Do you know anything about the results so far?

Mrs. HITT. This activity is in HUD but HEW has the responsibility to deliver its services to the model cities. We are now in the process of proceeding with the original nine that are ready to go. The Center for Community Planning has been very much involved in model cities planning.

Mr. FLOOD. How much of your staff is devoted to model cities?

Mrs. HITT. I would have to put it this way, sir, I don't think you can say that any individual spends all his time in it.

Mr. FLOOD. Do you have any member of your staff whose time is devoted exclusively to it?

Mrs. HITT. No, I do not. The Center for Community Planning is involved not only in model cities but in neighborhood service planning, in the parent-child centers, in new careers, and they are hoping to get into some of the rural problems that are reflected in some of our urban problems too. So they are involved not just in model cities. The Office of Field Coordination is also involved in it because this is the delivery system. But on the local level the social security manager is the primary contact for model cities, working with the regional director and the field coordinator. I don't think I could say there is an individual who does nothing but this.

Mr. FLOOD. I think it is a good idea.

Mrs. HITT. We are also oriented to the rural problems.

I did have the opportunity to meet with one model cities group on a trip to one of the regional offices and I am tremendously impressed and encouraged—I am sure it is like your city—by the interest and the broad crosssection of involvement of citizens.

Mr. FLOOD. It seems to be catching on. Of course, many things are not good in it, but it is like democracy. There are shortcomings in a democracy, but the good things so far outweigh the bad things that that is why we have it and have become such a great Nation.

Mr. Michel?

RELOCATION OF REGIONAL OFFICES

Mr. MICHEL. Mrs. Hitt, I think you gather from the chairman's line of questions, and I think he speaks pretty much for the committee when he makes the point that, with all this reorganization and coordination, we get a little bit weary unless you can come before us

and say you are asking for so many fewer dollars as the result of what you are doing to streamline Government. It would be more palatable if you could do that.

As I understand it, for instance, in closing the office in Charlottesville and Kansas City and transfering them to Philadelphia and Denver, we thought that you were trying to make it so that in each given geographical area you can go to one point and get most of the answers to questions in which HEW may play a part. Is that correct?

Mrs. HITT. Yes, that is true.

Mr. MICHEL. In educational aspects we may have to go to two different places in Peoria to get an answer to problems that are closely related. So if the idea is to make it a one-shop operation I am encouraged, but it is a hard thing to sell if it continues to reflect itself in additional jobs. I guess the only way we can sell that to other Members on the floor is to say they will not see a lower cost Federal-wise but will see a much more efficient delivery of services to the hundreds of thousands of people who may come to the regional offices for services.

Mr. GRUPENHOFF. That point is well made.

The first part of the Executive order of March 28 had to do with pulling together all the agencies of government in one city. And while the savings will not be reflected immediately, the savings will be very great in time.

The second part of the President's Executive order was concerned with decentralization, moving the program-making decisions out in the field. I find in my experience that the thing that slows down action most is the lack of available information. If we can move these decision-making processes in the field and centrally locate them we can do a lot in shortening the time.

Mr. MICHEL. If that is what is going to be done I say "amen." My next point has much more to do with HUD than HEW, but it is related. There is a project for housing for the elderly in my district under section 202 of the Housing Act that has been kicking around, I don't know how long, in the regional office and it got mired down between the regional office and the Washington office. It seems to me we should have competent enough people in the regional offices to make decisions, yes or no, without a lot of paperwork. This is something that gets the local agencies and communities up in arms.

Mr. GRUPENHOFF. But turn that around. Right now if a State wants to get service in an area in the health field they may get service from six people, whereas if we had a central point all that time would be saved. I think it is very important to turn around and look at it from that point of view as well.

Mr. MICHEL. I hear the Governors are meeting some place in Kentucky this weekend.

Mrs. HITT. It happens to be the Derby.

Mr. MICHEL. Yes. Is this point being made at this particular conference, that this is what you have in mind doing? Have you been consulting with the Governors and with the mayors of big cities to let them know this is what you have in mind, to gather support for it or to get their ideas?

Mrs. HITT. Yes. As a matter of fact, as far as the Governors are concerned, the matter came up at the Governors' Conference here

in the District of Columbia a couple months ago. It will be discussed again, but my office and the Office of Field Coordination and the Center for Community Planning work very closely with the Governors conferences and with all of the city or State-oriented organizations and conferences.

MODEL CITIES

Mr. MICHEL. You say you will have people working in the model cities areas. I remember 2 years ago I offered an amendment to cut $200 million from the program and I was called horrible things because I was crippling the program.

That was in 1967 and now we are in 1969 and not one dime of operating funds has yet been put in that program. Yet, today they are asking for more. I was a culprit 2 years ago in moving to cut it because I said they were not in a position to spend it, and my prediction came true. I don't think they have more than 9 or 10 cities of that original block approved yet in model cities, but you get the general point.

Mrs. HITT. I would welcome the opportunity for my office to supply you with anything you need at any time to support it.

Mr. MICHEL. You may very well be called upon.

Mrs. HITT. I can't give you every bit of it myself today but we would welcome the opportunity to be of help or service to you.

Mr. MICHEL. I just want to underscore the point that the chairman has made. We hear a popular term or phrase used and everybody comes in for a piece of the action because it is a sexy thing. Family planning, model cities, nutrition or what have you. I hope all these far flung activities will once and for all be brought together in some master plan that will foreclose our making these criticisms from time to time.

Mrs. HITT. I hope so too.

Mr. MICHEL. That is all.

Mr. FLOOD. Mr. Shriver.

NEW POSITIONS

Mr. SHRIVER. On page 29 of the justifications under new obligations it shows 151 new positions.

Mr. CARDWELL. That includes 75 positions which would be transferred under the revised budget related to civil rights.

Mr. SHRIVER. So there would be 75 less than this figure?

Mr. CARDWELL. Yes. 76 is the accurate figure.

Mr. SHRIVER. And 75 in civil rights. That is what we were talking about yesterday?

Mr. CARDWELL. Yes.

Mr. SHRIVER. Unfortunately, the last 2 weeks I have had to spend most of my time in another subcommittee so I did not hear the discussion yesterday.

RELOCATION OF REGIONAL OFFICES

I wanted to ask also, Mr. Cardwell, what you said relative to the closing down of the Kansas City Office, because Kansas City is pretty close to me and I have had a great deal of complaint directed to me

from my State since the announcement of the closing of that office. Did I understand you to say you will have a study made of this and explain it to the committee at a later time?

Mr. CARDWELL. The question has come up several times during the course of the hearings as to the cost of the consolidation. At the request of the Bureau of the Budget, HEW and the other four departments affected are doing a cost analysis. There will be a one-time cost associated with the consolidation.

CONSUMER PROTECTION

Mr. SHRIVER. I do not understand why you need emphasis in the Department of Health, Education, and Welfare on consumer protection when you have it in other places, particularly in the Office of the President.

Mrs. HITT. As I said earlier, this is an intradepartmental operation which works closely with and supplies the President's Committee with information and material. We are the HEW gathering place for the President's Committee and at the same time from the President's Committee comes to us information pertinent to the various operating parts of HEW.

We work closely with consumer organizations both public and private.

Mr. SHRIVER. Isn't that true with the committee in the President's Office? And if so why is that needed if you are doing the same kind of thing?

Mrs. HITT. The President's Office of Consumer Interest is an interdepartmental operation. It is Mrs. Knauer's responsibility, for example, to gather from and to disperse back to all agencies in the Federal Government. The Office of Consumer Services in my office is an interdepartmental operation in HEW because HEW does have a great many programs which are either consumer-oriented or of consumer interest.

Mr. SHRIVER. Whether it is education or health or any other kind of service it would be for that vast group of consumers. I would think the employees you have would be giving out information.

Mrs. HITT. As far as that is concerned, every man, woman, and child in the United States is a consumer in the broad sense of the word but it is essential that there be one place, one office, one staff, in HEW which has at its fingertips the information from all of the some 50 operations that have some bearing on the consumer.

Mr. MICHEL. Will you permit a question there?

Mr. SHRIVER. Yes.

Mr. MICHEL. Following that logic, next year Agriculture could come in and say they want two people because they want liaison people, then the Department of Justice, which has to do with fraudulent consumer matters, comes in and says they want a couple for liaison work. If you follow that thing down the line you can get every department involved and asking for a couple extra people to coordinate and to have liaison with this President's Committee.

Mr. CARDWELL. I can appreciate your point, but what we are really talking about here is a matter of management philosophy and organization philosophy. HEW, as you know, has a large number of programs and activities. It is a very easy matter for these activities to drift in

different directions and the consumer interests could be disregarded. With the passage of time, emphasis changes. I think what the Secretary has said here—and this is also true of the last two Secretaries—he wants to be sure there is someone at his staff level who will maintain a continuing awareness of the special problems of consumers. We relate very well to the professional groups but we want to be sure at the same time the "little man" is considered and we think a couple jobs at the Secretary's level is worthwhile. Maybe Agriculture could make the same argument, I don't know.

Mr. MICHEL. Thank you.

CONSUMER EDUCATION

Mr. SHRIVER. On page 2 you say you are going to help welfare recipients to use their income prudently and economically through consumer education. I thought the Welfare Department had been doing this ever since the beginning of welfare.

Mrs. HITT. It is possible they have, but obviously the job has not been completely accomplished or we would not have the problems we have and have to focus the attention we have on consumers. This is part of trying to show the consumer how to spend the dollar best whether it is in food, nutrition, or help in credit practice, or whatever operation it may be.

We found that sometimes they do not know how to cook the food they receive because it is not a food indigenous to the area in which they were raised.

Mr. MICHEL. Of course, here again this is what our Agricultural Extension Service is doing, they are putting on seven people in my home county to do the same thing, and six additional in the neighboring county. That is two little counties in Illinois.

Here is a request for two additional professional people that are going to make all the difference in the world in this particular shop. The case has got to be better made for their doing something other than just this because so much of this, as Mr. Shriver says, is already being done over and over again year after year. We have negotiated that hurdle for 10 years now.

It says here these two people are going to—I cannot quote it verbatim, but I get the impression these two people are going to move heaven and earth in this whole field.

Mrs. HITT. They are not going to and I would not try to convince you of it.

I would like to point out this Office of Consumer Service is a new operation. It was begun with an absolute minimum of staff. As it has functioned and has been effective, both the public demand and the departmental demand on it have grown, and the staff is needed to keep up with the public and the private and the departmental demand upon this group and the responsibilities with which it has been charged. But they are not going out into the field.

It is an information center or source? It is a contact, it is a participation with consumer groups.

Mr. SHRIVER. Will you be having conferences with mayors and so forth?

Mrs. HITT. Yes. And we are working toward having some kind of

consumer education, consumer service component within the model cities we do not have now. We are working toward that to deliver this kind of consumer information.

Mr. SHRIVER. Is money budgeted for the holding of the conferences?

Mrs. HITT. The conferences are primarily funded by the organizations themselves. We do not instigate or start it. The consumer organizations do and we participate both in the planning, in professional expertise, and in physically being there.

REFUGEES AND IMMIGRANTS

Mr. SHRIVER. What is the responsibility of your office with regard to the care of refugees and immigrants? On page 36, where it states the Assistant Secretary also has responsibility for the care of refugees and immigrants.

Mr. CARDWELL. I think it relates to two programs operated by the Department, Cuban refugees and the repatriation of U.S. nationals.

Mr. SHRIVER. Yes.

Mr. CARDWELL. This office is the focal point within the Office of the Secretary to relate back to the two programs that are operated by the Social and Rehabilitation Service. There is some relationships with the Department of State involved.

Mr. SHRIVER. Mrs. Reid and I are on the Subcommittee of Appropriations which recommends appropriations of about $100 million for refugees throughout the world.

Mr. FLOOD. Mrs. Reid?

Mrs. REID. First of all, I personally want to welcome Mrs. Hitt to the committee this morning. She is a good friend of mine and, as you can see, is very charming and attractive, but she is also capable and competent and is a doer. I know from my own observation anything she undertakes, she accomplishes with utmost efficiency.

I am sure, Pat, you will make a great contribution in your new position.

Mrs. HITT. Thank you.

Mrs. REID. You explained in some detail how you are going to coordinate your activities with Mrs. Knauer, the President's Special Assistant for Consumer Interests, so I will not go into that, although I had planned to ask you that question.

PRESIDENT'S COUNCIL ON YOUTH

But in regard to the youth activities, how are your activities coordinated with the President's Youth Council?

Mrs. HITT. We work with the President's Youth Council. We will both be involved in the White House Conference on Children and Youth next year. As a matter of fact, we are involved now in the preparation for it. The Director of the President's Council on Youth was also a part of the study group with the Department of Justice I referred to. It is part of his responsibility to carry out within the Department, or to motivate, to direct within the Department of HEW whatever programs the President's Council on Youth recommends, whatever the President asks for.

Mrs. REID. You would not in this case have any particular staff member?

Mrs. HITT. They would all be working with it. One staff member is assigned to juvenile delinquency and another is assigned to college and university contacts, and so on. So it would depend on the subject matter. They would all be working with them. It is a two-way street.

Mrs. REID. You say, and I am sure you are, economy-minded just as I am. I would certainly hope and trust as Mr. Michel stated that the coordination or the melding or bringing together, as you put it, of the various departments and activities will do away with the overlapping and waste which we have observed during the past few years and will make for a more efficient operation.

Mrs. HITT. It certainly is our intention, and I will say I realize that the words "coordination" and "cooperation" are greatly overused. It happens that this kind of thing is the major function of my office so I just cannot use another word but it really comes down to that because that is the focus of this office.

Mrs. REID. From what I have observed in the past, you are an excellent coordinator. Even though some may not like the word, it still is a good one, I think.

That is all, Mr. Chairman.

Mr. FLOOD. Thank you.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

DEPARTMENTAL MANAGEMENT

Salaries and Expenses, Office of Community and Field Services

Amounts available for obligation

	1969 Estimate	1970 Estimate
Appropriation	$ 2,508,000	$ 9,989,000
Transfer from Social Security Trust Funds	2,043,000	3,304,000
Transfer from Bureau of Federal Credit Unions	36,000	38,000
Comparative transfers from:		
Salaries and expenses, Office of the Secretary	4,838,000	---
Social and Rehabilitation Services, Mental Retardation	580,000	---
Consumer Protection and Environmental Health Service	52,000	---
Salaries and expenses, Office of the Secretary, Social Security Trust Funds	893,000	---
Proposed transfer from "Community Mental Health Resource Support" for pay increase costs	215,000	---
Total obligations	11,165,000	13,331,000

Obligations by activity

Page Ref.		1969 Estimate Pos.	1969 Estimate Amount	1970 Estimate Pos.	1970 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
37	1. Field Services:						
	a. Assistant Secretary for Community and Field Services	17	$ 420,000	28	$ 542,000	+11	$ +122,000
	b. President's Committee on Mental Retardation	16	580,000	18	602,000	+2	+22,000
	c. Field Coordination	408	4,793,000	461	5,378,000	+53	+585,000
	Subtotal, Activity I	441	5,793,000	507	6,522,000	+66	+729,000
46	2. Center for Community Planning	28	564,000	38	694,000	+10	+130,000
49	3. Civil Rights Activities	326	4,808,000	401	6,115,000	+75	+1,307,000
	Total obligations	795	11,165,000	946	13,331,000	+151	+2,166,000

Obligations by object

	1969 Estimate	1970 Estimate	Increase or Decrease
Total number of permanent positions.....	795	946	+151
Full-time equivalent of all other positions.....	15	17	+2
Average number of all employees.....	798	889	+91
Personnel compensation:			
Permanent positions.....	$ 8,069,000	$ 9,076,000	$ +1,007,000
Positions other than permanent.....	166,000	186,000	+20,000
Other personnel compensation.....	85,000	69,000	-16,000
Subtotal, personnel compensation...	8,320,000	9,331,000	+1,011,000
Personnel benefits.....	604,000	768,000	+164,000
Travel and transportation of persons....	754,000	868,000	+114,000
Transportation of things.....	17,000	40,000	+23,000
Rent, communications, and utilities.....	682,000	884,000	+202,000
Printing and reproduction.....	172,000	201,000	+29,000
Other services.....	465,000	991,000	+526,000
Supplies and materials.....	88,000	102,000	+14,000
Equipment.....	63,000	146,000	+83,000
Total obligations by object.....	11,165,000	13,331,000	+2,166,000

Summary of Changes

1969 estimated obligations	$ 11,165,000
1970 estimated obligations	13,331,000
Net change	2,166,000

	1969 Base Pos	1969 Base Amt	1970 Estimate Pos	1970 Estimate Amt
A. Increases:				
1. Built-in:				
(a) Annualization of fiscal year 1970 pay increases...			---	$ +20,000
(b) Regional communications and other miscellaneous costs related to fiscal year 1969.....			---	+85,000
Subtotal.....			---	+105,000
2. Program:				
(a) Field management.....	441	$5,793,000	+66	+633,000
(b) Center for community planning.....	28	564,000	+10	+129,000
(c) Civil rights.....	326	4,808,000	+75	+804,000
(d) Special projects, civil rights.....	---	---	---	+495,000
Subtotal.....	xxx	xxx	+151	+2,061,000
Total increases.....	xxx	xxx	+151	+2,166,000
Net change.....	xxx	xxx	+151	+2,166,000

Explanation of Changes

A program increase of 151 positions and $2,166,000 is requested for fiscal year 1970 to provide the necessary support to carry out the increased responsibilities of this Office, particularly in the areas of Field Administration, Social Services, and the Model Cities program. The increase will also provide 75 new positions for the Office for Civil Rights. Of the increase of 76 positions for the Assistant Secretary, Community and Field Services, 53 positions are for the Office of Field Coordination, 10 positions for the Center for Community Planning, 2 positions for the President's Committee on Mental Retardation and 11 positions for the Assistant Secretary's office. This increase will permit restoration of 73 positions previously authorized and 78 new positions for fiscal year 1970.

1. Field Services

Assistant Secretary, Community and Field Services: An increase of 13 positions is requested to strengthen this office in fiscal year 1970. Particular emphasis will be given to Income Support and Social Services (4 positions); and to developing policies and evaluating programs relating to our Nation's young people (5 positions). In addition, the

estimate provides an increase of 2 positions for the President's Committee on Mental Retardation and 2 positions for the immediate Office of the Assistant Secretary to meet the increased responsibilities of this office, particularly in the coordination of new functions.

Office of Field Coordination: An increase of 53 positions, 48 of which are in the regions, is requested for fiscal year 1970 to meet the steadily increasing regional administration workload, and to meet our rapidly growing commitment to program coordination and intergovernmental activities, particularly in the area of the Model Cities program. This increase will provide 5 additional headquarters positions for overall guidance and direction, primarily in the area of Model Cities and special projects cutting across agency lines. The increase also provides 48 regional positions of which 18 positions are to establish Assistant Regional Directors for Health in each of the Department's nine regional offices; 9 positions are to meet increased workload and responsibilities in the area of program coordination, especially in providing the necessary technical assistance and special training required for effective implementation of the Model Cities program; and 21 positions are requested to meet increased administrative workload in the areas of personnel, financial management and office services.

2. Center for Community Planning

An additional 5 positions are requested for fiscal year 1970 to strengthen this office to meet the increased workload resulting from the growing number of Model Cities. The increase will be directed primarily toward technical assistance (3 positions) and program development activities (2 positions) of the Center.

3. Office for Civil Rights

An increase of 75 positions is requested to strengthen this program, especially in the uniform Nation-wide application of Civil Rights policies and to permit acceleration of the program in the areas of Education and Health and Social Services. Of the total increase, approximately 75 percent or 57 positions are for the Education program. Seventeen of these positions, (12 professional) are requested to carry out the stepped-up compliance programs for school systems in the Northern and Western States, and the majority of the remaining forty positions are in the areas of higher education, the court order system and the terminated voluntary plan systems. The remainder are for programs in health and social services, contract compliance and research and data analysis.

Explanation of Transfers

	1969 Estimate	Purpose
Comparative transfers from:		
Salaries and expenses, Office of the Secretary.....	$ 3,915,000	Reflects transfer of the following functions:
	564,000	Office for Civil Rights.
	368,000	Center for Community Planning.
		Office of the Assistant Secretary for Community and Field Services.
Social Security Trust Funds..	893,000	Office for Civil Rights.
Social and Rehabilitation Services, Mental Retardation.....	580,000	Reflects the transfer of the President's Committee on Mental Retardation.
Consumer Protection and Environmental Health Services.....	52,000	Reflects the transfer of four positions and funds to provide support for the Office of Consumer Services.
Comparative transfer to:		
Salaries and expenses, Office of the Secretary.....	-9,000	Reflects the transfer of one position and funds to provide support for the Visitor's Information Center.
Proposed transfer from:		
Community Mental Health Resource Support.....	215,000	Proposed transfer for pay increase costs.

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Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1960:				
Appropriation.....	$2,735,000	$2,735,000	$2,735,000	$2,735,000
SSA transfer.....	926,000	926,000	926,000	926,000
1961:				
Appropriation.....	2,972,000	2,942,000	2,942,000	2,942,000
SSA transfer.....	1,167,000	1,002,000	1,162,000	1,162,000
Bureau of Federal Credit Union transfer.....	38,000	38,000	38,000	38,000
1962:				
Appropriation.....	3,363,000	3,225,000	3,345,000	3,265,000
SSA transfer.....	1,451,000	1,427,000	1,427,000	1,427,000
Bureau of Federal Credit Union transfer.....	38,000	38,000	38,000	38,000
1963:				
Appropriation.....	3,547,000	3,460,400	3,460,400	3,460,400
SSA transfer.....	1,501,000	1,498,800	1,498,800	1,498,800
Bureau of Federal Credit Union transfer.....	39,000	38,950	38,950	38,950
1964:				
Appropriation.....	3,834,000	3,734,000	3,734,000	3,734,000
SSA transfer.....	1,302,000	1,302,000	1,302,000	1,302,000
Bureau of Federal Credit Union transfer.....	35,000	35,000	35,000	35,000
1965:				
Appropriation.....	3,968,000	3,939,000	3,939,000	3,939,000
SSA transfer.....	1,309,000	1,309,000	1,309,000	1,309,000
Bureau of Federal Credit Union transfer.....	31,000	31,000	31,000	31,000
1966:				
Appropriation.....	1,913,000	1,785,000	1,785,000	1,785,000
SSA transfer.....	1,613,000	1,598,000	1,598,000	1,598,000
Bureau of Federal Credit Union transfer.....	33,000	33,000	33,000	33,000
1967:				
Appropriation.....	2,052,000	2,052,000	2,052,000	2,052,000
SSA transfer.....	1,771,000	1,771,000	1,771,000	1,771,000
Bureau of Federal Credit Union transfer.....	34,000	34,000	34,000	34,000

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1968:				
Appropriation.....	$2,418,000	$2,000,000	$2,209,000	$2,209,000
SSA transfer.....	2,060,000	1,780,000	1,780,000	1,780,000
Bureau of Federal Credit Union transfer.....	35,000	35,000	35,000	35,000
1969:				
Appropriation.....	2,908,000	2,508,000	2,508,000	2,508,000 1/
SSA transfer.....	2,343,000	2,043,000	2,043,000	2,043,000
Bureau of Federal Credit Union transfer.....	36,000	36,000	36,000	36,000
1970: 2/				
Appropriation.....	9,989,000			
SSA transfer.....	3,304,000			
Bureau of Federal Credit Union transfer.....	38,000			

Office for Community and Field Services

Introduction

The fiscal year 1970 estimate of 946 positions and $13,331,000 represents an increase of 151 positions and $2,166,000 above the fiscal year 1969 level. The Office of Field Coordination appropriation has been retitled "Office for Community and Field Services" and enlarged to provide for the items previously carried in this account, plus the Assistant Secretary for Community and Field Services, the Center for Community Planning and the Office for Civil Rights, previously funded in the Office of the Secretary, and the President's Committee on Mental Retardation, previously funded in the Social and Rehabilitation Service.

The fiscal year 1970 budget estimate provides centralized funding for functions currently assigned to the Assistant Secretary for Community and Field Services. The responsibilities of this office have been expanded and now include: supervision of the operations of the Center for Community Planning, which relates HEW programs to Model Cities projects; the Office of Consumer Services, which maintains liaison with consumers and consumer groups and develops policy and coordinates the consumer activities of the Department; and the Office of Field Coordination, which administers HEW's regional offices. The Assistant Secretary also has responsibility for the coordination and forward planning of programs concerning Social Security, Aging, Vocational Rehabilitation, juvenile delinquency control, poverty, migratory labor, care of refugees and immigrants and regional economic development.

This appropriation also provides for the Office for Civil Rights which has responsibility for developing and implementing departmental policy under Title VI of the Civil Rights Act.

1/ In addition, $215,000 is proposed to be transferred from Community Mental Health Resource Support for pay increase costs.

2/ Appropriation structure revised effective fiscal year 1970.

Field Services

	1969 Estimate		1970 Estimate		Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits:						
Assistant Secretary for Community and Field Services....	17	$ 350,000	28	$ 435,000	+11	$ +85,000
President's Committee on Mental Retardation.....	16	286,000	18	301,000	+2	+15,000
Office of Field Coordination:						
Headquarters.....	18	232,000	23	278,000	+5	+46,000
Field.....	390	3,686,000	438	4,034,000	+48	+348,000
Subtotal.....	441	4,554,000	507	5,048,000	+66	+494,000
All other costs.....	---	1,239,000	---	1,474,000	---	+235,000
Total.....	441	5,793,000	507	6,522,000	+66	+729,000

General Statement

An increase of 66 positions and $729,000 is requested to provide the additional support required to effectively carry out the growing responsibilities of this office. This increase will provide 11 positions for the Assistant Secretary, 2 positions for the President's Committee on Mental Retardation and 53 positions for the Office of Field Coordination, of which 48 will be assigned to the regions.

Assistant Secretary for Community and Field Services

The Assistant Secretary for Community and Field Services is the Secretary's advisor and focal point within DHEW for relating Department programs to urban problems. Upon its creation this office was assigned broad responsibilities in the areas of Field Management and Program Coordination, Model Cities, and Consumer Services.

This office also has a major concern for the recruitment and use of the volunteer sector in furthering the program aims of the Department.

Eleven new positions are requested for the Assistant Secretary's immediate office to strengthen leadership and guidance in such areas as Youth, Income Support and Social Services, and Consumer Services.

The fiscal year 1970 request is designed to make this office more responsive to the urban crises and to needs of various consumer and recipient groups.

Special emphasis will be given in fiscal years 1969 and 1970 to the following areas:

-- a critical appraisal of the ways in which a Federal department can redress the grievances of the consumer.

-- the pursuit of alternative forms of Income Maintenance through demonstration projects and special studies;

-- the sponsorship of the recommendations of the 1968 Task Force on the Organization of Social Services, and their translation into programs and policies;

-- a vigorous approach to the development of a viable youth program.

Consumer Services

A major program within the Immediate Office of the Assistant Secretary is the Office of Consumer Services. This Office has responsibility for strengthening and coordinating the consumer aspects of the programs of this Department. In 1970 this office will work with the various agencies of the Department to assure that consumer interests are included in the formulation of their programs. In addition, this office will (1) coordinate the consumer program of the agencies within DHEW; (2) work with allied programs in other agencies, as well as appropriate national organizations; (3) publish a consumer newsletter; (4) compile existing resource material and present it in a form useful to the consumer; and (5) work for the development of the kind of comprehensive education, information and service program needed to assure the consumer fair value for his time and money in the modern marketplace.

To make possible the effective implementation of the Consumer Services program and coordination of the ever-expanding workload, staff, and areas of responsibility, the addition of two professional positions to the Office of the Assistant Secretary is requested.

Income Support and Social Services

The Office of the Assistant for Community and Field Services has assumed leadership in the Department in experimentation with alternate forms of income maintenance. During 1969, this office worked closely with the Office of the Assistant Secretary for Planning and Evaluation, Social and Rehabilitation Service and the Center for Community Planning in consideration of proposed modifications of the present system of public assistance as well as of the more publicized proposals for the various forms of a negative income tax. During 1969, this office sponsored in-service training for DHEW staff, a conference on the history of the means test, and chaired a series of meetings with this Department and Department of Housing and Urban Development officials on the place of income maintenance experimentation in Model Cities.

In 1970, additional emphasis will be devoted to the resolution of some of the essential issues in the development and implementation of experimental design. However, expertise in this area is still in critically short supply. It is essential that there be coordination of what resources exist and strong direction from this office for Department activities in income maintenance. Through its technical assistance functions in both the Center for Community Planning and the Office of Field Coordination, it will be possible for this office to provide a direct link between policy formulation at the Federal level and project implementation on a State and local level. At the same time, these field support operations will be coordinated with the committee structure being established in the Office of the Assistant Secretary for Planning and Evaluation, which will focus on long-range planning in this area. Papers and experimental models will be developed, work groups convened, and liaison established with the many elements--private, academic, and governmental--throughout the country which have indicated interest and activity in income maintenance.

During 1969 increased attention was also given to the serious questions which surround the delivery of social services. The problems of making the necessary social services available, with dignity and quality of "product", to those who require them but for whom the present system has proved inadequate are many and complex. Examples of these groups are: the aged, the very young, the mentally and physically handicapped, the very poor, and those isolated by reason of geography or advanced age. As a first step toward a comprehensive Department policy, this office provided sponsorship for a Task Force on the Organization of Social Services, whose preliminary report has been presented to the Secretary.

An increase of four positions, three professional, is requested for this program in fiscal year 1970.

Office of the Deputy Assistant Secretary for Youth

As an outgrowth of former Secretary John Gardner's concern for "developing policies and evaluating programs relating to our nation's young people," this office was established. In 1970, the activities of this office will be directed towards program development, communication and support, and staff services.

Program Development

The alienation and disaffection of young people is frequently an expression of their sense of being left out of institutional processes which determine their lives. Although HEW administers the largest part of Federal expenditures and activities related to youth, there is no coherent approach to the problems of young people from within this Department. This office plans to explore opportunities for providing youth greater access to the decision-making processes of local and State governments, greater flexibility when entering the area of economic enterprise, and a broader range of opportunity within our institutional framework. Model programs will be developed and sponsored which are based on ideas gathered from youth and from experimental programs now underway. Emphasis will be given to the development of youth leadership training programs to prepare young people for civic responsibility. Growing out of these activities will be efforts devoted to the gathering and dissemination of information about new approaches in youth programming. Within the Department, attempts will be made to develop new job opportunities.

Communication and Support for Youth Programs

Another approach to the problems of bringing youth into institutional processes will be through establishing communication with youth and support of youth programs. One critical function of this office will be to maintain continual liaison with youth organizations and other young people across the country through site visits and the rotation of young people through this office. Thus this office will both reach out to the young people and provide a listening post so that Department programs will be continually enriched with the perspective of youth. National hearings, conferences and other means of communication will be used to carry this out.

Staff Services

This office will also be the principal advisor to the Secretary on matters pertaining to youth. It now provides staff services to the Secretary's Committee on Youth, and is charged with coordinating the HEW participation in the 1970 White House Conference on Children and Youth. In the near future a committee charged with developing a framework for research activities in the field of youth and delinquency will be convened. With the Social and Rehabilitation Service, guidelines, panels and administrative structure for implementing the new juvenile delinquency legislation will be developed. Department liaison will be provided

with the other Federal departments and agencies concerned with programs for youth, such as Office of Economic Opportunity and the Department of Labor.

An increase of five positions, three professional, is requested to carry out these programs in fiscal year 1970.

President's Committee on Mental Retardation

The President's Committee on Mental Retardation provides advice and assistance to the President in the area of mental retardation, including (a) evaluation of the adequacy of the national effort to combat mental retardation; (b) provision of effective liaison among Federal, State, and local governmental and private foundation and organization groups having programs and activities in the field of mental retardation; (c) and for the development of information aimed to reduce the incidence of mental retardation or lessen its effects.

In addition, the Committee also works with professional organizations and groups broadly representative of the general public to mobilize support for mental retardation activities.

The President's Committee recently formed sixteen work groups to study specific problems associated with mental retardation and formulate concrete recommendations. This new approach will permit the Committee to look in depth at more of the complex problems plaguing the field.

However, the effectiveness of these work groups will depend largely on proper staff assistance. The current staff of the President's Committee on Mental Retardation totals 16; an increase of 2 positions is requested for 1970. The addition of a fourth program specialist (GS-14) to the three now providing aid to the work groups would increase their productivity by permitting each program staff member to devote more time to assigned groups.

One of the major responsibilities of the Committee is to promote increased public awareness of the problems of mental retardation. During fiscal year 1970 the Committee plans to prepare several new publications concerning mental retardation, devote more time to radio, television and press relations, and develop an effective speaker's bureau. These tasks will require the addition of one secretary to the public information staff.

Office of Field Coordination

The fiscal year 1970 request of 461 positions and $5,378,000 is an increase of 53 positions and $585,000 above the 1969 level. This estimate reflects the increased role assigned to the Office of Field Coordination in coordinating and evaluating regional activities, and the workload generated by the Model Cities Program. The fiscal year 1970 request will provide an additional 27 positions to carry out increased program coordination--intergovernmental relations functions; an increase of 21 positions to meet increased administrative workload and 5 positions to strengthen overall program guidance and leadership.

Office of Field Coordination - Headquarters (5 new positions)

The Office of Field Coordination serves as staff to the Secretary on all matters related to organizing and coordinating the field activities of the Department. This includes:

-- advising and assisting the Secretary and agency heads in developing and strengthening the Department's relationships with State and local governments.

-- strengthening the development of collaborative relationships between Regional Offices and field elements of other Federal agencies.

-- advising and assisting Regional Directors in their intergovernmental and institutional relations and program coordination roles.

-- advising and assisting Regional Directors, and providing leadership to Regional management offices in the provision of management services to program agencies in the regions.

Accomplishments to Date

The Office of Field Coordination has given increased attention to concerted and multi-agency programs implemented through the Regional Directors' offices.

For example, the Office of Field Coordination:

1. Provided leadership and guidance to the Regional Offices in implementing the Model Cities Program and planning for the utilization of the results and findings of these demonstration programs to urban and rural areas not designed as Model Cities by:

   a. increasing the efficiency of regional program coordination and intergovernmental efforts aimed at Model Cities, e.g.; establishing and convening regional resource committees;

   b. assisting in the development of guidelines in conjunction with HEW offices and other Federal agencies and for the review and evaluation of 200 applications from which the 75 "First-Round" cities were selected;

   c. identifying and providing the HEW technical assistance needed to meet urban problems and developing and implementing ways to increase the marshaling of State resources on local problems;

   d. adapting the existing communication system to facilitate the flow of data peculiar to urban matters;

   e. maintaining liaison between the Regions and the Department's "urban planning arm", the Center for Community Planning and developing and conducting the implementation of CCP output pertinent to the Regional urban effort.

2. Coordinated the Youth Opportunity Campaign and Special Summer Programs carried on in the regional offices in 1968, which served approximately 6,500 children around the country, and encouraged grantees to employ an estimated 12,000 youths in HEW supported projects.

3. Represented HEW on several government-wide committees such as Federal Executive Boards and the Federal Advisory Council for Regional Economic Development and participating in such HEW committees as those for Spanish Surnamed Americans, and worked with Regional Offices to assure that the efforts of the committees extended through the regions.

4. Initiated special regional conferences for Regional Directors and State and local officials to stimulate more effective communication among these officials through greater knowledge of Federal-State programs and operations and organized Washington conferences for HEW staff and officials of State and local government organizations such as National Governors' Conference, National League of Cities and the National Association of Counties for the purpose of increasing concerted efforts toward solution of the urban crisis. Worked closely with these organizations to tie in their local counterparts with Regional office staff to carry out joint projects at the local level.

5. Conducted studies and analyses of management services provided to HEW agencies by the Regional Directors' offices, recommending improvements in operations. For example, a model personnel program was established in the New York Region to demonstrate the benefits of a professional personnel program in the regions. This included the addition of professional recruitment, an expanded equal employment opportunity program, employee-management cooperation consultation, training and career development and employee relations program to the existing operations.

   Increased emphasis was also given to (a) development of a regional accounting procedures manual (b) refinement and extension to other regions of the model personnel program now begun in New York and (c) development of a model program in financial management demonstrating regional capability to work with states in reducing losses to the Federal Government of interest associated with the letter of credit system (estimated $6,000,000 in 1967). Assistance was also given to states and institutions in complying with Federal accounting requirements related to grants administration.

Objectives - 1970

Increased coordination and intergovernmental relations activities are required to focus the many departmental programs on the needs of the cities. Such coordination requires joint planning and priority-setting by the agencies involved in the solution of a problem, consultation and technical assistance by several agencies, and perhaps most importantly, the development of a system through which the Federal, State, and local governments and other organizations and institutions can play their most meaningful roles in determining priorities and implementing programs to improve the quality of life for their citizens.

The establishment of this system will require the Office of Field Coordination to strengthen and enlarge its programs in the following areas:

(1) informational and consultative activities with State and local governments;

(2) direct support to the Regional Directors' offices;

(3) consultative and advisory activities with other offices in the Department;

(4) and the development of data gathering and interpretation systems in Regional Offices and Headquarters to provide information necessary for planning and evaluation in all coordinated program areas.

To enable the Office of Field Coordination to perform its enlarging program coordination functions, 3 additional professional and 2 clerical positions are needed.

The total staff will be organized to strengthen the following activities:

(1) Intergovernmental relations activities and program coordination - The improvement of intergovernmental coordination has been outplaced by the rapid growth of programs, and it is our belief that we are begging failure in some programs because of the lack of intergovernmental relations staff to carry them out. The need is urgent. It is expected that the emphasis over the next several years will be on the successful administration of legislation and programs we already have.

(2) Continuing contacts with other departments which have programs coordinated through regional offices and which are lined with HEW programs.

(3) Cooperative liaison and conference activities with associations in Washington representing State and local officials.

(4) Developing a stronger information capability in all programs coordinated through the Regional Directors' offices.

(5) Planning and implementing an improved administrative management system in the Regional Directors' offices, including the addition of strengthened management leadership and the extension of improved personnel and financial management model programs into several regions.

Field:

Program Coordination and Development - (27 positions)

The Regional Director has the responsibility of providing leadership to the regional program staff to mobilize all HEW resources in attacking major human problems. The effort requires the development of creative partnerships with State, and local public and private agencies and institutions in identifying problem areas and in establishing the framework to deliver the necessary services.

In order to meet these increased responsibilities additional staff is needed. The Regional Director's efforts are rapidly being fragmented as new responsibilities are added with almost no addition of resources. Established programs administered by the Regional Director have a tendency to be neglected, because the staff is called upon to react to crisis after crisis, and cannot develop and maintain a regularized administrative process.

Accomplishments to Date

The Regional Directors have expanded their relationships with Governors, mayors, and local officials. Joint meetings were held, with participation from Federal, State, and local levels of government, to discuss how Federal, State, and local levels of government can work together to accomplish coordinated program planning and implementation.

Regional Directors also assisted the 200 Model City applicants in 1968 and a like number is expected in 1969. In addition, the regional staffs gave technical assistance and training to officials of applicant cities and to these developing first-year and five-year plans. The Regional Office staff worked directly with these city officials in working out their approach to this undertaking and subsequently called in many HEW technical experts in health, education, and social services to assist city officials to develop their Model City plans.

In addition, several other departmental priority programs were implemented through the Regional Director's office. These included the Youth Opportunity Campaign, Spanish Surnamed Americans Programs, the Neighborhood Services Center Program, Family Planning, and Comprehensive Health Planning. Each of these programs required the coordinated efforts of several agencies for full implementation. Thirteen Neighborhood Services Programs, for example, were jointly planned and funded at a level of $10,000,000 by separate HEW programs, Office of Economic Opportunity, Department of Housing and Urban Development, and Department of Labor. The Regional Offices gave considerable assistance to coordination of these programs in order to assure the most meaningful and timely mix of program elements.

Objectives - 1970 (27 new positions)

It is anticipated that in 1970 the Regional Offices will be required to give increased attention to the implementation of multi-agency coordinated programs, particularly the health programs, and to the impact of the Model Cities Demonstration programs on the plans of non-Model City areas. The increasing activities of Federal, State, and local agencies working together will require the Regional Director to serve as a focal point for developing the ongoing mechanisms for coordinated action.

Eighteen of the 27 positions (9 professional, 9 clerical) are requested to establish an Assistant Regional Director for Health. The increasing number, variety, and complexity of health programs, resulting from recent legislation, involving the Regional Office require an Assistant Regional Director for Health who would coordinate all HEW health programs carried out in the region, not only those in the Public Health Service. In addition to seeing that HEW health missions are effected regionally in a coordinated manner, he also would provide the Department with a regional perspective in the review, evaluation and planning of health programs.

Nine positions are requested to meet the increased workload in the area of program coordination-intergovernmental relations. Illustrative is the increased workload stemming from the Model Cities program. In 1970 additional workload will arise as the planning phase of the Model Cities program is fully implemented. We anticipate the review of an additional 175 applications for planning grants which will bring the total number of approved Model Cities to 225. Of this number, 150 should be developing detailed first-year and five-year action plans, and the remaining 75 will be implementing first-year plans.

Management Services (21 new positions)

The Regional Director is responsible for providing the Regional Offices of HEW agencies with the management services--fiscal, personnel, and other services--essential to the administration of their programs. These services have in the past encompassed the very elementary management services such as processing personnel documents, accounting, paying bills, purchasing equipment and supplies, making reports to headquarters, etc.

Basic as these services are, they are not sufficient for current program performance and needs. Professional skills which are generally accepted as vital to the growth and development of any organization are in critically short supply in the regions. The ratio of regional management staff to personnel served has risen from 1:77 in 1965 to 1:91 in 1969.

The need for professional management skills and expanded management staffing has become critical in the regions as program responsibilities have accelerated.

Accomplishments to Date

The regional management services staff have absorbed increasing volumes of workload over the past ten years without an appropriate increase in positions. This was possible due to improved employee utilization, but the limit is being reached. In 1968 there was a reduction of 13 positions in this staff in implementing House Joint Resolution No. 888. In spite of this reduction, this staff was able to handle the following workload:

	Fiscal Year 1967	Fiscal Year 1968	Increase
Office Services:			
Travel documents processed.....	48,000	54,000	12.5%
Requisitions processed.....	72,000	76,000	5.5%
Mail processed.....	18,000,000	19,000,000	5.6%
Financial Management:			
Vouchers audit.....	125,000	137,000	9.6%
Personnel Management:			
Actions processed.....	48,000	51,000	6.3%

As a result of a study of personnel management in 1967, a model personnel management program was established in New York in 1968. Through the addition of professional personnel staff to the existing clerical processing unit, an increased range of services was made available to regional managers and employees. An expanded equal employment opportunity program was established, and coordinated; college recruitment and a labor and employees relations program were begun. Regional managers and employees in the other regions lack such management support. However, this model program is handicapped by understaffing. It has, as do the other regional personnel offices, a staff ratio of 1:230 personnel staff to employees serviced which is about three times the average Department ratio of 1:81 personnel staff to employees.

This model concept is being extended to additional regions with available resources and without disrupting the level of service now provided, in order to bring critically needed services to agency managers.

The model concept is also being tested in the area of financial management in several regions. Professional accountants who can carry out the conversion of the accounting system to an accrual and cost basis as required by the General Accounting Office are being recruited. They will begin to work with states in reducing interest losses to the Federal Government associated with the letter of credit, and provide grantees advice and assistance to assure that their accounting systems meet accountability and reporting requirements for HEW grants. In addition they will provide Regional Directors and program officials with professional assistance in the financial management aspects of such interprogram efforts as Model Cities.

Objectives - 1970 (21 positions)

The prime objective in 1970 is to improve and extend the management services provided to the agencies in the regions. With the requested increase:

(1) The ratio of staff to personnel serviced will be reduced somewhat to a more reasonable level.

(2) New workload areas such as procurement of supplies and equipment for new schools built under the Office of Education Construction Program, and increased workload associated with increased grants review, additional regional approval authorities and increased duplication and conference planning support, can then be absorbed.

(3) The model concept can be extended to additional regions, thus providing agency managers and employees the administrative support they so critically need.

Center for Community Planning

	1969 Estimate		1970 Estimate		Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits.....	28	$ 384,000	38	$ 500,000	+10	$ +116,000
All other costs.....	---	180,000	---	194,000	---	+14,000
Total.....	28	564,000	38	694,000	+10	+130,000

General Statement

The Center for Community Planning is charged with focusing the full resources of the Departmental of Health, Education, and Welfare on solving the problems of cities. It is designed to tailor health, education, and welfare programs to meet specific urban needs and to develop innovative plans for dealing with urban problems. It also serves to provide close coordination with the Department of Housing and Urban Development and other Federal departments attempting to meet the needs of urban areas.

The current staff for this activity is 28 positions; an increase of 10 positions is requested for fiscal year 1970. This increase will restore 7 positions previously authorized and will provide for 3 additional positions to meet increasing workload.

Accomplishments to Date

The Center's accomplishments to date include:

-- Coordination of the Department of Health, Education, and Welfare participation in the Model Cities effort including evaluation of Model Cities planning grant requests, identification of Model Cities technical assistance needs and establishment of close working relationships with representatives of urban areas and associations representing city and State government.

-- Development of close support for the Department of Housing and Urban Development in its efforts to build an effective Federal mechanism for technical assistance to Model Cities.

-- Development of plans for adequate involvement of State government in the Model Cities Program--including cooperative review of Model Cities plans and State efforts to provide technical assistance and supplementary funding.

-- Development of plans and procedures to assure coordinated funding of Model Cities Programs by HEW agencies and development of regional standard operating procedures essential to the proper linkage of programs already existing in Model City areas.

-- Analysis of departmental orientation and in-service training programs, which are designed to orient decision-making HEW executives of the impact of HEW programs on urban poverty neighborhoods, as a basis for promoting more realistic program decisions.

-- Providing for the flow of essential research, program, grant and other information necessary to enable HEW's technical assistance network to function effectively in the field.

-- Providing for the training of Technical Assistance Coordinators, Regional Resource Committees, and Liaison Representatives in the Model Cities and also for appropriate training, concerning HEW programs, for urban and State personnel.

-- Providing ongoing liaison to the Office of Economic Opportunity, to the Department of Labor and other Federal departments attempting to meet the needs of rural areas.

-- Coordinating HEW support of the demonstration Neighborhood Service Center program in the local planning and operational phases and providing similar support for the Parent and Child Center program being planned in 36 cities throughout the Nation.

-- Planning and coordinating systems for increased responsiveness by Health, Education, and Welfare agencies to the needs of all urban areas, not only those designed for Model Cities.

-- Coordination of HEW research and demonstrations in increasing the effectiveness of community social services.

-- Development of a comprehensive program model for the use of planners in urban and rural areas in improving the lives of their citizens where health, education and welfare are concerned.

-- Developing procedures for more rapid processing of grants so that cities and other urban, State and rural bodies, public and non-public, may not face unnecessary delay in initiating essential programs.

-- Planning of studies aimed at appraising the effectiveness of any HEW program involving delivery of services and development of improved programs to more effectively and economically meet the needs of citizens in urban areas.

-- Publication of documents aimed at better informing city planning groups and Federal and State planners on effective methods of dealing with inner city problems.

Projections for Fiscal Year 1970

In fiscal year 1970 the Center for Community Planning will continue operations in the specific areas indicated above. In fiscal year 1970, the Center also will have to develop increasing support of technical assistance to cities and to states involved in Model Cities efforts and will have to provide increased monitoring and support of Model Cities operations. A considerable increase in working responsibility will be caused by the addition of a second round, 75 additional cities, to the Nation-wide Model Cities Program. With the additional 75 cities, we will have assisted 150 Model Cities Program during fiscal year 1970. It is also expected that an additional 75 cities will be assisted late in fiscal year 1970.

To meet these increased responsibilities an additional 10 positions, 6 professional, are requested in the following areas:

Organization Planning: Two additional positions, one professional, is requested for the total organizational planning of HEW efforts in special program areas such as new careers, Parent and Child Centers and Neighborhood Service Centers. This will involve clear identification of HEW objectives, development of

the organization to support it and the coordinating steps to make programs operational.

Training: One additional professional position is requested for the development of specialized training programs for local and State government officials concerned with efforts to develop comprehensive programs aimed at meeting the needs of urban populations. In addition increased emphasis will be given to the development and organization of specialized training programs for HEW employees involved in special urban efforts.

Program Coordination and Technical Assistance: Three additional positions, two professional, are requested to work closely with HEW regional offices in assuring adequate technical assistance to cities and states in connection with the development of human resources programs and project components. This will require increased work with operating agencies in the Department to assure their appropriate support of regional efforts and their effective guidance and assistance to counterpart agencies at the State and city level. In addition special emphasis will be given to keep the Center and Washington agencies informed on progress, problems and needs of cities and states involved in human resources planning in the Model Cities Program.

Program Development: Two positions, one professional, are requested to pinpoint the planning and operational needs of cities and states involved in this effort and to work with Federal agencies, with the private sector, with the academic community and with others in the development of effective models of possible applications by cities. These models will be in such areas as new careers, community approaches to health, linkage of social services, coordinated approaches to environmental improvements, community schools, consumer protection, youth development programs, and income stability programs.

Research Analysis: Two additional positions, one professional, are requested to work with HEW research sections in identification of research results which should be relayed to cities and states involved in attempting to meet inner city program needs. They will also work with HEW agencies and others in identification of those programs which appear to be most suitable for testing and wide spread application; and will generally support other Center personnel in efforts to assure adequate program information is relayed to cities and states.

Office for Civil Rights

	1969 Estimate		1970 Estimate		Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits.....	326	$ 3,986,000	401	$ 4,551,000	+75	$ +565,000
All other costs.....	---	822,000	---	1,564,000	---	+742,000
Total.....	326	4,808,000	401	6,115,000	+75	+1,307,000

General Statement

The Office for Civil Rights is responsible for carrying out the provisions of Title VI of the Civil Rights Act of 1964, which prohibits discrimination in programs receiving Federal financial assistance. It is also responsible for coordinating enforcement of the provisions of Executive Order 11246 with respect to equal employment opportunities with contractors dealing with the Department, and with contracts affecting schools and hospitals entered into by any Federal agency. It is responsible for enforcement of equal employment opportunity provisions of the executive order in all of these contracts except construction, enforced by Office of Education, and insurance, enforced by Social Security Administration.

The Office for Civil Rights was initially established as a policy development and coordinating office in 1966. As a result of a reorganization starting in fiscal year 1967 and completed in fiscal year 1968, all enforcement responsibilities and staffs in the field of civil rights, excepting only construction and insurance, were withdrawn from the constituent agencies and centralized in the Office for Civil Rights. The reorganization also entailed the moving the bulk of the compliance activities of the Department to the regional offices.

Program Objectives:

The Department of Health, Education, and Welfare is responsible for assuring that beneficiaries of approximately 200 major programs receive services without discrimination or segregation. This aid is provided through 500 State agencies and hundreds of thousands of school districts, nursing homes, hospitals, colleges, child care institutions, etc. The Office for Civil Rights fiscal year 1970 estimates request an increase of 75 positions which will enable the OCR to assure firm and equal application of Title VI requirements throughout the country; to develop programs in such areas as construction of new schools and to study the problem of dismissal of Negro teachers, to undertake a program to monitor court order desegregation, and to strengthen activities in the Health and Social Services and Contract Compliance programs.

Program Activities and Accomplishments:

Education--The most recent policies affecting school desegregation, issued in March 1968 required all school districts still in the process of eliminating the dual school system to complete the process no later than the beginning of the 1969-70 school year. This marked the first time the Department has notified all school districts eliminating the dual system under voluntary plans (as opposed to court orders) of the target date by which they must be completely integrated or face the possibility of losing Federal financial assistance.

attempt will be made to have each of these systems carry out effective desegregation plans voluntarily. If that fails, OCR will assist the Justice Department to litigate their desegregation.

Higher Education: Twelve additional positions, 8 professional, are requested to carry out the compliance program for institutions of higher education, which was instituted in fiscal year 1968. Of the 2,300 colleges and universities receiving Federal financial assistance, 196 had undergraduate minority group enrollments of less than one percent. Thirty of these institutions were visited in fiscal year 1968. The remaining 266 will be visited in fiscal year 1969. Special emphasis will also be given in fiscal year 1969 to graduate schools, particularly in medicine and business; and to undergraduate schools in education, medical technology, nursing and social work because of their relevance to ghetto life.

In fiscal year 1970, follow-up visits will be made to the 296 low (one percent) minority group schools; and initial visits will be made to the approximately 500 colleges with a two percent minority group enrollment; and to institutions with a higher percentage minority enrollment to ensure equal educational opportunities. These latter reviews will be directed to (1) counseling and tutoring, (2) financial assistance, (3) housing and social opportunities, and (4) career guidance and placement.

New Educational Programs: Twelve additional positions, 8 professional are requested to initiate the following new programs:

(a) Dismissal of Negro teachers - develop procedures for routine examination of firing complaints; and for determining the cause of year-to-year drops in number of minority group employees (1 professional position).

(b) Construction of New Schools - development of procedures for review of new construction, especially in areas where discrimination may exist. Of an estimated 70,000 new classrooms built each year, OCR estimates 30,000 could have possible compliance problems. Approximately 1,000 separate projects, based on an average of 30 classrooms, should be reviewed each year (5 professional positions).

(c) State Educational Agencies - review of compliance policies for State Education Agencies in light of past four years experience; development of new compliance standards with regard to internal policy and practices; administration of federally financed programs and review for adherence to these standards; and develop policies under which States can assume partial responsibility for enforcing Title VI in the states (2 professional positions).

Health and Social Services--As of November 1, 1968, 98 percent of all hospitals in the Nation were officially committed to provide all services without discrimination. More than 3,000 of these hospitals changed their previous policies and practices to comply with Title VI.

Most of these changes were achieved voluntarily. Only 35 hospitals have been involved in the hearing step of enforcement proceedings and only nine have lost Federal financial assistance because of noncompliance with Title VI. Twelve cases are pending, the remainder came into compliance voluntarily.

During the first ten months of the calendar year, comprehensive compliance reviews have been conducted of the health and welfare programs in 12 states. In these reviews, visits have been made to 870 agencies and health and welfare facilities including 157 hospitals and 168 nursing homes. In addition, routine compliance reviews and complaint investigations have been conducted in 361

The new policies have resulted in nearly 300 school districts adopting acceptable plans during the past year. The Office for Civil Rights is negotiating with the remaining 340 voluntary plan districts for the submission and implementation of plans by September 1969.

Northern Schools--With the expansion last year of the requirement that school districts report annually to HEW on the racial composition of enrollments and faculties, the groundwork was laid for the establishment of a Nation-wide program of systematic reviews of school districts. The new school policies, containing for the first time a statement of national Title VI policies applicable in all parts of the Nation, were issued in March of 1968.

To date, statistical information has been received from over 2,000 Northern school districts indicating the extent to which minority group students and faculty members are attending schools with white students and white faculty members. As of November 1, preliminary reviews have been initiated in 20 school systems in 13 states and 9 full reviews have been conducted in 5 of these states.

Higher Education--The Higher Education Compliance program was launched in August 1967, with a Nation-wide questionnaire on racial enrollments sent to 2,300 colleges and universities receiving Federal financial assistance. On the basis of data received, approximately 300 colleges having a minority enrollment of less than one percent were selected for compliance review and 50 colleges have been visited thus far to determine whether racial discrimination exists.

Education (New Positions)--An increase of 57 positions, including 39 professionals, is requested for the Education programs.

Northern and Western Systems: Seventeen additional positions (12 professional) are requested to carry out the stepped-up compliance program for school systems in the Northern and Western cities. During 1969 staff assigned to this work was increased to a point that the total exceeded that engaged in compliance work in the 17 southern and border states as directed by Congress, in the 1969 appropriation act. The special report on this subject required by the Act was submitted to the Congress on March 4, 1969. In these states, there are about 350 school systems in which minority group students are concentrated in particular schools. Each system should be reviewed to determine whether racial discrimination is a cause of this situation. Six systems were reviewed in fiscal year 1968, about 50 systems will be reviewed in fiscal year 1969, and with an increase of 12 professional positions, 95 reviews will be conducted in fiscal year 1970.

Court Orders: Six additional positions, 4 professional, are requested to meet existing workload and to carry out increased responsibilities in the compliance of school systems desegregating under court order. There are over 300 school systems in this group, most in the deep South. They include many of the region's cities and a large number of rural black belt systems with a majority of Negro students. These systems have accomplished about half the progress made by the voluntary plan systems, and present difficult desegregation problems. The Justice Department and private litigants seek more and more assistance from HEW in their cases. During fiscal year 1970, the Office for Civil Rights expects to be heavily involved in developing desegregation plans for about 200 of these school systems.

Terminated Voluntary Plan Systems: Ten additional positions, seven professional, are requested to carry out the compliance program for about 450 school systems which in fiscal year 1970 will have been terminated for failure to adopt or to carry out an effective desegregation plan. Many of these systems have large Negro student bodies and present difficult problems of desegregation. In fiscal year 1970, an

hospitals and 46 nursing homes. This means that an on-the-spot compliance check has been made in 518 hospitals and 214 nursing homes so far this year. In each of these compliance reviews of hospitals and nursing homes, and other health and welfare agencies and facilities, such as: local welfare agencies, child care facilities, day care centers, rehabilitation centers, special programs for the aged, and mental health facilities, noncompliance problems have been identified and corrective action initiated to assure full compliance with Title VI of the Civil Rights Act or the termination of the use of the facility in federally assisted programs.

Health and Social Services (New Positions)--An increase of 7 positions, 5 professional, is requested to complete the reviews of State agencies operations for follow-up actions on completed reviews and for post audits of complaint investigation and facility compliance determinations.

In fiscal year 1969 Health and Social Welfare programs will complete 35 comprehensive reviews of State operations. Three of the requested professionals will be utilized on completing the remaining 15 State reviews and in the implementing and follow-up functions that result from the first round of State Agency reviews. One professional will be utilized on conducting post audits of complaint investigations and facility compliance determinations. The facility determinations involve 50 hospitals, 300 extended care facilities, and 120 applications from Home Health agencies.

Health and Social Welfare Title VI clearance to construction grant applications involve 550 medical facilities, 71 community health centers for 80 mental retardation centers. One professional will provide support for this operation.

Contract Compliance--The Office for Civil Rights assumed the Department's contract compliance responsibility under Executive Order 11246 in November 1967. This assignment represented an expansion of the efforts of the Department to assure that equal employment opportunity is observed by hospitals, institutions of higher education, State agencies and business firms having contractual relations with the Department. Eleven professional positions -- 4 in Washington and 7 in the field -- were authorized to undertake this program.

Contract complaince specialists have been assigned in five regional offices, with 40 reviews being conducted to date. The purpose of these reviews have been to evaluate the employment policies, practices, and affirmative action measures being observed by HEW contractors. Another major concern in these reviews has been the identification of community resources which could provide minority group candidates for employment by contractors.

Contract Compliance (New Positions)--An increase of 8 positions (6 professionals) is requested to meet existing workload and to carry out increased responsibilities under Department of Labor revised regulations (effective July 1, 1968) which reduce dollar value exemptions to $10,000; establish a system of pre-award clearances; and now covers applicants for financial assistance who participate in federally aided construction work. The addition of sex discrimination to the Executive Order will also substantially increase workload. The present staff of 15 professionals will perform approximately 450 review actions during fiscal year 1969, or 12 percent of the projected workload of 3,800 to provide full coverage of contractors prior to the revised regulations. The additional 6 professional positions will provide 480 additional reviews for a total of 930 in 1970 or one-fourth of the projected need.

Research and Data Analysis--An increase of 3 positions (2 professionals) is requested to provide the Office for Civil Rights with the research and analysis talent to plan, develop, and evaluate the overall Office for Civil Rights Program. The Elementary and Secondary School and the Higher Education surveys produce

data that must be analyzed so as to identify trends, determine allocation of staffing (both headquarters and field), and to assist the Director in policy decision making.

The request also includes $495,000 for a series of special projects in the areas of education, health and social welfare. The Office has positive need for Nation-wide data on the status of minority group students and teachers in public elementary and secondary schools as well as analysis of such data in terms of the processes and principles influencing the rate of desegregation. Most of these funds are earmarked to fulfill that need.

The balance of the funds will be used for processing information to be received and evaluated on trends in other areas of health, education, and welfare. The analyzed data is needed to assist the Office for Civil Rights in determining workload, allocating resources and developing Title VI policy.

New Positions Requested
Fiscal Year 1970

	Grade	Annual Salary
I. Field Services		
Assistant Secretary for Community and Field Services:		
Deputy Assistant Secretary, Income Support and Social Services	GS-15	$ 19,780
Program Coordination Officer	GS-15	19,780
Special Assistant to the Assistant Secretary	GS-15	19,780
Income Maintenance, Research and Demonstration Specialist	GS-14	16,946
Social Services Specialist	GS-13	14,409
Delinquency Prevention and Control Specialist	GS-13	14,409
Youth Program Development Specialist	GS-11	10,203
Youth Organization Specialist	GS-10	9,297
(2) Secretary	GS-7	13,962
Secretary	GS-5	5,732
	(11)	144,298
President's Committee on Mental Retardation:		
Program Specialist	GS-14	16,946
Secretary	GS-5	5,732
	(2)	22,678
Office of Field Coordination:		
(9) Assistant Regional Director for Health	GS-15	178,020
(2) Program Coordination Representative	GS-14	33,892
Federal-State Relations Specialist	GS-14	16,946
(5) Financial Management Officer	GS-14	84,730
(3) Personnel Officer	GS-14	50,838
(6) Program Coordination	GS-14	101,676
(3) Program Coordination Specialist	GS-13	43,227
(15) Clerical	GS-7	104,715
(9) Clerical	GS-5	51,588
	(53)	665,632
Total, Activity I	(66)	832,608
II. Center for Community Planning		
Supervisory Program Manager	GS-15	19,780
Chief, Financial and Administrative Systems	GS-15	19,780
Training Planner - Coordinator	GS-14	16,946
Community Development Specialist	GS-14	16,946
Program Development	GS-13	14,409
Research Analyst	GS-13	14,409
(2) Secretary	GS-7	13,962
(2) Secretary	GS-5	11,464
	(10)	127,696

	Grade	Annual Salary
III. Civil Rights Activities		
(3) Civil Rights Advisory Specialist	GS-15	$ 59,340
(2) Contract Compliance Officer	GS-15	39,560
(14) Civil Rights Advisory Specialist	GS-14	237,244
Behavorial Scientist	GS-14	16,946
(2) Contract Compliance Officer	GS-14	33,892
(13) Civil Rights Advisory Specialist	GS-13	187,317
Research Assistant	GS-13	14,409
(2) Contract Compliance Officer	GS-13	28,818
(8) Civil Rights Advisory Specialist	GS-12	97,392
(5) Civil Rights Advisory Specialist	GS-11	51,015
Civil Rights Advisory Specialist	GS-9	8,462
(9) Secretary (Stenographer)	GS-6	56,889
(10) Clerk-Stenographer	GS-5	57,320
(4) Clerk-Stenographer	GS-4	20,580
	(75)	909,184
Total, all activities	(151)	1,869,488

THURSDAY, MAY 1, 1969.

OFFICE OF THE COMPTROLLER

WITNESSES

JAMES F. KELLY, ASSISTANT SECRETARY, COMPTROLLER
JOHN R. CROXALL, DEPUTY ASSISTANT SECRETARY, FINANCE
JOHN J. MALLEN, DIRECTOR, AUDIT AGENCY
NATHANIEL KAROL, DIRECTOR, DIVISION OF GRANTS ADMINISTRATION POLICY
JOHN P. LEONARD, JR., EXECUTIVE ASSISTANT TO THE ASSISTANT SECRETARY, COMPTROLLER
BURTON HOBSON, BUDGET OFFICER, OASC
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

SALARIES AND EXPENSES

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Permanent positions	5,868	7,364	8,629
Positions other than permanent	16	25	89
Other personnel compensation	17	32	35
Total personnel compensation	5,901	7,421	8,753
Personnel benefits: Civilian employees	491	553	673
Travel and transportation of persons	490	560	795
Transportation of things	21	24	30
Rent, communications, and utilities	163	157	205
Printing and reproduction	46	42	52
Other services	1,054	1,433	1,622
Supplies and materials	36	39	51
Equipment	68	39	52
Total obligations	8,270	10,268	12,233

PERSONNEL SUMMARY

Total number of permanent positions	632	634	796
Full-time equivalent of other positions	4	4	10
Average number of all employees	530	628	734
Average GS grade	8.7	9.1	9.3
Average GS salary	$9,969	$10,676	$10,887

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Financial management	1,351	1,594	1,887
2. Audit agency	6,919	8,674	10,346
Total program costs, funded (obligations)	8,270	10,268	12,233
Financing:			
Receipts and reimbursements from: Trust funds	−991	−1,255	−1,808
Comparative transfers from other accounts	−557	−717	
Unobligated balance lapsing	26	229	
Budget authority	6,748	8,525	10,425
Budget authority:			
Appropriation	6,768	8,544	10,425
Transferred to other accounts	−20	−19	
Appropriation (adjusted)	6,748	8,525	10,425
Relation of obligations to outlays:			
Obligations incurred, net	6,722	8,296	10,425
Obligated balance, start of year	292	466	841
Obligated balance, end of year	−466	−841	−1,082
Adjustments in expired accounts	−11		
Outlays	6,537	7,921	10,184

Mr. FLOOD. We now have the Office of the Comptroller. We cannot imagine the presentation would be made by anybody except James F. Kelly, the Assistant Secretary, Comptroller, whom we have known long and favorably and well. We will reserve saying anything further until we hear the presentation for this year.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Mr. Kelly, it will be carrying coals to Newcastle to put your biography in the record here, but since it is the practice we will do that.

(Biographical sketch follows:)

Name: James Francis Kelly.

Position: Assistant Secretary, Comptroller.

Birthplace and date: Washington, D.C., August 5, 1915.

Education: Studied at Columbus University, both the law school and the school of accounting. Received LL.B. 1940. Admitted to District of Columbia bar 1940.

Experience:

1966 to date: Assistant Secretary, Comptroller, HEW.

1961 to 1965: Deputy Assistant Secretary for Administration and Comptroller, HEW.

1954 to 1961: Director, Office of Financial Management, Deputy Comptroller, and Budget Officer, HEW.

1948 to 1954: Director, Budget Branch, and Assistant Director Budget Branch, Public Housing Administration.

1946 to 1948: Regional budget officer and statistics officer, Public Housing Administration, New York, N.Y.

1943 to 1946: Ensign to lieutenant, U.S. Navy.

1942 to 1943: Principal Budget Analyst and Administrative Analyst (production) Federal Public Housing.

1941 to 1942: Administration Assistant and Director of Production Control, U.S. Housing Authority.

1939 to 1941: Assistant Office Engineer, U.S. Housing Authority.

1934 to 1939: Clerical and statistical positions ranging from under clerk to senior statistical clerk with the U.S. Housing Authority and its predecessor agency, the Housing Division of the Public Works Administration, while attending school.

Outside associations:
Federal associations:
Federal Government Accountants Association.
American Society for Public Administration.
Lectured on "Comptrollership" for George Washington University at the Industrial College of the Armed Forces.
Frequent lecturer in public administration. These include seminars and training programs for HEW, the U.S. Civil Service Commission, Brookings Institution, and colleges and universities.

PREPARED STATEMENT

Mr. FLOOD. I see you have a statement. How do you wish to proceed, Mr. Kelly?

Mr. KELLY. However it would best expedite your time and cover the ground.

Mr. FLOOD. It is your show.

Mr. KELLY. Why do I not highlight the statement for you?

Mr. FLOOD. You wish to insert the statement in the record?

Mr. KELLY. Yes.

(The prepared statement follows:)

STATEMENT BY THE ASSISTANT SECRETARY, COMPTROLLER

Mr. Chairman and members of the committee, it is a great privilege to appear before you in support of the budget for the office of the Assistant Secretary, Comptroller.

PROGRESS REPORT

Since I presented the budget to you last year, we have indeed been busy on both planned and unplanned activities and we have, I believe, made further substantial progress in the development and implementation of a sound program of financial management for HEW.

We not only coordinated the development of a 1970 budget, but we assisted Secretary Finch in his reevaluation and modification of this budget which has just been submitted to you.

In addition to the normal job of managing the budget after enactment, 1969 required a total reevaluation to give effect to the Revenue and Expenditure Control Act. We had to establish a complex system of controls over disbursement of cash to assure compliance with the limitation on expenditures. We had to develop a system of employment controls to make the staffing reductions required by Congress.

During the last year, the health activities of the Department went through a major reorganization. This had a significant impact on this office, causing the realignment of several of our functions.

We did these things because they had to be done. We are pleased with our achievements within the constraints of time and available staff resources.

We have also made strides toward improvements in our overall management of the large sums expended through HEW's many and varied programs.

The Department's accounting system made a giant step forward this year toward the goal of a single system operated by the agencies through a series of subsystems. The design of the basic overall or "umbrella" system is substantially complete, including the required coding systems to control accounting, type of action, geographic location, and organizat on. We have about completed a plan for uniform identification of all of the organizations, firms, and individuals with whom the Department does business. This will facilitate simple and uniform recording of information. The agency subsystems are beginning to take form and several will become fully operational next fiscal year. Financial reports are now much more nearly current and complete. The new requirements for a system of mandatory records on an accrued liability basis, including those costs incurred by grantees, have stimulated our efforts in cost accounting. We have developed an approach to this based on periodic statistical sampling. We believe this is realistic. It will be more timely and more accurate than could reasonably be accomplished through a monthly reporting system from all grantees and certainly it will be less costly.

We have continued to experience problems with the central payroll system but they are not as serious or as frequent as disclosed by the Comptroller General's audit which in its details covered the fiscal year 1965. I have already given the committee a summary of the actions which we have taken to correct this problem. In summary, we have expanded the management capacity of the Division of Central Payroll, improved the procedures and controls of the current system, and have concurrently designed a completely new payroll system which takes into consideration our experience and that of other departments and agencies operating central systems. The new system is well along in design and some elements have already been implemented. The entire changeover will occur during this calendar year and should substantially reduce our problems and serve the Department's total payroll needs effectively and economically.

In our efforts to improve, streamline, and increase uniformity in the business management aspects of grant operations, we have also made further progress. We consolidated the grants policy staff of the Surgeon General with the Division of Grants Administration Policy. We have developed a departmentwide schedule of stipend allowances for fellowships and traineeships. An advisory group has been set up to assist us in evaluating the allowances to keep them abreast of changing circumstances.

A Grants Newsletter has been started to keep grantees abreast of changing policies and problems. The Grants Administration Advisory Committee has effectively identified problems faced by the grantees and explored alternative solutions. The benefits of centralizing determinations of indirect cost have been realized. The backlog of potential overpayments has been greatly reduced, bringing this project very near to completion. A grants manual has been issued and a troublesome problem of grantee accountability for equipment has been resolved by a new policy issuance.

The HEW Audit Agency continues to develop its professional competency to manage its difficult and complex responsibilities. This year we completed the consolidation of all HEW audit activities by transferring from the Social Security Administration and the Public Health Service their internal audit activities. Audits are now being planned and scheduled in a manner which not only provides a grantee with our audit findings of his stewardship of Federal funds but facilitates consolidation so that the Secretary, operating agency heads, and program managers get a total overview of the effectiveness of program operations from an audit viewpoint. We have instituted a program of direct release of audit reports to expedite consideration. We are now automating all audit findings to assist in followup on items requiring action and summarize findings by type of problem. Efforts are continuing in the effective development of audit coverage by public accountants, State and institutional auditors in accord with our specifications. These efforts have been productive particularly in medicare and student loans.

Two major policy changes have been made which affect our activities and constitute promising improvements in public administration.

The Bureau of the Budget has issued a circular which establishes the principle of a single agency being responsible for indirect cost rate negotiation and for audit of all Federal activity at a college or university. Work is now underway to establish the responsibility of each Federal agency. Because HEW provides the preponderance of Federal funds to most universities, the largest part of the workload will be assigned to HEW. Our plans call for assuming responsibility for 125 new institutions in 1970 and 577 new ones by 1972. A pilot audit on the new basis is now underway at the University of Maryland.

Another Bureau of the Budget circular provides the policies for indirect cost measurement under Federal grants to State and local governments. It assigns to HEW the responsibility for performing a significant part of this function including audit on behalf of the entire Federal Government. A brochure has been developed and issued for use by States. Indirect cost proposals are now being developed and are scheduled for negotiation in time to become effective by July 1, 1969.

BUDGET FOR 1970

In presenting to you the budget for 1970 I am mindful of the fact that we are asking that you give to this office favored treatment in the employment of additional staff. I know that the Congress has established as a matter of policy that total Federal employment be reduced. I know that the President has pledged to keep total employment at or below the June 30, 1969, level. The size, complexity, and importance of our functions, in my judgment, require that you de-

part from a rigid approach to this policy on a case-by-case basis. The consequence of too limited a staff can well result in being penny-wise and pound-foolish.

AUDIT

The advent of the relatively new programs of medicare, medicaid, and aid to education (ESEA) have confronted HEW with large programs that are more widespread than most of our activities and have greater susceptibility to nonconformity with prescribed requirements of law or regulation without detection if not subjected to periodic audit. The Congress recognized this when it followed the recommendations of this committee and provided for 75 additional auditors in 1969. Unfortunately, we were unable to fill these positions because of the Revenue and Expenditure Control Act. We have endeavored to cope with these problems by reorienting our priorities and applying work simplification techniques, but we can't absorb the whole workload without additional staff. Timely audit reviews can identify problems and point to their solutions. When audit reviews are overdue, excessive improper expenditures can continue without correction and bring unnecessary discredit to public programs. The budget calls for an expansion of the audit staff by 145 positions. This additional staff will be applied almost entirely to medicare, medicaid, public assistance, and aid to education.

FINANCIAL MANAGEMENT

An increase in nonaudit aspects of this office is requested to more nearly cope with the second largest expenditure budget in the Federal Government. A total increase of 17 positions is requested. Three are for Budget to provide Mr. Cardwell with some limited relief. They will help him strengthen budget procedures, introduce some automation, perfect the expenditure control operation, and improve our overall cost reduction effort. Eight are for Grants Administation, primarily for the purpose of handling the workload which results from the expanded responsibilities for negotiating indirect cost rates for States and educational institutions. The remaining six positions are requested to strengthen the accounting and finance operation. We need to complete our accounting systems design, perfect reports to management, and expand our experimental efforts to get States to adopt a single letter of credit.

Mr. Chairman, I believe that the present budget including the proposed increases is a good investment in the administration of Federal health, education, and welfare responsibilities and I commend it to you for favorable action.

Mr. KELLY. I might start by introducing the people with me in addition to Mr. Cardwell.

John R. Croxall, Deputy Assistant Secretary, Finance; John J. Mallen, Director, Audit Agency; Nathaniel Karol, Director, Division of Grants Administration Policy, and John P. Leonard, Jr., Executive Assistant to the Assistant Secretary, Comptroller.

GENERAL STATEMENT

Since we met with you last year, we have had an interesting and exciting year, you might even say it was sort of a "pip" this year we have just gone through.

After you finished with the appropriations last year, you enacted the Revenue and Expenditure Control Act; as a result, organizing, and administering the budget this year was a somewhat more difficult and more onerous job than had heretofore been true.

The problem of administering this year's budget has been the most difficult of any year that I have ever experienced, because, in addition to carrying out an appropriation act, we were restricted by the limitations imposed by the Revenue and Expenditure Control Act.

We had to introduce a brand new concept of limiting the amount of disbursed cash, much of which related to obligations that had already been incurred but had not yet been paid.

The Congress established a limit on the amount of money which could be expended or disbursed in one year. We had never experienced such an operation before. We established what I would consider to be a fairly elaborate and complex system of assuring that we could bring about this kind of compliance and we have achieved it. We now have in operation a plan that preclears every expenditure document and reports on it. We know where we are from month to month, and we have a plan for every account. It has taken some doing to bring this into being.

Mr. FLOOD. I would be lost, without these hearings, on properly expanding my vocabulary "Pre-clears." Marvelous.

Mr. KELLY. This year was unique in budgeting. We assisted Secretary Cohen in developing the budget for the fiscal year 1970 and in justifying and presenting it to you; we also assisted Secretary Finch in the development of a budget for 1970 and the modification of the earlier one and the development and presentation to you of the justifications.

Mr. FLOOD. You have heard the old wheeze, what do you do in your spare time?

Mr. KELLY. Mr. Chairman, we also had to introduce, under the Revenue and Expenditure Control Act, a system that would restrain employment to 75 percent of the vacancies incurred.

You had to abolish 25 percent of them. A methodology had to be developed for changing work plans and identifying priorities in order to modify the distribution of manpower to achieve this reduction.

But despite these sort of unplanned activities that we engaged in, I think we made some progress this year. I think since we met with you last year we are farther down the road in developing an effective piece of financial management machinery for HEW, but we still have a long way to go.

We are talking about the second largest expenditure agency in the Federal Govermnent, and we are talking about the establishment and operation of financial management machinery that will support this operation, that will assure that the stewardship is properly accounted for, that information with respect to our actions is available to all sectors, and that there is a surveillance and an overview of what is occurring in the program.

AUDIT

The HEW Audit Agency, I think, has come of age. I feel that we now can proudly refer to it as a professional organization that has total audit responsibilities for HEW's massive expenditures.

We have this year merged the remaining two audit activities that were not originally centralized. We took the internal audit organization of the Public Health Service and the internal audit organization of the Social Security Administration, and have combined them with the HEW Audit Agency.

We are now engaged in a recruitment and training program, and in the shakedown of the HEW Audit Agency to the point where I feel that we are now completely performing the job.

One of the most important aspects of this job that we are doing is that we are not only going out and auditing a grantee, a State or university, but we are doing it in such a way that, with preplanned audits, we can consolidate the audit findings for given programs and make the

Secretary, the operating agency heads, and the program administrators aware of what is occurring in their program in a comprehensive manner, not just in individual audits, but in a compilation of those audits.

Mr. FLOOD. This concept of the preplanned audit is most important?

Mr. KELLY. Yes, I think it is the best thing we have done. It is now beginning to show results. This year we will have 34 consolidated audits that will result from this preplanned program.

The size of the undertaking that we are dealing with in audit is so great that we really do not have our heads above water. We are only able to do as well as we are doing because we worked out a system in connection with medicare whereby the intermediaries are employing local public accountants to conduct the audits of the hospitals.

Mr. FLOOD. What do you mean by intermediaries?

Mr. KELLY. Generally Blue Cross, but in some cases insurance carriers which social security uses as the paying agent with doctors and hospitals and nursing homes.

We audit the intermediaries but the intermediaries employ public accounting firms to audit the hospitals and the nursing homes.

Mr. FLOOD. And our job is to audit you?

Mr. KELLY. That is correct. I think I told you the other day when we were up with the Secretary that we are running an experiment in Massachusetts in which we are working with the Blue Cross and Blue Shield people, Aetna Casualty Insurance Co., and Travelers Insurance Co., the State Welfare and Health Department, and their rate regulatory agency. We also have the Social and Rehabilitation Service, the Social Security Administration, and the Public Health Service working with us to develop one-cost allocation form and one audit for hospitals, so that a hospital can provide its cost data for a year in a manner which will satisfy all of the third-party payers. That one audit will validate that the cost statement is a reliable statement, and then everybody can settle his accounts.

We expect to pilot the work of that project in seven hospitals in a matter of a few weeks. As a matter of fact, I think I am going up there this month with respect to it.

The nature of three new programs that the Congress has enacted is considerably more troublesome and creates more workload from a total financial management standpoint than anything we have ever experienced before.

The funds for the Elementary and Secondary Education Act flow to about 17,000 school districts and involve over a billion dollars.

The medicaid program, unlike the grants to States and the payment to individuals, involves the purchase of services from physicians, dentists, pharmacies, hospitals, and nursing homes, and this represents an audit problem that is much more substantial than anything we have heretofore encountered. The enactment of medicare similarly is not just a payment to eligible individuals, but a payment on their behalf for services by the health profession and health providers.

So the program we have before you today is a request for an increase of 145 positions for the Audit Agency. And I say to you that I wish I could ask for a larger figure. We are not asking for a larger figure because there is a limit on how many people you can recruit, train, and absorb into an organization and continue to be effective during that period, and this approaches that limit.

But, because of the size of the job to be done, we are badly in need of these people.

I know full well that I am coming to you at a time when the Congress has established the policy that they would like to see the Federal rolls decreased. I know I am coming to you at a time when the President has announced a policy to hold the current Federal staffing at current levels, and I am asking for a very large increase. But I think not to make this increase would be penny-wise and pound-foolish.

I think the size of the Federal expenditures in this area we are asked to assume surveillance responsibility for demands additional help. We need to keep the operating agency officials, the Congress, and the public informed as to how well these funds are being administered and to identify any weaknesses in order that they can be corrected. The purpose of our audits is not so much to find that somebody did something wrong, or to get back money; it is to find out as quickly as possible that which is wrong, that which is in need of correction, so it will not recur. Backlog audits just do not do you any good. It is being current and on top of the problem which is going to make the Department better administered.

ACCOUNTING

Moving on to the other areas, we are asking for 17 additional positions in the area of financial management. We are operating a large-scale system for which we need good accounting and good financial reports. We have broken new ground in the creation of a single accounting system for a large and a complex Department, subdivided into a series of subsystems covering each one of the operating agencies.

To the best of my knowledge, nobody has yet achieved this. We are well down the road, but we have not gotten there yet.

The total accounting system of the Department is now substantially designed as an umbrella system. It prescribes the method by which each agency will handle each transaction. It is done in such a way that a transaction will be handled in exactly the same way in each part of the Department. Therefore, you can more readily consolidate the financial data, and you can flow transactions through our regional offices without regard to which agency they are serving. All of our agencies can deal with a State or a university on the same basis, and the university and the State will deal with HEW in the same manner, no matter which agency is involved.

As a matter of fact, we now use in colleges and universities a single letter of credit, irrespective of which operating agency the expenditure is being made for. Mr. Croxall has an experiment going on with the State of Nebraska with a view to having, beginning July 1, one letter of credit for all of the HEW activities carried on in the State of Nebraska. If this pilot is successful, and we have every reason to believe it will be, we expect it to be picked up by all the States.

We now have three other States that are making inquiries as to how we are doing, Massachusetts, California, and Washington. So here again I think this is evidence of the efficient role that is played by a single accounting system, because all of these operating agencies and all of these programs tend to focus in the same institution. If we deal

with that institution with one set of policies, they will find it easier to do business with us.

This single accounting system goes into such detail as to prescribe every code that is used, the code that covers the transaction, the code that covers the organization, the code that covers the geographic distribution, and we think we have now solved the problem of the code that identifies all of the people we do business with. We think we are going to be able to use the Internal Revenue employer social security number with some minor modifications so, no matter who in HEW is doing business with the hospital in Wilkes-Barre, they will be using the same code number.

And we will be able to keep that up to date and this will allow us to produce information and financial reports that we have never heretofore been able to provide in any uniform and consolidated manner. In order to do this, we are in need of your assistance to see that we are provided with additional staff.

GRANT ADMINISTRATION

In the area of grant administration, I think we have made substantial progress in the development of more uniform business managment policies and procedures which all HEW agencies will use in their relationship with the grantee community, hospitals, colleges, universities, localities, and nonprofit institutions.

One of the things that we have done is to centralize the negotiation of indirect cost rates for all of the organizations that we do business with, so that individual agencies of the Department are not dealing independently with the grantee community to determine what an indirect cost rate is. We establish the indirect cost rate, and the agencies then apply it to their project.

The Budget Bureau has issued two important circulars this year which are going to have a far-reaching effect in terms of improving public administration. They do, however, impose a severe workload on our office on behalf of the whole Federal Government.

One of these, Circular A–88, deals with audit and indirect cost rate negotiation for colleges and universities. It prescribes that one agency will negotiate indirect cost rates for the whole Federal Government, and one agency will audit that institution on behalf of the whole Federal Government. The Bureau of the Budget established an interagency committee to divide up the workload among the Federal agencies.

If you were to divide up the university workload on the basis of who spends the preponderance of the funds in each university, almost all of them would go to HEW. We now are the preponderant agency. The committee did not go quite that far, but it got very close to it.

Over the next 3 years we will be assigned responsibility for about 85 to 90 percent of the colleges and universities receiving Federal funds. We now are conducting the first project, a pilot project, in the University of Maryland, whereby there will be one comprehensive audit of all Federal Government activities. Audit reports setting forth the results of our review will be provided to the Department of Defense, the Departments of Agriculture and Interior, the Atomic Energy Commission and the National Science Foundation, as well as to our own people.

Mr. MICHEL. Does that determination of indirect costs vary by university?

Mr. KELLY. The amount varies; the system is the same. The amount will vary very widely, depending on how they are organized and how their accounting system is set up.

Mr. MICHEL. That contract is always subject to revision, right?

Mr. KELLY. Every year you negotiate a new one, and you audit and validate the one you negotiated for the prior year. So that we will now be undertaking a considerable amount of work in both indirect cost rate negotiation and in the audit of colleges and universities that heretofore we have not done. We have either only done our own or have depended on the Department of Defense Contract Audit Agency to do some of the larger ones for us.

The other BOB circular (A–87) deals with States and localities. At this time we have only directed our attention to the implementation at the State level. For the first time it is recognized by this circular that a State has an indirect cost which is properly ascribable to individual federally assisted programs that are administered by the State. This is a very desirable move because over the years we really had forced States to organize their activities in a manner which would make expenditures eligible for reimbursement rather than in a manner contributory to good administration.

For example, they had to put audit organization in the Welfare Department in order that it might recover its cost, under the single State agency concept.

Under the new policy, no matter where the activity is carried on, an eligible expenditure is treated as an eligible expenditure. That circular assigns to the Department of Health, Education, and Welfare the total responsibility for establishing the system of measuring the indirect costs which occur outside of a grantee department.

We also have responsibility for the determination of those costs which are incurred in the areas in which we have concern, health, education, welfare, vocational education, rehabilitation, aging, and so forth.

We have published a brochure that describes how to do this, and we are conducting during the next 6 weeks four workshops with State people on how to apply them. The States are beginning to send in their proposals. The circular will become effective on July 1. All the States that want to avail themselves of this opportunity will submit proposals for their indirect costs.

Mr. MICHEL. How many have indicated an interest?

Mr. KELLY. All of them. I do not think they will all be in by July 1, though. Some do not have this sophisticated an accounting system. We have been dealing with the State budget officers group. They assigned a study group to work with our committee to develop guidelines and procedures.

Originally it was to become effective January 1, but we could not make that date; therefore, we are going to make it effective July 1.

The circular also applies to localities. This is a much larger job than the States but we have a committee that is working on this with a representative of every department and agency. We are now beginning to deal with the local organizations such as the conference of mayors, municipal finance officers league, and the city managers or-

ganization, but we will be another year in the development of a comprehensive plan whereby you can measure the indirect cost rates at the local level, but we will start on the State level on July 1.

Another aspect that you might be interested in is in connection with the administration of the funds, the budget and the management of those funds.

Mr. Cardwell carries this out. We have become such a large organization that we have started to automate limited aspects of the budget, so that you can get a total analysis of an item in the budget. This year we automated the ability to put together the health summaries in the budget. We are asking for a few positions here to assist us in dealing with the budget of this Department on a more modern and more manageable scheme than the one we are now employing.

So Mr. Chairman, I commend to you the budget as it is presented.

As I say, I know it is a departure from the basic policy but I think that the nature of the problems of financial management and the nature of the problems of audit strongly tend to follow the enactment and initiation of programs. We are now feeling the full impact of the legislative enactments that were made 3 years ago and 2 years ago, and the much enlarged budget for which the Department is now responsible, and we are badly in need of the tools to get this job done.

CENTRAL PAYROLL

I also did mention in my statement and I will mention again that we did receive a very critical audit by the Comptroller General this year of our payroll system. That audit was a detailed audit of the transactions that occurred in 1965. They did, however, come back for the period of July 1968 and identified that the same kinds of occurrences existed although I do not believe in the same magnitude.

We have taken substantial steps to correct this. I did file with you a brief statement of the actions we have taken.

In summary, we have substantially expanded and strengthened the top management of that organization, and we have put in a greater number of controls over the system than we had. But this does not satisfy the requirement and we have a group that is working on a complete new design of a central payroll system for the Department. It is well along. Some pieces of it have actually already been implemented and put in place.

We expect to have parallel runs in the late fall of this year of the new system, comparing it with the old system, and before this calendar year is over we expect to have a complete and new payroll system in operation.

AUDIT BACKLOG

Mr. FLOOD. How does the audit backlog now compare to last year?

Mr. MALLEN. It has increased because of the new programs. I think our last reading indicates that if we are permitted to have these positions, it would result in a backlog of over 200 man-years of effort that would be needed to get on a reasonably current basis.

Mr. FLOOD. That suggests this question then.

You are asking for 145 additional jobs for these audit activities. Suppose you get them all. How much would you be able to reduce this backlog?

Mr. MALLEN. The answer to that question would be dependent upon how fast we can get the people. Auditors are in quite a critical shortage, and it is difficult to go out and get a large number.

But, starting from the assumption that we did get the people within a reasonable time, it would have a tremendous effect in reducing the backlog because we would plan to go in and audit 2 or 3 years at a time rather than just a single year.

Mr. KELLY. Our plans, Mr. Chairman, call for a reduction in the backlog by 109 man-years. We anticipate that at the end of this fiscal year we will have 323 man-years of audit backlog that we will not have handled, and if you provide the 145 positions, recognizing the increased workload that will occur, we anticipate we will still have 214 man-years of backlog at the end of the fiscal year 1970. So that we will dig into the backlog to the extent of 109 man-years, but we will not clean it up.

Mr. FLOOD. You have been around a long time. One hundred forty-five jobs in this year of our Lord 1969 for the 1970 budget. You certainly do not lack courage, or is it brashness.

Mr. KELLY. Mr. Chairman, this committee last year saw fit, which I much appreciate, to give us 75 additional audit positions, but then the Congress said do not fill any of them. Other than that, it was a very nice gesture.

Mr. MICHEL. That request last year was for a hundred?

Mr. KELLY. Yes.

Mr. MICHEL. And we cut it to 75?

Mr. KELLY. Yes.

AUDITS OF MEDICARE AND MEDICAID

Mr. MICHEL. What percentage of your total caseload deals with medicare and medicaid workload?

Mr. KELLY. First let me say medicare and medicaid and title I of the Elementary and Secondary Education Act account for all but 21 of the 145 additional positions that were requested. In terms of total workload, I would have to put that together for you.

(The information follows:)

With respect to the medicare program, there are 134 intermediaries and 393 direct dealers that are subject to annual reviews by the audit agency, requiring an annual expenditure of 108 man-years of audit effort. As for medicaid, there are presently 42 States operating under approved title XIX programs. Based on experience to date, it is estimated that 100 man-years of effort will be required to perform comprehensive reviews of the 42 State-administered programs presently subject to audit. Thus, the medicare and medicaid workload is estimated to require a total of 208 man-years of audit effort. This represents about 35 percent of the audit agency's 1970 audit workload.

INTERNAL AUDIT

Mr. FLOOD. What internal audit work do you do? Give us a couple of examples.

Mr. KELLY. Internal audits consist of two kinds.

One is the audit of Federal activities, where we go in and audit a hospital that is operated by the Public Health Service, or where we go in and audit the Regional Office, or some given program in the National Institutes of Health.

Internal audit also is an activity which is an extension of the external audit. When we do these consolidated audits, where I suggest we do preplanning so we can consolidate audits of research grants, for example, we at the same time send internal auditors in to determine what is done at the Regional Office and what is done at the headquarters in connection with the management of those grants. So the report we file is a total finding, a finding of how well the procedures are operating at the institutional level, and what the impact of the regional and the headquarters operations is in bringing about or failing to bring about that result.

TRANSFER OF FUNCTIONS FROM PUBLIC HEALTH SERVICE

Mr. FLOOD. This deals with a very tricky business. You know that I have been on the Defense Appropriations Subcommittee since the Department was created, and they have a practice down there that we know as reprograming. As I am sure you know, much of their reprograming cannot be done until they first come before my subcommittee and get approval to do it.

You have several comparative transfers from other parts of the Department.

Mr. KELLY. Yes.

Mr. FLOOD. And the bulk of these transfers total $455,000. Now that is explained in the justifications as follows: "Reflect transfer of functions under the DHEW reorganization." Period. That's all.

If that is an explanation, I am the Prince of Wales. What functions? Why were they transferred?

Mr. KELLY. These were not a reprograming in any real sense. The funds you appropriated to perform a given function are still being spent to perform that function, but the organizational location for carrying out the function has been changed. Under the organization as it was presented to you last year, the Public Health Service had an Office of the Surgeon General that had responsibility for the management of a series of health bureaus.

The reorganization that Mr. Cohen put into effect on health created three operating agencies and assigned responsibilities to the Assistant Secretary for Health and Scientific Affairs as the line manager of those three agencies, and assigned responsibility to certain of the staff assistant secretaries, such as the Assistant Secretary Comptroller, to provide the Secretary and the Assistant Secretary for Health and Scientific Affairs with financial management support and grants administration analysis.

So, when the Surgeon General's Office was eliminated, the staff that made up that office moved in three directions. Some of them went to continue to perform their function in one of the three operating agencies, in the NIH——

Mr. FLOOD. Nobody went home?

Mr. KELLY. Some of them went into the office of the Assistant Secretary for Health and Scientific Affairs and some of them went into staff offices such as my own. We took over the function of grants administration that had formerly been performed in the Surgeon General's Office and consolidated it with grants administration in the Secretary's Office.

We took over responsibility for the budget review and analysis for the Assistant Secretary for Health and Scientific Affairs that had formerly been performed for the Surgeon General, and we took over the responsibility for the oversight and surveillance and direction of an accounting system for these three organizations which had heretofore been a responsibility of the Surgeon General.

There was an internal audit organization in the Surgeon General's Office and that was merged with our Audit Agency. Also, as a result of a study directed by the Secretary, a decision was made to take a similar internal audit organization that was located in the Social Security Administration and transfer it to the Audit Agency. So, the 1970 budget incorporates all of these activities in my office, and we are showing in 1969 the same data on a comparability basis.

Mr. CARDWELL. I would point out, Mr. Chairman, I think there is on file with the committee a letter that Secretary Cohen directed to both Committees on Appropriations describing the effect of the reorganization on the budget. It was in the late fall.

INDIRECT COST RATE NEGOTIATION

Mr. FLOOD. There are four comparative transfers that total 80,000 that reflect the transfer, and you say "indirect cost rate negotiation functions." What is that?

Mr. KELLY. This is where we have centralized in one place all of the activities that relate to establishing policies for indirect cost rates, the receiving and evaluating of proposals, negotiating rates, and then modifying the rates in the light of audit findings. This job at various times has been performed in different parts of HEW, and we have been gradually pulling it together. We now have all of this in one place.

Mr. FLOOD. Do these transfers result in total consolidation?

Mr. KELLY. Yes, sir.

Mr. FLOOD. Or is some still being done elsewhere?

Mr. KELLY. There should not be any work associated with negotiating indirect costs any place else in HEW now.

FINANCIAL MANAGEMENT RESEARCH

Mr. FLOOD. One page 61 you say "Research will be conducted in advanced methods of financial management and analysis."

That is a new kind of research to me.

What are you going to do and what is this going to cost? I hope you are not looking forward to setting up a National Institute of Financial Management and Analysis.

Or, even more exciting, you are not going to set up a Kelly Center for Advanced Study of Finance and Accounting, are you?

Mr. KELLY. That is an attractive possibility I had not thought of.

I do think that the word "research" might better be analysis, but we have a very basic problem, and that is of taking a whole series of organizations and programs that grew up with their own history. Some of them were in the Treasury Department and some of them were in Interior and some of them were independent agencies. Each evolved its own policies, procedures, and practices, and gradually we are, through analysis of what they are doing and how they are doing

it, bringing a sense of uniformity and a sense of measured need to each of the processes and activities that we undertake.

Right now, for example, we have a fairly extensive study underway to try and get the same application or definition of what is an obligation for each kind of activity that we carry on throughout HEW. We have another study underway which is an extensive study of identifying what financial reporting requirement we impose upon grantees and how they vary and to what extent they can be made uniform, and how can we so organize the activities of HEW as to give advice and assistance to the grantee community in properly setting up their accounting systems.

Mr. FLOOD. What is this going to cost?

Mr. KELLY. This reference here is to part of the increase of the 17 positions that we have requested in this area. Each of the studies that I have referred to is being conducted with the cooperation of the operating agencies. So the cost of the study is more than just the cost that is incurred in my Office, but I do not offhand have the figures.

Mr. FLOOD. It was not a very big institute or center.

ACCRUAL ACCOUNTING

Take a look at page 67. You comment on the fact that the Bureau of the Budget circular which you mentioned before, 68–10, directs Federal agencies to change to an accrual accounting system.

Mr. KELLY. Yes.

Mr. FLOOD. How are you doing this?

Mr. KELLY. Let me first just tell you what the difference is between our present system and accrual as it is used here.

If you were to take the purchase of a typewriter as an easy example, the issuance of a purchase order to Underwood to buy a typewriter would be recorded as an obligation, and when you paid the bill it would be recorded as expenditure, and that is what the existing system of accounting through the Federal Government generally shows.

The accrual concept is that when the typewriter is delivered to you and you receive it, you then pick it up on your books as accrued liability.

Our new "umbrella" accounting system contemplates doing this so we are not really troubled with the kinds of transactions that we ourselves incur in personal services, travel, supplies and purchase of equipment.

The problem that we are faced with is how do you record what has been accrued by the grantee. If a grantee is building a building, how much of that is in place; if he is conducting research, how much of it has he performed? The President's Commission on Budget Concepts called for this being done on a monthly basis.

Mr. FLOOD. This has been kicking around a long time.

Mr. KELLY. That is right, but it is now a requirement. They have deferred the date on which you have to achieve it, but they have us under very severe pressure to get this done so that all Government entities can report on an accrued basis.

Mr. FLOOD. Who are "they"?

Mr. KELLY. The Budget Bureau, Treasury Department, and the Council of Economic Advisers, all three are quite anxious, along with

the Comptroller General, to get the whole Government on a basis that is comparable with a business type financial statement rather than a governmental type financial statement.

Mr. FLOOD. How much would be a ball park figure on what is spent on this operation?

Mr. KELLY. I do not know. I can get you a figure, but let me tell you what we did.

It would be a very costly and very elaborate and I believe a very ineffective system if we were required to get from every grantee every month a report on an accrual basis. So what we have done is to employ by contract a firm to assist us; we obtained assistance from the State budget officers, and we obtained assistance from the college and university business officers, and jointly we have undertaken a study which is designed to produce a sampling technique that will identify the average difference between a disbursement and accrued liability for each kind of activity, such as a training grant, a research grant, a construction grant, a public assistance activity, etc., with the thought that we can record on our books an accurate estimate of the accrued liability or the difference between an expenditure and an accrued liability and thus develop financing reports that are dependable. But we would not have to get a report every month from every grantee to achieve this.

Mr. FLOOD. I am sure if I were the Comptroller or a budget officer, this would be a very challenging and very exciting operation. But what do we care about it? What is the advantage to Congress of a second accounting system?

Mr. KELLY. We have ever since 1950, when the Congress passed the 1950 budget and accounting act, been charged with doing this, but it has not been done. The whole Government has been in the process for the last 10 years of converting from a funded system of accounting to a business type system of accounting.

We are a very substantial way down the road toward achieving this, and this is the last of the building blocks that make us more nearly like the accounting statement of business. The problem is that a financial statement of the Federal Government today is a mixture of kinds of treatment of similar transactions, so that when it is added together, it is not a good indicator of the Federal impact on the national economy.

The President's Commission on Budget Concepts, which, you may recall, included representatives of both the House and the Senate, made a unanimous recommendation that the accrual concept be adopted. They did so because it will result in a financial statement which is, in the aggregate, a much better portrayal of the Federal Government's impact on the national economy.

Mr. FLOOD. Specifically, this very appropriation item we are talking about, how will this accrual system give us any more information than you could give us this afternoon, or that you could give us when you were here last year?

Mr. KELLY. I just think we will have a more reliable set of financial statements than we do right now.

Mr. FLOOD. More reliable?

Mr. KELLY. Yes, sir.

Mr. FLOOD. Mr. Michel?

NEED FOR MORE AUDITORS

Mr. MICHEL. Mr. Kelly, you have how many people in your shop?

Mr. KELLY. Including the Data Management Center, which is financed out of the working capital fund, I have an organization of about 1,100 people.

Mr. MICHEL. Exclusive of that?

Mr. KELLY. Exclusive of that, 634.

Mr. MICHEL. Of that number, how many are auditors?

Mr. KELLY. The audit staff is 534.

Mr. MICHEL. All but a hundred are auditors?

Mr. KELLY. Yes.

In the 1,114, which includes the Data Management Center, there you get into a lot of payroll clerks and the operators of computers and programers and systems people, but the large part of this operation goes to support a centralized audit function.

Mr. MICHEL. Internal Revenue Service has been in a very unique position. When they come before us they can absolutely guarantee that for every auditor they put on board, they can realize a minimum of ten times that amount of salary in a recoupment of Federal revenue. You are not in that kind of position, I do not suspect, but you could give us some kind of ball park figure?

Mr. KELLY. We actually make a settlement every year of something over $4 million that we have identified that is improperly paid, but I do not think this is a good measurement.

For example, in the last 6 months our Audit Agency has identified something like $38 million of expenditures which are questionable. A lot of that $38 million will not be settled. As I say, the settlement may run around three or $4 million, but all of that $38 million will lead to an identification of problems that exist in the management of these programs which will result in corrective actions so that you do not get a recurrence of that kind of problem.

So the measurement of our performance is much more nearly in terms of prevention, to what extent have we identified weaknesses which, when corrected, keep us from having waste and improper expenditures and lead towards a better fulfillment of the purpose for which the funds are made available.

So my stress has always been on the use of audits to identify a problem for perfective, corrective action and not as a punitive measure.

Mr. MICHEL. If you would have been permitted to take on those 75 that we allowed, of the 100 that you requested last year, what would the difference have been in the backlog now?

Mr. KELLY. It probably would have been somewhere around where we now expect it to be at the end of 1970, around 215 rather than 264. We would not get the whole 75 at the beginning of the year, but we probably would have come out around 214, 215 man-years of backlog rather than 264 man-years of backlog.

Then if we had that and the request that we have before you now, we would have had the backlog at the end of the 1970 down to around 125.

Mr. MICHEL. Looking into your crystal ball, how much would be required to get it down to zero and by when?

Mr. KELLY. There are a couple of things that will mitigate against it

being one way or the other. On the one hand, we are going to assume a larger role for the whole Federal Government as it relates to most of the universities and will require more staff, no matter whose budget it is in to do it.

On the other hand, we are diligently at work in an effort to build up audit capability at the State level, internal audit capability at the university level, and the expanded use of public accounting firms for hospitals, nursing homes, local districts, nonprofit institutions, so that we can get audited reports and only have to test-check them rather than audit them.

Mr. MICHEL. Would that be through contracting?

Mr. KELLY. Part of it would be through contracting.

For example, right now the intermediaries in the Social Security Administration spend $20 million for the conduct of audits under the medicare program, and we run only a test-check on those. Now we are trying to make those audits more limited so that you do not audit things that do not need auditing. We are working on the basis of only having one auditor go into a hospital, and we are trying to reach the point where the provider's own auditors can give us a certified audit report. The chances are the provider is already hiring an auditor to do some of his work, and if he expanded that work a little bit, you would end up that only one person went in and went over the books, and it would be a more economical way to do it.

Mr. MICHEL. This would be helpful because I have had some criticism in the past. Like any individual or business being audited by Internal Revenue, you feel you are somewhat harassed because you have to give time and effort to it.

Mr. KELLY. It is an absolute necessity that we move in this direction. You really could not put together a large enough audit staff to audit all of the funds HEW spends. You have to find a method of getting financial statements that meet the test of reliability so our audit activity can be directed at broader aspects of the program.

IMPROVEMENTS IN GRANTS ADMINISTRATION

Mr. MICHEL. What has really been done to improve the grants administration?

Mr. KELLY. I think that we have made strides, but the best one is that we have pulled together all of the indirect cost negotiations.

Secondly, we have moved the cost-sharing concept largely toward institutional agreements on cost-sharing rather than on each and every individual grant.

Thirdly, we have put together an advisory committee to the Secretary on grants administration in which we have representatives of universities of hospitals, of nonprofit institutions and of States, and then we also try and get a mixture of health, education and welfare and we try to get a mixture of people in the financial management field and the business management field, and in program operations. They meet four times a year and each of them serves as the host of the meeting so that they are run at different places around the country. They are serving to examine our policies, to identify the grantee's reaction to them and what we are imposing upon them, and they are recommending both the areas to be explored and the policies to be adopted.

We have also put together the counterpart of this in-house. We have an interagency grant administration group which represents every one of our agencies that are involved in making grants so that we impact with them.

We have worked with the President's Committee on Science Affairs and with the Bureau of the Budget in order to try and make our grants administration more nearly consistent with what is being done in the National Science Foundation, Department of Defense, and Atomic Energy, and so forth.

We have put together a grant administration manual which now enunciates the Department policies in this area and almost every month we are adding chapters to it now so we are moving down the road in this.

We have just put together the procedure that covers grantee responsibility in equipment accountability. We have put together a single form for research expenditure reporting.

We have issued periodically a grant administration report which keeps the grantee community advised of the kinds of actions which the Department of Health, Education, and Welfare is taking.

We have established a single stipend rate for all of the training programs of HEW, where each of the operating agencies had previously set their own stipend rate for trainees. We now have established one rate and we have established a small group whose job it is to deal with resquests for exceptions to those rates where they are justified and to keep the rates up to date to fit changing circumstances. It is an area in which I feel we have made some fairly substantial progress.

Mr. MICHEL. An improvement was made.

Mr. KELLY. Mr. Karol, the Director here, chairs a Committee on Construction Administration, and this is moving us in the direction of a single set of uniform policies for the whole Federal Government in loans and grants for construction, and we have already introduced into HEW the concept that where one construction complex is being financed by multiple agencies, like some of that might come from hospitals and some health research and some from higher education, that we have a single manager concept. One person in HEW would represent all of HEW in the management, rather than each of them being treated as separate projects.

Mr. MICHEL. If we should move to Federal subsidies of interest rates on a broader scale to do this, that would still be integrated into this system?

Mr. KELLY. Yes.

INCREASE IN TRAVEL FUNDS

Mr. MICHEL. One final question.

There is a 40-percent increase on travel and transportation of persons. Do you have an explanation for that blooming increase?

Mr. KELLY. Let me say why we spend so much money to travel.

We have these 500 auditors. They operate in headquarters, in our nine regions, and in 45 branch offices. They are visiting State capitals, colleges, universities, and nonprofit institutons. The more that they are

in travel status, the more nearly we are performing our job of being out there and making the audit where the action is occurring and where the books of account are.

Mr. MICHEL. Is there a direct relationship between that increase of 145 auditors and that increase in travel allowance?

Mr. KELLY. I think so.

Mr. MICHEL. So if that total number of auditors were not allowed, appropriate adjustments should be made in travel allowance?

Mr. KELLY. I think that is fair.

Mr. MICHEL. That is all, Mr. Chairman.

Mr. FLOOD. Mrs. Reid?

POSSIBILITY OF BORROWING BUDGET BUREAU PERSONNEL

Mrs. REID. Instead of requesting new positions. What would be the possibility of "borrowing" consultant from the Bureau of the Budget?

Mr. KELLY. Mrs. Reid, we do work closely with the Bureau of the Budget and, in fact, often provide them with staff assistance and support for activities which they are engaged in. The Bureau of the Budget is a relatively small organization and a very stable one. It has about 500 positions. The staff has remained at this level for many years. Considering its total responsibilities, this is small indeed. They have been most effective when they have assumed a leadership role but assigned operations to a department or agency. Circulars 87 and 88, dealing with coordination of indirect cost rate negotiation and audit for universities, States, and localities, are good examples of that. Budget Bureau people do sit in on many of our deliberations, and this is quite helpful. In meeting the kinds of workload problems that I have been describing this morning, however, I do not believe they would be very well equipped to provide the necessary manpower.

USE OF COMPUTERS AND AUTOMATIC DATA PROCESSING

Mrs. REID. To what extent are you using computers and automatic data processing in your work?

Mr. KELLY. We are making extensive use of computers. The accounting function is being designed for computer application. The expenditure control plan which we developed to carry out the requirement of the Revenue and Expenditure Control Act is utilizing automatic data processing techniques. The central payroll operation is dependent upon computers. The audit agency workload analysis and control utilizes our central computer. We are this month installing a new, larger, and more sophisticated computer. We are looking forward to a greater use of the computer in the development and control of the Department's complex budget.

Mr. FLOOD. Thank you, Mr. Kelly.

JUSTIFICATION MATERIAL

DEPARTMENTAL MANAGEMENT

Salaries and Expenses, Office of the Comptroller

Amounts Available for Obligation

	1969	1970
Appropriation	$ 8,544,000	$10,425,000
SSA trust fund transfers	1,255,000	1,808,000
Transfer to:		
Operating expenses, Public Building Service, General Services Administration	-19,000	---
Comparative transfers from:		
Salaries and Expenses, Office of the Surgeon General	426,000	---
Service and Supply Fund	29,000	---
Social Security Administration, limitation on salaries and expenses	187,000	---
Comprehensive Health Planning and Services	36,000	---
Regional Medical Programs	21,000	---
National Library of Medicine	16,000	---
Chronic Diseases	7,000	---
Comparative transfer to:		
Salaries and Expenses, Office of the Secretary	-5,000	---
Cutbacks required by PL 90-364:		
Unobligated balance lapsing	-687,000	---
Currently available	9,810,000	---
Proposed release of reserves for pay increase costs	458,000	---
Total Obligations	$10,268,000	$12,233,000

Disposition of cutback:	
Application in this account for pay increase costs	$458,000
To be returned to the Treasury	229,000
Total Cutback	$687,000

Obligations by Activity

Page Ref.		1969 Estimate Pos.	1969 Estimate Amount	1970 Estimate Pos.	1970 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
65 I.	Financial Management:						
	Assistant Secretary, Comptroller.....	8	$ 120,000	8	$ 141,000	-	+$ 21,000
	Deputy Assistant Secretary, Budget.	35	565,000	38	608,000	+ 3	+ 43,000
	Deputy Assistant Secretary, Finance	13	283,000	19	377,000	+ 6	+ 94,000
	Grants Administration Policy...	44	706,000	52	841,000	+ 8	+ 135,000
	Total Financial Mgt.	100	1,674,000	117	1,967,000	+ 17	+ 293,000
73 II.	Audit Agency:						
	Director's Office...	24	363,000	35	495,000	+ 11	+ 132,000
	University & Non-Profit Audits.....	10	185,000	12	209,000	+ 2	+ 24,000
	State & Local Audits	12	222,000	17	282,000	+ 5	+ 60,000
	Social Security Audits.....	24	444,000	28	492,000	+ 4	+ 48,000
	Installation and Management Audits.	8	148,000	10	172,000	+ 2	+ 24,000
	Audit Coordination..	12	222,000	16	270,000	+ 4	+ 48,000
	Sub-total.....	90	1,584,000	118	1,920,000	+ 28	+ 336,000
	Regional Staff:						
	Washington Area Audit Office.....	23	376,000	36	527,000	+ 13	+ 151,000
	Region I.....	42	653,000	55	804,000	+ 13	+ 151,000
	Region II.....	58	911,000	72	1,070,000	+ 14	+ 159,000
	Region III.....	50	790,000	62	924,000	+ 12	+ 134,000
	Region IV.....	50	790,000	60	900,000	+ 10	+ 110,000
	Region V.....	63	988,000	75	1,122,000	+ 12	+ 134,000
	Region VI.....	43	684,000	58	862,000	+ 15	+ 178,000
	Region VII.....	39	624,000	48	727,000	+ 9	+ 103,000
	Region VIII.....	17	275,000	23	345,000	+ 6	+ 70,000
	Region IX.....	59	919,000	72	1,065,000	+ 13	+ 146,000
	Sub-total.....	444	7,010,000	561	8,346,000	+117	+ 1,336,000
	Total Audit.....	534	8,594,000	679	10,266,000	+145	+ 1,672,000
	Total Obligations...	634	$10,268,000	796	$12,233,000	+162	+$1,965,000

Obligations by Object

	1969 estimate	1970 estimate	Increase
Total number of permanent positions.....	634	796	+162
Full-time equivalent of all other positions.....	4	10	+ 6
Average number of all employees.....	628	734	+106
Personal compensation:			
Permanent positions.....$	7,364,000	$ 8,629,000	+$ 1,265,000
Positions other than permanent.....	25,000	89,000	+ 64,000
Other personnel compensation.....	32,000	35,000	+ 3,000
Total personnel compensation.....	7,421,000	8,753,000	+ 1,332,000
Personnel benefits.....	553,000	673,000	+ 120,000
Travel and transportation of persons.....	560,000	795,000	+ 235,000
Transportation of things.....	24,000	30,000	+ 6,000
Rent, communications and utilities.....	157,000	205,000	+ 48,000
Printing and reproduction.....	42,000	52,000	+ 10,000
Other services.....	1,433,000	1,622,000	+ 189,000
Supplies and materials.....	39,000	51,000	+ 12,000
Equipment.....	39,000	52,000	+ 13,000
Total obligations by object.....$	10,268,000	$ 12,233,000	+$ 1,965,000

Summary of Changes

	NOA	Trust Funds	Total
1969 estimated obligations	$ 9,013,000	$ 1,255,000	$10,268,000
1970 estimated obligations	10,425,000	1,808,000	12,233,000
Net change	+$ 1,412,000	+$ 553,000	+$ 1,965,000

Program Increases	Base Positions	Base Amount	Change from Base Positions	Change from Base Amount
1. Coordination and direction of financial management	100	1,674,000	+ 17	+ 293,000
2. DHEW audit activities	534	8,594,000	+145	+1,547,000
3. Contracts, Defense Contract Audit Agency	---	1,235,000	---	+ 125,000
Total program increases	634	$11,503,000	+162	+$1,965,000

EXPLANATION OF CHANGES

Program Changes

1. Financial Management: A total increase of 17 positions is requested. Of this increase 6 positions and $94,000 are requested for the Office of the Assistant Secretary, Finance, in part to complete the DHEW "Umbrella" accounting manual and to maintain it so as to incorporate all changes in budget concepts adopted by the Federal Government and new technical and organizational changes. Systems to improve grantee accounting and financial reporting will be developed and implemented through agency financial management organizations. Research will be conducted in advanced methods of financial management and analysis. Training in the use of financial data will be developed for non-financial personnel.

The Bureau of the Budget, under a policy of reimbursing the full cost of state support for Federal grant programs, requires States to submit cost allocation plans and has named DHEW as the approving agency for these plans. DHEW has also been made the cognizant agency for the development of indirect cost proposals related to programs involving educational institutions. An increase of 8 positions and $135,000 is requested in the Division of Grants Administration Policy to begin meeting these new responsibilities.

3 positions and $43,000 are requested for the Office of the Deputy Assistant Secretary, Budget to handle an increased workload due to anticipated expansion of DHEW programs and to complete implementation of an expenditure controls system.

2. Audit Agency: An increase of 145 positions and $1,547,000 is requested to meet workload requirements and to maintain the necessary level of audit effort in the following areas:

	Positions	Amount
State and local agency, university and nonprofit institution, and medicare/medicaid audits	129	$1,348,000
Internal audits of departmental operations	16	199,000

Most of the requested positions are needed to meet responsibilities for audit of the expanding Medicaid and Medicare programs. Concentration of effort in this area of operations is also due to indications of rising costs and improper administrative practices. It is essential that maximum effort be given to auditing and monitoring these programs on a timely basis to assure that they are managed and operated in an efficient and economical manner.

3. Contracts - Defense Contract Audit Agency: An increase of $125,000 is needed to expand audits of DHEW funds at institutions under DCAA cognizance.

Explanation of Transfers

Transfer to:	1969 Estimate	Purpose
Operating Expenses, Public Building Service, General Services Administration...	$ 19,000	Rental of space.
Comparative transfers from:		
Salaries and Expenses, Office of the Surgeon General.....	426,000	Reflect transfer of functions under the DHEW reorganization.
Service and Supply Fund...	29,000	
Social Security Administration, limitation on salaries and expenses.....	187,000	Reflects transfer of an internal audit function.
Comprehensive Health Planning and Services.....	36,000	Reflect transfer of the indirect cost rate negotiation function.
Regional Medical Programs.	21,000	
National Library of Medicine	16,000	
Chronic Disease.....	7,000	
Comparative transfer to:		
Salaries and Expenses, Office of the Secretary...	5,000	Reflects increased support due to Public Health reorganization.

Salaries and Expenses

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1966:				
Appropriation	$ 3,548,000	$ 3,548,000	$ 3,493,000	$ 3,493,000
SSA transfer	493,000	510,000	510,000	510,000
1967:				
Appropriation	4,572,000	4,572,000	4,572,000	4,572,000
SSA transfer	688,000	688,000	688,000	688,000
1968:				
Appropriation	6,842,000	6,768,000	6,768,000	6,768,000
SSA transfer	991,000	991,000	991,000	991,000
1969:				
Appropriation	9,144,000	8,544,000	8,544,000	8,544,000
SSA transfer	1,335,000	1,255,000	1,255,000	1,255,000
1970:				
Appropriation	10,425,000			
SSA transfer	1,808,000			

Salaries and Expenses, Office of the Comptroller

Summary Statement

The Office of the Comptroller serves as the Secretary's staff for the budgetary and financial management of the Department. The Assistant Secretary, Comptroller is responsible for directing the work of the Divisions of Budget, Operations Analysis, Grants Administration Policy, Fiscal Policy and Procedure, Accounting Systems, the Data Management Center, and the HEW Audit Agency. In the area of financial management, the Office of the Comptroller provides leadership in establishing basic Department policy in all areas of financial and fiscal management, conducts internal and external audits, develops and maintains data collection and reporting systems, provides automated centralized payrolling services, conducts studies and appraisals of program needs and performance and evaluates their needs in relationship to budgeting and financial requirements. In addition, the Office provides fiscal, accounting, computer, and data processing services for the Office of the Secretary and, upon arrangement, for operating agencies.

The 1970 request for the Office of the Comptroller provides for a total of 796 positions and $12,233,000. These figures represent an increase of 17 positions and $293,000 intended for improvement of coordination and direction of financial management responsibilities and 145 positions and $1,672,000 for workload requirements of the audit function.

I. Financial Management

	1969 estimate		1970 estimate		Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel Compensation and benefits:						
Assistant Secretary, Comptroller.....	8	$117,000	8	$117,000	---	+ ---
Deputy Assistant Secretary, Budget..	35	513,000	38	546,000	+ 3	+$ 33,000
Deputy Assistant Secretary, Finance.	13	191,000	19	256,000	+ 6	+ 65,000
Grants Administration Policy.....	44	652,000	52	739,000	+ 8	+ 87,000
Total.....	100	1,473,000	117	1,658,000	+17	+ 185,000
All other objects.....	---	201,000	---	309,000	---	+ 108,000
Total, Financial Management.....	100	$1,674,000	117	$1,967,000	+17	+$293,000

General Statement

This activity provides staff assistance to the Secretary in formulating policy in all areas of financial management. The 1970 estimate includes an increase of 17 positions and $293,000 primarily for new functions assigned to the Division of Grants Administration Policy and the Office of the Deputy Assistant Secretary, Finance resulting from policy and directives issued by the Bureau of the Budget. In addition, an increase is requested for the Office of the Deputy Assistant Secretary, Budget to provide resources necessary for streamlining and modernizing budget operations.

Deputy Assistant Secretary, Budget (3 positions)

The Office of the Deputy Assistant Secretary, Budget is responsible for supervising budget formulation and execution throughout the entire Department; in terms of programs this means that the Office oversees budget operations for approximately 250 programs in the fields of health, education, social security and public assistance. The budget authority for these programs approaches $52 billion with a total employment of over 107 thousand at the beginning of FY 1969. The Office contributes to achieving agency goals in the following ways:

- Departmental management is given guidance in formulating long- and middle-range plans for allocating resources in support of the agency mission. This is done by assembling a staff with detailed knowledge of program operations and which is thereby qualified to judge the effects of contrasting proposals on resource allocation. For the budget year, this responsibility involves reviewing preliminary agency estimates, supplemental estimates or program and financial plan submissions and preparing analyses or recommendations for the Secretary.
- The staff presents and interprets estimates of the Department's needs to the President and to Congress. This requires the Office to review submissions to the Bureau of the Budget; to provide liaison with BOB staff and to obtain supplementary data as needed; to attend and report on hearings and meetings with BOB; to respond to BOB allowances and to

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prepare necessary appeals; and to review and prepare material for printing in the President's budget. The Office is similarly responsible for presenting the Department's portion of the President's budget to the Congress and it also prepares and reviews other special analyses, statements and tables for the Appropriations Committees. In addition, statements of the effect of House and Senate actions and appeals to the Congress are prepared and reviewed here.

- Oversight of budget execution is exercised in this Office. This requires the review of apportionment requests and liaison activity between operating agencies and the Budget Bureau. Other responsibilities of budget execution are
  - Review of construction project requirements;
  - Review of proposals to reprogram funds and preparation of letters on such proposals to the Congressional Committees;
  - Development and administration of ceilings to control expenses such as employment, travel, and overtime;
  - Preparation of expenditure estimates and review of expenditure control measures;
  - Development of cost reduction and cutback programs.

Accomplishments

During the past year, we have completed the following measures aimed at improving budget operations:

- A review of the appropriation language for each DHEW account was made to simplify and to reflect present Departmental organization.
- Initial measures have been taken to develop an automated data system capable of supplying data needed for budget submissions. This work is still in an experimental phase.
- Efforts have been made to achieve more economical and effective program operations under the Departmental cost reduction program. In FY 1968, the Department reported 367 cost reduction projects with a total savings of 1,199 man-years and $61.4 million.
- A Department-wide system for controlling over $46 billion in expenditures has been created to meet the requirements of the Revenue and Expenditure Control Act of 1968.

Long-Range Goals

Budget operations are in serious need of revision. The methods presently available for preparing and managing the budget of DHEW, now one of the world's largest enterprises, are barely equal to the task. Ways of utilizing the most advanced machines and methods are being examined with the ultimate hope of creating information systems to produce data at once useful, timely and understandable. The data must make it possible for us to present complicated problems to the President and Congress in a way which makes alternatives clear and thus facilitates achieving a solution.

A new problem is being encountered with increasing frequency; it is that of dealing with conditions and needs which could not be identified far enough in advance to be incorporated into the regular budget process. Two such examples are programs on neighborhood centers and on model cities. The budget process must be made to respond at least as quickly and flexibly to newly identified needs as it does to the established programs.

Since, in the last analysis, the basic function of this Office is to promote effective administration, we will continue the effort to identify and support practices which contribute to good management. The tradition of employing the brightest and most energetic people and of offering them the best available training will be maintained. The policies and procedures which define

good budgetary practices both for this staff and the rest of the Department will continue to be refined and systematized.

Plans for FY 1970

FY 1970 plans call for progress in all of the areas mentioned above. Special emphasis will be placed on improving the budget presentations and developing better expenditure estimates and control systems. Approval of the requested increase of 3 positions and $43,000 will make these improvements possible and will allow for a normal increase in the workload related to new and expanded DHEW programs.

If no increase is allowed, more and more resources will have to be applied to meeting the demands of the budget cycle and fewer to making much-needed innovative changes.

Deputy Assistant Secretary, Finance (6 positions)

The Deputy Assistant Secretary, Finance is responsible for formulating departmental policy on accounting and financial reporting and for the oversight necessary to assure conformity with policy. A second major area of responsibility consists of developing and maintaining systems for the collection and reporting of financial data. Some of the Office's projects on which particular emphasis is being placed in the current fiscal year are the following:

The "Umbrella" Accounting System. A single accounting system has been devised to cover the whole Department and to prescribe the policies, principles and standards to be followed by all DHEW accounting activities based on uniform classification codes. The system is designed to simplify accounting procedures and to produce data which can be put to both intra- and extra-departmental use. The new system provides more reliable data, permits more refined accounting concepts and promises significant economies in systems design and implementation.

In developing the "umbrella" system, care has been taken to maintain a close liaison with the operating agencies so as to assure a minimum of problems when agency accounting subsystems are brought into the new structure. Before the system can be put into full operation, it must be approved by the Comptroller General; obtaining approval requires a three-phase operation. The first of these phases consists of establishing the principles and standards to be applied. The second is the design of the accounting system; at present the "Umbrella" and five of a total of nine subsystems have been forwarded to the Comptroller General for approval. The final phase of development consists of writing detailed operating procedures and instructions for maintaining the system. Detailed procedures are in process of development.

Accrual Accounting. In order to comply with BOB Circular 68-10, which directs Federal agencies to change to an accrual accounting system, and also to aid in implementing policies of accrual accounting as set forth in the DHEW "Umbrella" accounting system, a review has been made of the financial processing of grants. The immediate purpose of the review was to provide a basis for determining accrued expenditures on June 30, 1968 and at the end of each subsequent month. This study, conducted by the consulting firm of Lindsley H. Noble and Associates and financial staff of the Department, led to the development of accrual accounting instructions in draft form for use throughout the Department. The developed accrual procedures will involve the use of statistical measures rather than direct individual reporting by numerous grantees and contractors. The use of a statistical technique is necessary to provide data on a timely basis and to accommodate the large number of grants and contracts.

Future development of this system will lie in adapting new accounting

concepts recommended by the President's Commission on Budget Concepts to the existing structure. A second activity will be to examine grantee accounting and reporting systems and to improve such systems by working through agency financial management organizations.

Excessive Cash Balances Under the Letter-of-Credit System. A critical examination was undertaken in mid-FY 1968 of DHEW's letter-of-credit operations. A nation-wide review of these operations showed management improvements could significantly reduce cash balances held by recipient agencies without untoward effect on their programs. A departmental task force was convened to formulate comprehensive guidelines and instructions for use by all agencies which receive letter-of-credit funds; these efforts achieved a net reduction in cash balances of about $63 million in FY 1968. In addition, the National Institutes of Health, the operating agency responsible for handling the letter-of-credit procedure for all DHEW grant funds, converted from a system of automatic quarterly advances for about 1500 grantees to a system under which the grantee submits a monthly request for cash. The system of quarterly advances is estimated to have disbursed some $53 million in excess of grantees' current needs.

The letter-of-credit mechanism is susceptible of further refinement. About fifteen States have legal or fiscal procedures which hinder efficient letter-of-credit operations. Plans are being formulated by which the Department will take an active role in working with the States to remove such obstacles. The Department also expects to initiate a pilot program to develop a centralized letter-of-credit operation at the level of the State Treasurer or Comptroller. In conjunction with this operation, the Department plans to develop a central treasury capability for grant payments, including letters-of-credit. This will make possible the establishment of a single letter-of-credit between DHEW and each grantee with a concomitant improvement in overall fiscal management of grants and of grantee reporting.

Departmental Reporting and Control Systems. The lack of a centralized, integrated reporting system continues to pose a severe obstacle to efficient operations. The major long-range plan for meeting this need consists of establishing a data bank capable of providing the regular reports required by control units and by management as well as responding to special needs of the Congress, the Bureau of the Budget and Departmental management.

A number of the measures which have been taken to increase the effectiveness of departmental control are in the area of cash expenditures. Part of this effort involves controlling grantee expenditures under letters-of-credit and of recovering excessive cash balances held by grantees, as discussed above. Further steps toward establishing more reliable controls will consist of

- an expansion of the Department-wide reporting function;
- a modification and extension of the "Financial Assistance Information System";
- a requirement that all DHEW reports containing common data flow through a central reports group, so that consolidated reports can be prepared for DHEW management on the basis of analytical data extracted from diverse reports.

Plans for FY 1970

To sum up, the Office of the Deputy Assistant Secretary, Finance has made significant progress toward developing financial systems equal to the support of planning, executing and controlling the complex and diverse programs for which DHEW is responsible. The Department's "umbrella" accounting system was designed to prescribe policies and standards to be followed in all DHEW accounting activities. The mechanization of both the Office of the Secretary and the central payroll systems is nearing completion; several operating agency subsystems have been developed and submitted to GAO for approval; developmental

work on remaining subsystems is showing positive results; improvement has been made in both departmental and grantee control of letter-of-credit and accrual accounting operations.

Current plans envisage the full mechanization of the Office of the Secretary accounting system and that of the central payroll, the institution of accrual accounting on a department-wide basis, further improvements in letter-of-credit operations, the installation of an expenditure control system, the development of a central Treasury operation, the submission of remaining agency subsystems to the GAO for approval, and development of a basic management reporting system with the use of such financial data as are currently available.

There are significant areas which will continue to be deficient in both FY 1969 and 1970. This will result from several factors. First, the transition to modern financial operations is a long-term endeavor which does not produce immediate results; secondly, the Department must absorb additional workload resulting from expenditure controls and accrual accounting; thirdly, these same expenditure controls have forced a reduction in staff. Management reporting is the most significantly deficient area and the one to which a reduced staff can give only minimal attention, in terms both of development and of operations. Present financial reporting consists primarily of interim measures adequate only for minimum informational needs. A second deficiency is the lack of a systems staff, which would provide the capability of anticipating accounting and financial reporting requirements and which would plan needed changes so that transition to improved operations could be made in an orderly manner. Provision of the requested increase of 6 positions and $94,000 will help to overcome these deficiencies and allow the continued improvement of the entire financial management operation.

Division of Grants Administration Policy (8 Positions)

Improved Leadership and Management of Grant Administration Function by the Office of the Secretary

The Division of Grants Administration Policy was formed in March 1966 to help coordinate and rationalize the fiscal and administrative practices of HEW grant programs.

The Division has as its primary objectives:

(1) helping grantee agencies and institutions improve their grant management capability;

(2) improving the mechanisms of program support to assure that they facilitate DHEW program objectives, and

(3) improving the professional capability of grant management personnel.

Having completed its second full year of operation, the Division has become a cohesive and effective organization and has made a number of significant contributions towards the improvement of grantee relations and HEW methods of grants management.

At the commencement of fiscal year 69, as part of the effort to strengthen the Office of the Secretary and as an aspect of the Health reorganization, five additional spaces were transferred to the Division from the Public Health Service to provide effective staff support to the Assistant Secretary for Health and Scientific Affairs as well as to other elements within the Office of the Secretary. The provision of additional direct support to the Assistant Secretary for Health and Scientific Affairs

has involved the assumption of a number of peculiarly health-related functions such as the issuance of guidelines for policies bearing on health programs. Other responsibilities include representing the Department in meetings of interagency groups concerned with health and science programs; providing continuing liaison with the Intergovernmental Relations Subcommittee of the House Committee on Governmental Operations; and determining appropriate resolution of grant problems peculiar to the health field and which require centralized action.

Improving DHEW Grants Administration

A frequent criticism of DHEW grants programs is that there are a great number of variations in the administrative practices among programs. To meet this criticism, the Division is currently streamlining DHEW programs in support of graduate training by setting standard levels for student stipends, by unifying administrative forms and procedures, and by standardizing financial and cost policies. These improvements now apply to more than fifty DHEW programs which spend in excess of $300 million. The Division will extend these and similar efforts to other DHEW grant programs, which will greatly simplify the administrative requirements now placed on grantees. The Division is also analyzing the practices and policies associated with DHEW grants to support the construction of schools, hospitals, research centers and similar facilities. Simplified forms and unified policies are being developed for government-wide use. The Division will also continue to play a leadership role within the Federal community through its chairmanship of an interagency committee on improved administration of construction programs. This committee operates under the auspices of the Committee on Academic Science and Engineering of the Federal Council for Science and Technology.

In prior testimony, we discussed our plans to establish a public advisory committee comprised primarily of representation from the grantee community. We are pleased to report that the Grants Administration Advisory Committee has been successfully established and fills a useful role.

If, as we hope, this committee is to become an increasingly effective vehicle for close participation by the grantee community in the development of improved and simplified grants administration policies, it will require increasingly extensive staff support.

A related activity aimed at more effective communication and relations with the grantee community is the publication of the Grants Administration Report. Through the Report our grantee community and the grants administration staff of DHEW are now made aware of considerations leading to the development of particular policies and the ultimate effects which the policies are intended to have. Since it is directed to the grantee community, the newsletter will improve implementation of our policies by creating an improved understanding of them.

Improved Reimbursement of Grant Program Costs

Another area in which this Division has been assigned a leadership role in the Federal community concerns the costs of programs executed by State and local governments. The recently issued policy of the Budget Bureau (Circular A-87) requires that Federal agencies adopt a uniform set of cost principles for supporting programs conducted by States and local governments, and that all appropriate expenses related to the programs of the State and local governments should be eligible for reimbursement. This Division has been assigned by the Budget Bureau the new function of negotiating and approving State-wide cost allocation plans for State-provided central support services to grant programs. This means that proportional costs of State and local services such as central payroll, personnel, purchasing and other support systems--which heretofore could not be reimbursed--may now be charged to the Federal program which uses the service. DHEW's services in this area will be rendered for all granting and contracting agencies of the Federal government.

The implementation of this policy will require large scale coordination efforts on the part of this Division with the States and in addition will create a new workload of more than 500 cost allocation plans which must be reviewed and approved.

The Division of Grants Administration Policy is responsible for establishing indirect cost rates for all HEW grants programs. This function covers rates for approximately 1,500 institutions. However, workload requirements are increasing because of the growth in the number of institutions due to the emergence of new non-profit organizations. In addition, the increasing use of third party organizations by universities, hospitals or established non-profit institutions for assistance in the conduct of program activities has increased the workload. Third-party arrangements are used in such HEW programs as the Regional Medical Program, the Developing Institutions program of the Office of Education, and other programs where the united or collaborative efforts of more than one organization are required in the conduct of grant-supported activity. The increased use of such arrangements is reflective of the increasing complexity of a number of the Department's programs.

An additional increase in our resource requirements is anticipated as a result of Budget Bureau issuance of Circular A-88. This establishes the Federal policy that the Federal agency providing the greatest levels of support at an institution shall generally be assigned responsibilities for the conduct of audits and the determination of indirect costs at that institution. Compliance with Circular A-88 will transfer responsibility from other Federal agencies (primarily the Department of Defense) to HEW for as many as 800 institutions over the next three years. It is understood that resources will not be transferred from other Federal agencies currently having cognizance over those institutions but that resources are to be requested by HEW as part of the budgetary process, with adjustments made in other agency budgetary submissions to reflect transfer of responsibility.

Improving Grantee Management

In an effort to strengthen the grantee institution's management of programs, this Division has managed a joint effort of the Association of American Medical Colleges and the Department to determine whether model systems can be developed which will yield cost data for the effective management of medical centers which are sufficient to meet Federal reporting needs. Of particular significance is the fact that for the first time institutions will be provided with accurate program cost data. This will give them the basis for making informed and sound management decisions in areas affecting program costs. The principles and techniques developed as a result of this study for the use of medical schools cost finding are believed to have potential applicability to non-medical educational institutions.

Summary of FY 1970 Objectives

The primary application of the requested eight positions and $135,000 will center on HEW implementation of two new Federal policies. One authorizes more complete reimbursement of State and local government expenses (Bureau of the Budget Circular A-87), while the other (Bureau of the Budget Circular A-88), assigns HEW responsibilities over the next three year period for the negotiation of indirect cost rates at more than eight hundred new grantee institutions. Both of these services are to be provided by this Division for all Federal agencies. The increases in responsibility and workload directly benefit State and local agencies and other grantees, since the expense incurred in providing central services (personnel, payroll, purchasing, etc.) for DHEW-supported programs can now be covered. The effect of Circular A-88 is to transfer to DHEW the responsibility for indirect rate negotiation and audits in those colleges and universities in which the Department has the preponderant supporting dollar interest. The affected colleges and universities will derive further

benefit through dealing directly with DHEW, their major sponsoring agency and an agency with insight on problems of higher education's finances and administration.

Our grant administration policy improvement efforts will similarly benefit the grantee community. A reduction in the unnecessary variations and in the complexity of the policies used among the DHEW programs will eliminate or greatly reduce the expenditure of effort and expense by our grantee community on activities which do not directly contribute to the objectives and goals of our programs.

IL AUDIT AGENCY

	1969		1970		Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits.....	534	$6,215,000	679	$7,482,000	+145	+$1,267,000
Other expenses.....	---	2,379,000	---	2,784,000	---	+ 405,000
Total.....	534	$8,594,000	679	$10,266,000	+145	+$1,672,000

Purpose Statement

The HEW Audit Agency was established in July 1965, by consolidating several separate audit organizations in the Department. The Audit Agency conducts audits of the Department's programs administered by and through its various grantees and contractors, including State and local governments, colleges, universities, and other nonprofit organizations, and, under Medicare, insurance companies and private hospitals and nursing homes. In addition, the Audit Agency audits activities carried out directly by the Department's headquarters and field installations, including payment centers, regional offices, district offices, medical centers, hospitals, and field stations.

Audit activities are carried out by 9 regional audit offices located in Boston, Mass., New York City, N. Y.; Charlottesville, Va.; Atlanta, Ga.; Chicago, Ill.; Kansas City, Mo.; Dallas, Texas; Denver, Colo.; San Francisco, California, and an Area Audit Office in Washington, D. C.

Objectives, 1969

During fiscal year 1969, continued emphasis is being given to conducting our audits on a more timely basis. Also, continued attention is being given to devising and implementing new audit techniques which will increase the Agency's capability for providing necessary audit coverage with a minimum of audit effort. In this respect, the use of statistical sampling techniques in audits of Department activities conducted through State agencies has enabled the Audit Agency to obtain State-wide audit coverage of selected program areas with visits to only a limited number of counties.

The Agency's workplan for fiscal year 1969 also provides for the inauguration of coordinated reviews of Department and grantee administration of specific operating programs, and increased emphasis on compiling the results of grantee audits in a more meaningful way. Findings included in audit reports of grantee operations are being analyzed, classified and summarized in reports which highlight, on a nationwide basis, recurring problems being encountered in broad program areas. During fiscal year 1968, the Audit Agency issued twenty-two reports designed to highlight significant areas. A total of thirty-four such reports are planned for fiscal year 1969.

Audit Workload

The Department's audit workload can be classified into four general categories: (1) audits of the Department's direct operations, (2) audits of grants to State and local governments, (3) audits of grants and contracts to universities and other private organizations, and (4) audits of insurance companies, hospitals, and nursing homes under the Medicare program. In terms of numbers, this workload represents over 1,400 Department installations, about 545 State agencies and over 20,000 school districts and other

local units of government, over 4,000 universities and other private organizations, and about 150 intermediaries and 10,000 hospitals and extended care facilities under the Medicare program.

The audit workload also includes audits performed for other Government departments and agencies which, in the interest of economy and in accord with a policy of interdepartmental cooperation, are accomplished by the Audit Agency. These include audits for the Office of Economic Opportunity, Peace Corps, Department of Justice, Department of Labor, Department of the Interior, and the Department of Defense.

Audit Operations

The sheer magnitude of the audit workload requires the implementation of new audit techniques to provide necessary and timely audit coverage with a minimum of effort. Some of the techniques which the Audit Agency has implemented are as follows:

Total Audit Concept - Many of the Department's programs are administered through educational institutions and nonprofit organizations. Such institutions often receive grants and/or contracts from more than one of the Department's operating agencies. We have developed a "total audit" approach whereby our auditors perform a concurrent audit of all such activities at the institution thereby permitting an evaluation of total management operations as they affect Department funds. In this manner, our audits are accomplished more efficiently with fewer visits and with less disruption of the activities of the organization being audited.

Cross-Servicing Arrangements - Many of the organizations participating in the Department's programs also receive funds from and participate in programs administered by other Federal agencies. In the interests of economy and efficiency, we have coordinated with these Federal agencies to establish a system of audit cognizance. Under this principle, the Federal Agency having cognizance (usually determined by the volume of program dollars involved) extends its audits to meet the audit needs of all Federal agencies involved.

Utilization of the Work of Outside Auditors - For many organizations, participation in the Department's programs is but a part of their overall activities. Whenever possible, internal reviews of such organizations' operations by their own audit staffs or their public accounting firms are being utilized by our auditors. We are continually encouraging these organizations to have their internal reviews performed in such a manner that they will meet our audit requirements as well. To date, significant progress has been achieved in this area.

..Audits of Medicare Program - In cooperation with the Social Security Administration, we developed a plan which places primary reliance upon the use of public accounting firms for audits of intermediaries and providers. Generally, the hospital extends the engagement of its own accounting firm to conduct the Medicare audit or the intermediary hires a public accounting firm for this purpose. The intermediary, with its own staff or separate independent firm, evaluates these audits through review and test checks. The Audit Agency audits the intermediary and evaluates its conduct of this audit approach.

..Audits of Colleges and Universities - We have developed and distributed to educational institutions an audit program for the NDEA Student Loan and College Work Study Programs. We are continually urging educational institutions to extend the audit engagement of their accountants to cover these two programs. To date, a total of 1,084 institutions have agreed to participate in this approach.

Audit Efforts

During fiscal year 1968, the Audit Agency issued 2,670 audit reports which resulted in financial recoveries of about $3,500,000 to date. Many reports are presently being reviewed by agencies and grantees to determine additional funds to be recovered. These audit reports also include numerous recommendations for management improvements which, when implemented, will result in additional monetary savings.

Since the administration of the Department's programs is shared with thousands of grantee organizations, the management expertise of these organizations plays a vital part in successful program accomplishment. Accordingly, much of the Department's audit effort is devoted to strengthening the management techniques of the grantee organizations participating in the administration of the Department's programs. Although the results of this effort are difficult to measure in dollars, its contribution to economical and efficient administration of the Department's programs is significant.

Objectives, 1970

During fiscal year 1970, continued emphasis will be given to conducting audits of the Department's numerous and complex programs on a more timely basis. Although the measures previously cited constitute an aggressive attempt to minimize the impact of the Audit Agency's growing workload, their full potential has yet to be realized. The anticipated workload in fiscal year 1970 will require 988 man-years of direct audit effort by the Audit Agency (see table on page 77). The staffing requested in this budget is 684 positions, or an increase of 145 positions over the adjusted fiscal year 1969 base. Although this represents a sizeable increase, the staffing requested, as indicated by the fiscal year 1970 man-year requirements, is not based entirely on the Audit Agency's growing workload. A much larger increase would have been requested, but we found it necessary to restrict growth to the number which we can reasonably expect to recruit, train and absorb into the organization while still maintaining a productive organization.

The additional positions requested in the fiscal year 1970 budget are in accord with a long-range plan designed to provide the Audit Agency with adequate resources to meet workload requirements. Because of limitations imposed by the Revenue and Expenditure Control Act, no additional positions were made available to the Audit Agency for fiscal year 1969. This limitation, together with the audit impact of the Department's Medicaid and Medicare programs, has significantly altered the balance between available resources and workload requirements. Most of the requested increase in positions will be utilized in audits of the expanding Medicaid and Medicare programs. Our concentrated efforts in this area of operations are also due to indications of rising costs and improper administrative practices. It is essential that maximum effort be given to auditing and monitoring these programs on a timely basis to assure that they are managed and operated in an efficient and economical manner.

The Audit Agency has developed a plan for the frequency of audits. The planned frequency, which is based on total Federal funds involved and previous audit experience, is designed to provide the Department with a timely and responsive audit service. Because of staffing limitations, however, we have not been successful in meeting this planned cycle of coverage. The additional positions requested will enable the Audit Agency to perform audits on a more timely basis.

The requested increase of 145 positions represents the minimum necessary to enable the Audit Agency to meet its responsibilities in providing reasonable assurance that Government funds are properly expended.

..Audits of State and Local Agencies - We are continually working with States and intergovernmental organizations with a view toward increased utilization of the work performed by State audit staffs. During fiscal year 1968, numerous meetings and joint training sessions were held with State audit groups to explain the Department's audit needs and demonstrate Audit Agency techniques. Also, fourteen demonstration projects on Federal-State audit partnership were initiated. The purpose of these projects is to assist State audit organizations to strengthen and expand their capability so they can participate in a fruitful Federal-State audit partnership.

Accomplishments

Management Improvements

..Improved Audit Report Distribution Procedures - Studies conducted by the Audit Agency showed that there was an avoidable time lag between the time that audits were completed and the time that findings were ultimately communicated through Department channels to the grantees or contractors. As a result, settlement of audit exceptions pertaining to the Department's thousands of grantees and contractors were not being handled in an expeditious manner. The studies also showed that existing procedures suffered from too much internal handling before reports reached parties responsible for taking action, and considerable paperwork was involved to achieve control over and avoid physical loss of reports.

During fiscal year 1969, the Audit Agency instituted a new procedure under which audit reports are simultaneously distributed to grantees and contractors, and designated HEW "action" officials who have been specifically charged with responsibility for coordinating settlement of audit findings. Immediate benefits resulting from the new procedure are: (1) more timely transmittal of audit results to interested parties, (2) speed-up of action taken on audit findings, and (3) a reduction in the volume of unnecessary paperwork previously devoted to this effort.

..Automated Audit Information System - Centralization of and subsequent growth of the audit function within the Department created a critical need for maintaining current, accurate, and readily accessible information with respect to audit workload, audit reports issued, audit findings and recommendations, as well as resultant operating agency management actions taken to correct the deficiencies noted. Studies disclosed that due to the large number of entities subject to audit and the large volume of audits conducted and reports processed, the only practical and timely way to obtain the desired information was through automation. Accordingly, during fiscal year 1969, the Audit Agency designed, developed, and implemented an automated system which will not only readily provide all desired information but will include a performance analysis and evaluation feature for use by audit management.

The most significant aspect of the new system is a periodic, computer-produced report designed to provide management with information on operating agency stewardship responsibilities for action on audit findings. This report provides analyses of operating agency management actions taken on audit findings and also identifies significant findings outstanding on which action is overdue. The analysis and evaluation features permit current identification of trends in deficiencies noted, provide comparative statistical data of audit management interest by programs and/or regions, and provide information for formulating audit workload plans as well as indicators for possible workload revisions.

HEW AUDIT AGENCY
Audit Work - Fiscal Years 1969 and 1970 in Man-Years

	Audit Backlog 6-30-68	New Workload 7-1-68	Total Workload FY-69	New Workload 7-1-69
State and Local Agencies				
Public Assistance Agencies	30	92	122	142
Other State and Local Agencies	55	164	219	203
Universities & nonprofit organizations				
Research & Training	78	189	267	189
Financial Aid to Students	28	73	101	105
Medicare	33	125	158	125
HEW Installations	40	92	132	92
Reimbursable Audits		25	25	20
Total Workload	264	760	1024	876
Less: Audits by-DCAA			90	90
Public Accountants			40	40
State Auditors				10
Savings due to predetermined overhead rates			12	12
Total deductions			142	152
Accrued workload to be performed directly by HEW-AA - FY 69			882	
Authorized Staff				
Personnel Ceiling FY-69 550 (Includes 22 SSA & PHS transfers, and 11 Title V, EOA & MDTA reimbursable positions)				
Man-Year Availability FY-69 due to lapse and BOB limitations			505	
Estimated Backlog 6-30-69			377	
Less: Estimated savings on liquidation of backlog due to new audit techniques, training and savings accruing in auditing a number of years in excess of desired cycle. Estimated savings 30%			113	
Adjusted Backlog 6-30-69			264	264
New Workload FY-70 (876-152)				724
Accrued workload to be performed directly by HEW-AA - FY-70				988
Man-Year Availability - FY-70				
FY-69 authorized positions 585				
Less BOB limitations -51				
Adjusted base FY-69 534				
Less 5% lapse -27				
Man-Year availability 507				
Add Reimbursable (MDTA, OEO, Justice, DOD) 20				
Total Man-Year Availability 527				527
Estimated backlog 6-30-70 if no additional positions provided				461
Less: 30% Savings (See Above)				138
Adjusted backlog 6-30-70 if no additional positions provided				323
Additional Man-Year availability if request for 145 positions approved (Lapse 25%)				109
Estimated backlog 6-30-70 if request for 145 positions approved				214

HEW AUDIT AGENCY
Distribution of Positions by Program
Fiscal Years 1968, 1969, 1970

	Positions-Fiscal Years			Fiscal Year 1970		
	1968	1969	1970	Increase in Positions	Agencies Subject to Audit	Planned Audit Cycle Years
State and Local Agencies						
Public Assistance Agencies	90	98	156	58	62	1
Other State Agencies	125	140	164	24	800	2
Construction	11	11	11		3,000	Sample
Universities & Non-profits						
Research & Training-DCAA	75	90	90		320	1
Research & Training-HEW	97	100	115	15	4,200	3
NDEA, Title II, Student Loans	17	22	22		2,200	3
Guaranteed Loans, State Agencies	2	2	2		24	2
Guaranteed Loans, Lending Institutions		8	8		7,000	
Equal Opportunity Grants	3	6	6		1,950	3
College Work Study	10	12	12		2,650	3
Social Security-Medicare	101	120	162	42	455	1
Audits at HEW Installations	75	77	83	6	1,400	4
Add-Comparative Transfer Funds						
Adult Basic Education Act	6	—	—	—		
Total Positions	612	686	831	145		
Less Work Performed by Others:						
DCAA	75	90	90			
Public Accountants, etc.	25	40	40			
State Auditors		10	10			
Savings due to predetermined overhead rates	2	12	12	—		
Total Deduction	102	152	152			
Net Positions	510	534	679	145		

New Positions Requested
Fiscal Year 1970

	Grade	Annual Salary
Financial Management		
1. Deputy Assistant Secretary, Budget:		
Supervisory Budget Analyst	GS-15	$ 19,780
Budget Analyst	GS-14	16,946
Secretary	GS-7	6,981
2. Deputy Assistant Secretary, Finance:		
Supervisory Accountant	GS-14	16,946
(2) Accountant	GS-13	28,818
Accountant	GS-12	12,174
Clerk-Stenographer	GS-6	6,321
Clerk-Stenographer	GS-5	5,732
3. Grant Administration Policy Division:		
(2) Supervisory Grant Administration Policy Specialist	GS-15	39,560
Cost Advisory and Rate Negotiation Specialist	GS-14	16,946
(2) Grant Administration Policy Specialist.	GS-13	28,818
Cost Advisory and Rate Negotiation Specialist	GS-12	12,174
Clerk-Stenographer	GS-6	6,321
Clerk-Stenographer	GS-5	5,732
Sub-Total, Financial Management	(17)	$223,249
Audit Agency		
(23) Supervisory Auditor	GS-14	$389,758
(23) Auditor	GS-13	331,407
(18) Auditor	GS-12	219,132
(27) Auditor	GS-11	275,481
(17) Auditor	GS-9	153,442
(9) Administrative Assistant	GS-9	76,158
(10) Auditor	GS-7	79,131
(3) Clerk-Stenographer	GS-6	18,963
(10) Auditor	GS-5	68,810
(4) Clerk-Typist	GS-4	20,580
(1) Clerk-Typist	GS-3	4,600
Sub-Total, Audit Agency	(145)	$1,637,462
Total new positions, all activities	(162)	$1,860,711

THURSDAY, MAY 1, 1969.

SALARIES AND EXPENSES, OFFICE OF ADMINISTRATION

WITNESSES

JAMES FARMER, ASSISTANT SECRETARY FOR ADMINISTRATION
BERNARD SISCO, DEPUTY ASSISTANT SECRETARY FOR ADMINISTRATION
JOHN D. R. COLE, DEPUTY ASSISTANT SECRETARY FOR PERSONNEL AND TRAINING
ROBERT C. COULTER, EXECUTIVE OFFICER, OFFICE OF THE SECRETARY
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation:			
Permanent positions	3,813	4,484	4,722
Positions other than permanent	26	30	36
Other personnel compensation	33	37	40
Total compensation	3,872	4,551	4,798
Personnel benefits: Civilian employees	314	332	359
Travel and transportation of persons	78	75	85
Transportation of things	9	5	6
Rent, communications, and utilities	80	80	100
Printing and reproduction	68	40	45
Other services	167	85	123
Supplies and materials	46	35	37
Equipment	28	25	40
Total obligations	4,662	5,228	5,593

PERSONNEL SUMMARY

Total number of permanent positions	418	404	434
Full-time equivalent of all other positions	3	3	4
Average number of all employees	375	398	416
Average GS grade	8.7	9.1	9.3
Average GS salary	$9,969	$10,676	$10,887

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 est.	1970 est.
Program by activities:			
1. Administrative management	4,222	4,650	4,982
2. State merit systems	440	578	611
Total obligations	4,662	5,228	5,593
Financing:			
Receipts and reimbursements from:			
Federal funds	−5		
Trust funds	−271	−302	−359
Comparative transfers from and to other accounts	−1,965	−2,081	
Unobligated balance lapsing	6		
Budget authority	2,427	2,845	5,234
Budget authority:			
Appropriation	2,427	2,612	5,234
Proposed transfer from other accounts for pay increases		233	
Relation of obligations to outlays:			
Obligations incurred, net	2,421	2,845	5,234
Obligated balance, start of year		186	254
Obligated balance, end of year	−186	−254	−510
Outlays	2,235	2,777	4,978

Mr. FLOOD. Now we have salaries and expenses, Office of Administration, and the presentation will be made by James Farmer, Assistant Secretary for Administration.

Mr. Farmer, I think this is your first appearance.

Mr. FARMER. My first appearance. I am brand new on the job, less than 1 month, Mr. Chairman.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Mr. FLOOD. I see you have a biographical sketch, very modest compared to some of your brother bureaucrats. We will place that in the record.

(Biographical sketch follows:)

Name: James Farmer.

Position: Assistant Secretary for Administration.

Birthplace and date: Marshall, Tex., 1920.

Education: Willey College, Texas, bachelor of science degree, 1938; Howard University School of Religion, bachelor of divinity degree, 1941.

Experience: Professor of social welfare, Lincoln University, Pennsylvania, 1966–68; adjunct professor at New York University, 1968; Center for Community Action Education, Head; CORE national director, 1961–66; served in the southern organizing drive of the Upholsterer's International Union; international representative of the American Federation of State, County, and Municipal Employees.

Special awards, citations, or publications: Morgan State College, honorary doctor of humanities degree, 1965; Muhlenberg College; honorary doctor of laws, 1968; "Freedom—When?" was published by Random House in 1966. Currently working on an autobiography.

Mr. FLOOD. Mr. Farmer, I see you have a statement. How do you wish to proceed?

Mr. FARMER. Mr. Chairman, since I have been on the job a little less than a month, while I am rapidly becoming aware of the problems of the department and especially of my office, with your permission I would like to call on Mr. Bernard Sisco, the Deputy Assistant Secretary for Administration, to make a few brief comments on the need for the increases we are requesting.

STATEMENT OF ASSISTANT SECRETARY FOR ADMINISTRATION

Mr. FLOOD. I take for granted you wish to insert the prepared statement in the record at this point, and then you will yield to the next witness.

Mr. FARMER. I would like to do that, with your permission.

Mr. FLOOD. We will do it that way.

Mr. FARMER. Thank you.

(Prepared statement follows:)

Mr. Chairman and members of the committee, the Office of the Assistant Secretary for Administration is responsible, on behalf of the Secretary, for enunciating policies and providing leadership and direction to all nonfinancial management activities throughout the Department. It is concerned with development and application of policies and procedures governing personnel administration, procurement and property management, management systems, organization planning, general administrative services and our equal employment opportunity program.

The appropriation, "Salaries and expenses, Office of Administration", supports these functions. In addition, it supports the provision of management services to the Office of the Secretary and the work of the Office of State Merit Systems.

So that we may handle anticipated workload increases and provide some

improvement in effectiveness of our efforts we are requesting an increase of 30 positions and $365,000.

Mr. Chairman, as you know, I have been on the job a little less than a month now. I am rapidly becoming familiar with the details of the many functions carried on by my office and the problems that we face. Nevertheless, with your permission, I should like to ask Mr. Bernard Sisco, Deputy Assistant Secretary for Administration, to comment briefly on the need for the increases which are requested.

BIOGRAPHICAL SKETCH OF THE DEPUTY ASSISTANT SECRETARY FOR ADMINISTRATION

Mr. SISCO. Mr. Chairman, I assume the committee has read my statement.

If it is agreeable with the committee, I would like to paraphrase the statement.

Mr. FLOOD. Go ahead.

(Biographical sketch and prepared statement follow:)

Name: Bernard Sisco.

Position: Deputy Assistant Secretary for Administration.

Birthplace and date: Washington, D.C., 1926.

Education:

Benjamin Franklin University, Washington, D.C., BCS, 1949.

Princeton University, Princeton, N.J., fellow in public affairs, 1966–67.

Experience:

Deputy Assistant Secretary for Administration, Department of Health, Education, and Welfare, 1968 to present.

Assistant Commissioner for Administration, Office of Education, 1967–68.

Deputy Assistant Director for Administration and Management, Goddard Space Flight Center, National Aeronautics and Space Administration, 1961–67.

Financial management officer, Goddard Space Flight Center, National Aeronautics and Space Administration, 1959–61.

Accounting and control officer, Office of Naval Research, 1952–59.

Special awards, citations, or publications: Outstanding performance award, U.S. Navy Department, 1958.

PREPARED STATEMENT

Mr. Chairman and members of the committee, in an organization the size of this Department, considerations of efficiency and economy dictate a high degree of decentralization in the conduct of management activities and services. As Mr. Farmer has pointed out, the principal function of the Office of the Assistant Secretary for Administration is to provide policy development, leadership, and guidance to those staffs throughout the Department engaged in nonfinancial management activities.

During the past year, another responsibility was assigned to this Office as a result of the reorganization of the health activities of the Department. As a part of this reorganization, the Assistant Secretary for Health and Scientific Affairs was given line responsibility over the three health agencies of the Department and various other parts of the Office of the Secretary were charged with supportive roles to the Assistant Secretary. Our office provides such support in connection with personnel administration, management systems, and general services.

I should now like to outline, briefly, the areas in which we would utilize the requested increases which, as Mr. Farmer noted, total 30 positions and $365,000.

PERSONNEL AND TRAINING

We find that our forecasts of workload in the area of labor relations have been far too conservative. Grants of recognition to union locals and negotiation of collective bargaining agreements number substantially more than expected. For example, collective bargaining agreements increased from 32 in fiscal year 1967 to 68 in fiscal year 1968—more than we had estimated that we would reach by the end of fiscal year 1969.

Paralleling these increases is the growth of grievance appeals which must be handled by the Office of Personnel and Training. The workload has grown to such an extent that appellants whose cases were adjudicated in fiscal year 1968 had to wait an average of over 5 months for a decision.

Training is another aspect of our personnel effort demanding added attention. The number of Department employees participating in formal training programs nearly doubled from fiscal year 1967 to 1968. Another factor contributing to additional workload is the new Civil Service Commission requirement that new or potential supervisors receive supervisory training either before being assigned supervisor's duties or very shortly thereafter.

We have regularly reported to you on the critical staffing problems faced by the Department, especially the shortages of professional, scientific, and technical personnel. Our recruitment drives have met with some success, but we must improve them further. Our experience in recruitment and placement of members of minority groups, the physically handicapped and the mentally retarded has been similar. "One-time" campaigns have met with success, but should be expanded into well-organized continuing efforts.

To increase our capacity to deal with the priority areas that I have briefly touched on we are asking for five new positions.

GENERAL SERVICES

This Department spends some $27 million a year on printing and distribution. Its expenditures for telecommunications rose from $10.5 million in fiscal year 1965 to nearly $19 million this year. We utilize about 11 percent of GSA's available telephone facilities and 52 percent of GSA's advanced records system teletype transmission equipment.

Total procurement expenditures have more than tripled since 1962 to reach a level this year estimated at $365 million. Negotiated procurement, which requires particular contract pricing expertise, has tripled in the past 3 years, exceeding $150 million in 1968, and is expected to reach a level of $200 million in fiscal year 1970.

These are the problem areas to which we would assign the six new positions requested for the Office of General Services.

MANAGEMENT SYSTEMS

Of special importance to our efforts to improve management in the Department is the work being carried on by the Office of Management Systems whose three principal functions are: management planning, policy and evaluation; management consulting services; and systems development and coordination.

One example of the management studies carried out by staff of this Office is an examination of means to reduce processing time for grants-in-aid which led to changes that reduced processing time for several types to grants by 51 percent. Management consulting services are provided to the agencies of the Department to assist in such projects as development of a management information system for the Health Services and Mental Health Administration and the development of a system to forecast public assistance and medicaid payments for the Social and Rehabilitation Service.

There are 144 organizational units in the Department with responsibility for various aspects of automatic data processing. Thirty-eight different installations operate more than 80 computers and another 86 operate punchcard equipment. The Office of Management Systems is responsible for coordination and guidance of the Department's hardware and software systems. It must review and approve all data processing systems proposals in the Department. It establishes and maintains a Department-wide program for standardization of common data elements and codes.

Much remains to be done to properly organize and present the vast amount of program and administrative data generated in the Department so that it can be effectively used as a basis for sound management decisions.

The request before you would provide eight new positions to strengthen the staff of the Office of Management Systems.

INTERNAL SECURITY

More than 80 programs or projects in which departmental personnel are engaged require access to classified defense information. The numbers of sensitive positions in the Department, requiring that incumbents have security clearance,

have doubled since 1960. Recent legislation, for example, the Radiation Control for Health and Safety Act of 1968, will result in increasing security clearance requirements since staff must have access to classified data in order to carry out new responsibilities.

One additional position is requested to cope with the resulting increases in workload.

EXECUTIVE OFFICE

The Executive Office provides administrative management services to the Office of the Secretary. In all areas: personnel transactions, budget and fiscal transactions; general administrative services and library services, the workload imposed upon this Office continues to grow.

To reduce growing backlogs and deal with continued workload increase we are requesting six new positions.

EQUAL EMPLOYMENT OPPORTUNITY

The Office of the Assistant Secretary for Administration is responsible for leadership of the equal employment opportunity program for employees of the Department. The staff engaged in this activity is faced with a growing number of requests from employees and employee groups for counseling on equal employment opportunity problems. We are requesting one additional position to provide assistance to the two professionals presently engaged in this work.

STATE MERIT SYSTEMS

The Office of State Merit Systems serves the Department's grant-in-aid programs by assuring that personnel plans and practices in State grant-in-aid programs are in compliance with requirements of Federal law and regulations and by assisting State grant-in-aid programs to achieve economy and efficiency in their operations by providing consultation and technical assistance on personnel administration.

In the past local health agencies have been exempt under the Federal Merit Systems Standards. Public Law 89–749, "Comprehensive Health Planning and Public Health Services Amendments of 1966" requires that State plans for comprehensive health planning and public health services include a merit system provision. Under Public Law 90–174, "Partnership for Health Amendments of 1967", at least 70 percent of a State's allocation for comprehensive public health services shall be available for community health services. The necessary changes in State and local laws and regulations must be obtained and steps taken to give effect to the necessary plans by July 1, 1970. Three additional positions are requested to assist in providing technical assistance in accomplishing this which is needed by city and county health and personnel agencies.

Mr. Chairman, we will be happy to answer any questions that you or members of the committee may have.

Mr. Sisco. The Office of the Assistant Secretary for Administration is responsible, as you know, for all of the nonfinancial management functions of the department, which includes personnel administration, management systems functions, the General Services functions, and in this appropriation the State merit system functions and the Office of the Executive Officer of the Office of the Secretary.

We have in the past several years organized our functions so that the functional organizations such as Personnel and Training, Management Systems and General Services provide leadership to the entire department, whereas the Office of the Secretary support functions are provided by the Executive Office, represented here by Mr. Coulter, who is the Executive Officer for the entire Office of the Secretary rather than just the Office of Administration.

In carrying out these functions, the leadership for Personnel and Training, Management Systems and Evaluation and General Services, which include procurement, logistics management, facilities management and telecommunications, we attempted to bring together an organization that can bring leadership in the department to its best

effort to provide effective and efficient management. We are requesting this year a modest increase of 30 positions——

Mr. FLOOD. A modest increase?

Mr. SISCO. Perhaps that is a bad term, sir.

Sixteen of the increases requested are for restoration of positions authorized in prior years by the committee which, as Mr. Kelly pointed out, we were not allowed to fill, and the additional 14 positions are for increasing workload and an attempt to bring our services up to par.

With your permission, I would like to discuss very briefly the individual areas in which we are requesting these increases, personnel and training being the first one.

PERSONNEL AND TRAINING

We are requesting five additional positions in that area basically for our increase in workload, and employee relations being one of the most significant areas. Our estimates of our workload here in the past were somewhat conservative and we have found that our employee relations requirement has increased over our expectations.

As an example, our negotiations of union contracts have grown from 1967 when we had 32 union contracts negotiated to 68 in fiscal year 1968. Also, our grievances and appeals workload has risen as the organization has grown, and we have had additional unionization. This does manifest itself in additional grievances and appeals and the workload here has increased to the point where we really have not been able to keep up with the backlog. It has been taking on the average over 5 months after a grievance comes to the Office of the Secretary on appeal to render a decision.

We know we must reduce that backlog.

Mr. FLOOD. Five months?

Mr. SISCO. From the time it comes to the Office of the Secretary.

We have a very small staff adjudicating these, and we do feel in all fairness to our many employees we certainly should be able to better that time in order that, particularly where disciplinary action is involved, the——

Mr. FLOOD. Even so, you are a lot better than others.

Mr. SISCO. We hope we have made progress in this area. I understand the Civil Service Commission has been very critical of many agencies and the time it takes to adjudicate grievances.

Mr. FLOOD. That is right.

Mr. SISCO. Another area in personnel and training, one which we feel is an important function and does need additional effort on our part, is the recruiting of critical specialized staff.

As you know, one of our problems is the recruitment of our doctors and nurses, engineers and scientists. Even with the limitations on increases in manpower, we do have large turnovers in this area.

Mr. FLOOD. Competition is very keen?

Mr. SISCO. Yes.

Mr. FLOOD. Everybody is engaging in piracy, including you I guess?

Mr. SISCO. Yes, sir; I guess we are.

As a matter of fact, if it were not for the special provisions that we have in the Commissioned Corps for the Public Health Service, we would be in an impossible position on recruiting.

Mr. FLOOD. I am sure of that.

Mr. SISCO. So, of the 30 additional positions we are requesting five of them would go to the personnel and training area.

GENERAL SERVICES

In the general services area, we are requesting a total of six additional positions. Our requirement for managing a large telecommunications network has increased over the years. We are using more and more sophisticated transmission of records by teletype systems in social security operations and all through the department.

We have a very small staff that has been devoted to this effort and we feel we must augment this in order to keep our head above water.

The other area in general services which has grown over the years is the increased use of negotiated contracts for directed research.

The National Institutes of Health, as an example, are more and more using the contract instrument where they are moving from the more general basic research to direct research, and the contract is a more appropriate instrument for acquiring this research. This requires specialized talent in the area of contract pricing and contract negotiations, a field in which this office is responsible for providing the guidelines and general policies and procedures.

We are asking for six additional positions in the general services area.

MANAGEMENT SYSTEMS

The area of Management Systems is one in which we think we have a tremendous payoff. It is particularly important as the department has grown in complexity and it is a very complex department, we feel.

Mr. FLOOD. Complex? It is a can of worms.

Mr. SISCO. We are hoping to be able to bring some order out of the can of worms. And we do feel that any resources that are employed in developing management systems or automated systems, as well as looking at our procedures and existing management systems, will provide tremendous payoffs.

As an example, we are currently, because of the limitation on manpower, engaged in a very extensive manpower utilization review this year in the department. We think it is a unique approach to attempting to get the best utilization out of our manpower. We are looking at our high-priority programs as opposed to those of lesser priorities, at those that are utlizing more manpower where perhaps the payoff is not quite as great as in some other less well staffed, and reallocating manpower in order to get the best utilization.

In the Office of Administration we are living in a glass house and are doing this ourselves. We hope with the application of more manpower in this area, and this is one of the areas of largest increase with eight positions requested, we can get tremendous payoff and more effectively utilize our manpower through the department.

INTERNAL SECURITY

In our internal security area, we are asking for one additional person. We have had some unique problems this year, as you know. Not only has new legislation increased our requirement for clearances

for access to classified data as in the case of the Radiation Control for Health and Safety Act of 1968, but we also are in the position of having to screen more of our personnel for critical sensitive positions as the department's many responsibilities increase.

We also have the problem of reviewing many of the investigative agency reports which come to us as a result of many of the problems in the cities and on the campuses. This in itself requires a tremendous amount of additional work in this organization. We hope we can manage it with the one increase. We are going to try.

EXECUTIVE OFFICE

In the case of the Executive Office, as I pointed out, this is the organization that does provide all of the administrative services not only for the Office of Administration, but for the entire Office of the Secretary, with over 3,000 people. With the change of administration and the realignment of responsibilities, we find our workload here has increased in our personnel area, in the general services area, in our library and in our budget and accounting, where we have a very small staff. We do need increased support in this area. We are asking for six additional people in that program.

This year for the first year the Equal Employment Opportunity function within the department, as distinguished from the Equal Employment Opportunity function as it applies to our grantees and contractors, was moved to the Office of the Assistant Secretary, Administration, from the Office for Civil Rights, recognizing that there is a very close interrelationship with the personnel function and the employee relation function.

EQUAL EMPLOYMENT OPPORTUNITY

We had a marked increase in requests for support here. We are attempting to mount a very strong positive action program for the employment and best utilization of minority group employees, and in this area we are asking for an increase of one professional to supplement the two professionals and two clericals currently in the area.

STATE MERIT SYSTEMS

The last function of Office of the Assistant Secretary for Administration that is in this appropriation, we have another function, surplus property, which we will get to later, is the State merit system function. This function provides for technical support and technical assistance to States and localities in establishing and maintaining merit systems where these States and localities are using Federal funds to support federally sponsored programs.

In the past, the health agencies were exempt from the Federal merit system, but Public Law 89–749, the "Comprehensive Health Planning and Public Health Services Amendment of 1966," required that States' plans for comprehensive health planning and public health services include merit system provisions.

While it would be more comfortable to be able to provide this on a uniform basis throughout all of our regions—by the way, most of these positions are in the regions serving the communities rather than

here in Washington—we feel in these constrained times we are going to try to perform this function with three additional people and have them cover the entire Nation.

Mr. FLOOD. Thank you, Mr. Sisco.

Mr. Secretary, you thought you had trouble in New York. Did you have any idea when you left to take this job, what you were getting into?

Mr. FARMER. I had some notion of the complexity of it, but I find it very exciting. I find it exciting because there is a possibility of dreaming dreams, having them brought to earth by the professionals in the field, and then having some of the resources which are necessary to implement them. That is a new thing for me.

TRANSFER OF POSITIONS FROM THE PUBLIC HEALTH SERVICE

Mr. FLOOD. As a result of the health reorganization, 193 jobs in the former Office of the Surgeon General were transferred to your office. This surprises me a little bit. Why did you take over those jobs? We took for granted it would be split up among the three health services.

Mr. SISCO. To give you one concrete example of why this was done, the Public Health Service Commissioned Corps system provides commissioned officers for all three of the health organizations. The administration of the Commissioned Corps was previously in the Office of the Surgeon General. The administration of that corps is now the responsibility of the Assistant Secretary for Health and Scientific Affairs.

He has delegated to the Assistant Secretary for Administration, the operational responsibilities for the Commissioned Corps, which is a personnel system just as is the civil service system.

A large portion of that 193, 156 positions went into our Office of Personnel and Training to perform the functions, both in administering the Commissioned Corps and the civil service system for employees of the Public Health Service, that were formerly performed by the Surgeon General's Office.

CONTROL OF LONG-DISTANCE TELEPHONE CALLS

Mr. FLOOD. Mr. Farmer, this is a city of many bad habits and practices. One of the worst abused privileges is the matter of long-distance telephone calls, as you will find out. Everybody around here just says to the secretary, "Get me Joe Zilch." She comes back and says, "Mr. Zilch is not in his office now, at Pennsylvania Avenue and 16th Street." Where is he? She thinks he is in St. Louis. Well, find him.

So she comes back and says, "He left St. Louis for San Francisco, he is on the way to Guam." You stay after him if you have to get him in Guam, I want to talk to him. This goes on 24 hours a day.

You have $19 million annually for telecommunications. Have you even tried to put a little restraint on this long-distance call business?

Mr. SISCO. Yes, sir.

I personally just keep after this one with a big long needle. We constantly review all of our long-distance telephone bills, particularly the commercial long distance, and question each of the agencies and require them to question each of their operating organizations as to the use of commercial long-distance phones.

You know we do have the Federal Telecommunications System, the FTS system, composed of leased lines. We do pay for those of course on an average government use basis, based on our percentage of use to the total. These costs have been growing and part of our increase here is a result of this. I do recognize even these calls should be controlled as much as possible so as not to increase the total load on the FTS system, which we pay for in the long run.

We have particularly attacked the use of commercial long-distance calls, and in flagrant cases we are requiring individual users that are using commercial long distance to justify that use.

Mr. FLOOD. You know the problem, there is no sense in making a speech about it. This without peradventure for reasonable doubt, Mr. Farmer, is one of the outstanding examples of widespread waste in this government. Keep on this one.

Mr. SISCO. Part of our increase in general services is to provide a telecommunications capability to keep following this problem.

Mr. FLOOD. You would be a hero to this subcommittee if you could solve this one.

STATE MERIT SYSTEMS

For the State merit system program, you are requesting three more people. Why?

Mr. SISCO. This is the first time that we will be required to administer State merit system programs for the State program under the Comprehensive Health Act. This has not been a requirement in the past and this will require us to go in and work with the States who do not have merit systems. Those that do, of course, we will have the responsibility for reviewing their existing merit systems to determine they do meet Federal requirements, but where they do not have merit systems for health employees we will have to work with them. In some cases it will require changes in State laws and regulations.

Mr. FLOOD. You did not think this one up.

Mr. SISCO. No, sir. We did not.

MANAGEMENT SYSTEMS

Mr. FLOOD. What about the management systems activity? You want eight more people for this. What will you be able to do with these eight people you cannot do now?

Mr. SISCO. I think we will be able to penetrate many of the operations, provide leadership—eight people are not going to penetrate an organization of 100,000—some people in depth. We will be able to provide the leadership to the operating agencies as we are in the manpower utilization study I discussed with you, to perform a self-analysis of our procedures to find out if there is a less-expensive way of doing something.

We are identifying areas for future study in the first review where we feel that we can reexamine our policies, as an example our policy of examining claims in Social Security to determine whether or not more modern techniques of statistical sampling may be used to reduce our workload.

Mr. FLOOD. What management improvements have you brought about with your present staff?

Mr. Sisco. We have some examples of studies that we have conducted.

One of them that comes to mind is the reduction of our grant processing time. In specific cases, we have been able to reduce the grant processing time as a result of a study that we conducted jointly with the Bureau of the Budget by about 51 percent. I think this is an area of tremendous importance.

Mr. Flood. I asked you for examples. You ought to have a half a dozen more you are proud of that you have done with the present setup.

Will you put them in the record?

Mr. Sisco. Yes.

(The information follows:)

Significant Accomplishments of the Office of Management Systems—Fiscal Year 1969

MANAGEMENT SERVICES

1. The Office is providing consultation to the staff of the President's Committee on Mental Retardation on the identification of types and sources of data needed by the committee in its work and the development of a data management system. It is providing similar assistance to the National Advisory Committee on Dyslexia and Related Reading Disorders.

2. The Office is conducting an intensive study on reorganization and initiating operations of the Office of Systems Management in the Office of Administrative Management, Health Services, and Mental Health Administration.

3. The Office has provided the Executive Director for a 10-man study group in the Social and Rehabilitation Service. The group is assembled to develop operations research and related techniques to improve the accuracy, justifications, and methodology used in estimating public assistance and medical assistance costs.

4. The Office has provide assistance to the Office of Civil Rights to develop an information system for their compliance activities.

5. In cooperation with the manpower utilization task force, the Office is participating extensively in the implementation of a departmentwide review of all staffing and a series of intensive followup studies in specific areas which will have potential for significant manpower savings. Two of the staff of OMS are members of the departmental task force.

DIVISION OF MANAGEMENT POLICY, PLANNING, AND EVALUATION

1. The Division conducted a study of and participated in a reorganization of the Department's patent activities.

2. A study of the Atlanta Regional Office was conducted jointly with the Office of Field Coordination. The central purpose was to develop a standard pattern for administrative management services supporting the Department's activities in the region's geographic area. It also generated basic data in anticipation of the current departmental study of regional organizations and delegations.

3. A departmental regulations officer was established to provide centralized clearance and coordination of all regulatory issuances. The regulations officer serves as the Department's liaison with the Advisory Committee on Intergovernmental Relations to carry out provision of Bureau of the Budget Circular A–85, which provides for prior consultation with State and local governments prior to issuance of departmental regulations affecting their operations. A total of 90 such regulations have been cleared since initiation of the Office.

4. A major study was initiated and is continuing on departmental use of State plans as an essential step in the formula grant process. An inventory of all legislation requiring State plans was completed, along with a matrix of the details required by each statute. In addition, 10 States were visited to determine the nature and extent of impact and use made of such plans, and subsequent departmental regulations relating to them.

SYSTEMS COORDINATION AND DEVELOPMENT DIVISION

1. The first integrated, consistent coding system for designating organizational entities and levels throughout the Department was developed and made operational. This system involves a numeric designation which creates one of the bases upon which to build a management information and reporting system.
2. Preliminary studies have been initiated to determine what standardization is possible in designing grant requests, replies, etc., so that automation of management reports is possible.
3. Technical assistance and review has been provided to the Office of Personnel and Training during their study of an automated, integrated personnel data processing system.
4. Staff participation has been maintained with three U.S. National Bureau of Standards Task Forces on automatic data processing equipment standards prescribed by the Brooks bill (now Public Law 89–306), "An Act to provide for the economic and efficient purchase, lease, maintenance, operation, and utilization of automatic data processing equipment in Federal departments and agencies," and by Bureau of the Budget Circular A–86, entitled, "Standardization of Data Elements and Codes in Data Systems."
5. Technical assistance has been provided the Office of Education to facilitate the development of procedures for handling their student loan program.

SYSTEMS TECHNOLOGY DIVISION

1. The first complete inventory of computers and related key personnel has been completed, along with an analysis of rented and owned equipment and their related costs. This study will result in both a revision of departmental policy governing these activities and in decisions regarding current installation.
2. A major change in procedures for selection of electronic data processing (EDP) equipment was developed and applied. In addition, informal work has been completed with the agencies toward providing a basis for maximizing opportunity for competition in future procurement actions.
3. A major revision of departmental policy on the procurement, management, and use of computers and related systems has been initiated. This effort will result in a complete revision of the relevant parts of the Department's administrative manual and their identification as a separate ADP manual.
4. A departmental ADP Council, representing the departmental agencies and staff offices, has been established and integrated into the Department's policy-making processes for EDP.
5. A study of the possible use of EDP centers for insuring efficient use of computers and related personnel has been established.

EMPLOYEE UTILIZATION

Mr. FLOOD. You say you have over a hundred thousand people at HEW.

What kind of a system do you have to be sure that all of these employees are being properly utilized?

Mr. SISCO. Each of the operating agencies has the responsibility for continually reviewing the performance of their employees——

Mr. FLOOD. See that they have enough work to do, and that the resources are being concentrated in the most important areas?

I walked by the park here this morning and there were two men working on the specific project underway and there were four guys just standing there talking, probably trying to figure out how the Senators were going to make out.

Mr. SISCO. As I said, this is one of our major thrusts at this point, to examine the effectiveness of the manpower utilization of the people we have.

The first thrust here is to look at the relative priority of the functions that we are performing. You always have some functions that are being performed with more adequate staffs than others.

You have some functions that are more important today than they were yesterday or some functions that are less important.

We are attempting to develop data on this, asking each of our agencies to take a very critical introspective look at the functions they are performing, the people that are performing them and the means by which they are performing these functions.

We are very hopeful that this study will pay off, it will not be just a one-shot study but a continuing effort.

Mr. FLOOD. We hope you get your hope.

Mr. Farmer, this witness has been bearing the burden in the heat of the day so far because you are a new man on board, but that does not prevent me from asking you this question:

IMPROVEMENT OF DEPARTMENTAL ADMINISTRATION

What ideas do you have to improve the administration of the Department? Do not take all day, but we are interested in your ideas.

Mr. FARMER. I was about to ask how much time you had.

One thing the Office of Personnel and Training is now conducting is a study to find out where we have needs for additional people, where there are vacancies, what people are doing, and how it can be tightened up.

I will call on Mr. Cole.

Mr. COLE. The new team, Secretary Finch and Under Secretary Veneman and Mr. Farmer, have asked us to take a comprehensive look at the whole manpower utilization, personnel and training area, to see where are the most critical needs for improving the management of our human resources and we are engaged in a very comprehensive review of all personnel and training programs now.

Mr. FLOOD. By human resources, I suppose that is translated into jobholders?

Mr. COLE. People.

Mr. FLOOD. On the payroll?

Mr. COLE. Right.

But we are also thinking in terms of the people not on the payroll, the people out there we need to be getting into the Department to fill the vacancies we have.

We are talking there really in two major categories. We are talking about the skilled administrative professional and technical people who are in short supply and how we can do a better job of going after the best people.

Mr. FLOOD. Suppose you develop that for the record. I think it is important.

(The information follows:)

HEW RECRUITING FOR CRITICAL SHORTAGE POSITIONS

SCOPE OF THE PROBLEM

Recently the Office of Personnel and Training made a survey of categories of positions in which critical shortages exist in the Department of Health, Education, and Welfare. The operating agencies were asked to identify those positions for which Civil Service Commission registers or usual recruiting activities do not produce sufficient applicants for consideration and for which special efforts are justified by the essentiality of the positions in executing program functions.

The survey shows that, at the present time, the following 23 categories meet the criteria:

Accountants
Biologists-biochemists
Chemists
Computer programers
Dentists
Dieticians
Engineers
Librarians—medical
Mathematicians
Medical officers
Medical record librarians
Medical technicians
Medical technologists
Microbiologists
Nurses
Pharmacists
Pharmacologists
Psychologists
Sanitarians
Statisticians
Social workers
Therapists
Veterinarians

Most of the positions are in the chronically short supply health professions and all are generally recognized to be in short supply in the national labor market. A large portion have been officially recognized by Civil Service Commission with higher than minimum salaries and payment of travel to first duty station. Medical officers, dentists, and veterinarians in the Public Health Service Commissioned Corps receive incentive pay under the Career Compensation Act for the uniformed services.

The current survey shows that special recruitment efforts are needed for over 1,950 positions. The numbers needed ranges from 700 medical officers and 540 nurses to 3 each for therapists and medical record librarians.

SIGNIFICANT AND REPRESENTATIVE EFFORTS

Significant and representative efforts to recruit applicants for critical shortage categories include: The commissioned officer student extern program for medical officers, dentists, engineers and nurses; career development committees for sanitarians, pharmacists, dieticians, dentists, nurses, and engineers; residencies for medical officers, dentists, sanitarians, and pharmacists; structured or unstructured college recruiting programs for most of the critical shortage categories; and career service boards which provide some policy and guidance in recruiting. There are special programs for specific categories: The early commissioning program for nurses; the Medical Records Librarian School in Baltimore, Md.; the summer employment program for social workers; the financial management intern program; the Indian health training program for medical technicians; and FDA concentrated recruitment program for physicians in six major metropolitan areas.

In addition, generalized efforts such as colleague and peer recruiting, attendance at professional meetings and conventions, paid advertising, college student group visits to HEW facilities, and concentrated recruiting for minority group applicants are utilized by the Department in an attempt to compete successfully on the labor market for these shortage skill categories. In addition to those approaches already mentioned, there are such special programs to facilitate recruitment of physicians such as the clinical associates program, the designation of medical officer recruiters at 26 established physician recruiting stations located in all HEW regions, the commissioned officer residency deferment program, the joint DOD-uniformed services college visitation program, special appointing authority for physicians retiring from or completing military obligations, internships at PHS hospitals, and the mental health career development program for recruiting and retaining psychiatrists.

MANPOWER UTILIZATION REVIEW

Secretary Finch, in reviewing the Department's program, decided to undertake a manpower utilization program for the following reasons:

1. The availability of manpower is becoming a critical factor in the Department's ability to fulfill its mission;
2. Problems resulting from the application of the personnel provisions of the Revenue and Expenditure Control Act of 1968;
3. The President's directive that each Department intensively review all of its programs and activities to accomplish the orderly reduction of unnecessary civilian employment in the executive branch of the Government.

As a first step, a Departmental task force, chaired by the Deputy Under Secretary, has been establish to direct an overall review of manpower utilization. This task force is responsible for defining the goals, policies, and procedures for the departmental and agency manpower review. Each HEW agency has in turn appointed a task force to review its manpower utilization within ground rules established by the Secretary. These agency task forces include field, program, and non-Federal representation. A member of the departmental task force has been assigned to work with each agency task force.

The first report to the Secretary is due within 90 days. A key element in this first phase is the identification of program areas which may produce significant manpower savings. Activities so identified will in a second phase be subjected to a searching and comprehensive assessment as to basic purpose of activity, essentiality of the work performed, and alternatives for more effectively and efficiently achieving essential missions.

This review involves examination of all programs in HEW; none are exempt. In addition, a specific goal of the review is to identify work being performed to satisfy those legislative, presidential, or departmental directives established in the past which now may be outmoded. Identification and correction of such practices may enable us to free manpower for higher priority work within these programs.

Mr. FLOOD. Do you have anything else, Mr. Farmer?

EMPLOYEE CAREER DEVELOPMENT

Mr. FARMER. I think one of the problems we confront is the question of morale in the work force, and we are trying to tackle that by seeing to it that persons who are capable of filling better jobs in the Department have an opportunity for getting those jobs.

First we have to identify the people and we have to improve the delivery systems in this regard. That is one thing to which I expect, in working with Mr. Cole and with Mr. Sisco, to devote a great deal of time.

My office has turned out to be a kind of ombudsman for the Department. After announcement of my appointment, people from the Department, employees, have been calling, have been writing, have been coming to me with their work problems, and obviously they are problems which, if not dealt with, will interfere with the quality of the work they produce for the Department, and we intend to deal with them.

I would like to mention one other, and that is the coordination of many of the new careers programs that exist within the Department of Health, Education, and Welfare. That is the training of paraprofessionals to perform useful functions within society.

There are currently some 30-odd such programs within HEW and existing in different agencies. There has not been enough coordination between them or even communication, and we are now having a study conducted.

I have a consultant for 2 days doing the initial work on which the staff will follow up to identify those new careers programs, find out precisely what they are doing and get some estimate of the effectiveness of their work. Then my office, the Office of the Assistant Secretary for Administration, will endeavor, with the permission of the Secretary, to coordinate those activities and render them more effective.

I see this as being important not only so far as HEW is concerned, but so far as the Nation is concerned, because one of the serious prob-

lems of the country has been the lack of mobility on the part of people who have limited skills. We have not succeeded in providing that mobility. Through the leverage of HEW, with the Secretary's direction, we hope to make some small contribution to that problem.

Mr. FLOOD. Mr. Michel?

RECRUITMENT

Mr. MICHEL. How many do you actually have involved in recruitment today?

Mr. FARMER. I will call upon Mr. Cole.

Mr. COLE. That is a hard figure to pin down because we have a staff at the Office of the Secretary responsible for the overall coordination of recruitment activities, and you have staff at agency and operating levels involved in recruitment, and then you have line program people, line managers, and line program staff people who may from time to time be involved in recruiting.

You are talking about full time professional staff concerned with recruitment. I cannot give you a figure off the top of my head. I will be glad to supply it for the record.

Mr. MICHEL. All right.

(The information follows:)

NUMBER OF PERSONNEL INVOLVED IN RECRUITMENT OF SCARCE CATEGORY EMPLOYEES

RESOURCES

Of the manpower resources available and being utilized to obtain shortage category technical and professional candidates, 205 personnel specialists are engaged in either full or part-time recruitment activities by the various personnel organizations in headquarters and field installations of HEW. It is estimated that these 205 personnel specialists devote 86 man years of their time to the recruiting effort.

Mr. MICHEL. Do you have lawyers employed in the labor management relations area?

Mr. SISCO. No, our labor relations people are generally personnel professionals.

Mr. FARMER. The general counsel's staff is at their disposal.

EQUAL EMPLOYMENT OPPORTUNITY

Mr. MICHEL. I notice, in connection with equal employment opportunity, you say the staff engaged in this activity is faced with a growing number of requests from employees and employer groups for counseling on equal opportunity problems. Break it out specifically for me.

How much increase this year over last year? What kind of workload are we talking about?

Mr. SISCO. I do not have the specific number, but I will be glad to supply it for the record.

As an example, I think the thrust of the President and the Secretary at this point in putting their weight behind equal employment opportunity has created an expectation on the part of many of our lower grade employees who want to have additional training, who want to see what the possibilities are for developing themselves and

moving into position of greater responsibility and upgrading their skills.

These people are coming to our Equal Employment Opportunities office for counseling. It is a sign of the times, I think. As any large organization would have, we have problems in our direct management relationships with our employees who in some cases are aggrieved by what they feel to be unfair treatment.

There is a policy of the department that there will be equal treatment of all of its employees, and whenever such a grievance is submitted that we investigate it thoroughly. If there is a question of fairness involved, we conduct impartial hearings.

The Civil Service Commission has initiated new regulations where they will designate the hearing examiners from outside of the agency. We had been doing this ourselves, drawing on our hearing examiner staff. But this is a definite uptrend in the expectations of employees, and this has increased the workload of our equal employment opportunity office.

The fact that it was moved into the Office of Administration has also provided an additional thrust on the part of the Department to take positive action for equal employment opportunity.

Mr. FARMER. This does not mean the problems have increased, it means the employees feel freer now to discuss those problems and have confidence they can get some adjudication of them.

Mr. MICHEL. I realize that you have only been on board, as you say, less than 30 days, but you mentioned the number of people that have already made some representation to you, or observations about their employment. I am just curious, since you are black, whether or not a greater number of those complaints or representations might be from those of your race who heretofore have felt themselves aggrieved but now feel more inclined to bare their soul than they were prior to your coming aboard. They might have simply submerged those feelings.

Mr. FARMER. That is correct. The majority of them are black, but by no means all. There are some whites and some Spanish-speaking Americans also who got in touch with me. But the brothers, the black people, have felt they have a door now they can walk into and they do and make full use of it, and I am glad they do and I do not want that door to be closed.

Mr. MICHEL. Thank you, Mr. Chairman.

Mr. FLOOD. Thank you, gentlemen.

JUSTIFICATION MATERIAL

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

DEPARTMENTAL MANAGEMENT

Salaries and Expenses, Office of Administration

Amounts available for obligation

	1969 Estimate	1970 Estimate
Appropriation	$2,612,000	$5,234,000
Transfer from Social Security Trust Funds	302,000	359,000
Comparative transfers from:		
Salaries and expenses, Office of the Secretary	53,000	---
Salaries and expenses, Office of the Surgeon General	2,028,000	---
Proposed transfer from Community Mental Health Resource Support for pay increase costs	233,000	---
Total obligations	5,228,000	5,593,000

Obligations by Activity

Page Ref.	Activity	1969 Estimate Pos.	1969 Estimate Amount	1970 Estimate Pos.	1970 Estimate Amount	Change Pos.	Change Amount
89	1. Administrative Management:						
	a. Assistant Secretary	5	$ 110,000	5	$ 110,000	---	$ ---
	b. Personnel and Training	185	2,198,000	190	2,260,000	+5	+62,000
	c. General Services	44	656,000	50	730,000	+6	+74,000
	d. Management Systems	34	487,000	42	585,000	+8	+98,000
	e. Internal Security	16	193,000	17	203,000	+1	+10,000
	f. Executive Office	80	939,000	86	1,015,000	+6	+76,000
	g. Equal Employment Opportunity	4	67,000	5	79,000	+1	+12,000
	Total, Administrative Management	368	4,650,000	395	4,982,000	+27	+332,000
100	2. State Merit Systems	36	578,000	39	611,000	+3	+33,000
	Total obligations	404	5,228,000	434	5,593,000	+30	+365,000

Obligations by object

	1969 Estimate	1970 Estimate	Change
Total number of permanent positions	404	434	+30
Full-time equivalent of all other positions	3	4	+1
Average number of all employees	398	416	+18
Personnel compensation:			
Permanent positions	$ 4,484,000	$ 4,722,000	$ +238,000
Positions other than permanent	30,000	36,000	+6,000
Other personnel compensation	37,000	40,000	+3,000
Subtotal, personnel compensation	4,551,000	4,798,000	+247,000
Personnel benefits	332,000	359,000	+27,000
Travel and transportation of persons	75,000	85,000	+10,000
Transportation of things	5,000	6,000	+1,000
Rent, communications, and utilities	80,000	100,000	+20,000
Printing and reproduction	40,000	45,000	+5,000
Other services	85,000	123,000	+38,000
Supplies and materials	35,000	37,000	+2,000
Equipment	25,000	40,000	+15,000
Total obligations by object	5,228,000	5,593,000	+365,000

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Summary of Changes

1969 estimated obligations	$ 5,228,000
1970 estimated obligations	5,593,000
Net change	365,000

	1969 Base		1970 Estimate	
	Pos	Amt	Pos	Amt
A. Increases:				
1. Built-in:				
(a) Pay increase				$ +10,000
2. Program:				
(a) Administrative management	368	$4,650,000	+27	+323,000
(b) State merit systems	36	578,000	+3	+32,000
Subtotal, program	xxx	xxx	+30	+355,000
Total increases	xxx	xxx	+30	+365,000
Net change	xxx	xxx	+30	+365,000

Explanation of Changes

A program increase of 30 positions and $365,000 is requested for fiscal year 1970 to meet increased workload and to more effectively carry out the responsibilities of this Office. The increase will provide 27 additional positions for administrative management and 3 additional positions for the State merit systems program. The increase will permit restoration of the 14 previously authorized positions and 16 new positions.

Administrative Management

1. Personnel and Training: An increase of 5 positions is requested for this office. These additional resources are needed to meet increased workload and existing deficiencies. Increased emphasis will be given to such areas as labor relations and appeals and grievances, training, and to special groups, such as shortage category recruitment.

2. Office of General Services: An increase of 6 positions is requested to strengthen this area. The continuing growth of the Department has greatly increased the need for overall planning and coordination of such services as procurement, telecommunications and printing and reproduction management. Procurement expenditures alone have increased from about $108,000,000 in 1962 to an estimated $365,000,000 in fiscal year 1969.

3. Management Systems: An increase of 8 positions is requested to further improve management practices in the Department and to provide for unmet needs and increased demands for services. The increase will provide additional resources for systems coordination and guidance; management consulting services; and management planning and evaluation.

4. Office of Internal Security: An increase of one position is requested to meet increased workload and responsibilities of this Office. The continued growth of the Department and the reorganization of the Public Health Service has significantly increased both the workload and responsibilities of this Office.

5. Executive Office: An increase of 6 positions is requested to meet the rapidly growing workload associated with the continued growth of the Office of the Secretary, and the increased responsibilities of this Office growing from the health reorganization. This reorganization resulted in the transfer of more than 300 positions from the Public Health Service to various parts of the Office of the Secretary. The requested increase will provide additional resources for personnel, financial management, general services and the Department Library.

6. Office of Equal Employment Opportunity: An additional position is requested to meet increased workload in this program.

7. Office of State Merit Systems: An increase of 3 positions is requested to meet increased workload resulting from the "Comprehensive Health Planning and Public Health Service Amendments of 1966," (P.L. 89-749) which provide for merit system coverage of local health employees. These additional positions are to provide the additional technical services required to improve personnel administration in the provision of local health services.

Explanation of Transfers

	1969 Estimate	Purpose
Comparative transfers from:		
Salaries and expenses, Office of the Secretary	$ 67,000	Reflects the transfer of the Office of Equal Employment Opportunity.
Salaries and expenses, Office of the Surgeon General	2,028,000	Reflects transfers in connection with the reorganization of the Public Health Service for directing and coordinating the three health agencies.
Comparative transfer to:		
Salaries and expenses, Office of the Secretary	14,000	Reflects the transfer of positions and funds to provide support to the Visitor's Information Center.
Proposed transfer from:		
Community Mental Health Resource Support	233,000	Proposed transfer for pay increase costs.

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1968:[1]				
Appropriation	$2,547,000	$2,427,000	$2,427,000	$2,427,000
SSA transfer	271,000	271,000	271,000	271,000
1969:				
Appropriation	3,312,000	2,612,000	2,612,000	2,612,000[2]
SSA transfer	352,000	302,000	302,000	302,000
1970:				
Appropriation	5,234,000			
SSA transfer	359,000			

1/ New appropriation in fiscal year 1968; activities previously funded under Salaries and Expenses, Office of the Secretary, and Salaries and Expenses, Office of Field Coordination.

2/ In addition, $233,000 is to be transferred from Community Mental Health Resource Support for 1968 pay act increase.

Administrative Management

	1969 Estimate		1970 Estimate		Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits:						
Assistant Secretary..	5	$ 98,000	5	$ 98,000	---	$ ---
Personnel and Training.....	185	2,109,000	190	2,155,000	+5	+46,000
General Services.....	44	611,000	50	666,000	+6	+55,000
Management Systems...	34	466,000	42	539,000	+8	+73,000
Internal Security....	16	189,000	17	197,000	+1	+8,000
Executive Office.....	80	824,000	86	879,000	+6	+55,000
Equal Employment Opportunity.....	4	62,000	5	72,000	+1	+10,000
Subtotal.....	368	4,359,000	395	4,606,000	+27	+247,000
All other costs.....	---	291,000	---	376,000	---	+85,000
Total.....	368	4,650,000	395	4,982,000	+27	+332,000

General Statement

This activity is carried out by the Office of the Assistant Secretary for Administration which is responsible, on behalf of the Secretary, for leadership and direction of all non-financial management activities and services throughout the Department. Management activities and services are necessarily and for reasons of economy and efficiency, highly decentralized. The Office gives particular attention to the development and application of policies, standards and procedures for the guidance of the decentralized management staffs engaged in providing personnel, procurement, property management, management systems, organization planning, the Equal Employment Opportunity program for employees of the Department and general administrative services. A major element of this work is the evaluation of the quality and effectiveness of these management operations.

The reorganization of the health activities of the Department in fiscal year 1968 assigned to the Assistant Secretary for Health and Scientific Affairs line responsibility for directing the operations of the three health agencies and coordination of all health programs of the Department. Roles supportive of this Assistant Secretary in his conduct of this responsibility were assigned to various other offices within the Office of the Secretary. Such roles in connection with personnel, management systems and general services were assigned to the Assistant Secretary for Administration and a total of 193 positions were transferred to his office from the former Office of the Surgeon General to provide resources to handle these responsibilities.

Another major function is the direct provision of management services to the Office of the Secretary and certain centralized services to those operating agencies with activities in the Department's headquarters complex. These are financed by both this appropriation and the Working Capital Fund.

The fiscal year 1970 request for the Office of the Assistant Secretary for Administration totals $5,593,000 and 434 positions. This is an increase of $365,000 and 30 positions. This increase will provide for annualization of pay increases for fiscal year 1969.

Office of Personnel and Training (5 new positions)

The Office of Personnel and Training advises, or acts for, the Secretary in planning and directing the Department's personnel and career development programs. It formulates and issues personnel and training policies and develops programs in the specialized fields of personnel management, including manpower requirements planning, recruitment, employee-management relations, classification, pay administration, placement, counseling, standards of conduct and discipline, training, and executive and other career development activities. It is responsible for guiding, evaluating, and assuring the effectiveness and efficiency of the 60 operating personnel offices at the Agency and field station levels, and the 23 Career Service Boards working with these offices in developing personnel and career development programs tailored to the individual needs of the major professions and occupations employed throughout the Department.

The reorganization of the Department's health activities in 1968 resulted in the transfer of the functions and most of the staff of the former Office of Personnel of the Public Health Service, to the Department. Of the 181 positions in the former PHS Office of Personnel, 156 were transferred to the Department's Office of Personnel and Training; 21 to the Health Services and Mental Health Administration; and 4 to the personnel operations division of the Executive Office (the last 4 to provide personnel services for the more than 300 Office of the Surgeon General positions transferred to the Office of the Secretary in the reorganization.)

The functions transferred include (1) the complete and centralized Commissioned Corps personnel operations of the Public Health Service; (2) the development of Service-wide policies and procedures for both commissioned and civil service personnel on such matters as participation in the National Selective Service System, use of detail and interchange personnel authorities contained in the Public Health Service Act, and application of special training authorities in that Act; (3) the organization and direction of special Service-wide recruitment campaigns for such scarce categories of personnel as physicians and nurses, including the development of recruitment brochures, publicity campaigns, exhibits, etc.; (4) the development of examinations, performance rating systems and other personnel tools for the Commissioned Corps; (5) the provision of Service-wide data processing and personnel statistics; (6) administration of the special incentive awards program for PHS personnel; (7) development and maintenance of regulations, manuals and guides for all health personnel; and (8) the classification and control of Section 208(g) positions authorized in the Public Health Service Act.

In summary, the people and positions transferred to the Department's personnel office provide the Assistant Secretary for Health and Scientific Affairs (who now administers the expanded Public Health Service and coordinates all Department health activities) with the full range of personnel and training staff and support services formerly provided to the Surgeon General.

For fiscal year 1970, 5 new positions are requested for the Department-wide personnel program needs described below. Justifications for these postions follow:

Labor Relations

Last year's projections of increasing workloads in administering Executive Order 10988 were very conservative. In the most significant aspects of this program, fiscal year 1968 actual experience closely approached or exceeded last year's estimates of fiscal year 1969 workloads. Specifically, the number of union locals granted exclusive recognition increased from 77 in fiscal year 1967 to 120 in fiscal year 1968, only 8 less than originally estimated for fiscal year 1969. During the same period, the number of collective bargaining agreements increased from 32 to 68; and formal recognitions increased from 44 to 65, which is 4 more than originally estimated for fiscal year 1969. It has been impossible for the two professional positions now assigned to this program to keep abreast of the rapidly expanding workload, or to develop and provide policy and procedural guidance and training in the intricate labor relations problems of the Department. To meet this need, one additional professional position is requested.

Running parallel to the increased labor relations activities noted above, is the growth in the number of appeals and grievances throughout the Department. A total of 34 formal actions were docketed during fiscal year 1968, and an additional 51 informal appeals were also received. Most of these involve complex issues which require a thorough analysis of all pertinent contributory factors. Only 21 of the formal grievances and appeals had been adjudicated by the end of the Fiscal Year, and these appellants had to wait an average of over five months for a decision.

Improved utilization of the professional staff assigned to these functions can be achieved by separating out the subprofessional work involved and having it performed by an employee serving at a lower grade level. Illustrative of this type of work are: (1) preliminary reviews of proposed agreements, unit determinations, and grievances and appeals for conformity with regulations and procedures; (2) preparation of routine correspondence such as acknowledgements and requests for records; and (3) maintenance and preparation of statistical and other records and reports or program and case status. This work can be effectively and efficiently performed by an administrative assistant requested for FY 1970.

Training

The measure of the increasing workload in training is identifiable in the Department's annual reports on training. As one index, 37,055 employees participated in formal training programs in fiscal year 1967, and 72,533 participated in fiscal year 1968, an increase of 91 percent in a single year. It is expected that this trend will continue as more supervisors and managers become aware of the inability of Government to recruit for many of its specialist needs and of the value of training.

In addition, the new Civil Service Commission promotion and internal placement regulations require that all new or potential supervisors receive "appropriate supervisory training before assuming supervisory duties or as soon thereafter as possible." In a Department employing over 100,000 persons, this added workload is substantial. At the Department level, this new requirement, together with the necessary greater emphasis on all forms of training, requires new policies, procedures and guidelines for the conduct of training, for selecting employees to be trained, for training program standards, and for training evaluation. One professional position is requested to meet these increased requirements.

Special Employment Program

This Department is, by its nature, dedicated to advancing the welfare of disadvantaged persons, and should set an example for the Nation in its own employment and personnel utilization practices. This applies to recognized minority groups, the physically handicapped, the mentally retarded, Viet Nam Veterans, and all other individuals and groups who, because of circumstances beyond their control, are occupationally disadvantaged. In the past, the Department's approach to this problem has been largely one of reaction to a specific problem area on an emergency, or "one-time" basis. It is now apparent from such experiences that much more can, and should be done. For example, a special recruitment effort during 1968 resulted in the employment of nearly 150 Mexican-Americans (Spanish surnamed) who otherwise would probably not have found Federal employment. A number of these were either unemployed, or holding positions well below their capabilities when recruited. Similar successes, but again largely on a "one-time" basis, have been achieved in such areas as the Youth Opportunity Campaign. From these and similar experiences, it has become obvious that the Department can only meet its responsibilities in this area, and help meet many of its more critical staffing needs as well, through a continuing program of planned recruitment and placement directed specifically to disadvantaged persons. One professional position is requested for this program area.

Special Shortage Category Recruitment

The chronic national shortage of trained people in most of the professions utilized by this Department remains a serious problem. With the present level of effort, the Department is unable to recruit a sufficient number of physicians, nurses, scientists, social workers, ADP specialists, statisticians and certain other specialist categories to adequately meet authorized program staffing needs. Emergency or "one-time" recruitment drives have met with some success in meeting highly specialized requirements such as those for clinical nurses and medical specialists. But experience clearly indicates that critical shortage category recruitment must be organized on a continuing, year-round basis. In order to provide this necessary emphasis without weakening other essential recruitment efforts, one professional position is requested.

Office of General Services (6 new positions)

The Office of General Services gives leadership to and coordinates the provision of material support to the programs of the Department. Its major areas of responsibility include construction and facilities planning, real and personal property management, procurement and supply, telecommunications and printing. It prescribes regulations, policies and procedures, maintains liaison with other agencies, and appraises the effectiveness and efficiency of general services throughout the Department. Another concern is to coordinate efforts, consolidate requirements, prevent duplication, and generally assist the agencies to obtain most economically the services, goods and facilities they require.

As a result of the health reorganization, general services activities previously carried out by the Office of the Surgeon General were transferred to the Office of General Services along with 18 positions devoted to this function. Thus, this Office provides staff support to the Assistant Secretary for Health and Scientific Affairs in the coordination and management of facilities and other materiel resources within the health agencies of the Department.

Printing and Publications

Responsibility for establishing Department-wide policies, procedures, and standards in the printing and publications management area has been carried out on a part-time basis by personnel detailed from other areas and, more recently, by one professional at the GS-13 level transferred from the Public Health Service. With a $27,000,000 a year printing and distribution program involving 19 separate offices, however, a full time senior printing and publications management officer is needed to produce effective cost and quality controls, to establish a coordinated and efficient storage and distribution system, to provide modern management direction, and to effect significant savings. This need will be fulfilled by the employment of a GS-15 Printing and Publications Management Officer and a stenographer.

Telecommunications

Expenditures for telecommunications by the Department have increased from $10,500,000 annually in Fiscal Year 1965 to the current level of nearly $19,000,000 annually. With its widely dispersed field activities, this Department utilizes about 11% of the General Services Administration's available telephone facilities and about 52% of all available GSA Advances Records System teletype transmission equipment.

As the use of radio and data communications equipment expands with the growth of the Department, workload increases and the growing complexity of the communications equipment available make necessary the expansion of our present staff of only one person. So that we may be in a position to provide the leadership necessary to allow operating agencies to take advantage of modern technology and so the Department may have more effective management in this area, two additional positions are requested: one Telecommunications Engineer and one stenographer.

Procurement

Procurement expenditures have increased in the Department from approximately $108,000,000 in 1962 to their estimated 1969 level of $365,000,000. This increase results, to a large extent, from the increased use of negotiated contracts to carry out targeted research. Since FY 1965, negotiated procurement activities of the Department have grown from $56,163,000 to the FY 1968 level of $153,000,000, a three-fold increase. Continued emphasis on negotiated procurement in the Department will continue in FY 1970 reaching an estimated level of $200,000,000. The involvement of the Department in this type of activity requires more manpower in the area of contract pricing. Two Pricing Specialists are requested to design and participate in a program of surveillance which will ensure continuous review of pricing methods and techniques. This added capability will enable the Department to assure itself that it has received fair value for funds expended. For this purpose two additional positions are requested: one GS-15 Pricing Specialist and one GS-14 Pricing Specialist.

Office of Management Systems (8 new positions)

The Office of Management Systems performs the following functions: an in-house management consulting service; development, coordination, and installation of computer based data processing and information systems; the coordination and control of procurement of computer systems; organization planning; and management appraisal.

The Office provides the operating agencies with expert management consulting services to assist them in the solution of a wide range of management problems and the design of more efficient and effective operating systems; it establishes policies and procedures governing HEW procurement, use and disposition of automatic data processing; it reviews and approves new or modified requests for computer systems; it establishes computer utilization standards and coordinates all data processing activities of the Department; it serves as the Secretary's staff arm for review of organizational proposals or initiation of organizational changes; and it conducts a systematic appraisal of management effectiveness throughout the Department. It also establishes Department-wide policy, standards and systems for paperwork management, correspondence management, forms issuance, and record management.

As a result of the health reorganization, selected systems activities previously carried out by the Office of the Surgeon General were transferred to the Office of Management Systems. Thus, this Office provides staff support to the Assistant Secretary for Health and Scientific Affairs in the area of leadership and coordination of management systems development within the health agencies of the Department.

While this Office has made a substantial contribution to improving management in the Department, the unmet needs and demands placed upon it far exceed staff time available to deal with them. To permit reasonable progress, a total of 8 new positions are requested.

Management Planning, Policy and Evaluation

This function includes the management analysis responsibilities such as organization planning, records management, committee management, management studies and analyses, development of administrative systems, and introduction of new and more effective management techniques. Examples of management studies performed include an examination of means of reducing Federal grant-in-aid processing time. As a result of this analysis, processing time was reduced in some types of grants-in-aid projects by an average of 51 percent. We are currently studying the effectiveness of State plans and ways of improving it to make it more useful in the Department's Federal-State grants-in-aid operations.

In addition we are studying the function of and performance patterns of the Department's Regional Offices; and improved clearance procedures for Departmental regulations affecting State and local government.

There has been substantial progress and accelerated activity in the area of organizational planning, particularly in the reorganization of the health activities of the Department. A comprehensive Consumer Protection and Environmental Health Service has been established to provide a focus for consumer health interests. A new Health Services and Mental Health Administration has been established to provide concentrated forces of Department programs to improve the delivery of health services. In addition, an organizational re-evaluation of NIH is currently underway. The full development of the reorganization of the Social and Rehabilitation Service is also being completed. The staff of this office is deeply committed to the detailed studies and analyses involved in these major reorganizations.

The records management and committee management activities workload has increased as the full effects of the medicare program and other expanded and new programs of the Department are implemented.

For these functions, three additional professional positions are requested. In order to fill the unmet needs in this area, two senior management analysts are required to conduct studies designed to improve operational procedures and provide assistance in solving the organization problems which have developed as a result of new and expanded responsibilities which current legislation has created.

In addition, this staff needs to be supplemented by a junior professional analyst in order to relieve the senior staff personnel of the more routine functions and allow them to devote more time to the more demanding aspects of organization analysis.

Management Consulting Service

This service is available to and used by the operating agencies as well as the staff offices in the Office of the Secretary. The services include both managerial consulting work and the assumption of managerial responsibility for a stipulated period of time where and when the need arises. Examples of the types of services performed include the development of a management information system for the Health Services and Mental Health Administration, development of a system to forecast public assistance and medicaid payments for the Social and Rehabilitation Service, and direction of a feasibility study for National Mental Retardation Information and Resource Center for the President's Committee on Mental Retardation. Requests for such services have exceeded the capabilities of current staff. Only problems of the highest priority as presented by the operating agencies can be accepted. Despite fixed deadlines on each study commitment the backlog continues to grow. To meet these increased demands, a total of two professional positions are requested.

Systems Development and Coordination

In its extensive operations the Department has 144 organizational units responsible for various aspects of automatic data processing, using some $67,000,000 worth of equipment. Thirty-eight of these are installations that together operate over 80 computers. Another 86 operate punch card equipment, and the remainder are responsible for ADP systems coordination and management. Over 8,000 man-years throughout the Department are devoted to automatic data processing.

The Office of Management Systems is responsible for over-all hardware and software system's coordination and guidance for the ADP staff of the Department.

Some of the activities that the Office has performed in exercising this function have been the following: (1) Review and approval of all data processing systems proposals in the Department; (2) establishment of a Department-wide program for the standardization of data elements and codes in common use in data processing systems of the Department; (3) development of a series of seminars on the rapidly changing state-of-the-art for the Department's ADP systems staff; and (4) development of policies and goals designed to further the use of ADP equipment and systems analysis in the Department's operating systems.

These accomplishments are very modest in the face of what properly should be done in view of the impact of rapid progress in modern data processing technology.

One significant unmet need is the development of an integrated management information system in the Department as a whole. Management of the many complex programs of the Department cannot be carried out as effectively and efficiently

as it should be unless management has available, as a basis for decision, properly organized presentations of the vast amount of program and administrative data generated throughout the Department. This need can only be met by a coordinated, Department-wide system for collection, processing, and presentation of this huge and varied volume of data. To make this possible there must be the capacity to keep abreast of the latest developments in data handling techniques and hardware that can be used in their application. As well as current information about the quality and quantity of program workload, we must have the capacity to establish meaningful policy within which the needed data systems may be evolved and to give professional leadership and guidance to their development. This work must be done by the staff of the Office of Management Systems if the various necessary sub-systems within the operating agencies are to be compatible and a meaningful and useful data base produced.

The three staff additions, two professional, requested for systems guidance will permit some orderly addressing of the problems and meaningful concentration on those of highest priority.

Office of Internal Security (one new position)

The Office of Internal Security provides security and investigative services throughout the Department. The primary purpose of its Personnel Security Program is to insure that all persons appointed to sensitive positions in the Department are loyal to the United States, trustworthy and of good conduct and character, and that their employment is clearly consistent with the interest of national security. The primary purpose of the Physical Security Program is to insure that official information affecting the national defense which has been entrusted to the Department is properly protected against unauthorized disclosure.

There are more than 80 programs or projects in which Departmental personnel are involved that require access to classified defense information. The number of sensitive positions has risen from 1,870 in fiscal year 1960 to 3,700 at the end of fiscal year 1968. All security clearance investigations within the Department are handled through the Office of Internal Security.

With the transfer of many former Office of the Surgeon General functions to the Office of the Secretary, particularly the administration of the Public Health Service Commissioned Corps Personnel System, additional security processing workload was imposed on this office. Two positions were transferred from the Office of the Surgeon General in recognition of this. Other recent reorganizations and changes in individual assignments and responsibilities throughout the Department have also added additional workload.

Additional workload will also result from recent legislative enactments. Specifically, the Radiation Control for Health and Safety Act of 1968, approved October 18, 1968, will result in a large number of additional critical-sensitive positions since in order to carry out the provisions of this new legislation access will be needed to highly classified defense research data.

Other expanding programs requiring additional security clearances are the expanded security clearance requirements for access to the Nevada Test Site forward area and the One-stop Inspection System along the Mexican Border and at major airports which require security clearance for Public Health Service Foreign Quarantine Inspectors.

In addition, the Office is the principal liaison contact with the Federal Bureau of Investigation and other security and intelligence agencies; it receives investigative data in both sensitive and non-sensitive position cases and reviews and evaluates the investigative data as to the security, subversive and/or loyalty aspects. Suitability and misconduct matters are brought to the attention of the employment operating agency for action under personnel or administrative

procedures.

One additional position is requested.

Executive Office (6 new positions)

The Executive Office provides management support services for the Office of the Secretary. It plans and develops management procedures and services, formulates and administers the budget, controls expenditure of funds, plans and administers comprehensive personnel services, and provides general administrative support. It also provides reproduction, visual aids, procurement and contracting, and mail, messenger, and communications services to the Office of the Secretary and operating agencies of the Department located at Headquarters. Changes in workload which must be handled by this Office result largely from factors beyond its control such as organizational realignments and changes in size and composition of work force in the Office of the Secretary. An example is the health reorganization which resulted in the transfer of more than 300 positions from the Office of the Surgeon General to various parts of the Office of the Secretary. In this instance, six of the transferred positions were made available to the Executive Office to assist with the added workload which resulted.

Among the responsibilities of the Executive Officer is that of working with the various officials in the Office of the Secretary on problems of organization and management within their respective offices. To permit him to more effectively discharge this responsibility one new professional position is requested.

Personnel Services

During fiscal year 1968 the volume of personnel actions handled continued to grow at an even faster rate than anticipated. In addition to managing this growing workload several steps were taken to improve the quality of personnel management in the Office of the Secretary. For example, a skills inventory and locator system was developed and installed as a tool to improve selection and promotion procedures. Attention was given to planning and taking the first steps to undertake an employee development program including determination of training needs and identifying and arranging training programs to meet them.

Early in fiscal year 1969, as a part of this employee development effort, the staff conducted the first of a planned series of 40-hour courses in supervision designed to improve the performance of employees with supervisory responsibilities. Other improvements which are planned include installation of an improved applicant locator system, expansion of the employee relations program to permit identification and solution of problems that threaten to result in grievance or disciplinary problems and improved performance evaluation and incentive awards programs.

The following data give a measure of the continuing increases in workload.

Fiscal Year	Accessions	Separations	Other Changes
1965	444	286	602
1966	706	353	782
1967	1,023	502	1,275
1968	1,498	685	2,065
1969[1/]	1,550	750	2,100

1/ Estimate

Positions Classified

Fiscal Year	1964	1965	1966	1967	1968	1969[1/]
	274	326	382	497	634	900

1/ Estimate

To handle the continued growth in uncontrollable workload two new positions are requested.

Financial Management

The Executive Office is responsible for preparation and coordination of budgets for Departmental Management and for proper and efficient budget execution. This involves work with six different appropriations and the working capital fund supporting the various activities of the Office of the Secretary.

The substantial growth in the Office of the Secretary and in the number and complexity of accounts has overwhelmed current resources for budget formulation and fiscal administration and control. Special effort is being devoted to simplifying budget procedures. Another major objective is to provide management officials with adequate and current information as to resources available to them and the status of obligations and expenditures from these resources. One additional position is requested to handle the increasing workload, particularly that involved in the maintenance of the financial control and reporting system for the individual offices within the Office of the Secretary.

Department Library

Increased education and social welfare programs resulting from numerous recent legislative actions at both Federal and State levels has resulted in sizeable additions to material being published in these fields and in increased demands by Department staff for library services. The Department Library provides reference, inter-library loan, bibliographic, literature search and consultation services, and gives advice and guidance to other Library units in the Department library system. The increased workload of the Library is reflected in the growing number of reference questions answered - from 28,000 in fiscal year 1967 to almost 37,000 in fiscal year 1968. In addition, the number of visitors to the Library increased from 22,000 in fiscal year 1967 to over 30,000 in fiscal year 1968.

In order to meet this additional workload and to give more effective service, two additional library technicians are requested.

Equal Employment Opportunity (1 new position)

Among the responsibilities of the Office is leadership of the Equal Employment Opportunity program for employees of the Department formerly carried out by the Office for Civil Rights. This involves preparation of plans, procedures, and regulations for application throughout the Department, evaluating the sufficiency of the Department's program, rendering decisions and directing corrective action on complaints of discrimination which are referred to the Office of the Secretary under established procedures and maintaining liaison with other Departments and public and private groups on matters relating to this program. One new position is requested in addition to the present staff of two professional and two clerical positions to give adequate attention to the increasing number of requests by employees and employee groups for counseling on Equal Employment Opportunity problems.

Office of State Merit Systems

	1969 Estimate		1970 Estimate		Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits.....	36	$ 524,000	39	$ 551,000	+3	$ +27,000
All other costs.....	---	54,000	---	60,000	---	+6,000
Total.....	36	578,000	39	611,000	+3	+33,000

General Statement

The Office of State Merit Systems serves the Department's grant-in-aid programs (exclusive of education) in relation to their requirements on State personnel administration. The programs served include the various public health, mental health, and social and rehabilitation programs, including medical assistance, public assistance, child health and welfare, vocational rehabilitation and State disability determination, and aging.

These functions, performed at one time by units in the offices making the grants-in-aid, are consolidated for purposes of economy and better coordination. By interdepartmental agreement, the Office performs the same functions for the Bureau of Employment Security of the Department of Labor and for the Office of Civil Defense of the Department of Defense. These arrangements prevent duplication of Federal work, minimize costs and avoid duplication of contacts with State agencies.

The Office has two major objectives: (1) to assure that the personnel plans and practices under which State grant-in-aid programs operate are in substantial compliance with the personnel standards established under Federal law and regulations: (2) to assist State grant-in-aid programs to achieve economy and efficiency of operations through review and consultation on personnel administration and furnishing technical materials requested by States.

State plans for personnel administration requiring review and action include new and changing position classification and pay plans, provisions to carry out Federal law emphasizing employment of welfare recipients and the poor, and new or amended State laws, rules and regulations relating to such matters as the merit system organization, exemptions from merit system requirements, nondiscrimination, recruitment, examinations, appointments, promotions, separations and appeals, and annual merit system budgets.

In response to State requests and in conjunction with the plan and operational review work, the Office provides essential technical services on personnel administration to the State agencies. It furnishes advice to the Federal program units in respect to compliance and fiscal exceptions. Frequent changes in merit systems staffs and in State agency personnel offices make such technical assistance particularly important. The services include clearing house services for the exchange of information about personnel practices among the States, and technical training assistance through consultation and through training conferences held in response to State requests. New recruitment and selection techniques are developed and suggested for employment of the disadvantaged in subprofessional jobs. To prevent duplication of effort in the States and thus minimize expenditures, State-Federal cooperative projects are

conducted to develop written test materials on request, for key jobs common to many States. One of the services is a semi-annual survey of State pay rates in the various programs for selected key jobs that are determined to be roughly comparable from State to State. Guide job specifications are made available in professional, technical and auxiliary occupations. Salary levels are reviewed to recommend adequate rates, but at the same time to assure that excessive rates are not established because of Federal funding.

Reviews of State personnel operations are conducted by regional staff. These reviews consist essentially of a sample review and analysis of personnel transactions, recruitment efforts and results, examination activity, position classification and pay plan maintenance, separations, appeals, and types and duration of appointments made without examination. The findings of the reviews are presented to the grant-in-aid bureaus and the State agencies for such action as may be appropriate.

Program Increases

Three positions are requested for a new activity to provide, by July 1, 1970, merit system coverage of local health agencies that have previously been exempt under the Federal Merit System Standards. The basis for coverage is Public Law 89-749 which requires that State plans for comprehensive health planning and public health services include a merit system provision. Under P.L. 90-174, at least 70 percent of a State's allocation for comprehensive public health services shall be available for community health services. Heretofore, Federal funds going into local public health departments have constituted a relatively small proportion of the total expenditures. By July 1, 1970, the necessary changes in State and local laws and regulations will have to be obtained and appropriate steps taken to effectuate the plans.

The Federal emphasis and increased support of local health services require that increasing attention be given to the quality of local health personnel and the review of plans and operations for personnel administration. The three positions requested are needed to provide technical personnel services to city and county health and personnel agencies in the administration of local health services. One position would be assigned to each of three regional offices of the Department and would provide services to jurisdictions in at least two or more of the Department's regions.

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New Positions Requested
Fiscal Year 1970

	Grade	Annual Salary
Office of Personnel and Training		
Personnel Management Specialist	GS-15	$ 19,780
(2) Personnel Management Specialist	GS-14	33,892
Personnel Management Specialist	GS-13	14,409
Administrative Assistant	GS-7	6,981
	(5)	75,062
Office of General Services		
Printing and Publications Management Officer	GS-15	19,780
Printing Specialist	GS-15	19,780
Printing Specialist	GS-14	16,946
Telecommunications Engineer	GS-13	14,409
(2) Stenographer	GS-5	11,464
	(6)	82,379
Office of Management Systems		
(2) Management Analyst	GS-15	39,560
Systems Development Specialist	GS-15	19,780
(2) Management Consultant	GS-14	33,892
Systems Development Specialist	GS-13	14,409
Management Analyst	GS-7	6,981
Secretary	GS-5	5,732
	(8)	120,354
Office of Internal Security		
Personnel Security Specialist	GS-12	12,174
	(1)	
Executive Office		
Management Analyst	GS-13	14,409
Financial Management Specialist	GS-12	12,174
Personnel Specialist	GS-11	10,203
Library Technician	GS-9	8,462
Library Technician	GS-6	6,321
Appointment Clerk	GS-5	5,732
	(6)	57,301
Equal Employment Opportunity		
Equal Employment Specialist	GS-14	16,946
	(1)	
State Merit Systems		
(3) Personnel Management Specialist	GS-14	50,838
	(3)	
Total, all activities	(30)	415,054

THURSDAY, MAY 1, 1969.

SURPLUS PROPERTY UTILIZATION

WITNESSES

BERNARD SISCO, DEPUTY ASSISTANT, SECRETARY FOR ADMINISTRATION
SOL ELSON, DIRECTOR, OFFICE OF SURPLUS PROPERTY UTILIZATION
ROBERT C. COULTER, EXECUTIVE OFFICER, OFFICE OF THE SECRETARY
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Personnel compensation: Permanent positions	920	1,041	1,041
Personnel benefits: Civilian employees	69	78	78
Travel and transportation of persons	48	50	50
Transportation of things	2	2	2
Rent, communications, and utilities	45	40	43
Printing and reproduction	4	4	7
Other services	34	19	25
Supplies and materials	8	8	8
Equipment	17	1	1
Total obligations	1,147	1,243	1,255

PERSONNEL SUMMARY

Total number of permanent positions	105	101	101
Average number of all employees	96	99	99
Average GS grade	8.7	9.1	9.3
Average GS salary	$9,969	$10,676	$10,887

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities: Surplus property utilization (cost—obligations)	1,147	1,243	1,255
Financing: Unobligated balance lapsing	11		
Budget authority	1,158	1,243	1,255
Budget authority:			
Appropriation	1,119	1,186	1,255
Transferred from other accounts	39		
Appropriation (adjusted)	1,158	1,186	1,255
Proposed transfer from other accounts for pay increases		57	
Relation of obligations to outlays:			
Obligations incurred, net	1,147	1,243	1,255
Obligated balance, start of year	75	93	123
Obligated balance, end of year	−93	−123	−142
Adjustment in expired accounts	−7		
Outlays	1.122	1,213	1,236

Mr. HULL. The committee will come to order.

We have with us this afternoon Mr. Bernard Sisco, Deputy Assistant Secretary for Administration, who will make the presentation on the surplus property utilization program. He is accompanied by Mr. Sol Elson, the Director of the Office of Surplus Property Utilization and Mr. Robert C. Coulter, executive officer, Office of the Secretary, and Mr. James B. Cardwell, Deputy Assistant Secretary, Budget.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Mr. Sisco, I see we have a biographical sketch of you which we shall insert in the record at this point.

(The biographical sketch of Bernard Sisco follows:)

Name: Bernard Sisco.
Position: Deputy Assistant Secretary for Administration.
Birthplace and date: Washington, D.C., 1926.
Education: Benjamin Franklin University, Washington, D.C. BCS 1949, Princeton University, Princeton, N.J. Fellow in Public Affairs, 1966–67.
Experience: Deputy Assistant Secretary for Administration, Department of Health, Education, and Welfare, 1968–present; Assistant Commissioner for Administration, Office of Education, 1967–68; Deputy Assistant Director for Administration and Management, Goddard Space Flight Center, National Aeronautics and Space Administration, 1961–67; financial management officer, Goddard Space Flight Center, National Aeronautics and Space Administration, 1959–61; accounting and control officer, Office of Naval Research, 1952–59.
Special awards, citations, or publications: Outstanding Performance Award, U.S. Navy Department, 1958.

Mr. HULL. You may proceed as you wish, Mr. Sisco.

GENERAL STATEMENT

Mr. SISCO. Mr. Chairman and members of the committee, I am pleased to present the fiscal year 1970 budget for the surplus property utilization program. The $1,255,000 requested provides for an increase of $12,000 over 1969. This would cover for increasing costs of administrative services only.

REAL PROPERTY

In 1968 the surplus real property program reached the highest level of activity since its inception in 1950. Conveyances were made of 161 properties, which had originally cost the Government $114 million. This acquisition cost was $19.9 million greater than the properties conveyed in fiscal year 1967. This increase is primarily attributed to the many high cost, obsolete Department of Defense installations conveyed, as well as several other similar properties of other Federal agencies. For example, the former old post office buildings and annex at Austin, Tex., containing 105,126 square feet, was conveyed to the University of Texas as the downtown education center of the school. These buildings will be used as a public exhibition center for the display of Texan cultural and literary pieces, office space for faculty research staff, and visiting professors, and a central office for the institute for urban studies of the university sytem. In addition, a portion of the building will be used for the accumulation of materials for the east mall graduate library.

PERSONAL PROPERTY

In fiscal year 1968 the program allocated for donation to eligible donees, personal property which cost the Government $309.8 million. This was approximately 2 percent above the fiscal year 1967 level. This increase is attributed to release by the Department of Defense of high cost inventories of property—including computers and aircraft.

Available personal property provides a valuable resource to educational and public health programs. For example, Northwestern Mich-

igan College, Traverse City, Mich., advised this Department of its need for a Federal surplus vessel for use in its Great Lakes maritime training program. This Department was able to locate and effect the donation of a 143-foot Navy surplus vessel—the U.S.S. *Allegheny*—an auxiliary ocean tug converted to an ocean research vessel. The vessel originally cost the Government $886,000. It was officially turned over to the college on January 20, 1969.

CASH COLLECTIONS

Through the real and personal property programs, moneys are derived from abrogations of restrictive conditions, leases of property for interim uses, sales, and other uses or disposals of property. In fiscal year 1968, $999,000 was derived from these activities and deposited in the Treasury. We anticipate that approximately $1,085,000 will be secured in fiscal year 1969.

Since initiation of the program in 1950, over $16 million has been collected and deposited in the Treasury. This figure exceeds the total funds made available for program administration costs during the same period by more than $4 million.

WORKLOAD DATA

In addition to its continuing workload, the Office of Surplus Property Utilization is involved in the following activities:

The Office participates in the task forces organized by the Office of Economic Adjustment of the Department of Defense, to develop disposal plans for military installations being closed, which will minimize the economic impact on the local economy. More frequently than not, our participation results in the development of health and educational programs which materially contribute toward relieving the local economic impact which would otherwise have resulted from the closing of these installations.

This office is also part of a joint GSA–DHEW–DOD study group which is exploring practical possibilities and opportunities for further utilization of U.S. personal property located outside the United States. This study was undertaken at the recommendation of the House Committee on Government Operations (H. Rep. 865, 90th Cong.). This study group has developed a practical plan for the return of overseas property, which is now being tested at DOD bases in Germany. The volume of property which can be returned to the United States cannot be accurately predicted at this time. However, I am very optimistic about this large potential source of property for domestic health and education purposes.

Thank you, Mr. Chairman. If there are any questions, I will be happy to respond to them.

Mr. HULL. Mr. Sisco, we cannot complain very much about the increase you are requesting. That $12,000 will not cover the mandatory increases, will it?

Mr. SISCO. It will cover only increasing costs of administrative services.

ELECTRONIC EQUIPMENT

Mr. HULL. On page 111 you say: "Emphasis will be on the development of uses for specialized types of electronic property." How much time will be spent on this?

Mr. ELSON. A considerable amount of time is spent with the various institutions informing them of the availability of property and screening the property for its potential use in these various institutions for health or educational purposes. A good portion of our time is devoted to that.

Mr. HULL. Emphasis will be placed on the development of uses for specialized types of electronic property?

Mr. ELSON. Yes. During the past few years the common use type of property such as desks and chairs and so forth has not been generally available, but now we are getting more of the exotic electronic items which are becoming available as surplus. These are the type of items we are concentrating on now because we feel they can be used in the field of education and can be used for teaching purposes.

Mr. HULL. This is something new we have not heard you talk about before.

Mr. ELSON. Greater emphasis is being put on it because of the greater availability of this type of property than in the past.

U.S. PROPERTY OVERSEAS

Mr. HULL. On the same page you say one of the major objectives of the personal property program for fiscal year 1969 and fiscal year 1970 is to develop a program for the return of U.S. property from overseas depots. I did not realize you had the responsibility for getting this property back from overseas. Do you assume responsibility for the property while it is still overseas?

Mr. ELSON. No. This is an experimental program we have been working with which was more or less instigated by the House committee in its report, which asked us to explore the feasibility of developing a program for the utilization of some of the property on overseas bases no longer needed by the military which ordinarily would be sold or scrapped in the foreign countries. There has been a considerable amount of investigation of the quantity of the property. There is a tremendous quantity of property, particularly in Germany. After NATO moved from France there was a considerable amount of property that was available and was just lying there and not being used. We formed this task force to go out there and see it and determine what the economics were of returning it to this country, to determine whether the cost was greater than the value of the property warranted. We have two people over there right now screening the property and we have made arrangements for the shipment of the property back to the United States.

PUBLIC BENEFIT DISCOUNTS

Mr. HULL. Will you explain the so-called public benefit discount, how it works?

Mr. ELSON. Our public benefit discounts run from 50 to 100 percent depending on the kind of program that the institution will institute with the real property. They are entitled to a public benefit discount

and we have set up a formula by which that is arrived. Our property at the present time is conveyed to the institution at its fair market value and the institution is required to use that property for a period of 30 years for the program purposes for which it was conveyed, and they earn 3⅓ percent per year of the value so at the end of 30 years the property is free and clear to them.

Mr. SISCO. On the other hand, if they divert it to other purposes before that 30-year period expires, they have to reimburse the Government for the unearned portion of the public benefit discount.

COMPLIANCE PROBLEMS

Mr. HULL. What compliance problems do you have?

Mr. ELSON. We have various types of compliance problems where an institution receives a piece of property to use for an approved program and then converts it to some other use for which it is not eligible under the legislation. This is the problem we have with respect to real property. In personal property where they attempt to dispose of the property before the expiration of the period we have a problem.

Mr. SISCO. We have a system of reviews on a cyclical basis to make sure the property is being used for the purposes for which it was conveyed.

Mr. HULL. Mrs. Reid.

COORDINATION WITH GSA

Mrs. REID. What coordination do you have with GSA in the disposal of surplus property?

Mr. ELSON. Considerable. GSA is the housekeeper for the Federal Government. When property is excess to the needs of a particular Federal agency, that agency reports it to the GSA. GSA at that time takes jurisdiction over that property and makes a decision as to whether there is further Federal need for the property. Once it is determined there is no further Federal need for it, we screen it to see if it can be used for health or educational purposes. So we have a very close coordination with GSA.

REPORT ON OVERSEAS PROPERTY

Mrs. REID. When do you expect the joint GSA, DOD, HEW group will complete its work and make its report?

Mr. ELSON. I am hoping we will have a report sometime in July. We are actively engaged in it. We will know at that time the feasibility of the program. This particular program also requires considerable coordination with various State agencies. Under the legislation we operate in the personal property program with 53 States, that is, the 50 States plus Puerto Rico, the District of Columbia, and the Virgin Islands. So each of these States has their own State agency. In operating this overseas property program and bringing the property back the States have contributed a certain amount of money to pay for the transportation of the property, which they will recoup by a service charge to the institution to which they deliver the property.

Mrs. REID. That is all.

Mr. HULL. Thank you.

JUSTIFICATION MATERIAL

Surplus Property Utilization

Amounts Available for Obligation

	1969	1970
Appropriation	$1,186,000	$1,255,000
Proposed transfer of reserves from "Community Mental Health Resource Support" for increased pay costs	57,000	...
Total available for obligation	$1,243,000	$1,255,000

Obligations by Activity

Page Ref.		1969 Estimate Pos.	1969 Estimate Amount	1970 Estimate Pos.	1970 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
110	Surplus property utilization	101	$1,243,000	101	$1,255,000	...	$12,000

Obligations by Object

	1969 Estimate	1970 Estimate	Increase or Decrease
Total number of permanent positions	101	101	...
Average number of all employees	99	99	...
Personnel compensation:			
Permanent positions	$1,041,000	$1,041,000	...
Personnel benefits	78,000	78,000	...
Travel and transportation of persons	50,000	50,000	...
Transportation of things	2,000	2,000	...
Rent, communications, and utilities	40,000	43,000	+$ 3,000
Printing and reproduction	4,000	7,000	+ 3,000
Other services	19,000	25,000	+ 6,000
Supplies and materials	8,000	8,000	...
Equipment	1,000	1,000	...
Total obligations	1,243,000	1,255,000	+ 12,000

Summary of Changes

1969 estimated obligations		$1,243,000
1970 estimated obligations		1,255,000
Net change	+	12,000

Increases

	Base		Changes from Base	
	Positions	Amount	Positions	Amount
A. Built-in				
1. Increased costs in Federal Telecommunication System, penalty mail, printing, and accounting services...	---	---	---	+$12,000
Total net change requested.....	---	---	---	+ 12,000

Explanation of Changes

An increase of $12,000 is requested to provide for additional costs of Federal Telecommunication System, penalty mail charges, and accounting services.

Explanation of Transfers

	1969 Estimate	Purpose
Proposed transfer from: "Community Mental Health Resource Support"	$57,000	This transfer is proposed to provide funds for the civilian pay raise.

Surplus Property Utilization

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1960	$ 703,000	$ 703,000	$ 703,000	$ 703,000
1961	786,000	786,000	786,000	786,000
1962	862,000	862,000	862,000	862,000
1963	891,000	889,950	889,950	889,950
1964	950,000	950,000	950,000	950,000
1965	1,001,000	1,001,000	1,001,000	1,001,000
1966	1,073,000	1,073,000	1,073,000	1,073,000
1967	1,123,000	1,123,000	1,123,000	1,123,000
1968	1,119,000	1,119,000	1,119,000	1,119,000
1969	1,186,000	1,186,000	1,186,000	1,186,000 a/
1970	1,255,000			

a/ Excludes proposed transfer of $57,000 from "Community Mental Health Resource Support" for pay increase costs in FY 1969.

Departmental Management

Surplus Property Utilization

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personel compensation and benefits	101	$1,119,000	101	$1,119,000	---	---
Other expenses.....	---	124,000	---	136,000	---	+ $12,000
Total.....	101	$1,243,000	101	$1,255,000	---	+ $12,000

General Statement

The Office of Surplus Property Utilization administers a program to further the utilization of Federal surplus property for health and educational purposes, as provided in the Federal Property and Administrative Services Act of 1949 (Public Law 152, 81st Congress), and for civil defense purposes under delegations of authority from the Department of Defense. The major responsibilities are allocating surplus personal property to State Agencies for distribution to eligible donees and conveying available surplus real property to eligible transferees for the above purposes.

The Office of Surplus Property Utilization has two major program elements: Personal Property Program and Real Property Program.

Personal Property

Federal personal properties surplus to any further Federal need and not subject to the replacement or exchange sales provisions of the above referenced act are available under this program for potential donation to eligible health, educational, and civil defense donees. The properties vary from hand tools and nails to computers and aircraft. State Agency screeners review available surplus property to determine need and usability for the above purposes. Usable property is then listed as available for donation and desired property is requested by the State Agencies. The Office of Surplus Property Utilization then allocates the requested property on an equitable basis to the State Agencies for distribution to eligible donees.

During the fiscal year 1968, property which cost the government $331,600,000 was located and made potentially available for donation. Of this total $309,800,000 was allocated to State Agencies for distribution to eligible donees. These amounts are 7 per cent and 2 per cent respectively, above the 1967 level. The increase in fiscal year 1968 is attributed to release by the military of some high cost inventories of property, including computers and aircraft.

To improve the quality of screening activities by State Agencies, the Office of Surplus Property Utilization sponsored three area combination screener, warehouse, and merchandising seminars in fiscal year 1968. One hundred and five State Agency and other staff attended these seminars. Training material for these seminars was developed in part by evaluating the performance and effectiveness of State Agency screeners at 225 property generation locations. Three screener, warehousing, and merchandising seminars are planned for fiscal year 1969 and fiscal year 1970, with an estimated attendance of approximately 120 in fiscal year 1969 and 140 in fiscal year 1970. Emphasis will be on the development of uses for specialized types of electronic property.

Audits and reviews of 40 State Agencies were processed in fiscal year 1968. Two hundred thirty-five compliance cases were processed in fiscal year 1968. Compliance and utilization activities resulted in the collection of $610,321 for deposit in the Treasury. Collections represent income from sale of property which was not utilized for the purpose for which it was donated, or which is of no further use to the individual donee or the donation program.

Typical of personal property allocations during fiscal year 1968, twenty-nine aircraft which cost $1,478,000 varying from Piper Cub to Beechcraft C-45 were donated to institutions to carry out pilot, airframe, powerplant and instrument training programs. Two large vessels, with an acquisition cost of $1,132,000 were donated to two institutions for oceanographic, marine biology, research and other educational purposes. Seventeen computers of varying types, costing approximately $4,900,000 were donated to sixteen institutions of higher learning.

Major objectives of the personal property program for fiscal year 1969, and fiscal year 1970 are to: (1) increase screening effectiveness; (2) develop a program for the return of United States property from overseas depots; (3) develop and assist in the transfer of military and non-military property from Department of Defense through State Agencies for surplus property to institutions who formerly received property directly from Department of Defense as educational institutions with programs of special interest to the Department of Defense, as well as through the State Agencies as part of the regular Surplus Property Utilization program; and (4) promote the creation of standard policy whereby all federally owned property (except dangerous or perishable property, arms of war, etc.) is, where economically feasible, first made available for donation prior to being offered for sale.

In October 1967, the House Committee on Government Operations submitted House Report No. 865 to the First Session of the 90th Congress. This report was titled: "Control and Use of Excess Property and Related Foreign Assistance Problems Following U. S. Military Exclusion from France--1966-67".

The report contained five recommendations, the fourth of which was directed to the Donable Property Program. This recommendation was that DOD, GSA, and DHEW jointly study the practical possibilities and opportunities for further utilization of U. S. personal property located outside the United States by donation to domestic donees eligible to receive surplus property.

A joint GSA-DHEW-DOD report was made to the House Committee on Government Operations, advising of the development of a procedure for returning U. S. property for domestic donation and stating it was to be put into effect on an experimental basis on July 1, 1968, and would involve only property located in Germany. Further, if it proved successful the program would be extended to other foreign property generating areas.

The present procedures contemplate utilization of lists of reportable-type property, (property which legally must be reported to General Services Administration for disposal, based on varying factors such as type of property, present condition and original acquisition cost) which the Department of Defense secures from their German depots. These properties are only those in top quality condition. The Department of Defense now uses these lists and screening information as a basis to determine whether they wish to bring any of them back to this country for reutilization. It is believed that even larger quantities of other types of reportable property would be of the kinds needed and usable in the Donation Program. Also, considerable property could be obtained from the nonreportable categories. At the present time, from domestic sources, over 45 per cent of the property we receive for donation is of the nonreportable type. It is not possible, however, for Department of Defense to do the job necessary to screen and list the other reportable types and nonreportable types of property available overseas.

Under the experimental program now in operation, State Agencies will be requesting property and committing expenditure of funds to pay the costs of packing and shipping from Europe to this country without ever having seen the property or having any assurance as to the accuracy of its reported condition--other than the descriptions, nomenclatures, and statements of condition given on the lists sent to Department of Defense from their overseas depots. Obviously one of the keys to the success of this program is the ability to get property in such volume and of such types that the cost of shipment of the property would be low enough to make the service and handling charges to the ultimate donees reasonable. In accomplishing this it is necessary to not only be able to include the other classes of property which are not included on the present lists, but to establish good coordination and understanding, and working relationships with Disposal Officers in the foreign depots--since they will have to be depended upon to pack and arrange for shipment of the property on a timely and economical basis.

To this end a "task force" of one representative each from GSA, DOD, DHEW, and State Agency for Surplus Property have visited major Department of Defense generating bases in Germany. It is hoped this visit will result in more property being included in the lists being prepared by the bases for Federal utilization and donation screening and that the nomenclatures and descriptions will be sufficiently complete and accurate to preclude a Federal Agency or State Agency for Surplus Property from expending funds to return property only to find it not to be as described and therefore unusable.

The volume of property cannot be accurately predicted at this time. However, during the experimental program all requests and allocations will be handled through the New York Regional Office to the extent that staffing and funds can be made available from current program authorizations.

Over 90 per cent of the personal property available to the donation program is generated domestically by the Department of Defense. In 1968, Department of Defense reported that of total excess generations of $4.451 billion (acquisition cost) $776,000,000 was available as surplus for screening for all donation programs. From an estimated total of $4.900 billion in fiscal year 1969, $854,000,000 is anticipated to be available for screening for all donation programs. The primary reason a greater portion of the total excess generation estimated for fiscal year 1969 will be available for donation program is that the kinds of property expected are not normally reused by other Federal agencies.

Based upon the above data, the amount of surplus personal property which will be located in fiscal year 1969 is estimated to increase by $70,000,000 to a total of $402,000,000. Property allocated to the states for donation is expected

to increase from $309,800,000 to $375,000,000 in fiscal year 1969. Likewise, the number of allocating actions is expected to increase from 78,883 in fiscal year 1968 to an estimated 81,000 in fiscal year 1969.

In accordance with fiscal year 1967 regulations governing the Minimum Standards of Operations of State Agencies, each of the 53 State Agencies will have to have their Plans of Operations amended or redrafted and reviewed and approved at the regional and national levels. In fiscal year 1968, thirty-one State Agencies submitted their Plans of Operation for approval. The remaining twenty-two amended or redrafted Plans of Operations will be submitted in fiscal year 1969. A review of the overall operation of each State Agency is also planned for fiscal year 1969 and fiscal year 1970.

Compliance cases are expected to stay at approximately the same level in fiscal year 1969 as fiscal year 1968. Two hundred thirty-five compliance cases were processed in fiscal year 1968. Two hundred forty cases are estimated for fiscal year 1969. Income from compliance and surveillance activities is expected to increase from $610,300 in fiscal year 1968 to approximately $700,000 in fiscal year 1969. It is estimated that two hundred compliance cases will be processed in fiscal year 1970.

Audits and reviews of State Agency fiscal and program operations are required to insure that their operations are in compliance with prescribed minimum standards. Forty audits and reviews were accomplished in fiscal year 1968. Fifty audits and reviews are planned for fiscal year 1969 and fiscal year 1970.

Our program for developing and distributing information and data relative to the available property and its uses will continue in fiscal year 1969 and fiscal year 1970. Twenty-four issues (12 each year) of the publication titled "Techniques, Notes, and Tips" will be distributed to all State Agencies, Regional Offices and other interested parties. This publication has been of great assistance to State Agency screeners in recognizing new and unique uses of property that had previously been passed over. It also stimulates donees into acquiring surplus for use in lieu of purchasing new property for the same use. This publication has also been broadened in scope to include frequent articles concerning screener training.

Real Property

Land with or without improvements, which becomes surplus to the needs of the Federal Government may be made available by the General Services Administration for transfer to an eligible health or educational institution. The Office of Surplus Property Utilization is responsible for determining the best health or educational use for the property and if made available, conveying to the eligible applicant. The Office has the responsibility for insuring that the property is used for the approved program for a maximum of 30 years.

During fiscal year 1968, the Office of Surplus Property Utilization transferred to eligible health and educational institutions $114,000,000 (acquisition cost) in real and related personal properties. This was an increase of $19,900,000 over fiscal year 1967 and was the peak of this activity since the program's inception. These increases are attributed to the increased number of high cost obsolete Department of Defense installations conveyed, as well as several other similar properties of Veterans Administration.

An example of this kind of activity was the transfer of a portion of Walker Air Force Base, Roswell, New Mexico, consisting of 234 acres and 76 buildings, which had an acquisition cost of $10,126,426, to Eastern New Mexico University. This $10,100,000 facility will be used as a branch campus, offering a two year standard academic college program. The University will also specialize in vocational technical fields suitable to the needs of the area. Also, on the balance of the property conveyed is the elementary school of the Roswell Independent School District and a hospital for the State Department of Hospitals and Institutions.

Transferees receive a public benefit discount (up to 100 per cent) of the fair value of the property depending upon their approved plan of use for which the property is restricted over thirty years. These restrictions can be removed by paying off the unearned amount of the discount. (Example; if the discount is 80 per cent, the transferee pays 20 per cent cash to obtain the property and his approved use earns the 80 per cent at 3 1/3 per cent per annum). To insure compliance, at least one physical review is required on a one to five year basis, depending on the circumstances. At present, a physical review is made on approximately 46 per cent of active cases each year. In fiscal year 1968 there were 1,646 cases in the surveillance workload, 1,150 involved land and 541 of these were physically reviewed. In fiscal year 1968, twenty-six compliance cases were processed with a carryover of 9 cases from fiscal year 1967. Cash receipts, principally from reimbursement of transfer by the transferee were $388,400 in fiscal year 1968.

During fiscal year 1969, it is estimated that approximately $85,000,000 (acquisition cost) of property will be transferred for health and education purposes. The bulk of this property will be portions of large military installations. The decrease from $114,000,000 in fiscal year 1968 to $85,000,000 in fiscal year 1969 in acquisition cost is attributed to the slowing down by the Department of Defense in declaring additional installations obsolete. In 1969, a surveillance case workload of 1,669 is anticipated, 1,229 will involve land and 541 of those are planned to be physically reviewed. In 1969, thirty-five compliance cases are expected to be processed. Cash receipts principally from transferee payment of cost of transfer are estimated to be approximately $385,000 in fiscal year 1969.

In fiscal year 1970, it is estimated that $90,000,000 (acquisition cost) will be transferred for health and education purposes. The increase in property conveyed over fiscal year 1969 is due to an anticipated availability of missile sites which the Department of Defense has recently announced would be excess to their needs. This will result in an estimated surveillance case workload of 1,713, 1,330 of which are anticipated to involve land. Of these, approximately 560 will be physically reviewed. It is estimated that 40 compliance cases will be processed and cash receipts principally from transfers will amount to $400,000 in fiscal year 1970.

Table 1

Personal Property Workload Data

	1968 (actual)	1969 (estimated)	1970 (estimated)
Number of Lists of Property Located	75,994	78,500	86,350
Acquisition Cost of Property Located (In millions of dollars)	$331.6	$402.0	$440.0
Number of Allocation Actions to State Agencies	78,883	81,000	89,100
Acquisition Cost of Property Allocated for Donation (In millions of dollars)	$309.8	$375.0	$402.5
Cash Deposited in Treasury (Thousands of dollars)	$610.3	$700.0	$700.0

Table 2

Real Property Workload Data

	1968 (actual)	1969 (estimated)	1970 (estimated)
Acquisition Cost of Property Transferred (In millions of dollars)	$114.0	$85.0	$90.0
Number of Conveyances	161	170	170
Surveillance & Utilization Workload	1,646	1,669	1,713
Utilization Reviews Made	541	541	560
Compliance Cases Processed	26	35	40
Cash Deposited in Treasury (Thousands of Dollars)	$388.4	$385.0	$400.0

Table 3

Number of Real Property Transfers

Fiscal Year 1961-1968

Fiscal Year	Number		Total
	On-Site	Off-Site	
1961	64	185	249
1962	109	188	297
1963	93	105	198
1964	117	117	234
1965	104	93	197
1966	109	86	195
1967	119	95	214
1968	112	49	161

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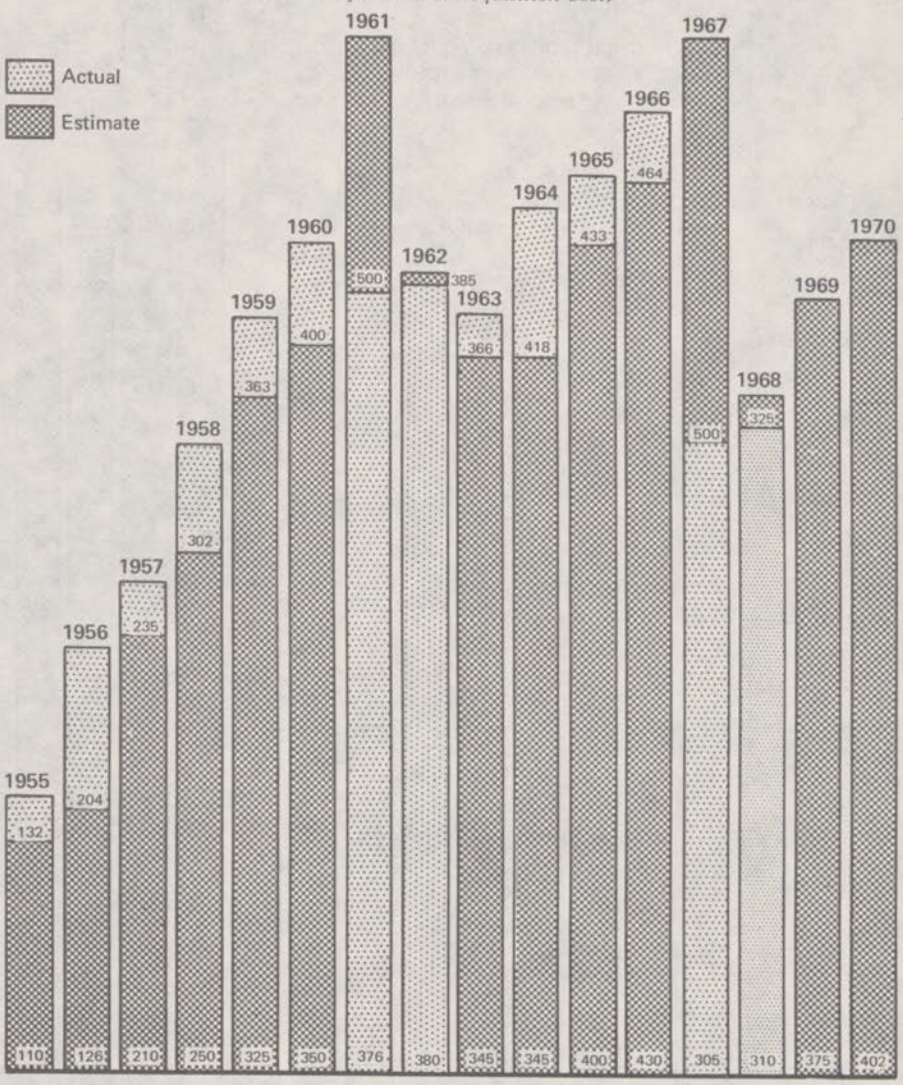
Table 4

Cash Collections Compared With Appropriations

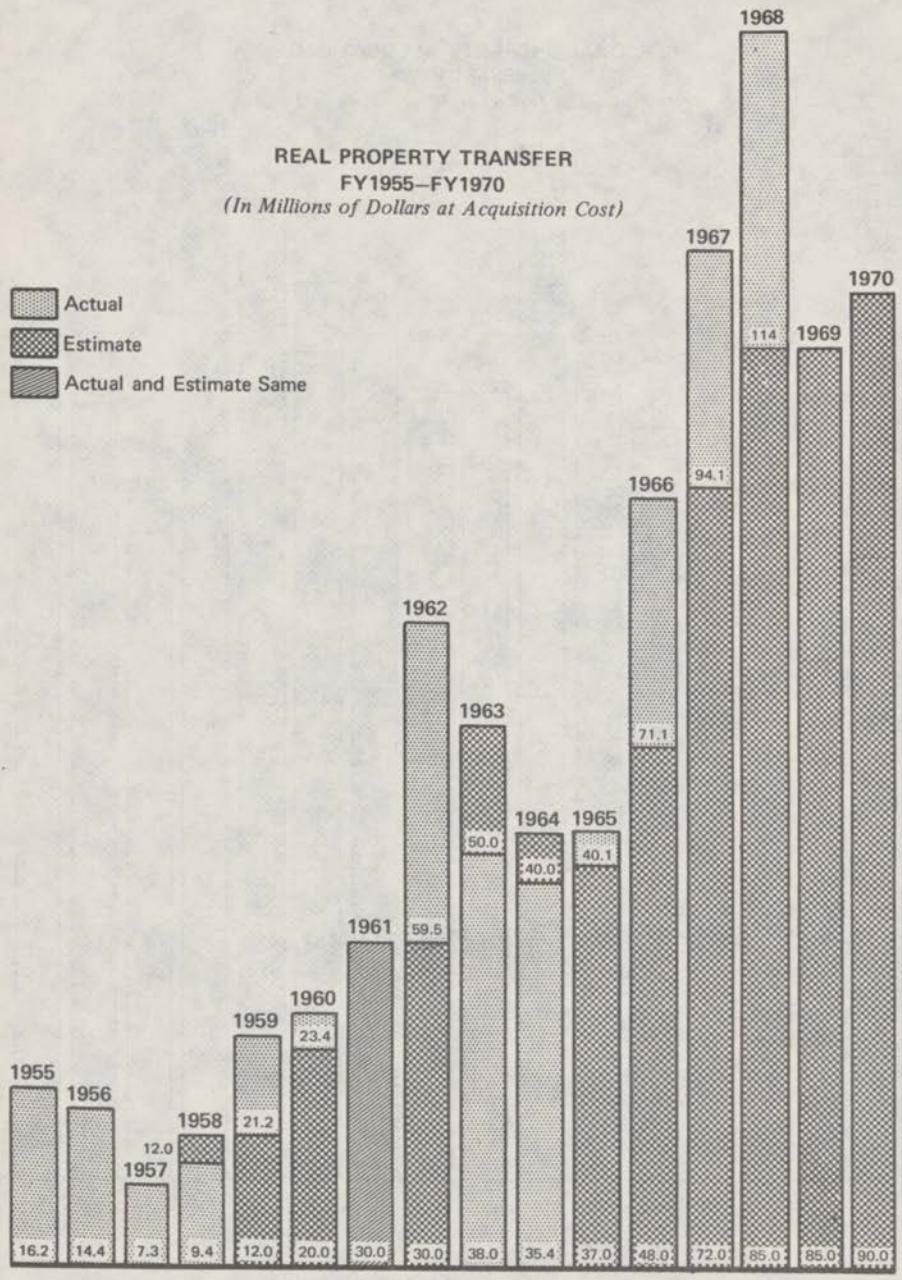
1950 - 1968

Fiscal Year	Cash Collections	Appropriations
1950	$ 15,306	$ 144,000
1951	39,983	333,300
1952	369,797	130,000
1953	1,774,277	165,000
1954	1,285,549	255,000
1955	592,832	400,000
1956	554,709	425,000
1957	548,392	450,000
1958	820,852	502,000
1959	574,145	687,000
1960	556,798	703,000
1961	649,556	786,000
1962	1,490,804	862,000
1963	970,273	889,950
1964	1,524,155	950,000
1965	1,183,321	1,001,000
1966	1,161,678	1,073,000
1967	1,068,889	1,123,000
1968	998,705	1,119,000
Totals	$16,180,021	$11,998,250

PERSONAL PROPERTY ALLOCATIONS
FY1955–FY1970
(In Millions of Dollars at Acquisition Cost)



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REAL PROPERTY TRANSFER
FY1955–FY1970
(In Millions of Dollars at Acquisition Cost)
Actual
Estimate
Actual and Estimate Same
1955
16.2
1956
14.4
1957
12.0
7.3
1958
9.4
1959
21.2
12.0
1960
23.4
20.0
1961
30.0
1962
59.5
30.0
1963
50.0
38.0
1964
40.0
35.4
1965
40.1
37.0
1966
71.1
48.0
1967
94.1
72.0
1968
114
85.0
1969
85.0
1970
90.0

147-24

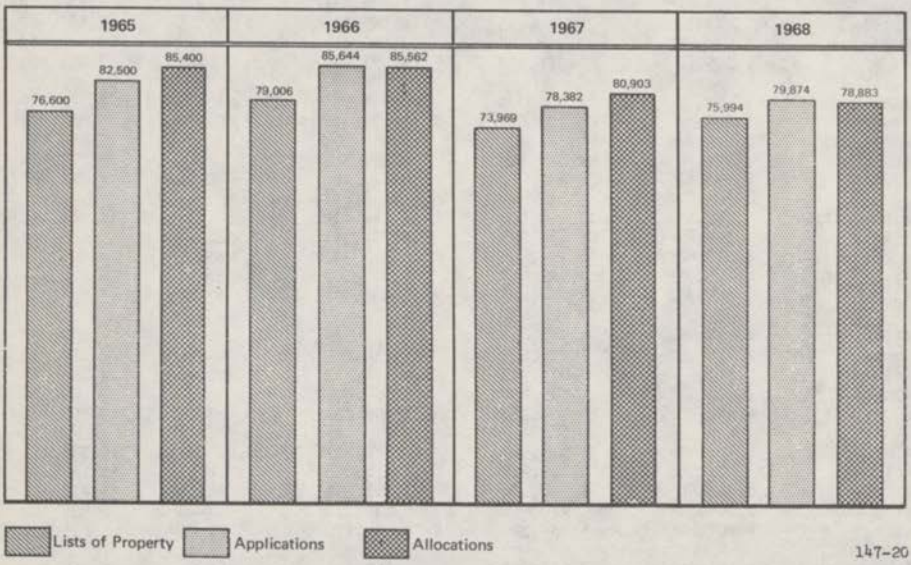
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Donable Personal Property Distributed by State Agencies for Surplus Property to Public Health and Educational Institutions and Civil Defense Organizations
and
Real Property Conveyed to Public Health and Educational Institutions
(Federal Acquisition Cost)
Fiscal Year 1968

States	(1) Personal Property Allocated to State Agency	(2) Personal Property Received by State Agency for Distribution within State	(3) Personal Property Donated within State	(4) Real Property Conveyed within State	(5) Total Property Transferred (3 + 4)
Totals . . .	$309,774,492	$258,939,133	$224,573,108	$114,020,695	$338,593,803
Alabama	$ 7,966,920	$ 7,755,144	$ 7,027,880	$ 57,506	$ 7,085,386
Alaska	1,112,214	1,098,862	993,924	18,000	1,011,924
Arizona	4,079,902	2,286,814	1,894,890	2,850	1,897,740
Arkansas	4,186,502	4,185,379	3,614,426	73,254	3,687,680
California	35,648,384	26,793,452	24,787,492	72,182	24,859,674
Colorado	8,248,540	9,938,457	6,820,599	--	6,820,599
Connecticut	3,487,607	2,345,557	2,407,339	17,825	2,425,164
Delaware	349,438	200,441	341,073	31,325	372,398
Florida	18,516,627	15,972,603	8,941,026	197,600	9,138,626
Georgia	9,529,842	8,878,450	8,710,514	74,508	8,785,022
Hawaii	777,582	689,151	660,633	71,443	732,076
Idaho	1,749,313	2,098,692	1,985,254	--	1,985,254
Illinois	11,029,514	6,780,255	5,819,344	1,746,058	7,565,402
Indiana	3,991,273	3,508,287	3,220,644	2,166,139	5,386,783
Iowa	2,299,616	2,277,817	2,091,510	--	2,091,510
Kansas	2,017,679	1,985,290	1,885,806	6,787,464	8,673,270
Kentucky	3,398,309	3,128,674	3,275,178	2,605,896	5,881,074
Louisiana	7,098,989	4,368,185	4,690,195	6,810,798	11,500,993
Maine	2,272,261	2,107,312	2,217,715	--	2,217,715
Maryland	6,445,449	5,850,997	5,217,566	3,931	5,221,497
Massachusetts	12,913,545	10,773,450	8,442,110	3,641,060	12,083,170
Michigan	7,605,606	5,699,294	5,684,354	--	5,684,354
Minnesota	6,238,605	5,150,804	3,547,301	952,915	4,500,216
Mississippi	8,666,024	6,991,967	6,502,687	136,870	6,639,557
Missouri	3,864,352	3,266,489	3,806,198	87,122	3,893,320
Montana	1,045,993	798,609	690,939	--	690,939
Nebraska	1,316,081	1,275,224	1,234,269	944,663	2,178,932
Nevada	1,517,625	975,333	861,054	11,671,903	12,532,957
New Hampshire	1,026,017	708,734	804,000	--	804,000
New Jersey	4,456,782	3,704,102	3,694,102	63,130	3,757,232
New Mexico	5,307,074	5,678,569	4,288,531	12,465,844	16,754,375
New York	15,291,046	9,183,910	9,418,818	21,714,101	31,132,919
North Carolina	8,363,665	7,598,396	5,208,352	70,000	5,278,352
North Dakota	1,094,994	970,640	835,312	--	835,312
Ohio	6,107,296	5,734,320	5,004,150	21,739	5,025,889
Oklahoma	8,183,455	8,033,748	6,847,666	23,544,326	30,391,932
Oregon	3,343,783	2,532,069	2,087,360	288,341	2,375,701
Pennsylvania	11,840,997	10,886,747	11,202,946	2,663,206	13,866,152
Rhode Island	1,018,513	845,707	818,890	--	818,890
South Carolina	4,828,612	4,669,776	4,397,050	1,900	4,398,950

States	(1) Personal Property Allocated to State Agency	(2) Personal Property Received by State Agency for Distribution within State	(3) Personal Property Donated within State	(4) Real Property Conveyed within State	(5) Total Property Transferred (3 + 4)
South Dakota	638,995	659,675	557,278	37,761	595,039
Tennessee	5,765,977	5,757,340	6,321,763	--	6,321,763
Texas	14,326,533	11,193,807	9,901,076	9,710,361	19,611,437
Utah	10,233,961	9,170,305	4,949,330	247,999	5,197,329
Vermont	1,083,090	1,046,686	1,137,588	--	1,137,588
Virginia	7,451,125	6,156,106	5,074,156	4,213,543	9,287,699
Washington	5,658,396	5,176,941	5,467,454	645,349	6,112,803
West Virginia	2,259,254	2,032,508	1,981,419	39,174	2,020,593
Wisconsin	8,265,868	6,728,593	3,693,675	14,600	3,708,275
Wyoming	3,162,401	1,026,408	981,594	37,159	1,018,753
Dist. of Columbia	849,797	649,014	914,635	--	914,635
Puerto Rico	1,771,288	1,560,687	1,560,687	62,364	1,623,051
Virgin Islands	71,841	53,416	53,416	7,586	61,002
Guam	--	--	--	900	900

PERSONAL PROPERTY
Number of Lists, Applications, and Allocations
FY1965–FY1968



147-20

THURSDAY, MAY 1, 1969.

SALARIES AND EXPENSES, OFFICE OF THE GENERAL COUNSEL

WITNESSES

ST. JOHN BARRETT, DEPUTY GENERAL COUNSEL
MRS. MARY MOULTON, ADMINISTRATIVE OFFICER
ROBERT C. COULTER, EXECUTIVE OFFICER, OFFICE OF THE SECRETARY
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimated	1970 estimate
Personnel compensation:			
Permanent positions	2,719	3,068	3,148
Positions other than permanent	4		
Other personnel compensation	2	2	2
Total personnel compensation	2,725	3,070	3,150
Personnel benefits: Civilian employees	201	228	234
Travel and transportation of persons	48	61	66
Transportation of things	2	2	3
Rent, communications, and utilities	69	40	63
Printing and reproduction	24	4	6
Other services	99	62	94
Supplies and materials	29	21	25
Equipment	42	48	57
Total obligations	3,239	3,536	3,698

PERSONNEL SUMMARY

Total number of permanent positions	290	263	273
Average number of all employees	252	259	262
Average GS grade	8.7	9.1	9.3
Average GS salary	$9,969	$10,676	$10,887

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Supervisory and general legal services	801	740	807
2. Departmental program services:			
(a) Public health grants and services	279	214	226
(b) Food, drug, and environmental health	339	459	520
(c) OASI	271	382	382
(d) Health insurance	158	221	221
(e) Social and rehabilitation service	180	191	203
(f) Education	240	305	315
3. Regional and field	971	1,024	1,024
Total obligations	3,239	3,536	3,698
Financing:			
Receipts and reimbursements from:			
Federal funds	−64	−29	−29
Trust fund accounts	−1,344	−1,346	−1,387
Unobligated balance lapsing	104		
Budget authority	1,935	2,161	2,282
Budget authority:			
Appropriation	1,935	2,125	2,282
Transferred to other accounts		−20	
Appropriation (adjusted)	1,935	2,105	2,282
Proposed transfer from other accounts for pay increases		56	
Relation of obligations to outlays:			
Obligations incurred, net	1,831	2,161	2,282
Obligated balance, start of year	182	223	253
Obligated balance, end of year	−223	−253	−293
Outlays	1,790	2,131	2,242

Mr. HULL. We have with us this afternoon Mr. St. John Barrett, the Deputy General Counsel of the Department of Health, Education, and Welfare, who is accompanied by Mrs. Mary Moulton, the Administrative Officer, and Mr. Robert C. Coulter, the Executive Officer, Office of the Secretary, and Mr. James B. Cardwell, the Deputy Assistant Secretary, Budget. They are appearing in support of the item "Salaries and Expenses, Office of the General Counsel."

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Mr. Barrett, I notice we have your biography, which we shall insert at this point in the record.

(The biographical sketch of St. John Barrett follows:)

Name: St. John Barrett.

Position: Deputy General Counsel, U.S. Department of Health, Education, and Welfare, August 1967 to date.

Birthplace and date: Born May 21, 1923, Santa Rosa, Calif.

Education. Attended schools in Santa Rosa; A.B. degree Pomona College, 1943; LL.B., University of California, Berkeley, 1948.

Experience: Attorney, U.S. Department of Justice, January 1954 to August 1967. Member of trial staff, criminal division, January 1954 to May 1957; chief, civil rights section, Criminal Division, May to December 1957; Second Assistant to the Assistant Attorney General in charge of the Civil Rights Division, December 1957 to August 1967; Deputy District Attorney, Alameda County, California, 1948–54; and Member of State Bar of California.

Mr. HULL. You may proceed, Mr. Barrett.

Mr. BARRETT. I have a prepared statement which I would like to read if it is the Chairman's pleasure.

Mr. HULL. Fine.

GENERAL STATEMENT

Mr. BARRETT. Mr. Chairman and members of the committee, the 1970 budget estimate of the Office of the General Counsel provides for $3,698,000 and 273 positions, an increase of $162,000 and 10 positions over our base. The requested increase would provide for uncontrollable cost increases of $45,000 and would replace 10 of 27 positions which the Office lost as a result of the Revenue and Expenditure Control Act.

The Office of the General Counsel, until recently, has had an insufficient number of applicants who met our qualification standards and, as a result, when the Revenue and Expenditure Control Act took effect earlier this fiscal year, only 263 of our 290 authorized positions were filled.

As a result, 27 unfilled positions were lost to us by operation of the act. This reduction in staff has occurred at a time when there has been both a steady increase of program activity and a sharp increase in the volume and diversity of litigation with which the Department is concerned. The 10 positions which we now ask be restored are the minimum necessary for us to adequately perform the legal work for the various components of the Department.

The General Counsel's Office provides legal service for the entire Department. It consists, in addition to the three attorneys and clerical staff in the immediate office of the General Counsel, of nine divisions and nine regional attorneys and their staffs. One of the divisions, how-

ever, is supported by the departmental appropriation for civil rights enforcement rather than by the appropriation now before you.

In the immediate office of the General Counsel we propose to establish a position of Executive Assistant, as recommended by a recent management survey of the office, to strengthen many aspects of office administration, a move which we believe is overdue.

I might interject at that point, Mr. Chairman, that we have in fact established that position and have filled it by leaving another position in the office unfilled.

One clerical position is requested for secretarial services to the Executive Assistant.

The Legislation Division, responsible for both legislative drafting and the preparation of legislative reports, is seriously understaffed in relation to the Department's varied and rapidly growing legislative concerns. Two professional positions are requested to enable that Division to keep better abreast of its work.

One professional position is requested for the Division of Public Health Grants and Services, to deal with the recent alcoholic and narcotic addict rehabilitation amendments, and to strengthen our support of the program of regulation of clinical laboratories. All of these programs involve difficult legal questions on which the Department's position is open to challenge in court.

Two attorney positions and one clerical are asked for the Division of Food, Drug, and Environmental Health. The radiation control legislation which will become operative in 1970 will also raise many novel legal questions and will undoubtedly be invoved in litigation. Review of the efficacy of many drugs long in use is building up a large load of administrative proceedings and probably judicial review.

One attorney each is requested for the Division of Social and Rehabilitation Service and the Division of Education. Each of these Divisions is concerned with extensive enactments by the second session of the 90th Congress, and each is confronted with heavy litigation responsibilities—in the one case from the growing volume of judicial activity in the welfare field, and in the other from the opening of education programs to judicial challenge on church-state grounds at the suit of taxpayers.

I will be glad to answer any questions, Mr. Chairman.

RECRUITMENT OF STAFF

Mr. HULL. Mr. Barrett, you now have 263 positions and you are asking for 10 more. How many of your present positions are actually filled?

Mr. BARRETT. I believe 247 if I am not mistaken. We have seven and a fraction positions which we can fill under the Revenue and Expenditure Control Act, however, we must hold these positions open for new attorneys we hire from our fall recruitment program. These attorneys are graduating law students and usually report for duty in August and September.

Mr. HULL. Do you have difficulty in recruiting attorneys?

Mr. BARRETT. Not now. We, for the last 2 years, have been going to the law schools and interviewing third year students, and we find now there is a tremendous amount of interest in the programs ad-

ministered by our Department. Last year we had in the neighborhood of 600 or 700 applicants, and also they are very high quality.

WORKLOAD

Mr. HULL. Tell us something about the workload increases that you feel justify an increase in staff.

Mr. BARRETT. I will be glad to. I would say in the Legislation Division probably the difficulty of our situation is just the fact we were understaffed when the Revenue and Expenditure Control Act went into effect. We now have to handle all the legislative work. That means reports to committees on bills running well over 1,000 to Congress; drafting legislation for the administration; preparing committee testimony. We have five attorneys right now to do this work. Before the Revenue and Expenditure Control Act went into effect we had seven authorized positions and the work since then, if anything, has been increasing and in my judgment our staff is grossly overworked.

In the Education Division we have principally the increased work that has resulted from the Higher Education Amendments in 1968 and the Vocational Education Amendments of 1968. The work itself involves extensive drafting of regulations to carry the legislation into effect. With respect to vocational education it involves the review of State plans, 56 including the territories. Not only does it require drafting the regulations and the establishment of standards, but also the review of eligibility questions, and it requires review of State legislation to see if there is conformity with Federal requirements so the States can participate in the programs.

With respect to the Higher Education Amendments we also have those responsibilities, particularly with respect to the Upward Bound program and the Talent Search program and related services in connection with these two, all of which are directed to identifying disadvantaged youth who could benefit from a higher education. All of this, of course, involves a great deal of legal work in determining eligibility of both institutions and individuals and again drafting regulations and determining whether the States are properly conforming. And these are programs that have to be properly meshed in with other programs in the Department in their operation. When considering, say, the eligibility of a particular agency for Federal funding under this program, you have to examine the requirements under other related programs to see whether and how the State and local agencies can best and most easily participate in a consolidated program.

In the Food, Drug, and Environmental Health Division there has been a tremendous increase in work, and there the work is largely forced on us. It is adjudicatory type work, In the education field you just provide less service if you do not have enough hours in the day, but faced with hearings in connection with drug matters they simply have to be carried through. In the drug field one development that is going to give us an increasing workload is the rulemaking procedures and after that the adjudicatory proceedings resulting from the review by the National Academy of Science under contract with HEW. I believe it involves in the order of 1,000 prescription drugs that were approved by the Food and Drug Administration between 1948 and 1962.

Mr. HULL. That comes under your jurisdiction?

Mr. BARRETT. It does. We do the work for the entire Department including NIH, Social Security, the whole complex of programs. I could go on.

WORK MEASUREMENT

Mr. HULL. Have you ever considered establishing a work measurement system in the Department such as the one in the Justice Department we have been reading about in the newspapers?

Mr. BARRETT. The thought has occurred to me. I will give you my own judgment. I cannot say it is the judgment of the Department.

Mr. HULL. Your own judgment should be good enough for us.

Mr. BARRETT. Be that as it may, some of the work of an attorney is measurable by objective standards. I would say the most important part of it simply is not, any more than—this is a little bit of inflation, perhaps—but any more than you can measure the work of an artist.

Mr. CARDWELL. How about a Congressman?

Mr. BARRETT. I suspect you cannot count the pages in the Congressional Record where the Congressman's name appears and get any measure whatever of his worth or contribution he is making. I think much the same is true of an attorney. Much of our work is of a counseling rather than a litigation nature. So I would say that even more than in the Department of Justice what we do is simply not subject to objective measurement. We could keep charts. We could put down what we are working on at particular times. But I really do not think it would be of any value to you or to us.

AVERAGE EMPLOYMENT

Mr. HULL. You are requesting 10 additional positions but your average employment increases only by three. How do you explain this?

Mr. BARRETT. Our average employment? I am afraid I do not understand.

Mr. HULL. It is on page 127.

Mr. COULTER. That is because of the unusual lapse rates resulting from the Revenue and Expenditure Control Act, Mr. Chairman.

Mr. HULL. Could you put something more specific in the record on that, please?

Mr. BARRETT. Surely.

(The information follows:)

The fiscal year 1970 average employment represents a net increase of 3 man-years above the estimated 1969 level. This change is composed of an increase of 7 man-years for the requested 10 new positions included in the 1970 budget for two-thirds of the year, and a decrease of 4 man-years in fiscal year 1970 on base 1969 positions. This decrease of 4 man-years represents an adjustment between fiscal year 1969 and fiscal year 1970 resulting from the declining fiscal year 1969 employment levels required by the Revenue and Expenditure Control Act.

Mr. BARRETT. Incidentally, Mr. Chairman, some of our work is subject to objective measurement. For instance, we prepare all the briefs in social security disability cases and when I came with the Department about a year and a half ago the rate was about 1,000 a year. Our attorneys prepare all of these. The rate is now running about 1,500 with not only no increase in staff but somewhat of a decrease by operation of the Revenue and Expenditure Control Act.

Mr. HULL. Mr. Shriver.

RECRUITMENT OF ATTORNEYS

Mr. SHRIVER. Where do you get your lawyers?

Mr. BARRETT. We recruit from the law schools, third year students.

Mr. SHRIVER. All of them?

Mr. BARRETT. No, not by any means. I would say we have about half out of law schools and about another half either coming in from private practice or from other parts of the Government.

Mr. SHRIVER. Have you had any difficulty in keeping up with your authorized strength?

Mr. BARRETT. Not lately. The office, I understand, did have difficulty in finding a sufficient number of suitable recruits until the last year or two when, unfortunately, we had the applicants but not the authority to hire them.

BACKLOG OF CASES

Mr. SHRIVER. Do you have any backlog of litigation or cases requiring attention?

Mr. BARRETT. Yes.

Mr. SHRIVER. Social security cases?

Mr. BARRETT. In social security cases we always have a backlog.

Mr. SHRIVER. How far back?

Mr. BARRETT. I could not give you any figures. I would be glad to provide them. It would be several hundred cases, I am sure.

Mr. HULL. You can put that in the record.

(The information follows:)

Backlog of Caseload

I. Old-Age and Survivors Insurance Division as of Apr. 28, 1969:
   (a) Cases pending in U.S. District Court 1961
   (b) Cases on remand to the Secretary 398
   (c) Average new cases filed in court per month 170
II. Legislation division as of end of the 90th Congress:
   (a) Requests for legislation reports 1686
      1. 555 have been completed covering 628 of these requests.
      2. 1,058 requests still to be completed.
III. Business and Administrative Law Division as of March, 1969:
   (a) Third-party claims pending 1108
   (b) Average new cases per month 47

All of the above figures represent attorney work product that could be objectively measured; however, in the attaching of priorities on the activities of our divisions, these types of cases receive a lower priority than a great deal of the work that cannot be measured. For this reason we are developing a large backlog of work that should be done, and the staff that we have is being used fulltime in higher priority services to our clients.

Mr. SHRIVER. That is all.

Mr. HULL. Mrs. Reid.

DRAFTING OF LEGISLATION

Mrs. REID. Do you receive any help from the Budget Bureau in the drafting of legislation?

Mr. BARRETT. I am not as familiar with the legislation drafting process as I should be but I know our attorneys in the legislation division do work on occasion with the Budget Bureau people. And of course we get their clearance on everything we submit to Congress.

Mr. CARDWELL. Most of the basic drafting is done by our attorneys and when it goes through the Bureau of the Budget for review the counsels of the two organizations, theirs and ours, will sit down together and collaborate on revisions or changes.

Also, in reviewing legislation initiated in Congress our attorneys are asked, as are other HEW attorneys, for an independent comment on the legislation and its effect on our department. Then the Bureau of the Budget would review our comments. But they have their own counsel and we have our own counsel.

LITIGATION

Mrs. REID. In what way do you enter into litigation on education and welfare programs?

Mr. BARRETT. We do not, except in rare instances, appear in court. The Department of Justice does that. Occasionally our attorneys will argue a Food and Drug case if the U.S. Attorney requests. Mostly our attorneys are engaged in preparing briefs, drafting pleadings, and drafting indictments. In Food and Drug we prepare all the litigation papers and do, I would say, the substantial part of the briefing work. In Social Security we prepare in all of the cases a draft brief which I think almost universally is just signed by the United States Attorney.

Mr. CARDWELL. Mrs. Reid, I thought you were asking about what kinds of cases would be involved in litigation.

Mrs. REID. Yes. I wanted to know the procedure also.

Mr. BARRETT. Say the Commissioner of Education or the Secretary is named in a suit with respect to an education program. We will either on our own initiative or on request of the Department of Justice prepare what is called a litigation report. That would include a summary of the facts and a discussion of the law. It may be in the form of a finished legal memorandum, depending on the case, and may well include a responsive pleading. We will be involved very often in conferences with the attorneys from Justice and sometimes with plaintiffs' attorneys, as we have in some church-state cases. We may be present at pretrial discovery, particularly if it involves production and inspection of records of our Department. We will participate in preparing interrogatories and responses to interrogatories and provide supporting services at the trial. Very often when the program law is involved in a case in which the Commissioner would be a defendant, the Justice Department attorney will be completely unfamiliar with the program law.

Mrs. REID. That is all.

Mr. HULL. This concludes today's hearings.

Thank you very much.

JUSTIFICATION MATERIAL

Salaries and Expenses, Office of the General Counsel

Amounts Available for Obligation

	1969	1970
Appropriation	$2,125,000	$2,282,000
Transfer from Social Security Trust Funds	1,346,000	1,387,000
Transfer from Revolving fund for certification and other services, Food and Drug Administration	29,000	29,000
Transfer to Department of Justice	-20,000	--
Cutbacks required by P.L. 90-364: Unobligated balance lapsing	-61,000	--
Currently available	3,419,000	3,698,000
Proposed release of reserves for pay increase costs	+61,000	--
Proposed transfer of reserves from "Community Mental Health Resource Support" for increased pay costs	+56,000	--
Total obligations	3,536,000	3,698,000

Disposition of cutback: Application in this account for pay increase costs	61,000
Total cutback	61,000

Salaries and Expenses, Office of the General Counsel

Obligations by Activity

Page Ref.		1969 Estimate Pos.	1969 Estimate Amount	1970 Estimate Pos.	1970 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
133	I. Supervisory and General Legal Services	48	$740,073	52	$806,631	+4	$ + 66,558
	II. Departmental Program Services:						
	(a) Public Health Grants and Services	17	213,949	18	226,106	+1	+ 12,157
	(b) Food, Drug, and Environmental Health	35	459,464	38	519,929	+3	+ 60,465
	(c) O.A.S.I.	28	381,625	28	381,625	--	--
	(d) Health Insurance....	12	221,075	12	221,075	--	--
	(e) Social and Rehabilitation Services	15	191,074	16	203,231	+1	+ 12,157
	(f) Education	22	304,863	23	315,526	+1	+ 10,663
143	III. Regional and Field	86	1,023,877	86	1,023,877	--	--
	Total obligations	263	3,536,000	273	3,698,000	+10	+162,000

Obligations by Object

	1969 Estimate	1970 Estimate	Increase or Decrease
Total number of permanent positions ...	263	273	+10
Average number of all employees	259	262	+ 3
Personnel Compensation:			
Permanent positions	$3,067,947	$3,148,046	$ + 80,099
Other personnel compensation	2,000	2,000	--
Total personnel compensation	3,069,947	3,150,046	+ 80,099
Personnel benefits	228,359	234,220	+ 5,861
Travel and transportation of persons ..	61,054	65,854	+ 4,800
Transportation of things	1,610	2,810	+ 1,200
Rents, communications & utilities	40,462	63,402	+ 22,940
Printing and reproduction	4,155	6,155	+ 2,000
Other services	61,995	93,795	+ 31,800
Supplies and materials	20,722	24,722	+ 4,000
Equipment	47,696	56,996	+ 9,300
Total obligations by object	3,536,000	3,698,000	+162,000

Summary of Changes

1969 estimated obligations	$3,536,000
1970 estimated obligations	3,698,000
Net change	+162,000

	Base		Changes from Base	
	Pos.	Amount	Pos.	Amount
A. Increases:				
1. Built-in				
Annualization of 1968 pay increase	--	--	--	+ $7,000
2. Program:				
(a) Supervisory and General Legal Services	48	$740,000	+4	+ 61,000
(b) Public Health Grants and Services	17	214,000	+1	+ 12,000
(c) Food, Drug, and Environmental Health	35	459,000	+3	+ 22,000
(d) O.A.S.I.	28	382,000	--	--
(e) Health Insurance	12	221,000	--	--
(f) Social & Rehab. Service	15	191,000	+1	+ 11,000
(g) Education	22	305,000	+1	+ 11,000
(h) Regional and Field	86	1,024,000	--	--
Subtotal, program	263	3,536,000	+10	+117,000
Other:				
Increased costs related to proposed relocation of activities and increased printing, reproduction, and other administrative costs	--	--	--	+ 38,000
Total increases	--	--	+10	+162,000

Explanation of Changes

An increase of ten positions is requested to keep pace with increased workload due to recently enacted legislation, litigation, and program growth.

1. Supervisory and General Legal Services (4 positions)

   An increase of one administrative and one clerical position, together with related expenses, is requested to accommodate the appointment of an Executive Assistant to the General Counsel.

   Two attorney positions are requested to correct severe under-staffing, and to meet increasing workload of the Legislation Division.

2. Division of Public Health Grants and Services (1 position)

   One attorney is requested to provide legal services for the newly enacted Alcoholic and Narcotic Addict Rehabilitation amendments of 1968 which authorize construction grants for treatment facilities, and to provide legal services connected with the implementation of the laboratory licensing requirements of the Clinical Laboratories Improvement Act of 1967.

3. Division of Food, Drug, and Environmental Health (3 positions)

   An increase of two attorneys and one secretary, together with related expenses, is requested to carry the increased workload which has resulted from enactment of the Radiation Control for Health and Safety Act of 1968 (which involves implementation and enforcement) and administrative proceedings on the revision of labeling of drugs called for by the Drug Amendments of 1962.

4. Division of Social and Rehabilitation Service (1 position)

   One attorney is requested in order to keep pace with the increase in workload resulting from extensive amendments in public assistance laws, and from an increased volume of litigation.

5. Division of Education (1 position)

   One attorney is requested to service the Office of Education programs involved with the Higher Education Amendments of 1968, and the Vocational Education Amendments of 1968.

Explanation of Transfers

Transfer to:	1969 Estimate	Purpose
"Salaries and expenses, Department of Justice"	$20,000	Transfer of Drug Abuse Control function to Department of Justice.
Proposed transfer from Community Mental Health Resource Support.	$61,000	For pay increase costs.

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Salaries and Expenses

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1960				
Appropriation	619,000	589,700	589,700	589,700
OASI Transfer	519,000	510,200	510,200	510,200
Food & Drug Transfer	27,000	27,000	27,000	27,000
1961				
Appropriation	676,000	642,000	658,000	650,000
OASI Transfer	623,000	590,000	623,000	617,000
Food & Drug Transfer	29,000	29,000	29,000	29,000
1962				
Appropriation	713,000	713,000	713,000	713,000
OASI Transfer	667,000	667,000	667,000	667,000
Food & Drug Transfer	29,000	29,000	29,000	29,000
1963				
Appropriation	876,000	832,000	832,000	832,000
OASI Transfer	711,000	710,250	710,250	710,250
Food & Drug Transfer	29,000	29,000	29,000	29,000
1964				
Appropriation	1,055,000	975,000	975,000	975,000
OASI Transfer	871,000	871,000	871,000	871,000
Food & Drug Transfer	29,000	29,000	29,000	29,000
1965				
Appropriation	1,411,500	1,267,500	1,267,500	1,267,500
OASI Transfer	878,000	878,000	878,000	878,000
Food & Drug Transfer	29,000	29,000	29,000	29,000
1966				
Appropriation	1,618,000	1,591,500	1,591,500	1,591,500
OASI Transfer	1,145,000	1,086,000	1,086,000	1,086,000
Food & Drug Transfer	29,000	29,000	29,000	29,000
1967				
Appropriation	1,803,000	1,780,000	1,780,000	1,780,000
OASI Transfer	1,306,000	1,301,000	1,301,000	1,301,000
Food & Drug Transfer	29,000	29,000	29,000	29,000
1968				
Appropriation	1,974,000	1,935,000	1,935,000	1,935,000
OASI Transfer	1,344,000	1,344,000	1,344,000	1,344,000
Food & Drug Transfer	29,000	29,000	29,000	29,000
1969				
Appropriation	2,125,000	2,125,000	2,125,000	2,125,000 a/
OASI Transfer	1,346,000	1,346,000	1,346,000	1,346,000
Food & Drug Transfer	29,000	29,000	29,00	29,000
Proposed Transfer for Pay Increases	56,000			
1970				
Appropriation	2,282,000			
OASI Transfer	1,387,000			
Food & Drug Transfer	29,000			

a/ Excludes proposed transfer from Community Mental Health Resource Support of $61,000 for pay increase costs

I. SUPERVISORY AND GENERAL LEGAL SERVICES

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel Compensation and Benefits	48	$590,925	52	$610,693	4	$19,768
Other Expenses	--	149,148	--	195,938	--	46,790
Total	48	740,073	52	806,631	4	66,558

A. Immediate Office of the General Counsel

This unit consists of the General Counsel, the Deputy General Counsel, the Special Assistant to the General Counsel, the Administrative Officer, a budget clerk, six secretaries, and three file clerks who maintain central files for three Divisions of the Office. This unit provides overall professional supervision and coordination, and handles the fiscal, personnel, and other managerial work for the entire office.

Increase Requested. One administrative and one clerical position are requested. The purpose of this request is to accommodate appointment of an Executive Assistant to the General Counsel in accordance with the recommendations of a management survey of the Office completed during Fiscal Year 1969. The Executive Assistant would carry the responsibility for providing the Office of the General Counsel with day-to-day administrative services, as well as for long-range budgetary planning, the conduct of the recently expanded attorney recruitment program, operation of the newly established legal precedent retrieval system, and implementation of organizational changes and other procedures recommended by the management survey. One clerical position is requested for secretarial services to the Executive Assistant, and to further staff the additional administrative services described.

B. Legislation Division

This Division is responsible for the preparation or review of all Department reports on proposed Federal legislation; assistance in the development of the Department's legislative program; drafting of all Department legislative proposals, and, as necessary, appropriation bill language; assistance to other Federal agencies, Congressional Committees and their staffs, and House and Senate legislative counsel in drafting bills, and Committee reports on bills, affecting the Department, providing legal advice on international activities at the Departmental level, and providing Legislative Reference Service for the Office of the Secretary.

The Department's legislative concerns are probably more diversified than those of any agency, and a large and growing part of the Administration's legislative program has been in fields for which the Department is responsible. There has been a corresponding increase in the workload of the Division in the development and drafting of legislation as well as in its reporting workload. While the Division has for a number of years been short of staff--a fact recognized by Budget Bureau in urging more adequate staffing of the Division--the shortage, which is now accentuated by the loss of an attorney as of June 30, 1968, as a result of the Revenue and Expenditure Control Act of 1968, reached an extremely critical point early in the second session of the 90th Congress, when the Division, charged with drafting an increasing volume of complex key Administration

legislation in time for the scheduled submission of Presidential messages, was unable to keep up with their timing despite some details of additional personnel and constant week-end, holiday, and other overtime work. Other responsibilities of the Division, such as review of reports on bills to Congressional committees, have had to be deferred, with the result, in the case of reports, that the setting of hearings on bills on which we have not yet reported constantly created critical situations in that area also.

The reporting workload has, moreover, been markedly rising in volume. There has been a marked increase in the reporting workload of the Division. Out of 1638 requests for reports received through August 28, 1968, on 90th Congress bills, the preparation or review of only 508 reports (covering 580 of these requests) had been completed. On August 28, 1968, there was a backlog in the Division of 61 reports (covering 84 active requests). Sixty-five Departmental bills have been drafted, as have numerous amendments to these and other bills. There is every reason to expect that the demands on the Division will continue to grow.

Increase Requested. An increase of two attorneys is requested.

C. Business and Administrative Law Division

This Division handles the myriad legal problems often referred to as "housekeeping" problems, and also renders legal services for the Department's surplus property, civil defense, and security programs. The workload of this Division of necessity increases with the growth of the Department and its programs, particularly in the areas of contracting, patents, and administrative services. The increased research and development activities of the Department have resulted in heavier flow of invention reports and invention and patent problems; the Division's services are required in connection with specific patent and copyright questions.

In the area of administrative services, the rapid growth of the Department has increased the need for legal services in personnel matters. The Department employs a large number of part-time consultants, and a number of the Department's full-time scientific and professional personnel are engaged in various outside activities -- both generating a heavy demand for legal advice on applicable conflict-of-interest laws, executive orders, and regulations. The Chief of the Division has been designated the Ethical Standards Officer of the Department; he is also the Department's Claims Officer and the Division is responsible for administering the Federal Tort Claims Act and the Military Personnel and Civilian Employees' Claims Act, the Federal Claims Collection Act of 1966, and recent legislation providing for waiver of overpayment of pay. The Division is also responsible for administering the Federal Medical Care Recovery Act, and the Department's regulations governing disclosure of information under the Public Information Act.

The workload of the Division has been steadily increasing, in large measure due to the increase in the procurement and other contracting activities of the Department and its operating agencies. As a result of such activities, heavier demands upon the Division for legal services are made in connection with protests to the General Accounting Office, contract negotiations and drafting of claims and appeals arising out of contracts as well as litigation in the Court of Claims.

Legal services are also provided in connection with a multitude of management, administration and appropriations problems.

II. DEPARTMENTAL PROGRAM SERVICES

(A) Public Health Grants and Services

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel Compensation And Benefits	17	$200,427	18	$209,434	1	$9,007
Other Expenses	--	13,522	--	16,672	--	3,150
Total	17	213,949	18	226,106	1	12,157

This Division provides legal services to the Health Services and Mental Health Administration and to the National Institutes of Health.

It is anticipated that an increased need for legal services for fiscal year 1970 will arise from the following developments:

1. New Activity. "Alcoholic and Narcotic Addict Rehabilitation amendments of 1968". These amendments which authorize construction grants for treatment facilities for alcoholics and for narcotic addicts, as well as staffing grants for such facilities, require the development of regulations as well as the application of criteria of eligibility specified in the statute and will call for additional legal services.

2. Laboratory licensing. The implementation of the laboratory licensing requirements of the Clinical Laboratories Improvement Act of 1967 will call for substantial legal services in the administration of a large scale regulatory program involving provisions for administrative hearings on the denial, suspension or revocation of licenses and potential litigation.

Increase requested. One attorney (GS-13) is requested to provide legal services for the above program.

(B) Food, Drug, and Environmental Health Division

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel Compensation and Benefits	35	$452,001	38	$489,666	3	$37,665
Other Expenses	--	7,463	--	30,263	--	22,800
Total	35	459,464	38	519,929	3	60,465

This Division provides legal service for the functioning of the Consumer Protection and Environmental Control Administration and its constituent agencies, the Food and Drug Administration, the National Air Pollution Control Administration, and the Environmental Control Administration. It handles regulatory litigation in the Federal Courts; it carries the burden of administrative hearings in both adjudicatory and rule-making proceedings, it is responsible for the public proceedings in the promulgation of some regulations which do not require a public hearing; it provides legal counsel to the Administration of Consumer Protection and Environmental Health Services and to the Commissioners of each of the above-named organizations and their staffs; and it supports the Food and Drug Administration in legislative hearings.

The Food and Drug Administration, under a contract with the National Academy of Sciences, has reviewed the claims of effectiveness for all drugs approved through the new drug provisions of law between 1938 and 1962. This review was called for by the Drug Amendments of 1962. The reports being recieved from the NAS-NRC Drug Efficacy Study Panels have called for the revision of the labeling of a great many drugs and for the elimination from the market of some drugs that have been ruled ineffective. These reports have to be implemented by administrative proceedings, including public hearings. The Division requires additional attorney personnel to handle this work.

In May 1967 the Supreme Court decided two cases which make FDA regulations reviewable in Declaratory Judgment Actions. This has substantially increased our legal involvement.

Revision of the dietary foods regulations has involved us in the most extensive administrative proceeding ever to be conducted under the Federal Food, Drug, and Cosmetic Act. This hearing started in 1968 and is expected to last more than a year. Two attorneys are assigned full time to the hearing.

The implementation and enforcement of the Radiation Control for Health and Safety Act of 1968 will require additional personnel resources. This Act requires the establishment of performance standards for a variety of electronic products, such as color TV, microwave ovens, X-ray equipment, ultrasound, infrasound, and sonic devices to assure safety. Judicial review of these standards is authorized by the new law. It also requires the reporting of any defects or failure to comply with performance standards. Public notification and corrective measures may be required. This new law will have to be implemented by procedural and functional regulations, such as the regulations establishing performance standards, methods of testing, and precautionary measures. Much of the administration of the law requires legal action.

The Clean Air Act requires an attack upon air pollution on a regional basis. Air Quality Regions are being established, air quality criteria and control technology are being developed, and air quality standards must be placed into effect.

The Federal regulation of domestic automobiles and the control of imported automobiles, under the National Emissions Standards Act, regarding exhaust and other polluting emissions calls for increasing legal services in the application and enforcement of existing Federal standards, the issuance or denial of certificates of compliance, and the development of new standards for later model years.

This Division provides legal services for the Solid Wastes program of the Environmental Control Administration.

Increase requested. An increase of two attorney positions and one clerical position is requested to meet the increased workload of this Division.

(C) O.A.S.I.

	1969 Estimate Pos.	Amount	1970 Estimate Pos.	Amount	Increase or Decrease Pos.	Amount
Personnel Compensation and Benefits	28	$374,522	28	$374,522	--	--
Other Expenses	--	7,103	--	7,103	--	--
Total	28	381,625	28	381,625	--	--

The services of this Division, which call for the furnishing of legal advice with respect to the administration of the old-age, survivors, and disability insurance programs and of mutually dependent provisions of law in related programs, will be required in putting into effect the many provisions of the Social Security Amendments of 1967 (P.L. 90-248) in the following respects:

(1) Continuation of the comprehensive updating and expansion of Regulations No. 4 to reflect extensive amendments made by the Social Security Amendments of 1967 (P.L. 90-248) relative to the eligibility of individuals for benefits, the expansion of the definition of disability, the payment of benefits to individuals outside the United States, deductions from social security benefits, and the representation of claimants by attorneys and payment of attorneys fees;

(2) Reevaluation of proof requirements of the Social Security Administration and the analysis of administrative proposals for simplifying Title II of the Social Security Act in the light of electronic devices for processing OASDI data and claims;

(3) The review of procedures with the view to changes in policies in disposing of benefits due, but not paid to, deceased Social Security beneficiaries necessitated by the provisions of the Social Security Amendments of 1967 (P.L. 90-248); and

(4) The filing of pleadings, briefs, and other legal documents in Title II suits in the Federal courts to review the disallowance of claims--which at the close of the Fiscal Year 1968 numbered 1,588 cases, and in which pleadings and answers were filed in 874, briefs in 696, and memoranda relative to appeals to Courts of Appeals and applications for certiorari to the Supreme Court in 243. The totals in these categories should continue at the same level in fiscal 1970.

(D) Health Insurance Division

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel Compensation and Benefits	12	$214,950	12	$214,950	--	--
Other Expenses	--	6,125	--	6,125	--	--
Total	12	221,075	12	221,075	--	--

Requests for the services of the Division with respect to legal issues arising in the administration of the health insurance benefits program continue to increase. The issues occasioning the need for legal services stem primarily from three sources: questions concerning (1) eligibility and entitlement of individuals to benefits under the program; (2) conditions of participation and scope of covered services of providers of services (hospitals, extended care facilities and home health agencies); (3) administrative responsibilities of State agencies, fiscal intermediaries, and carriers in certifying institutions for participation and determining the amounts payable under the program for covered services furnished by providers of services, physicians, and other suppliers to beneficiaries. The services of the Division entail a large volume of written memoranda in response to requests for interpretative opinions, and also personal attendance by staff members at meetings and conferences with groups representing the interests of physicians, hospitals, health insurance carriers, and similar groups concerned with medical and other health services. The Division, additionally, represents the interests of the Government in administrative hearings to determine the qualification of institutions as providers of services and to terminate the agreements of institutions no longer qualified, and assists the Department of Justice in the preparation of the Government's defenses in judicial actions to review administrative determinations affecting provider qualifications.

The Division of Health Insurance has experienced a significant increase in its workload, due in part to the recent Social Security amendments of 1967, and in part to the increase in litigation under Title 18.

(E) Social and Rehabilitation Service Division

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel Compensation and Benefits	15	$181,204	16	$190,211	1	$9,007
Other Expenses	--	9,870	--	13,020	--	3,150
Total	15	191,074	16	203,231	1	12,157

This Division provides legal services for the Social and Rehabilitation Service, and for the Bureau of Federal Credit Unions in the Social Security Administration. One additional attorney is requested for fiscal year 1970.

Extensive amendments were enacted by the 90th Congress in the Department's programs for public assistance through money payments and medical assistance; social and rehabilitation services for the aged, the handicapped, and families with children; maternal and child health and welfare; mental retardation; juvenile delinquency; and federal credit union matters. The full impact of the implementation of the new statutory provisions, and the legal questions arising under them, will be felt in fiscal year 1970. In addition, the tremendous increase in welfare litigation and the many legal questions being raised by public assistance recipients and their representatives are expected in themselves to account for enough additional work to necessitate the requested increase.

Despite a great increase in workloed, the currently authorized staff of this Division is smaller than that for fiscal year 1967. The requested increase is the minimum necessary to allow the Division to keep pace with its work.

(F) Education Division

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel Compensation and Benefits	22	$291,627	23	$302,140	1	$10,513
Other Expenses	--	13,236	--	13,386	--	150
Total	22	304,863	23	315,526	1	10,663

The Education Division provides legal services with respect to functions of the Office of Education and the Office of the Secretary in matters relating to education, and, to the extent of the Department's concern, to Howard University, Gallaudet College, American Printing House for the Blind, and the National Technical Institute for the Deaf.

Legislation enacted by the 90th Congress, 1st Session, has created a substantial additional workload for the Division. This legislation includes the Educational Professions Development Act (P.L. 90-35); the Public Broadcasting Act of 1967 (P.L. 90-129); the Elementary and Secondary Education Amendments of 1967 (P.L. 90-247); the Higher Education Amendments of 1968 (P.L. 90-575) and the Vocational Education Amendments of 1968 (P.L. 90-576), the extension of student assistance programs (P.L. 90-460); the Handicapped Childrens Early Education Assistance Act (P.L. 90-538), and Manpower Development and Training Act Amendments of 1968 (P.L. 90-636).

Two of these acts deserve particular mention:

The Higher Education Amendments of 1968 (P.L. 90-575) made substantial revisions in the Higher Education Act of 1965, the Higher Education Facilities Act of 1963, and the National Defense Education Act of 1958. These changes involve the almost complete overhauling of some programs, make substantial amendments to others, and add a number of new programs. These new programs include the Upward Bound program formerly operated by the OEO and a program of special services designed to overcome the academic and other deficiencies of disadvantaged students, which, together with the Talent Search program, comprise the new section 408 of the HEA; a program of grants to institutions of higher education for the planning, establishment, expansion, or carrying out of programs of cooperative education and grants for training and research in cooperative education (new Part D of Title IV, HEA), a program providing for the sharing of educational and related resources among colleges and universities ("Networks for Knowledge", new Title VIII of the Higher Education Act); a program of grants, contracts and fellowships to strengthen programs of education for public service ("Education for the Public Service", new Title IX, HEA); a program to strengthen and improve the quality of graduate programs leading to a doctoral or professional degree and to increase the number of such quality programs (Improvement of Graduate Programs, new Title X, HEA), a program of grants to local educational agencies for the purchase of equipment and materials designed to meet the special educational needs of educationally deprived children (new Part B of Title III of the NDEA); and a program of grants to reduce the cost of borrowing to colleges and universities for the construction of academic facilities by underwriting a portion of the interest on loans made by commercial lenders (new section 306 of the HEFA of 1963).

The Vocational Education Amendments of 1968 (P.L. 90-576) completely revised the Vocational Education Act of 1963 adding, among other things, the following substantially new programs: Exemplary Programs and Projects (Part D); Consumer and Homemaking Education (Part F); Cooperative Vocational Education Programs (Part G); and Curriculum Development in Vocational and Technical Education (Part I). P.L. 90-576 also added a major new program entitled "Training and Development Programs for Vocational Education Personnel" to the Education Professions Development Act.

The implementation of this new legislation will involve intensive and continuing legal services. Of particular note in connection with the legal services required by this and previous legislation are the still unsettled constitutional questions arising from Federal aid involving private schools, both on the elementary and secondary and on the higher education levels. The recent decision of the Supreme Court in Flast v. Cohen, granting taxpayers standing to challenge such aid, assures that litigation in this area will be a major concern of the Division in fiscal year 1970.

Increase requested. An increase of one attorney is requested to carry out the increased workload of this Division.

III. REGIONAL AND FIELD

	1969 Estimate		1970 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel Compensation and Benefits	86	$992,650	86	$992,650	--	--
Other Expenses	--	31,227	--	31,227	--	--
Total	86	1,023,877	86	1,023,877	--	--

Legal services furnished by attorneys in the nine Regional Attorneys' offices correspond to those rendered by the headquarters division of the Office (other than Food and Drug matters). During recent years there has been a tremendous increase in the amount and importance of these services, due to program growth and the establishment of new programs serviced by the Regional Attorneys' offices and (more recently) increasing decentralization of program functions and responsibilities to regional offices.

New Positions Requested
Fiscal Year 1970

	Grade		Annual Salary
Supervisory & General Legal Services			
Executive Assistant	GS-15		$19,780
Attorney	GS-15		19,780
Attorney	GS-11		10,203
Secretary	GS-6		6,321
		(4)	56,084
Public Health Grants and Services			
Attorney	GS-13		14,409
Food, Drug, and Environmental Health			
Attorney	GS-13		14,409
Attorney	GS-11		10,203
Secretary	GS-5		5,732
		(3)	30,344
Social and Rehabilitation Service			
Attorney	GS-13		14,409
Education			
Attorney	GS-14		16,946
Total new positions, all activities..		(10)	$132,192

TUESDAY, MAY 13, 1969.

GENERAL PROVISIONS

WITNESSES

JAMES F. KELLY, ASSISTANT SECRETARY, COMPTROLLER
JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

Mr. FLOOD. We will now take up the general provisions. We will have the presentation made by Mr. Kelly.

Mr. KELLY. I might start by identifying for you the changes we are proposing in the general provisions that were carried in the last year's bill and the principal reasons for proposing a change.

Mr. FLOOD. When you do that I suppose you will tell me about the last six provisions that you are suggesting be taken out of the bill.

Mr. KELLY. Yes, sir.

Mr. FLOOD. This was proposed in the Johnson budget. You concur with the Johnson budget on this?

Mr. KELLY. Yes, sir.

SECTION 207—PUBLIC HEALTH SERVICE PREAMBLE

The first change we have proposed is the addition of section 207. In essence this is language which up until now has been carried in the bill under the preamble to the Public Health Service.

Mr. FLOOD. Section 207 appears in this budget as new language.

Mr. KELLY. Yes, sir.

Mr. FLOOD. As a matter of fact it is not new, in most part. It was the preamble to the old Public Health Service.

Mr. KELLY. Yes, sir. We made only two changes in it instead of describing it as a preamble to the PHS we are now saying that it applies to the three health agencies in the Office of the Secretary which comprise the PHS.

Mr. FLOOD. And you are setting it up under general provisions.

PAYMENT OF CONSULTANTS

Mr. KELLY. Yes. We made one other change. The old provision said you pay consultants at the rate of up to $24,500 which was the amount of grade 18. We have asked that the language be changed so that you pay the amount of grade 18, whatever that amount is. It will stay current with it rather than changing the figure each time there is a change in the salary structure.

SECTION 407—FEDERAL EMPLOYEES INVOLVED IN RIOTS

The next change we propose in the general provisions is with respect to section 407. This is language which was included in the act designed to prohibit the payment of salaries to Federal employees convicted of being involved in a riot or similar activity. Our only reason for requesting that this language be deleted is that the provision has been made permanent law in the Omnibus Crime Control and Safe Streets Act of 1968, Public Law 90–351, title V. So it is no longer necessary to carry it in this appropriation bill. It applies to all Federal agencies as a matter of permanent law.

SECTION 408—INTERDEPARTMENTAL BOARDS AND COMMITTEES

The next provision that we have suggested be changed is section 408. This was a provision that was included last year, prohibiting the use of any of the funds contained in the act to finance interdepartmental boards, commissions, councils, committees or similar groups, which do not have prior specific congressional approval. Again the reason why we are asking that the change be made is that a provision was included in the Public Works for Water and Power Resources Development and Atomic Energy Commission Appropriation Act of 1969, section 510 of Public Law 90–479, which applies to all agencies on a permanent basis and hereafter. So it is no longer necessary to carry it in each individual appropriation act to get the benefit of this provision of law.

SECTION 409—SCHOOL DESEGREGATION

Section 409 is a provision that was included last year, and it was designed to prohibit the use of funds to force the busing of students, abolishment of any schools, or forcing any student to attend any elementary or secondary school, to attend a particular school against the choice of his or her parents or parent in order to overcome racial imbalance. We are asking that the provision be deleted because it is our conclusion that this provision does not change anything in existing law.

The language in the Civil Rights Act of 1964, the language in the Elementary and Secondary Education Act of 1965, and the language in the Demonstration Cities Act of 1966, all prohibit Federal agencies from requiring any action to overcome racial imbalance.

SECTION 410—ASSIGNMENT OF CIVIL RIGHTS COMPLIANCE STAFF

There is another proviso under section 410 which required that the Secretary assign as many people outside the 17 Southern and border States as are assigned within those States for elementary and secondary education compliance activities under title VI of the Civil Rights Act. It also directs that the Secretary enforce compliance with title VI by like methods and with equal emphasis in all States and report to the Congress by March 1, 1969, on the actions he has taken and the results achieved in establishing this compliance program on a national basis. The Secretary has taken the required action for realinement of the staff and has made the required report to Congress on March 1. Therefore, it was our feeling that the retention of this provision was no longer necessary and it had achieved its purpose.

WITHHOLDING FUNDS FOR SCHOOL LUNCH PROGRAMS OR MEDICAL SERVICES

The second proviso in section 410 prohibits an official employed under the Appropriation Act from recommending the withholding of funds or commodities for school lunch programs or medical services in order to overcome racial imbalance. We ask that this be deleted because the proviso is unnecessary since this subject is fully covered by the existing substantive law under the Civil Rights Act of 1964, the Elementary and Secondary Education Act of 1965 and the Demonstration Cities Act of 1966.

WITHHOLDING OF NATIONAL FOREST REVENUES

The third proviso in section 410 prohibits any official or employee through funds appropriated by the act from recommending the withholding of national forest revenues that would otherwise be expended for the benefit of the public schools or roads. This requirement has resulted in separating the Department of Agriculture proceedings relating to forestry funds from those proceedings which involve HEW funds. It is our feeling that this causes a wasteful and inefficient duplication and subjects a school district to two hearings instead of having all of the issues on compliance adjudicated in a single hearing. We therefore recommend that not be done. Although HEW cannot recommend that those funds not be made available, each of the districts is being subjected to a separate hearing in order that the Department of Agriculture can arrive at its conclusion on the use of the forestry funds.

The next general proviso which we are suggesting deletion is section——

EFFECT OF SECTIONS 409 AND 410

Mr. MICHEL. Before you move on from 409 and 410, has there been any force and effect at all that these two sections have had in the past year?

Mr. KELLY. Two effects as I would see it. One is as a result of the congressional direction we did realine the staff and did organize and initiate a more concentrated program of civil rights enforcement in Northern States than had heretofore existed, and have now filed a report with respect to it. Secondly, it has had the unfortunate consequences of requiring two hearings in those school districts where forestry funds are involved. We are recommending that be discontinued. Other than that I think it has had no effect because the same coverage of those two sections is the existing requirement of the law. Therefore, if these provisions had not been in effect we would have had to do the exact same thing that we did.

Mr. SMITH. Am I to understand, then, with regard to the other parts of 409 and 410, it has had no effect?

Mr. KELLY. That is correct.

Mr. SMITH. So it does not do any harm or good, either one?

Is that your statement?

Mr. KELLY. That is correct.

Mr. SMITH. That is all.

Mr. MICHEL. Except you are saying as far as you are concerned with the dual hearing——

Mr. KELLY. That we think is inappropriate.

SECTION 411—CAMPUS DISORDERS

With respect to 411, this provision prohibits the use of funds contained in the act to provide loans or grants to any applicant involved in unlawful activities at institutions of higher education.

We have proposed that this language be deleted, not because we think that it is an unwise public policy to deny the funds to a person so engaged in compus unrest but rather because there is a section of the Higher Education Act, section 504, which is designed to achieve

the same thing. It does it in a slightly different way than 411. We believe it to be in the best public interest that the Congress establish the public policy in this connection in one law, and that that law apply universally. So the institutions are not in the position of having two different versions of the public policy and having to conform to both of them and their idiosyncracies. Section 504 approaches it on a somewhat broader basis than does the appropriation proviso 411, in that it deals not only with violations of the law, but deals with serious violations of the campus regulations. It also was susceptible of an interpretation as to what constituted an offense or a crime, which seems to be more nearly what was intended than the interpretation that comes from section 411. There are a couple of problems that I should bring to your attention, and that is that section 504 of the Higher Education Act defines its coverage. That coverage is not quite as broad as 411. It deals only with the Office of Education and with the programs hat it administers.

You should also know that the Education and Labor Committee of the House has established a subcommittee under the chairmanship of Mrs. Green and that that subcommittee is now holding hearings and deliberating on the adequacy of section 504 and as to whether or not it should be modified in any way in order to fully achieve the purpose.

What we are suggesting to the Appropriations Committee is that they rest on the determination of the Congress through action on that section 504, and if it is in any way inadequate that the perfections be done in that substantive legislation so that we not be caught with two different laws that have the same basic purpose.

COMPARISON OF SECTION 411 WITH SECTION 504, HIGHER EDUCATION AMENDMENTS

Mr. SMITH. I think it is best for that committee to pass on the legislation. But section 504 of the act which you are talking about is in fact a nullity, because it says "if" the institution decides it wants to do thus and thus, it shall have a hearing. "If" the institution decides something else and so on. In effect it does not require withholding aid to any student or any corrective action. The institutions have all the discretion they had before. On the other hand, under section 411 of the appropriations bill, they must use this additional criterion in determining which students are eligible for loans.

Mr. KELLY. I think that there is much in what you say, Mr. Smith. I think that you would be interested to know that our counsel has concluded that section 504 does place an obligation on the institution. It is not a discretion that they can take or leave.

It is, rather, a discretion that is similar to the discretion which is available to a prosecutor. That is, that he can decide for good and sufficient reasons that there are cases that he will prosecute and there are cases that he will not prosecute, but he cannot without reason decide not to prosecute any of them. Similarly, the institution under the requirement of that law assumes an obligation to carry out the purpose and intent of that law.

Mr. SMITH. But in effect, under section 504 they can go ahead and grant loans to students that were convicted of a crime if they want to. That includes seizing buildings and trespassing, whereas under section 411, there is no discretion.

I agree it ought to be uniform and the authorizing committee should come up with good language. It would not be necessary for us then to do it. If they do not, we ought to do it again.

Mr. KELLY. I think the issue there may be of sufficient importance I do have a statement that covers our reasons. If you would like, we can incorporate that in the record.

Mr. FLOOD. Without objection.

(The information follows:)

REASONS FOR RECOMMENDING DELETION OF SECTION 411

1. Both section 504 of the Higher Education Amendments of 1968 (Public Law 90-575) and section 411 of the Department of Health, Education, and Welfare Appropriation Act, 1969 (Public Law 90-557) seek to achieve the same ends. They provide for the denial of Federal financial assistance to students and others who are using the opportunity so afforded, not to obtain a higher education for themselves, but to interfere with the rights of others to obtain a higher education. These provisions also furnish our colleges and universities with a useful tool to supplement their own procedures for dealing effectively with campus disruption. While aimed at the same objectives, however, section 411 and 504 represent different and somewhat inconsistent approaches to the same problem.

The issue of student disruption is one of the most complex and highly charged which our society faces today. The policies of the Federal Government in this area should be reflected in clear and unmistakable terms, particularly when, as is the case here, the provisions in question are addressed to the administrators of colleges and universities. These administrators may well be confused when faced with two provisions where one would do, and such confusion can only serve to impair the efforts which the Congress is seeking to encourage. We strongly recommend that the Congress should harmonize the two approaches and, as Secretary Finch has suggested, "speak with one voice", on this subject.

II. This being the case, a choice between section 411 and section 504 must be made. While information is still being gathered on the relative effectiveness of the two provisions, this department believes that section 504 represents the better approach.

(1) Section 504 reaches more student misconduct than section 411.

(a) Section 411 covers only those cases where a crime is involved. Section 504 provides for the termination of assistance to disruptive students not only in cases where the student has been convicted of a crime arising out of a campus disturbance (sec. 504(a)); it also applies to the more frequent occasions where the student has not been the subject of court proceedings but has violated a university rule in such a manner as to contribute to a substantial disruption of the institution's administration (sec. 504(b)).

(b) Section 504 reaches more student misconduct than section 411 in another respect. As I have indicated, section 411 is limited to disruptive students convicted of a crime. However, the convictions to which section 411 applies fall within a limited category; namely those handed down by a court of general jurisdiction, a qualification which excludes convictions in courts empowered to try only misdemeanors. Section 504(a), on the other hand, covers convictions in any court of record and is, therefore, designed to embrace convictions in the types of criminal courts in which many, perhaps most, campus-connected offenses are likely to be tried.

(c) Section 411 may be limited in yet another respect. It is not clear that an appropriation act rider such as section 411 covers misconduct which takes place before the passage of the appropriation act in which it appears. For example, let us assume that a provision similar or identical to section 411 is placed in the 1970 appropriation act. A student who benefits from a program supported by 1970 act funds commits a crime arising out of a student disturbance prior to the passage of the 1970 act. He may argue to a court, with some plausibility, that the 1970 act rider does not apply to him because his misconduct occurred prior to its passage. Section 504, on the other hand, is permanent and applies to all misconduct taking place after its enactment.

(2) Section 504 is more precise in focusing on the types of conduct which must be controlled if academic freedom and civility are to survive. It reaches misconduct which is of "a serious nature" and which has "contributed to a substantial disruption of the administration of the institution in question. Sec-

tion 411, while requiring findings as to the intent of the offender, does not contain these elements.

(3) Section 504 allows greater flexibility to the institution in administering discipline. Section 411, with respect to the program funds involved, permanently disqualifies the student for assistance and, if repeated in subsequent appropriations, would extend the permanent disqualification to those funds also. Thus, section 411 provides the institution with no discretion in this regard. Section 504 limits the disqualification to 2 years; it also makes clear that the institution's own disciplinary procedures may be employed in addition to, or in substitution for, those specified by Federal law (as long as the obligations embodied in the Federal requirements are satisfied). Thus, under section 504(d)(1), the institution may determine to disqualify the student under its own rules for a longer period than is specified under section 504(a) or 504(b) or for misconduct which does not reach the level specified in those subsections.

(4) The ultimate responsibility for dealing successfully with campus unrest belongs squarely on the shoulders of our colleges and universities.

Section 504, to a greater degree, than section 411, is consistent with this approach. Under section 504, it is the institution of higher education which must determine whether particular conduct of a given student is of a "serious nature" or whether it "contributed to a substantial disruption." Those terms leave the institutions with a range of judgmental factors, which makes the basic decision theirs and not the Government's. At the same time, the institutions do not enjoy untrammeled discretion to close their eyes to disruption by Federally assisted students. As interpreted by our Department, section 504 imposes upon institutions of higher education a meaningful obligation to apply it. Section 504 is a better vehicle for achieving the Government's objectives in disqualifying for higher education assistance those students who would seek to destroy higher education, while making clear to our colleges and universities that the ultimate responsibility for maintaining their academic freedom is theirs.

III. The comments above do not mean that section 504 is without some difficulties of interpretation and coverage. For example, a significant shortcoming is that section 504 does not cover some programs of student assistance which the Department's appropriation act reaches, such as nurse or health professions traineeships, although it is believed that section 504 does extend to virtually all those programs which benefit students likely to participate in campus disturbances. In any event, a subcommittee of the House Committee on Education and Labor is currently considering the problem of campus disorder in its entirety and is carefully assessing the need for improvement and strengthening of section 504, including its extension to programs of educational assistance across-the-board.

In summary, the Department prefers section 504. To deal concurrently with this subject in different and overlapping legislative measures would tend to confuse college administrators and others who have to work with these measures and might result in having different arms of the Congress working at cross-purposes. While the Department appreciates and supports the motives which led the Congress to enact section 411 in the 1969 appropriation act, we think that the cause of effectively dealing with the wave of student disorder that now afflicts our Nation would be better served if the 1970 appropriation act should omit provisions such as those of section 411.

SECTION 412—MISUSE OF STUDENT AID FUNDS

Mr. KELLY. Section 412 was a proviso that was included to impose a disqualification for assistance in a form of a loan, guarantee of a loan or a grant provided from funds appropriated by this act upon any person who within 5 years before applying for such aid in any such form from funds appropriated to the Department of HEW, used the proceeds for a purpose other than that for which the loan or grant was made.

In the Student Loan Insurance program, which is the program that we understand gave rise to this provision, and is the only student aid program in which a complaint as to the application of the proceeds of a loan has to our knowledge ever been received, a needs test is not required or intended under that law. We do by regulation require in

the case of any student with respect to whose insured loan and interest subsidy is payable, that he give assurance that the proceeds will be applied to his education.

It was our thought that no further safeguard is necessary for such loans. In the case of other insured student loans, that is where there is no interest subsidy, any misrepresentation as to the purpose of applying for the loan would of course be fraud for which existing remedies would suffice.

In the case of equal opportunity grants and national defense education student loans, the requirement is to the need for the loan to pursue an education, and the review of the student's resources in that connection gives sufficient assurance that the student aid is needed and will not be misapplied. Therefore, we would recommend that section 412 be deleted as being unnecessary.

Those, Mr. Chairman, are the only changes that we are proposing in the law and in effect I think that you can summarize the testimony as not being in disagreement with the public policy which is inherent in the general provisos, but rather, that circumstances have occurred which make it unnecessary to carry them in appropriation acts. We are asking that there be a consistent treatment in permanent law in order to carry out the public policy.

USE OF AUTHORITIES UNDER SECTION 207

Mr. FLOOD. To come back to the language in 207, to what extent are you using this authority regarding education of dependents of overseas employees?

Mr. KELLY. I thought that I had that with me. I will submit it to you.

It is to be used only with respect to those commissioned officers that are stationed overseas. It is a comparable arrangement with the arrangements made by the DOD.

Mr. FLOOD. For what group or groups do you need the authority regarding payment of housing expenses of employees overseas?

Mr. KELLY. Again, similarly, it is the commissioned officers that are on loan. They are either working or on loan to the AID agency. I will get a specific number.

Mr. FLOOD. The same thing for the number of individuals paid last fiscal year under the authority to pay consultants, scientists who are on the payroll for limited periods of time, and the total amount of money involved?

Mr. KELLY. I will get you that. 1,432 appointments had been made as of February 28 of this year.

(The information follows:)

Utilization of authority under section 207

1. Cost for educating the dependents of overseas employees: 1969, $19,700; 1970, $13,700.
2. Lease authority for housing expenses of employees overseas 1969, $75,000 and 25 employees; 1970, $55,000 and 17 employees.
3. Part-time consultants and scientist employed under this authority in fiscal year 1968, 2,113.
4. Cost in fiscal year 1968 of consultants $1,247,775.

FINANCIAL MANAGEMENT INTERN PROGRAM

Mr. FLOOD. I have here a letter written by Hon. David N. Henderson, Chairman of the Subcommittee on Manpower and Civil Service of the Committee on Post Office and Civil Service. This is addressed to Mr. Hampton, Chairman of the Civil Service Commission.

He sent this copy to Mr. Mahon, Chairman of the full Committee on Appropriations and also sent a copy to Secretary Finch.

Are you aware of this letter?

Mr. KELLY. I just read it.

Mr. FLOOD. We will insert it at this point in the record.

(The information follows:)

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON MANPOWER AND CIVIL SERVICE
OF THE COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C., May 6, 1969.

Hon. ROBERT E. HAMPTON,
Chairman, Civil Service Commission,
Washington, D.C.

DEAR MR. CHAIRMAN: It has been brought to my attention that there is a current personnel practice under way in the Department of Health, Education, and Welfare, in the training of newly-hired employees, that warrants your personal attention. What I have in mind is this, the Department hires off of college campuses a limited number of young people at GS–5 pay level and, then immediately sends these new employees to school for a year. Upon the completion of their graduate work, apparently masters degrees are earned and the employees then go to work at the GS–7 pay level. Further, I understand that at the end of their second year on the Federal payroll, these employees are raised to GS–9 pay level.

My informal review of this matter would tend to indicate that as the Government Employees Training Act, Public Law 85–507, is presently written, the above action is apparently legal. However, I questiton the wisdom, the practicality of this program. Even though the labor market may be tight, I would expect a Department, such as Health, Education, and Welfare, to put its newly-hired employees to work for a minimum of 1 year to the test their qualifications, as well as desires to stay in the Government, prior to providing at Government expense a year of additional formal education. We should not forget the value of on-the-job training. In fact, I have this question—if the work to be performed is such as to require a masters degree, would it not be appropriate to incorporate such information in the job sheet and provide an entrance grade sufficient to attract qualified candidates?

Mr. Chairman, the subcommittee, in its report on Civilian Training, House Report No. 329, June 1, 1967, has several recommendations relating to some extent to the above situation. For example, recommendation No. 9 reads, "The Civil Service Commission should play a more active role in reviewing department and agency use of nongovernment training sources. A greater effort should be made to evaluate the effectiveness of nongovernmental training relative to on-the-job performance." And, recommendation No. 12—"The Civil Service Commission should study the relationship of academic degrees to various job requirements in the Government, determine the extent to which manpower shortages exist because of academic requirements, and recommend whether or not the Training Act should be changed in this regard."

In light of these recommendations, and in consideration of the above facts, I would appreciate your comments as well as plan of action.

For your information, I am sending a copy of this letter to the Secretary of Heauth, Eductaion, and Welfare, and Chairman of the House Appropriations Committee.

With appreciation for your cooperation, I am

Sincerely yours,

DAVID N. HENDERSON,
Chairman.

Mr. FLOOD. Since you have just read it, do you feel ready to comment on it?

Mr. KELLY. Yes, sir. I do.

What this letter refers to is a program that we initiated, now being carried out at the University of Pittsburgh for 10 financial management interns. It is a program designed to produce the broadest kind of individual in the field of financial management that can make a contribution to the financial management leadership of the Department of HEW.

Let me tell you why we inaugurated such a program.

By and large the number of people trained——

Mr. FLOOD. He says here that you picked them off the campuses and then sent them to school?

Mr. KELLY. That is correct.

Mr. FLOOD. For a year?

Mr. KELLY. Yes, sir. The reason for this is that by and large the enrollment of people that are specializing in accounting and related subjects is not keeping pace with the demand. The recruitment of these people is very, very competitive. The people who undertake these kinds of courses strongly tend to be influenced to go into business or go into private practice of accounting. When they decide to come to the Federal Government, they tend to be more nearly influenced to go to Internal Revenue, Securities and Exchange Commission, or the Department of Defense, rather than social type programs.

Mr. FLOOD. At the end of the year you put them on the payroll as GS–7?

Mr. KELLY. We have tried to go out and get people who have a social motivation, who have an interest in being in being responsible for the management of the kinds of programs HEW operates.

Mr. FLOOD. Probably a master's degree?

Mr. KELLY. Generally these people are liberal arts graduates and we are putting them through 1 year of intensive training on campus, then 1 year of intensive training in auditing, accounting, budgeting, finance, and grants administration, and then they are assigned to a permanent full-time job.

We are in hopes that we will develop through this technique the kind of broad leadership in financial management that an organization such as ours is entitled to.

Mr. FLOOD. Mr. Henderson, obviously does not question the legality. He questions the practice of not having newly hired employees work for a period of at least 1 year before you provide them with additional education at Government expense.

Apparently you automatically raise them at the end of 2 years to a grade 9, jump them two grades automatically.

Mr. KELLY. We only do this if they have turned out to be the kind of employee we are looking for. We have 76 applications so far this year. We have screened these down to 17 that are being considered. Ten will be chosen for this year.

Mr. FLOOD. You are paying for a year's education for this fellow?

Mr. KELLY. Yes, sir.

Mr. FLOOD. Suppose he decides he does not like HEW when he finishes this year?

Mr. KELLY. He has to pay back the cost of the education if he does not complete his schooling and stay with us for 3 years.

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

Mr. KELLY. He draws a grade 5 salary and he does not have to pay that back. He does have to pay back the cost of his education.

I do not know what that figure is. It could be as much as $5,000.

Mr. HULL. Suppose he does not have the money. What do you do then?

Mr. KELLY. It would be——

Mr. HULL. How are you going to get it back?

Mr. KELLY. It would be an indebtedness to us. We would not pay him for the leave that he had accrued and we would not allow him to take the funds out of the civil service retirement that he accrued.

Mr. HULL. He would still owe the money, would he not, under those circumstances?

Mr. KELLY. This would help to recoup it. As a debt against the Government, it would be as any other kind of debt. It would be a collectible debt unless we were to forgive it.

Mr. SMITH. What does a GS–5 receive now?

Mr. KELLY. About $5,700.

Mr. SMITH. He is given $5,700 for this year while he is going to school and in addition to that, the $5,000. That makes it a fellowship of about $10,700.

Mr. KELLY. Yes, sir. Most of these would be eligible for grade 7.

Mr. SMITH. That makes it about the most expensive fellowship in the Government, does it not?

Mr. KELLY. I do not think it does. It makes it one of the better fellowships. I myself believe it worth it. Of the top 17, some are in the upper 10 percent of their class; some are on the dean's list; and some are Phi Beta Kappa. They have high marks in the graduate record examination on the Federal service entrance examination.

If you can attract this kind of person into assuming a role in the financial management of an enterprise such as ours, I think that the Government has been well served.

Mr. SMITH. I think that kind of a person has enough alternatives so that they would not need to come in your program just for the money alone. What makes you think it is just the money alone that got them?

Mr. KELLY. We set up the program for them. We set up a methodology whereby they can have the combined skill of the liberal arts and the social background and interest in our program and be given the additional financial management skill and thus be a sort of a uniquely qualified individual of which you will not find very many today.

I think the problem is going to be keeping them in the financial management area after you get them in. Not keeping them in HEW, but keeping them working in the area for which we have such a severe shortage.

Mr. SMITH. Thank you.

Mr. FLOOD. Mr. Michel?

DENIAL OF FUNDS UNDER SECTION 411

Mr. MICHEL. I have one final question.

In section 411, has there been anyone denied any loan because of that provision?

Mr. KELLY. Between the 411 and 504, I think the answer is yes. We do not have a report on it. As you know, the Secretary sent a letter to

the heads of all colleges and universities, emphasizing their responsibility and the importance of section 504 and 411 and the attitude of the administration toward a strict enforcement of this. We have not as yet obtained reports that we can give you an accounting of the extent to which it has been effective.

Mr. MICHEL. How long would it take to get some kind of reading or report?

Mr. KELLY. I do not think it would be available until the summer because, my reason for saying that is most of the funds in this appropriation for student training and for student assistance and student loans relate to the next school year. In other words, it is the students now applying that these funds pertain to. They enter school next September. It will only be during this last quarter of the year when you are arranging for the loans the fellowships and grants and traineeships for next year that you will be using the funds in the 1969 appropriation act. That is not 100 percent true, but it is well over 90 percent true.

Mr. MICHEL. That is all.

Mr. FLOOD. Mr. Smith?

Mr. SMITH. No questions.

Mr. FLOOD. Mr. Shriver?

Mr. SHRIVER. No questions.

Mr. FLOOD. Mr. Hull?

Mr. HULL. No questions.

Mr. FLOOD. Mr. Casey?

Mr. CASEY. No question.

Mr. FLOOD. I just have two final questions and we will wrap up the formal testimony of the Department on the 1970 budget.

We have discussed this a few times during the course of the hearings, but for the purpose of emphasis it would be good to repeat it here at the end of this testimony.

REPEAL OF PERSONNEL LIMITATIONS OF REVENUE AND EXPENDITURE CONTROL ACT

Has any progress been made with regard to the administration's proposal to repeal the personnel limitations in the Revenue and Expenditure Control Act?

Mr. KELLY. Mr. Cardwell indicated that the Bureau of the Budget at the President's direction has submitted a plan for achieving that. This has not been before the Congress a sufficient length of time for any action to have been taken on it.

Mr. FLOOD. We do not know of any hearings as of today?

Mr. KELLY. I do not know.

Mr. FLOOD. Will you place in the record for each salaries and expenses appropriation, the obligations in 1969; the 1970 revised request; the estimated amount that would be needed if the provision is not changed, and the estimated amount that would be needed if that provision were amended or modified to require you to hold the 1970 employment at no higher than the end of 1969.

All kinds of things can happen with an amendment. You can pay your money and take your choice, but this practice of holding it to the 1969 level is not usual even now in many of the executive areas.

Mr. KELLY. All right, we will do that.

(The information follows:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Anticipated Decreases in the Proposed Budget Resulting from Limited Employment
(obligations in thousands)

Appropriation/Account	FY 69 Obligation	FY 70 Obligations: Nixon Budget	FY 70 Obligations: No increase in Positions over 1969	FY 70 Obligations: Sec.201 of P.L.90-364 Continued
CONSUMER PROTECTION AND ENVIRONMENTAL HEALTH SERVICE				
Food and drug control	70,444	72,007	71,947	71,197
Air pollution control	84,785	96,800	96,375	96,196
Environmental control	61,560	55,208	55,208	54,866
Salaries and expenses, Office of the Administrator	5,830	6,162	6,162	6,095
TOTAL, CONSUMER PROTECTION AND ENVIRONMENTAL HEALTH SERVICE	222,619	230,177	229,692	228,354
HEALTH SERVICES AND MENTAL HEALTH ADMINISTRATION				
Mental health	367,923	368,074	368,003	367,541
Saint Elizabeths Hospital	39,832	38,876	38,711	38,226
Health services research and development	44,922	44,975	44,915	44,867
Comprehensive health planning and services	193,990	218,353	218,303	218,064
Regional medical programs	99,371	120,000	119,785	119,635
Communicable diseases	41,897	38,638	38,638	38,231
Hospital construction	271,075	153,923	153,923	153,872
Patient care and special health services	84,236	85,483	85,483	85,483
National health statistics	8,028	9,641	9,582	9,513
Salaries and expenses, Office of the Administrator	8,601	9,898	9,898	9,790
Indian health services	94,282	99,581	99,074	98,204
Emergency health	8,290	4,093	4,093	4,093
TOTAL, HEALTH SERVICES AND MENTAL HEALTH ADMINISTRATION	1,263,487	1,191,535	1,190,408	1,187,519

Appropriation/Account	FY 69 Obligation	FY 70 Obligations: Nixon Budget	FY 70 Obligations: No increase in Positions over 1969	FY 70 Obligations: Sec.201 of P.L.90-364 Continued
NATIONAL INSTITUTES OF HEALTH				
Biologics standards	8,305	8,225	8,225	8,183
National Cancer Institute	181,418.5	180,725	180,725	180,464
National Heart Institute	161,009.5	160,513	160,513	160,404
National Institute of Dental Research	29,419.5	29,289	29,289	29,234
National Institute of Arthritis & Metabolic Diseases	140,232	137,668	137,668	137,547
National Institute of Neurological Diseases & Stroke	103,265.5	101,256	101,256	101,129
National Institute of Allergy & Infectious Diseases	103,173	102,389	102,389	102,270
National Institute of General Medical Sciences	159,954.5	154,288	154,288	154,251
National Institute of Child Health & Human Development	70,799.5	75,852	75,649	75,579
National Eye Institute	22,240	23,685	23,541	23,530
Environmental health sciences	17,682	18,328	17,964	17,932
General research and services	70,685.5	69,698	69,698	69,653
John E. Fogarty Internation Center for Advanced Study in the Health Sciences	3,874	2,954	2,954	2,942
Health manpower	204,159	247,161	247,161	247,073
Dental health	10,185	10,887	10,887	10,841
National Library of Medicine	17,308.5	20,382	20,382	20,296
Salaries and expenses, Office of the Director	6,993	7,093	7,093	7,012
NIH management fund	(49,334)	(49,966)	(49,966)	(49,428)
TOTAL, NATIONAL INSTITUTES OF HEALTH	1,310,704	1,350,393	1,349,682	1,348,340
OFFICE OF EDUCATION				
Salaries and expenses	40,805	43,375	40,938	40,892
Higher education	976,621	828,126	828,126	828,059
School assistance in federally affected areas	580,151	202,167	202,167	202,154
Civil Rights education	10,750	20,000	18,750	18,734
TOTAL, OFFICE OF EDUCATION	1,608,327	1,093,668	1,089,981	1,089,839

Appropriation/Account	FY 69 Obligation	FY 70 Obligations: Nixon Budget	FY 70 Obligations: No increase in Positions over 1969	FY 70 Obligations: Sec. 201 of P.L. 90-364 Continued
SOCIAL AND REHABILITATION SERVICE				
Salaries and expenses [1]	27,613	31,360	30,043	29,688
Assistance to Refugees in the United States [1]	70,865	87,282	87,282	87,266
Child Welfare	57,000	56,800	56,800	56,800
Development of Programs for the Aging	29,500	28,360	28,360	28,360
Juvenile Delinquency Prevention and Control	5,000	15,000	15,000	15,000
TOTAL, SOCIAL AND REHABILITATION SERVICE	189,978	218,802	217,485	217,114
SOCIAL SECURITY ADMINISTRATION				
Limitation on Salaries and Expenses (Trust Fund)	802,605	901,500	890,126	882,909
Operating Fund, Bureau of Federal Credit Unions	7,030	7,439	7,405	7,314
Consumer Credit Training [2]	--	300	300	300
TOTAL, SOCIAL SECURITY ADMINISTRATION	809,635	909,239	897,831	890,523
SPECIAL INSTITUTIONS				
National Technical Institute for the Deaf:				
Salaries and expenses	2,298	4,320	4,320	4,320
Model Secondary School for the Deaf:				
Salaries and expenses	333	485	485	485
TOTAL, SPECIAL INSTITUTIONS	2,631	4,805	4,805	4,805

Appropriation/Account	FY 69 Obligation	FY 70 Obligations: Nixon Budget	FY 70 Obligations: No increase in Positions over 1969	FY 70 Obligations: Sec. 201 of P.L. 90-364 Continued
DEPARTMENTAL MANAGEMENT				
Salaries and expenses, Office of the Secretary	5,522	6,373	5,736	5,670
Salaries and expenses, Office for Civil Rights	4,808	6,115	5,377	5,317
Salaries and expenses, Office of Community & Field Services	6,357	7,216	6,454	6,380
Salaries and expenses, Office of the Comptroller	10,268	12,233	10,627	10,506
Salaries and expenses, Office of Administration	5,228	5,593	5,272	5,199
Surplus property utilization	1,243	1,255	1,255	1,238
Salaries and expenses, Office of the General Counsel	3,536	3,698	3,603	3,553
TOTAL, DEPARTMENTAL MANAGEMENT	36,962	42,483	38,324	37,863
GRAND TOTAL, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE	5,444,343	5,041,102	5,018,208	5,004,257

1/ "Increased" positions in this account represent a transfer of temporary positions to permanent since they have been occupied for more than one year. There is no increase in the total number of persons employed in the account in the proposed budget. Therefore, no reduction has been made for new positions.

2/ Consumer Credit Training is a new program in 1970. It is assumed that if no increase in personnel over the 1969 level were permitted, or if Section 201 of P.L. 90-364 were to continue in effect, personnel from other appropriations of the Department would be shifted to this program to permit its operation in 1970.

Mr. KELLY. There are concerns that I have in giving you the figures because there are some decisions that have not been made. Let me use one in my own office as an example of the problem that faces me. If the decision were made that the Revenue and Expenditure Control Act continue or that we be limited to June 30, 1969 employment, you could price this out in terms of how many fewer employees there would be and how much that would cost. Or you could make a decision that the audit work that needs doing is of such importance that if it could not be done by Federal employees you have to contract with public accounting firms to perform that audit. That is a decision that has to be made.

The decision is, do you allow the Federal funds to be expended and not subject to audit? Or do you shift from performing that audit with Federal employees to performing this audit with contract employees? I think that we should at least indicate to you that this is a problem of serious concern and that it is in all probability more costly to perform the same work doing it by contract. We have similar problems that we operate a computer and that you have keypunch material and have to process it. We operate a central payroll. If we were to continue to decline in employment it would seem to me that instead of being able to operate our own computer we would have to purchase computer time.

Instead of doing our own card punching, we have to increase the degree to which we are already dependent on doing it by purchasing it under contractual arrangements. We will do the best that we can for you. I just thought I should call that to your attention.

Mr. FLOOD. As you just indicated, you have problems. You posed one problem. I think to protect your flanks as much as you can, if you can dig up any others, put them in there.

Mr. KELLY. All right.

(The information follows:)

Many types of activities which the Department of Health, Education, and Welfare engages in are, by their very nature, mandatory. As indicated in the previous testimony, in the Office of the Comptroller audits must be performed and the payroll must be met. Similar mandatory workloads exist in other appropriations. If personnel are not available to perform these functions, then other methods must be devised to insure that they are performed. In some instances, this would require purchasing services under contractual agreements; in others, it might require a heavy increase in the use of overtime. Both of these alternatives are costly. The use of such practices could substantially reduce monetary savings which might result from decreases in the number of personnel and, in some instances, might actually result in increased costs.

A broader example of this problem can be seen in the operations of the Social Security Administration. Simply stated, Social Security must make benefit payments to eligible recipients in a timely manner. This is a complex operation involving substantial levels of personnel. As the number of personnel decrease, one recourse is to make increased use of overtime. Prior to the enactment of the Revenue and Expenditure Control Act, fiscal 1969 overtime requirements for the Social Security Administration were estimated at $16.9 million. Because of the declining level of personnel required by the act, the 1969 overtime costs of the Social Security Administration are now estimated to be $27.9 million, an increase of $11 million.

While the SSA is the most striking example, overtime costs for the other elements of the Department have also increased substantially. As of March 31, 1969, approximately 15 percent of the gross savings estimated to have occurred in other areas of the Department as a result of the personnel provisions of the Revenue and Expenditure Control Act had been offset by increased overtime costs. Although data is not available to indicate the extent to which contractual services

have had to be used to offset reductions in personnel—the Department has attempted to limit their use of areas of critical need—there is no doubt that added costs have also been generated in this area.

If the Revenue and Expenditure Control Act employment restrictions should continue in 1970, it is clear that the resultant continued decline in employment would force increased use of overtime and contracting-out. The table provided above, which shows 1970 costs if the Revenue and Expenditure Control Act were continued in effect, does not take these factors into consideration.

Mr. FLOOD. In closing, I will say that Mr. Cardwell has been very faithful and helpful in his personal attendance to these hearings day after day, week after week, as you always did when you were Budget Officer for the Department. It is difficult to imagine these presentations being made without both of you. To say you do an excellent job is an understatement. Also, I think it is the impression of the subcommittee that the testimony by your bureau chiefs has been most helpful.

Mr. KELLY. Mr. Chairman, I thank you for those kind remarks.

On behalf of the Secretary I would like to express our appreciation for the time and attention that you have given to the witnesses and the care with which you have tried to examine our recommendations that are before the Congress. I hope that you act on them favorably.

Mr. CARDWELL. Thank you very much, everybody.

Mr. MICHEL. May I echo your sentiments, Mr. Chairman. I certainly want to concur in those sentiments that you expressed so eloquently on behalf of Mr. Kelly and Mr. Cardwell for the outstanding job they do for us, for their Department, and for the country.

Mr. FLOOD. The committee stands adjourned.

Ten o'clock tomorrow morning we start with the congressional witnesses.

GENERAL PROVISIONS

SEC. 201. None of the funds appropriated by this title to the Social and Rehabilitation Service for grants-in-aid of State agencies to cover, in whole or in part, the cost of operation of said agencies, including the salaries and expenses of officers and employees of said agencies, shall be withheld from the said agencies of any States which have established by legislative enactment and have in operation a merit system and classification and compensation plan covering the selection, tenure in office, and compensation of their employees, because of any disapproval of their personnel or the manner of their selection by the agencies of the said States, or the rates of pay of said officers or employees.

SEC. 202. The Secretary is authorized to make such transfers of motor vehicles, between bureaus and offices, without transfer of funds, as may be required in carrying out the operations of the Department.

SEC. 203. None of the funds provided herein shall be used to pay any recipient of a grant for the conduct of a research project an amount equal to as much as the entire cost of such project.

SEC. 204. None of the funds contained in this Act shall be used for any activity the purpose of which is to require any recipient of any project grant for research, training, or

demonstration made by any officer or employee of the Department of Health, Education, and Welfare to pay to the United States any portion of any interest or other income earned on payments of such grant made before July 1, 1964; nor shall any of the funds contained in this Act be used for any activity the purpose of which is to require payment to the United States of any portion of any interest or other income earned on payments made before July 1, 1964, to the American Printing House for the Blind.

SEC. 205. Expenditures from funds appropriated under this title to the American Printing House for the Blind, Howard University and Gallaudet College shall be subject to audit by the Secretary of Health, Education, and Welfare.

SEC. 206. None of the funds contained in this title shall be available for additional permanent Federal positions in the Washington area if the proportion of additional positions in the Washington area in relation to the total new positions is allowed to exceed the proportion existing at the close of fiscal year 1966.

SEC. 207. Appropriations in this Act for the Consumer Protection and Environmental Health Service, the Health Services and Mental Health Administration, the National Institutes of Health, and the Office of the Secretary shall be available for expenses for active commissioned officers in the

Public Health Service Reserve Corps and for not to exceed two thousand eight hundred commissioned officers in the Regular Corps; expenses incident to the dissemination of health information in foreign countries through exhibits and other appropriate means; expenses of primary and secondary schooling of dependents, in foreign countries, of Public Health Service commissioned officers stationed in foreign countries, at costs for any given area not in excess of those of the Department of Defense for the same area, when it is determined by the Secretary that the schools available in the locality are unable to provide adequately for the education of such dependents, and for the transportation of such dependents between such schools and their places of residence when the schools are not accessible to such dependents by regular means of transportation; rental or lease of living quarters (for periods not exceeding 5 years), and provision of heat, fuel, and light, and maintenance, improvement, and repair of such quarters, and advance payments therefor, for civilian officers and employees of the Public Health Service who are United States citizens and who have a permanent station in a foreign country; not to exceed $2,500 for entertainment of visiting scientists when specifically approved by the Surgeon General; purchase, erection, and maintenance of temporary or portable structures; and for the payment of compensation to consultants or individual scientists appointed for limited periods of time pursu-

ant to section 207(f) or section 207(g) of the Public Health Service Act, at rates established by the Surgeon General, or the Secretary where such action is required by statute, not to exceed the per diem rate equivalent to the rate for GS–18.

This title may be cited as the "Department of Health, Education, and Welfare Appropriation Act, 1970".

Explanation of Language Change

Sec. [207]. By Reorganization Plan and administrative reorganizations pursuant thereto, the functions of the Surgeon General of the Public Health Service were transferred to the Assistant Secretary for Health and Scientific Affairs and thence, under the supervision of the Assistant Secretary, to the Consumer Protection and Environmental Health Service, the Health Services and Mental Health Administration, and the National Institutes of Health. In lieu of repeating this language before each organization to which it applies, and to include the commissioned officers located in the Office of the Secretary within its scope, it is recommended that the Preamble be changed to a general provision applying to title II.

A further change recommends changing the maximum per diem rate for consultants from $24,500 per year which was the rate for a GS-18 when the language was previously added to the per diem rate equivalent to the rate for a GS-18. This change makes section 207 consistent with section 401 of the General Provisions of the bill. (Language authorizing such payment is still necessary since section 401 does not apply to fellowships to individual scientists under 207(g) of the Public Health Service.)

TITLE IV—GENERAL PROVISIONS

SEC. 401. Appropriations contained in this Act, available for salaries and expenses, shall be available for services as authorized by 5 U.S.C. 3109 but at rates for individuals not to exceed the per diem rate equivalent to the rate for GS–18.

SEC. 402. Appropriations contained in this Act available for salaries and expenses shall be available for uniforms or allowances therefor as authorized by law (5 U.S.C. 5901–5902).

SEC. 403. Appropriations contained in this Act available for salaries and expenses shall be available for expenses of attendance at meetings which are concerned with the functions or activities for which the appropriation is made or which will contribute to improved conduct, supervision, or management of those functions or activities.

SEC. 404. The Secretary of Labor and the Secretary of Health, Education, and Welfare are each authorized to make available not to exceed $7,500 from funds available for salaries and expenses under titles I and II, respectively, for official reception and representation expenses.

SEC. 405. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

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SEC. 406. No part of any appropriation contained in this Act shall be used to finance any Civil Service Interagency Board of Examiners.

[SEC. 407. No part of the funds appropriated under this Act shall be used to pay salaries of any Federal employee who is convicted in any Federal, State, or local court of competent jurisdiction, of inciting, promoting, or carrying on a riot, or any group activity resulting in material damage to property or injury to persons, found to be in violation of Federal, State, or local laws designed to protect persons or property in the community concerned.]

[SEC. 408. None of the funds in this Act shall be available to finance interdepartmental boards, commissions, councils, committees, or similar groups under section 214 of the Independent Offices Appropriation Act, 1946 (31 U.S.C. 691) which do not have prior and specific Congressional approval of such method of financial support.]

[SEC. 409. No part of the funds contained in this Act may be used to force busing of students, abolishment of any school, or to force any student attending any elementary or secondary school to attend a particular school against the choice of his or her parents or parent in order to overcome racial imbalance.]

[SEC. 410. No part of the funds contained in this Act shall be used to force busing of students, the abolishment of

any school or the attendance of students at a particular school in order to overcome racial imbalance as a condition precedent to obtaining Federal funds otherwise available to any State, school district, or school: *Provided*, That the Secretary shall assign as many persons to the investigation and compliance activities of title VI of the Civil Rights Act of 1964 related to elementary and secondary education in the other States as are assigned to the seventeen Southern and border States to assure that this law is administered and enforced on a national basis, and the Secretary is directed to enforce compliance with title VI of the Civil Rights Act of 1964 by like methods and with equal emphasis in all States of the Union and to report to the Congress by March 1, 1969, on the actions he has taken and the results achieved in establishing this compliance program on a national basis: *Provided further*, That notwithstanding any other provision of law, funds or commodities for school lunch programs or medical services may not be recommended for withholding by any official employed under appropriations contained herein in order to overcome racial imbalance: *Provided further*, That notwithstanding any other provision of law, moneys received from national forests to be expended for the benefit of the public schools or public roads of the county or counties in which the national forest is situated, may not

be recommended for withholding by any official employed under appropriations contained herein.]

[SEC. 411. No part of the funds appropriated under this Act shall be used to provide a loan, guarantee of a loan or a grant to any applicant who has been convicted by any court of general jurisdiction of any crime which involves the use of or the assistance to others in the use of force, trespass or the seizure of property under control of an institution of higher education to prevent officials or students at such an institution from engaging in their duties or pursuing their studies.]

[SEC. 412. No part of the funds appropriated under this Act shall be used to provide a loan, guarantee of a loan, or grant to any individual who (A) has, within the five-year period immediately preceding his application for such loan, guarantee of a loan, or grant, received a loan, guarantee of a loan, or grant the funds for which were made available pursuant to an Act making appropriations for the Department of Health, Education, and Welfare, and (B) has used any of the proceeds resulting from such loan, guarantee of a loan, or grant for any purpose other than the purpose for which the loan or grant was made.]

This Act may be cited as the "Departments of Labor, and Health, Education, and Welfare Appropriation Act, 1970".

Explanation of Language Change

Sec. [407]. This provision prohibits use of any funds contained in this Act to pay the salaries of any Federal employee who is convicted of being involved in a riot or similar activity. The provision is deleted since it, in effect, duplicates a recently enacted provision of permanent law. This language was enacted by title V of the Omnibus Crime Control and Safe Streets Act of 1968 (Public Law 90-351). Thus, it is unnecessary to repeat the provision in appropriation bills.

Sec. [408]. This provision prohibits use of any of the funds contained in this Act to finance interdepartmental boards, commissions, councils, committees or similar groups which do not have prior and specific Congressional approval of such method of support. This provision is deleted since a general provision of the "Public Works for Water and Power Resources Development and Atomic Energy Commission Appropriation Act, 1969" (Section 510, Public Law 90-479) which applied this prohibition to all Acts has been included in the President's Budget for FY 1970 (App., p. 811). Since that language applies to all appropriation bills, it is unnecessary to include identical language in each separate bill.

Sec. [409]. This provision prohibits use of funds to force busing of students, abolishment of any school, or forcing any student attending any elementary or secondary school to attend a particular school against the choice of his or her parents or parent in order to overcome racial imbalance. This provision is deleted because it adds nothing to existing law. Language in the Civil Rights Act of 1964, the Elementary and Secondary Act of 1965, and the Demonstration Cities Act of 1966 prohibits Federal agencies from requiring racial balance.

Sec. [410]. The language of this provision that precedes the provisos prohibits use of funds to force busing of students, the abolishment of any school or the attendance of students at a particular school in order to overcome racial imbalance as a condition precedent to obtaining Federal funds otherwise available to any State, school district, or school. For the reasons cited above, in the discussion of deletion of Section 409, the Department believes this provision is unnecessary.

The first proviso directs the Secretary to assign as many persons to the investigation and compliance activities of title VI of the Civil Rights Act of 1964 related to elementary and secondary education in the other States as are assigned to the seventeen Southern and border States to assure that this law is administered and enforced on a national basis, and the Secretary is directed to enforce compliance with title VI of the Civil Rights Act of 1964 by like methods and with equal emphasis in all States of the Union and to report to the Congress by March 1, 1969, on the actions he has taken and the results achieved in establishing this compliance program on a national basis. The Secretary has taken the required actions and reported to the Congress on March 1, 1969, on these actions. Thus, this provision is not necessary.

Further, the second proviso prohibits officials from recommending the withholding of funds or commodities for school lunch programs or medical services in order to overcome racial imbalance. For the reasons cited above, this provision is unnecessary.

The last proviso forbids any official, employed under appropriations contained in the Labor-HEW Appropriation Act, from recommending the withholding of national forest revenues that would otherwise be expended for the benefit of the public schools or roads. This proviso would result in wasteful and inefficient duplication of title VI proceedings by relegating the forest funds phase to the Department of Agriculture.

Sec. [411]. This provision prohibits the use of any funds contained in this Act to provide loans or grants to any applicants involved in unlawful activities at institutions of higher education. This language is deleted since, insofar as programs administered by the Office of Education are concerned, the subject matter of the provision is covered by section 504 of the Higher Education Amendments of 1968.

Sec. [412]. This provision in effect imposes a disqualification for assistance (in the form of a loan, guaranty of a loan, or grant), provided from funds appropriated by this Act, upon any person who within 5 years before applying for such aid received aid (in any such form) from funds appropriated to the Department of Health, Education, and Welfare and used the proceeds for a purpose other than that for which the loan or grant was made. In the student loan insurance program, which is the program that we understand gave rise to this provision and is the only student aid program in which a complaint as to the application of the proceeds of a loan has to our knowledge ever been received, a needs test is not required or intended under the law. We do by regulation require, in the case of any student with respect to whose insured student loan an interest subsidy is payable, that he give assurance that the proceeds will be applied to his education; no further safeguard is necessary for such loans. In the case of other insured student loans, any misrepresentation as to the purpose of applying for the loan would, of course, be fraud, for which existing remedies would suffice. In the case of equal opportunity grants and NDEA student loans, the requirements as to the need for the loan to pursue an education, and the review of the student's resources in that connection, give sufficient assurance that the student aid is needed and will not be misapplied. It is thus felt that section 412 is unnecessary.

APPENDIX

On May 5, 1969, the President submitted amendments to the budget which affected most of the appropriations on which hearings contained in this volume had already been held. These revisions are contained in House Document No. 91–113. Following is a listing of those items covered in this volume which were changed and those which were not:

CHANGED	NOT CHANGED
Grants to States for maintenance payments (p. 1270)	Assistance for repatriated U.S. nationals
Work incentives (p. 1284)	Mental retardation
Grants to States for medical assistance (p. 1289)	Juvenile delinquency prevention and control
Social services and administration (p. 1297)	Payment to trust funds for health insurance for the aged
Grants for rehabilitation services and facilities (p. 1303)	Payment for military service credits
Maternal and child health (p. 1312)	Payment for special benefits for the aged
Child welfare (p. 1317)	Consumer credit training
Development of programs for the aging (p. 1319)	American Printing House for the Blind, education of the blind
Rehabilitation research and training (p. 1323)	Model Secondary School for the Deaf
Cooperative research or demonstration projects (p. 1327)	Gallaudet College
Research and training (special foreign currency program (p. 1329)	Howard University
Salaries and expenses (p. 1332)	Freedmen's Hospital
Limitation on salaries and expenses, Social Security Administration (p. 1346)	Office of the Secretary, salaries and expenses
National Technical Institute for the Deaf (p. 1352)	Office of the Comptroller, salaries and expenses
Office for Civil Rights, salaries and expenses (p. 1355)	Office of Administration, salaries and expenses
Office of Community and Field Services, salaries and expenses (p. 1359)	Surplus property utilization
	Office of the General Counsel, salaries and expenses

Following is the Department's explanation of each of the changes in the budget beginning, for each, on the page indicated in parentheses in the above listing.

Appropriation Estimate

GRANTS TO STATES FOR MAINTENANCE PAYMENTS

For grants to States for maintenance payments, as authorized by titles I, X, XIV, and XVI, and part A of title IV of the Social Security Act, [$3,719,084,000] $3,948,340,000.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL AND REHABILITATION SERVICE

Grants to States for Maintenance Payments

Amounts Available for Obligation

	1970 Original Estimate	Amendment	1970 Revised Estimate
Appropriation	$3,719,084,000	+$229,256,000	$3,948,340,000
Available for subsequent year appropriation	900,000,000	---	900,000,000
Available in prior year ..	-900,000,000	---	-900,000,000
Total	3,719,084,000	+229,256,000	3,948,340,000
Financing:			
Available from subsequent year appropriation	-900,000,000	---	-900,000,000
Available in prior year ..	900,000,000	---	900,000,000
Budget authority	3,719,084,000	+229,256,000	3,948,340,000

Grants to States for Maintenance Payments

Obligations by Activity and by Object

Activity	1970 Original Estimate	Amendment	1970 Revised Estimate
Old-age assistance	$1,308,246,000	+$131,899,000	$1,440,145,000
Aid to the blind	58,661,000	+1,744,000	60,405,000
Aid to the permanently and totally disabled ..	499,434,000	+23,667,000	523,101,000
Aid to families with dependent children	1,847,461,000	+74,900,000	1,922,361,000
Emergency assistance	16,132,000	-1,447,000	14,685,000
Total for all activities	3,729,934,000	+230,763,000	3,960,697,000
Collections and adjustments during year	-10,850,000	-1,507,000	-12,357,000
Total obligations against appropriation (Object Class 41.0)	3,719,084,000	+229,256,000	3,948,340,000

Grants to States for Maintenance Payments

Summary of Changes

1970 appropriation:

Original estimate	$3,719,084,000
Revised estimate	3,948,340,000
Net change	+229,256,000

	Original estimate	Amendment
A. Increases:		
1. Program:		
Old-age assistance	$1,308,246,000	+$131,899,000
Aid to the blind	58,661,000	+1,744,000
Aid to the permanently and totally disabled	499,434,000	+23,667,000
Aid to families with dependent children	1,847,461,000	+74,900,000
Total program increase	---	+232,210,000
B. Decreases:		
1. Program:		
Emergency assistance	16,132,000	-1,447,000
2. Other - Increase in collections and adjustments	-10,850,000	-1,507,000
Total decreases	---	-2,954,000
Total net change requested	---	+229,256,000

Explanation of Changes

Revised estimates made by the States in March 1969 are the basis for a revised appropriation request for 1970 of $3,948,340,000, an increase of $229,256,000 over the original 1970 estimate of $3,719,084,000, which was based on earlier estimates made by the States in December 1968. When collections and adjustments are added, the total change in program requirements is an increase of $230,763,000.

Based on the States' March estimates, there are increases in all programs except Emergency Assistance, for which the estimates indicate a reduction of $1.4 million, due to States' not initiating the program as formerly expected.

Of the total increase of $230,763,000 in Federal requirements, the Intermediate Care Facilities segment of the adult categories accounts for $146.8 million, or 64 percent. Increases in the States' assistance standards which have raised the average monthly payments account for a rise of $74.9 million in AFDC, or 32 percent of the total increase, and for the remaining $10.5 million (4 percent) of the increase in the adult categories.

If the limitation on Federal financial participation to certain children in the program of Aid to Families with Dependent Children is postponed from July 1, 1969, to July 1, 1970, an additional $321.3 million would have to be added to requirements, bringing the total increase in requirements to $552,041,000.

Grants to States for Maintenance Payments

Fiscal Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1966	$2,635,800,000	$2,440,000,000	$2,440,000,000	$2,440,000,000
1967	2,607,202,000	2,607,202,000	2,607,202,000	2,607,202,000
1968	3,089,608,000	2,992,408,000	2,992,408,000	2,992,408,000
1969	3,051,900,000	3,051,900,000	3,051,900,000	3,051,900,000
1969 proposed supplemental	373,524,000			
1970	3,948,340,000			

NOTE: Prior to fiscal year 1969, estimates for the appropriation account reflected in this budget were part of the single appropriation for "Grants to States for Public Assistance." Details of the budget estimates are not available to reconstruct data on a basis comparable to the new appropriation account for fiscal years prior to 1966. The data shown include supplemental as well as regular estimates and appropriations. This occurred in fiscal years 1966, 1967, and 1968; and for these years the supplemental request, as well as the regular request, is included in the first amount column.

1/ A proposed amendment to transfer $30,000,000 to the appropriation item, "Social Services, Administration, Training, and Demonstration Projects," from the $373,524,000 has been transmitted to the Congress.

Justification

Grants to States for Maintenance Payments

Program	1970 Original Estimate	Amendment	1970 Revised Estimate
Old-age assistance[1/]	$1,308,246,000	+$131,899,000	$1,440,145,000
Aid to the blind[1/]	58,661,000	+1,744,000	60,405,000
Aid to the permanently and totally disabled[1/] ...	499,434,000	+23,667,000	523,101,000
Aid to families with dependent children	1,847,461,000	+74,900,000	1,922,361,000
Emergency assistance	16,132,000	-1,447,000	14,685,000
Total	3,729,934,000	+230,763,000	3,960,697,000
Collections and adjustments during year	-10,850,000	-1,507,000	-12,357,000
Estimated appropriation requirements..	3,719,084,000	+229,256,000	3,948,340,000

1/ Includes vendor payments for intermediate care.

Amount of Request

The amended appropriation request for 1970 of $3,948,340,000 is $229,256,000, or 6.2 percent, more than the original estimate of $3,719,084,000. An increase in expenditures from Federal funds is expected for all categories of assistance except for emergency assistance, for which the States now anticipate the need for $1.4 million less in Federal funds.

Changes in requirements from Federal funds for maintenance payments between estimates from the States in March 1969 and in December 1968 reflect primarily increased expenditures for two items. The increase for intermediate care accounts for $146.8 million, or about 64 percent of the total change. The remainder of the increase in requirements is accounted for by increased need of recipients and improved standards of assistance; in AFDC, the upward revision of requirements of $74.9 million, or about 32 percent of the total increase in requirements.

Program by Activity

Based on the latest estimates from the States (March 1969), State and local public welfare agencies are expected to spend $7,512,402,000 for maintenance payments during 1970, of which the Federal share is estimated at $3,960,697,000, or 52.7 percent. The Federal share consists of the revised appropriation request of $3,948,340,000 and $12,357,000 in the Federal share of collections and adjustments received by the States during the year. This revised estimate represents a total increase in Federal requirements of $230,763,000, which includes an additional $1,507,000 in collections and adjustments. The revised Federal, State, and local figure represents an increase of $506,968,000 over the original estimates obtained from the States in December 1968.

Of the total Federal funds required for 1970, almost half is for needy families with dependent children; slightly more than a third is for the aged; and the remaining one-sixth is for the other 3 programs--aid to the blind, aid to the permanently and totally disabled, and emergency assistance.

The table on the next page summarizes expenditures from Federal, State, and local funds and from Federal funds only, by program, for fiscal year 1970. The program tables follow.

Maintenance Payments: Estimated total Federal, State, and local expenditures and the Federal Share thereof, Fiscal Year 1970

	Original Estimate		Revised Estimate	
	Total	Federal Share	Total	Federal Share
	Total expenditures including intermediate care			
Total	$7,005,434,000	$3,729,934,000	$7,512,402,000	$3,960,697,000
Old-age assistance	2,030,400,000	1,308,246,000	2,244,764,000	1,440,145,000
Aid to the blind	98,670,000	58,661,000	102,030,000	60,405,000
Aid to the permanently and totally disabled	849,700,000	499,434,000	885,166,000	523,101,000
Aid to families with dependent children	3,994,400,000	1,847,461,000 2/	4,251,072,000	1,922,361,000 2/
Emergency assistance	32,264,000	16,132,000	29,370,000	14,685,000
	Payments to Recipients			
Total	$6,855,864,000	$3,647,634,000	$7,132,230,000	$3,731,564,000
Old-age assistance	1,908,800,000	1,241,046,000	1,919,053,000	1,243,413,000
Aid to the blind	97,200,000	57,861,000	98,480,000	58,306,000
Aid to the permanently and totally disabled	823,200,000	485,134,000	834,255,000	492,799,000
Aid to families with dependent children	3,994,400,000	1,847,461,000 2/	4,251,072,000	1,922,361,000 2/
Emergency assistance	32,264,000	16,132,000	29,370,000	14,685,000
	Payments to Intermediate Care Facilities 1/			
Total	$149,570,000	$82,300,000	$380,172,000	$229,133,000
Old-age assistance	121,600,000	67,200,000	325,711,000	196,732,000
Aid to the blind	1,470,000	800,000	3,550,000	2,099,000
Aid to the permanently and totally disabled	26,500,000	14,300,000	50,911,000	30,302,000

1/ Federal financial participation is available only under old-age assistance, aid to the blind, and aid to the permanently and totally disabled, and first became available January 1, 1968, for states operating under an approved plan.

2/ Assumes limitation on Federal matching goes into effect July 1, 1969.

Old-Age Assistance

Maintenance payments to recipients:

Estimates from the States in March 1969 compared with their estimates in December 1968 resulted in fewer recipients and a higher average monthly payment per recipient, as shown in the table below. Insignificant increases were estimated for total expenditures and the Federal share thereof.

Old-Age Assistance: Estimated expenditures for maintenance payments to Recipients, Fiscal Year 1970

Item	1970 Original Estimate	Amendment	1970 Revised Estimate [1]
1. Payments to recipients:			
Total	$1,908,800,000 [2]	+$10,253,000	$1,919,053,000 [3]
Federal share:			
Amount	$1,241,046,000 [2]	+$2,367,000	$1,243,413,000 [3]
Percent of total	65.0	---	64.8
2. Recipients:			
Average monthly number	2,084,000	-3,000	2,081,000
Rate per 1,000 population 65 years and over	106	---	106
3. Average monthly payment	$76.30 [4]	+$0.55	$76.85 [4]

1/ Federal funds may be reduced by $30 million if proposed Social Security benefit increases are enacted.
2/ Includes expenditures for home repairs and improvements of $215,000 from total funds and $107,000 from Federal funds.
3/ Includes expenditures for home repairs and improvements of $465,000 from total funds and $233,000 from Federal funds.
4/ Excludes expenditures for home repairs and improvements.

Maintenance payments to intermediate care facilities:

As compared with State estimates in December 1968, the estimates in March 1969 showed the Federal share of payments to vendors for institutional services in intermediate care facilities for physically and mentally limited aged persons increased by $129,532,000. This increase, constituting almost all of the total increase in Federal funds for old-age assistance, is largely attributed to the transfer of certain nursing homes which do not meet new standards of the medical assistance program to the intermediate care program. By the end of fiscal year 1970, 29 States, 9 more than the December 1968 estimates, are expected to have elected such facilities.

	1970 Original Estimate	Amendment	1970 Revised Estimate
Total	$121,600,000	+$204,111,000	$325,711,000
Federal share:			
Amount	$67,200,000	+$129,532,000	$196,732,000
Percent of total	55.2	---	60.4

Aid to the Blind

Maintenance payments to recipients:

The revised estimate shows an increase in Federal funds of $445,000, reflecting an estimated increase of $0.70 in the average monthly payment per recipient.

The following table provides a comparison of the two estimates from the States - December 1968, and March 1969 - for 1970 for total payments, the Federal share of payments, average monthly number of recipients and average monthly payment.

Aid to the Blind: Estimated expenditures for maintenance payments to recipients, Fiscal Year 1970

Item	1970 Original Estimate[1/]	Amendment	1970 Revised Estimate
1. Payments to recipients:			
Total	$97,200,000[1/]	+$1,280,000	$98,480,000[2/]
Federal share:			
Amount	$57,861,000[1/]	+$445,000	$58,306,000[2/]
Percent of total	59.5	--	59.2
2. Average monthly number of recipients	84,300	-100	84,200
3. Average monthly payment	$96.10[3/]	+$.70	$97.40[3/]

1/ Includes expenditures for home repairs and improvements of $15,000 from total funds and $7,000 from Federal funds.
2/ Includes expenditures for home repairs and improvements of $11,000 from total funds and $5,000 from Federal funds.
3/ Excludes expenditures for home repairs and improvements.

Maintenance payments to intermediate care facilities:

In the revised estimate for 1970, the Federal share of payments to vendors for institutional services in intermediate care facilities for recipients is estimated to be $1,299,000 more than in the original estimate. The increase reflects the growth of the service--24 States will be making payments to intermediate care facilities, whereas only 15 States had expected to make such payments in the original estimate.

	1970 Original Estimate	Amendment	1970 Revised Estimate
Total	$1,470,000	+$2,080,000	$3,550,000
Federal share:			
Amount	$800,000	+$1,299,000	$2,099,000
Percent of total	54.4	--	59.1

Aid to the Permanently and Totally Disabled

Maintenance payments to recipients:

The revised estimate of Federal funds is $7,665,000 more than the original estimate because the increase due to a higher average monthly payment more than offsets the decrease of 3,000 in the estimated number of recipients.

The following table compares estimates made by the States in March with those made in December for 1970 for total payments, the Federal share, average monthly number of recipients and average monthly payment.

Aid to the Permanently and Totally Disabled: Estimated expenditures for maintenance payments to recipients, Fiscal Year 1970

Item	1970 Original Estimate	Amendment	1970 Revised Estimate
1. Payments to recipients:			
Total	$823,200,000 1/	+$11,055,000	$834,255,000 2/
Federal share:			
Amount	$485,134,000	+$7,665,000	$492,799,000 2/
Percent of total	58.9	--	59.1
2. Recipients:			
Average monthly number.	785,000	-3,000	782,000
Rate per 1000 population aged 18-64	7.1	--	7.1
3. Average monthly payment..	$87.40 3/	+$1.45	$88.85 3/

1/ Includes expenditures for home repairs and improvements of $41,000 from total funds and $20,000 from Federal funds.
2/ Includes expenditures for home repairs and improvements of $281,000 from total funds and $141,000 from Federal funds.
3/ Excludes expenditures for home repairs and improvements.

Maintenance payments to intermediate care facilities:

The revised estimate of the Federal share of expenditures to vendors for institutional services in intermediate care facilities for permanently and totally disabled recipients is estimated to increase by $16,002,000 over the original estimate. This increase reflects the growth of this type of service--23 States are expecting to make such payments in 1970 compared with 15 States when the original estimate was made in December 1968.

	1970 Original Estimate	Amendment	1970 Revised Estimate
Total	$26,500,000	+$24,411,000	$50,911,000
Federal share:			
Amount	$14,300,000	+$16,002,000	$30,302,000
Percent of total	54.0	--	59.5

Aid to Families with Dependent Children

In both the revised and original estimates made by the States, approximately 1.0 million of the recipients will be assisted entirely from State and local funds because of the 1967 amendment to the Social Security Act, to be effective July 1, 1969, which limits Federal financial participation in payments on behalf of children whose parents are absent from the home for specified reasons. The States' adjusted estimate of the decrease in Federal funds as a result of the limitation is $321.3 million, compared with the original estimate of $307.0 million. The rise in the number of recipients in the revised estimate over the original estimate represents an increase of 2 per 1,000 children in the population under 18 years of age. The average maintenance payment is expected to rise by $1.90 over that in the original estimate for 1970. The increase in Federal funds of $74,900,000 in the revised estimate for 1970 reflects the increase in the average monthly payment per recipient.

If the limitation of Federal financial participation with respect to the number of children whose parent is absent for reasons other than death is deferred until July 1, 1970, the increase in Federal funds would be $321.3 million.

The following tables provide estimates for 1970 on total payments, the Federal share, average monthly number of recipients, and average monthly payment. Table A is With Limitation in Original and Revised estimate; Table B is Without Limitation in Revised estimate.

Table A

Aid to Families with Dependent Children - With Limitation on Federal Matching[1] in Original and Revised Estimates: Estimated expenditures for maintenance payments to recipients

Item	1970 Original Estimate	Amendment	1970 Revised Estimate
1. Payments to recipients:			
Total	$3,994,400,000[2]	+$256,672,000	$4,251,072,000[3]
Federal share:			
Amount	$1,847,461,000[2]	+$74,900,000	$1,922,361,000[3]
Percent of total	46.2	---	45.2
2. Average monthly number:			
Families	1,702,000	+44,000	1,746,000
Recipients	6,965,000	+165,000	7,130,000
Children	5,196,000	+137,000	5,333,000
Rate per 1,000 population under 18	72	+2	74
3. Average monthly payment:			
Per family	$195.55[4]	+$7.30	$202.85[4]
Per recipient	$47.80[4]	+$1.90	$49.70[4]

1/ Limitation on the proportion of the child population that can be aided with Federal financial participation goes into effect on July 1, 1969.

2/ Includes expenditures for home repairs and improvements of $322,000 from total funds and $162,000 from Federal funds.

3/ Includes expenditures for home repairs and improvements of $924,000 from total funds and $463,000 from Federal funds.

4/ Excludes expenditures for home repairs and improvements.

Table B

Aid to Families with Dependent Children - Without Limitation on Federal Matching in Revised Estimate, but With Limitation in Original Estimate: Estimated expenditures for maintenance payments to recipients

Item	1970 Original Estimate 1/	Amendment	1970 Revised Estimate 2/
1. Payments to recipients:			
Total	$3,994,400,000 3/	+$298,403,000)**	$4,292,803,000 4/
Federal share:			
Amount	$1,847,461,000 3/	+$396,178,000)	$2,243,639,000 4/
Percent of total	46.2	---	52.3
2. Average monthly number:			
Families	1,702,000	+48,000	1,750,000
Recipients	6,965,000	+183,000	7,148,000
Children	5,196,000	+263,000	5,333,000
Rate per 1,000 population under 18	72	+2	74
3. Average monthly payment:			
Per family	$195.55 5/	+$8.85	$204.40 5/
Per recipient	$47.80 5/	+$2.25	$50.05 5/

1/ Assumes limitation on Federal matching goes into effect July 1, 1969.
2/ Assumes limitation on Federal matching will be postponed until July 1, 1970.
3/ Includes expenditures for home repairs and improvements of $322,000 from total funds and $162,000 from Federal funds.
4/ Includes expenditures for home repairs and improvements of $924,000 from total funds and $463,000 from Federal funds.
5/ Excludes expenditures for home repairs and improvements.
** NOTE: In the revised estimate, the increase in total expenditures from Federal, State, and local funds is $298.4 million, compared with an increase in Federal funds of $396.2 million. The increase in the estimate for total expenditures is less than that for Federal funds because in the original estimate, which assumed that the limitation would be in effect, many States said they planned to spend the same total for maintenance by replacing the decrease in Federal funds under the limitation with an increase in expenditures from non-Federal funds. Accordingly, the limitation resulted in a much larger estimated decrease in Federal funds than in total funds. Postponing the limitation therefore has the effect of increasing Federal funds by a much larger amount than the increase in total funds.

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Emergency Assistance

Emergency assistance to families, including families of migratory workers, with children under 21 years of age was made available for the first time in fiscal year 1969. It is provided in crisis situations that must be ameliorated before the process of eligibility determination for an authorization of assistance to families with dependent children can be completed. Such situations include imminent eviction, loss of utility services because of nonpayment, and exhaustion of food supplies. Federal financial participation is available at 50 percent of total payments under the program, but is limited to assistance for up to 30 days to any family during a twelve-month period. These payments may be in the form of money or vendor payments for food, clothing, rent, utilities, medical care, etc. For fiscal year 1970, the revised appropriation request is $14,685,000, a decrease of $1,447,000 from the original request for 1970.

The decrease reflects a reduction in the number of States reporting for the program. Eighteen States are providing such payments in the revised estimates, compared with twenty-three States in the original estimate.

Emergency Assistance: Estimated expenditures for maintenance assistance and medical assistance to recipients, Fiscal Year 1970

Item	1970 Original Estimate	Amendment	1970 Revised Estimate
1. Payments, including medical assistance:			
Total	$32,264,000[1/]	-$2,894,000	$29,370,000[1/]
Federal share	$16,132,000[2/]	-$1,447,000	$14,685,000[2/]
2. Average monthly number:			
Recipients	36,800	-2,100	34,700
3. Average monthly payment:			
Per recipient	$64.25[2/]	+$4.65	$68.90[2/]

1/ Includes expenditures for medical assistance of $1,000,000 in original estimates and $565,000 in the revised estimate.

2/ Includes expenditures for medical assistance of $500,000 in original estimate and $283,000 in the revised estimate.

MAINTENANCE PAYMENTS: Estimated Federal Share of State Expenditures, as Estimated by States in March 1969, for Fiscal Year 1970

States and territories	Old-age assistance 1/	Aid to the blind 1/	Aid to the permanently and totally disabled 1/	Aid to families with dependent children	Emergency assistance	Total
Alabama	$76,432,000	$1,419,000	$11,358,000	$26,521,000	---	$115,730,000
Alaska 2/	1,004,000	58,000	393,000	2,175,000	$41,000	3,671,000
Arizona	5,364,000	412,000	4,330,000	12,697,000	---	22,803,000
Arkansas 2/	55,760,000	1,837,000	12,105,000	7,009,000	---	76,711,000
California	200,070,000	11,178,000	110,239,000	253,155,000	---	574,642,000
Colorado	25,411,000	140,000	5,181,000	17,058,000	---	47,790,000
Connecticut	4,267,000	150,000	3,944,000	24,710,000	---	33,071,000
Delaware	1,213,000	234,000	830,000	5,173,000	---	7,450,000
Dist. of Columbia	1,461,000	113,000	3,303,000	8,992,000	384,000	14,253,000
Florida 2/	37,562,000	1,626,000	13,847,000	43,761,000	---	96,796,000
Georgia 2/	54,646,000	1,766,000	17,730,000	30,130,000	1,000,000	105,272,000
Guam	70,000	3,000	16,000	235,000	---	324,000
Hawaii 2/	1,298,000	48,000	1,057,000	6,207,000	---	8,610,000
Idaho	1,862,000	69,000	1,844,000	5,512,000	---	9,287,000
Illinois 2/	34,322,000	1,156,000	25,596,000	84,209,000	---	145,283,000
Indiana	11,569,000	996,000	3,081,000	15,922,000	---	31,568,000
Iowa	14,581,000	791,000	3,015,000	20,427,000	---	38,814,000
Kansas 2/	9,678,000	258,000	5,446,000	14,950,000	30,000	30,362,000
Kentucky 2/	34,414,000	1,219,000	7,877,000	25,525,000	---	69,035,000
Louisiana	94,489,000	1,741,000	12,091,000	45,808,000	---	154,129,000
Maine 2/	10,696,000	199,000	3,027,000	10,351,000	428,000	24,701,000
Maryland 2/	6,540,000	230,000	11,950,000	33,062,000	---	51,782,000
Massachusetts	44,000,000	2,728,000	14,250,000	73,100,000	1,550,000	135,628,000
Michigan	37,286,000	895,000	16,818,000	55,923,000	4,000,000	114,922,000
Minnesota	18,344,000	490,000	6,658,000	25,164,000	---	50,656,000

See footnotes at end of table.

MAINTENANCE PAYMENTS: Estimated Federal Share of State Expenditures, as Estimated by States in March 1969, for Fiscal Year 1970 (continued)

States and territories	Old-age assistance 1/	Aid to the blind 1/	Aid to the permanently and totally disabled 1/	Aid to families with dependent children	Emergency assistance	Total
Mississippi	$33,607,000	$1,100,000	$11,492,000	$14,570,000	---	$60,769,000
Missouri	53,220,000	2,176,000	11,138,000	31,419,000	---	97,953,000
Montana	2,069,000	114,000	1,412,000	3,047,000	---	6,642,000
Nebraska	8,217,000	427,000	3,923,000	6,658,000	160,000	19,385,000
Nevada	1,834,000	114,000	---	2,214,000	---	4,162,000
New Hampshire	4,391,000	245,000	762,000	3,522,000	---	8,920,000
New Jersey	8,057,000	589,000	7,652,000	64,033,000	---	80,331,000
New Mexico 2/.....	6,179,000	283,000	6,260,000	14,686,000	100,000	27,508,000
New York 2/.....	56,640,000	2,707,000	32,680,000	434,839,000	4,029,000	530,895,000
North Carolina 2/.	25,174,000	3,355,000	18,833,000	29,610,000	200,000	77,172,000
North Dakota	2,655,000	65,000	1,600,000	4,921,000	---	9,241,000
Ohio	42,516,000	1,888,000	18,550,000	66,771,000	---	129,725,000
Oklahoma 2/	58,017,000	1,471,000	17,589,000	26,073,000	194,000	103,344,000
Oregon	4,131,000	336,000	3,034,000	14,025,000	471,000	21,997,000
Pennsylvania	29,494,000	7,057,000	18,313,000	124,990,000	---	179,854,000
Puerto Rico 2/ ...	1,757,000	67,000	1,083,000	10,781,000	200,000	13,888,000
Rhode Island 2/ ..	2,773,000	93,000	2,624,000	9,654,000	625,000	15,769,000
South Carolina ...	9,165,000	1,172,000	5,212,000	8,818,000	---	24,367,000
South Dakota	5,572,000	98,000	1,206,000	5,214,000	---	12,090,000
Tennessee	34,255,000	1,233,000	14,940,000	32,465,000	---	82,893,000
Texas	222,611,000	4,140,000	22,305,000	65,795,000	---	314,851,000
Utah	3,333,000	120,000	3,579,000	8,224,000	---	15,256,000
Vermont 2/	4,209,000	100,000	1,428,000	5,099,000	136,000	10,972,000
Virgin Islands ...	56,000	2,000	8,000	207,000	---	273,000
Virginia	8,131,000	733,000	5,042,000	18,371,000	---	32,277,000

See footnotes at end of table.

MAINTENANCE PAYMENTS: Estimated Federal Share of State Expenditures, as Estimated by States in March 1969, for Fiscal Year 1970 (continued)

States and territories	Old-age assistance 1/	Aid to the blind 1/	Aid to the permanently and totally disabled 1/	Aid to families with dependent children	Emergency Assistance	Total
Washington	$14,114,000	$287,000	$8,655,000	$21,286,000	$887,000	$45,229,000
West Virginia ...	6,680,000	317,000	3,319,000	21,634,000	---	31,950,000
Wisconsin	7,654,000	329,000	3,911,000	24,273,000	250,000	36,417,000
Wyoming	1,295,000	31,000	565,000	1,386,000	---	3,277,000
Total	1,440,145,000	60,405,000	523,101,000	1,922,361,000 3/	14,685,000	3,960,697,000

1/ Includes funds for payments to Intermediate Care Facilities.
2/ State operates a program under title XVI, Aid to the Aged, Blind, or Disabled.
3/ Excludes $321.3 million due to the limitation on Federal financial participation to certain children, which goes into effect July 1, 1969.

Appropriation Estimate

Work Incentives

For carrying out a work incentive program, as authorized by part C of title IV of the Social Security Act, and for related child-care services, as authorized by part A of title IV of the Act, including transfer to the Secretary of Labor, as authorized by section 431 of the Act, /$164,640,000/ $129,640,000.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL AND REHABILITATION SERVICE

Work Incentives

Amounts Available for Obligation

	1970 Original Estimate	Amendment	1970 Revised Estimate
Appropriation	$164,640,000	-$35,000,000	$129,640,000

Obligations by Activity

	1970 Original Estimate		Amendment		1970 Revised Estimate	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1. Training and incentives:						
(a) On-the-job training 1/.....	4	$23,469,000	--	-$7,737,000	4	$15,732,000
(b) Institutional and work experience training 1/.....	70	68,531,000	--	-20,123,000	70	48,408,000
(c) Work projects	--	1,500,000	--	-140,000	--	1,360,000
(d) Program direction and evaluation	153	8,000,000	--	--	153	8,000,000
Subtotal	227	101,500,000	--	-28,000,000	227	73,500,000
2. Child care	--	63,140,000	--	-7,000,000	--	56,140,000
Total	227	164,640,000	--	-35,000,000	227	129,640,000

1/ Under the Wagner-Peyser Act, all District of Columbia U. S. Employment Service positions in the Department of Labor are considered Federal positions, and an administrative adjustment was made to reflect this increase in positions.

Obligations by Object

	1970 Original Estimate	Amendment	1970 Revised Estimate
Total number of permanent positions....	227	--	227
Full-time equivalent of other positions	1	--	1
Average number of all employees	211	--	211
Personnel compensation:			
Permanent positions	$2,275,700	--	$2,275,700
Positions other than permanent	15,000	--	15,000
Other personnel compensation	4,000	--	4,000
Total personnel compensation	2,294,700	--	2,294,700
Personnel benefits	172,000	--	172,000
Travel and transportation of persons .	238,600	--	238,600
Transportation of things	5,600	--	5,600
Rent, communications, and utilities ..	114,600	--	114,600
Printing and reproduction	55,100	--	55,100
Other services	5,782,000	--	5,782,000
Supplies and materials	52,200	--	52,200
Equipment	99,800	--	99,800
Grants, subsidies and contributions ..	155,825,400	-35,000,000	120,825,400
Total	164,640,000	-35,000,000	129,640,000

Summary of Changes

1970 obligations:

Original estimate	$164,640,000
Revised estimate	129,640,000
Net change	-35,000,000

Decreases:	Original estimate	Amendment
1. To provide for an adjustment in on-the-job training due to utilization of additional Fiscal Year 1969 carryover funds in 1970	$23,469,000	-$7,737,000
2. To provide for a net reduction in institutional and work experience program elements due to utilization of additional Fiscal Year 1969 carry-over funds in 1970	68,531,000	-20,123,000
3. To provide for a reduction of 2,000 man-years in special work projects in 1970	1,500,000	-140,000
4. To provide for a monthly average of about 155,100 children receiving care	63,140,000	-7,000,000
Net change	xxx	-35,000,000

Explanation of Changes

1. On-the-job Training--The $7,737,000 decrease in fiscal year 1970 budget authority, offset by an increase of $6,284,000 in fiscal year 1969 carryover funds, results in a net decrease of $1,453,000 total fiscal year 1970 fund availability and a reduction of 1,200 man-years. The original estimate assumed a total of $33,469,000 for 41,200 man-years of training. The revised estimate of $32,016,000 provides for 40,000 man-years of training.

   The original estimate provided $23,469,000 fiscal year 1970 funds and $10,000,000 fiscal year 1969 funds. The revised estimate provides $15,732,000 fiscal year 1970 funds and $16,284,000 fiscal year 1969 funds.

2. Institutional and Work Experience Training--The $20,123,000 decrease in fiscal year 1970 budget authority, offset by an increase of $17,716,000 in fiscal year 1969 carryover funds, results in a net decrease of $2,407,000 total fiscal year 1970 fund availability and a reduction of 1,800 man-years. The original estimate assumed a total of $93,531,000 for 61,800 man-years of training. The revised estimate of $91,124,000 provides for 60,000 man-years of training.

   The original estimate provided for $68,531,000 fiscal year 1970 funds and $25,000,000 fiscal year 1969 funds. The revised estimate provides $48,408,000 fiscal year 1970 funds and $42,716,000 fiscal year 1969 funds.

3. Work Projects--The reduction of $140,000 from the original request of $1,500,000 will result in 2,000 fewer man-years in this component.

4. Child Care--The decrease of $7,000,000, for a total program of $56,140,000, provides for child care services for an average of 155,100 children, an increase of 109,700 over the 1969 average of 45,400.

Work Incentives

	Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1968	$40,000,000	$10,000,000	$10,000,000	$10,000,000
1969	135,000,000	135,000,000	100,000,000	117,500,000
1970	129,640,000			

Work Incentives

1. Training and Incentives

	1970 Original Estimate	Amendment	1970 Revised Estimate
Grants and other objects	$101,500,000	-$28,000,000	$73,500,000

The reduction of $28,000,000 in budget authority from $101,500,000 to $73,500,000 assumes a carryover of $59,000,000 from Fiscal Year 1969 funds for a total availability of $132,500,000. The original estimate of $101,500,000 assumed a carryover of only $35,000,000 for a total availability of $136,500,000 or approximately the same level of operation.

Total resources will provide an estimated 120,000 man-years of training with a projected enrollment level of 150,000 on June 30, 1970 based on the following assumptions:

1. The estimated June 30, 1969, enrollment level of approximately 85,000 in the 38 currently operating States/jurisdictions can be funded for a full year in 1970.

2. An additional 65,000 enrollees will be "phased in" to be divided between the 16 legal barrier States required by law to participate in 1970 and to cover additional areas in the 38 States/jurisdictions now participating in the program.

2. Child Care

	1970 Original Estimate	Amendment	1970 Revised Estimate
Grants	$63,140,000	-$7,000,000	$56,140,000

Child care costs in the revised 1970 budget are estimated at $56,140,000. The fiscal year 1970 program reflects (a) the cost of continuing services to families enrolled in fiscal year 1969 who still require such services, plus (b) the cost of services to families enrolled in WIN during fiscal year 1970. It is estimated that by June 30, 1970, the numbers receiving child care services will be 52,800 preschool children and 135,800 school-age children. The average numbers expected to receive care during fiscal year 1970 are 43,400 preschool and 111,700 school-age children. The Federal share of unit cost for fully developed programs is $1,200 for preschool and $300 for school-age children. Because most programs will not be fully up to standard, costs have been estimated at approximately 65 percent of these figures. The Federal share in fiscal year 1970 represents 75 percent of total costs.

WORK INCENTIVES
FISCAL YEAR 1969 and 1970 PROGRAM DESIGN
(Training and Incentives)

	1969			1970		
	Man-years	Amount	Unit Cost 2/	Man-years	Amount	Unit Cost 2/
On-the-Job Training						
Total Funded Costs	+6,500	$12,554,000	$1,900	40,000	$32,016,000	$800
FY 1970 Training Funded with 1969 Funds	+20,300	+16,284,000	800	-20,300	-16,284,000	800
FY 1969 Training Funded with 1968 Funds	-1,800	-2,378,000	1,300			
Total, Budget Authority	25,000	26,460,000	1,100	19,700	15,732,000	800
Institutional and Work Experience						
Total Funded Costs	+18,900	+35,446,000	1,900	60,000	91,124,000	1,500
FY 1970 Training Funded with 1969 Funds	+28,500	+42,716,000	1,500	-28,500	-42,716,000	1,500
FY 1969 Training Funded with 1968 Funds	-8,100	-6,622,000	800			
Total, Budget Authority	39,300	71,540,000	1,900	31,500	48,408,000	1,500
Special Work Projects (Budget Authority/Funded).	2,000	600,000	300	20,000	1,360,000	70
Salaries and Expenses (Budget Authority/Funded).	--	4,819,000 1/	--	--	8,000,000	--
Total Funded ...	27,400	53,419,000	1,800 3/	120,000	132,500,000	1,000 4/
Unobligated balance lapsing	--	2,000,000	--	--	--	--
Total Budget Authority	66,300	105,419,000	1,500 3/	71,200	73,500,000	900 4/

1/ Excludes $481,000 comparatively transferred to "Office of the Manpower Administrator, Salaries and Expenses."
2/ Rounded to nearest 10 or 100.
3/ Total funded rate computation excludes $4,819,000 for Salaries and Expenses and $600,000 and related 2,000 man-years for Special Work Projects; budget authority also excludes $2,000,000 unobligated balance lapsing.
4/ Total rate computation excludes $8,000,000 for Salaries and Expenses.

(Child Care)

	1969			1970		
	Average No. of Children	Total Cost	Federal Unit Cost 1/	Average No. of Children	Total Cost	Federal Unit Cost 1/
Child Care for:						
Preschool	11,500	$7,000,000	$1,360	43,400	$34,140,000	$1,200
School age ...	33,900	5,000,000	340	111,700	22,000,000	300
Total	45,400	12,000,000	---	155,100	56,140,000	---

1/ Unit costs shown are based on full implementation of Federal standards. Costs will be somewhat lower initially because of need to build up program resources

Appropriation Estimate

GRANTS TO STATES FOR MEDICAL ASSISTANCE

For grants to States for medical assistance (and costs of administration relating thereto), as authorized by title XIX (including section 1908) of the Social Security Act, for medical vendor payments as authorized by titles I, X, XIV, and XVI, and part A of title IV of the Act, and for costs of administration for medical assistance for the aged, as authorized by titles I and XVI of the Act, [$3,057,025,000.] $2,677,969,000.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE

Grants to States for Medical Assistance

Amounts Available for Obligation

	1970 Original Estimate	Amendment	1970 Revised Estimate
Appropriation.....	$3,057,025,000	$-379,056,000	$2,677,969,000
Available from subsequent year appropriation.....	650,000,000	...	650,000,000
Available in prior year.	-650,000,000	...	-650,000,000
Total obligations.....	3,057,025,000	-379,056,000	2,677,969,000
Financing:			
Available from subsequent year appropriation.....	-650,000,000	...	-650,000,000
Available in prior year.	650,000,000	...	650,000,000
Budget authority.....	3,057,025,000	-379,056,000	2,677,969,000

Grants to States for Medical Assistance, Obligations by Activity and by Object, Fiscal Year 1970

Activity	1970 Original Estimate	Amendment	1970 Revised Estimate
1. Payments for medically indigent receiving maintenance payments:			
(a) Old-age assistance.....	$470,700,000	$-20,800,000	$449,900,000
(b) Aid to the blind.....	17,600,000	-2,500,000	15,100,000
(c) Aid to the permanently and totally disabled...	319,900,000	-45,400,000	274,500,000
(d) Aid to families with dependent children.....	593,800,000	-68,900,000	524,900,000
Total.....	1,402,000,000	-137,600,000	1,264,400,000
2. Payments for medically indigent not receiving maintenance payments:			
(a) Aged.....	895,600,000	-161,100,000	734,500,000
(b) Blind.....	5,625,000	-833,000	4,792,000
(c) Permanently and totally disabled.....	219,700,000	-31,000,000	188,700,000
(d) Families with dependent children.....	284,400,000	-33,100,000	251,300,000
(e) Other--children under 21 1/.....	132,700,000	-15,500,000	117,200,000
Total.....	1,538,025,000	-241,533,000	1,296,492,000
Total payments.....	2,940,025,000	-379,133,000	2,560,892,000
3. State and local administration 2/.....	130,000,000	-10,587,000	119,413,000
4. Total for all activities....	3,070,025,000	-389,720,000	2,680,305,000
5. Collections and adjustments during year.....	-13,000,000	+10,664,000	-2,336,000
6. Total obligations against appropriation (Ob. Class 41).	3,057,025,000	-379,056,000	2,677,969,000

1/ Children not deprived of parental support or care as defined under title IV (Part A) of the Social Security Act.

2/ Excludes costs of determining initial and continuing eligibility and providing other social services to persons receiving medical assistance who also are eligible to receive maintenance payments.

Summary of Changes

1970 obligations:

Original estimate	$3,057,025,000
Revised estimate	2,677,969,000
Net change	-379,056,000

	Original estimate	Amendment
Decreases		
Program		
1. Payments for medically indigent receiving maintenance payments:		
(a) Old-age assistance	$470,700,000	$-20,800,000
(b) Aid to the blind	17,600,000	-2,500,000
(c) Aid to the permanently and totally disabled	319,900,000	-45,400,000
(d) Aid to families with dependent children	593,800,000	-68,900,000
Subtotal	1,402,000,000	-137,600,000
2. Payments for medically indigent not receiving maintenance payments:		
(a) Aged	895,600,000	-161,100,000
(b) Blind	5,625,000	-833,000
(c) Permanently and totally disabled	219,700,000	-31,000,000
(d) Families with dependent children	284,400,000	-33,100,000
(e) Other--Children under 21	132,700,000	-15,500,000
Subtotal	1,538,025,000	-241,533,000
All vendor payments	2,940,025,000	-379,133,000
3. State and local administration	130,000,000	-10,587,000
Total for all activities	3,070,025,000	-389,720,000
4. Collections and adjustments during year	-13,000,000	+10,664,000
Total obligations	3,057,025,000	-379,056,000

Explanation of changes

The amended appropriation request for 1970 is $2,677,969,000 a reduction of $379,056,000 from the appropriation request now before the Congress. This reduction is a composite of a decrease in requirements estimated by the States totalling $238,056,000 and certain program changes designed to effect a reduction in the Federal share of State expenditures totalling $141,000,000.

Explanation of decreases

Expenditures for all budget activities are expected to be lower under the amended budget than under the original request. Approximately $182,000,000 of the decrease will be in medical assistance programs for the aged and $117,000,000 in programs for families with dependent children. The remaining $80,000,000 of the reduction will be in programs affecting the permanently and totally disabled and the blind.

States did not indicate the types of services which would be affected in achieving the $238,056,000 savings reflected in their most recent estimates of requirements for fiscal year 1970. The amended budget request includes changes which are intended to reduce Federal financial participation in payments for physicians' and other practitioners' services by about $62,000,000 and in payments for hospital and nursing home care by $79,000,000. These reductions, which total $141,000,000, will be effected by regulations which will affect Federal financial participation in payments to physicians and other practitioners, improved utilization of nursing home care, revision of the reasonable cost formula to determine hospital charges and elimination of elective orthodontia as a service from State programs with Federal financial participation.

Grants to States for Medical Assistance

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1966	$856,000,000	$830,000,000	$830,000,000	$830,000,000
1967	1,217,968,000	1,217,968,000	1,171,568,000	1,171,568,000
1968	1,862,442,000	1,807,642,000	1,807,642,000	1,807,642,000
1969	2,118,300,000	2,118,300,000	2,118,300,000	2,118,300,000
1969 Proposed supplemental	278,022,000			
1970	2,677,969,000			

Note: Prior to fiscal year 1969, estimates for the appropriation account reflected in this budget were part of the single appropriation for "Grants to States for Public Assistance." Details of the budget estimates are not available to reconstruct data on a basis comparable to the new appropriation account for fiscal years prior to 1966. The data shown include supplemental as well as regular estimates and appropriations. In fiscal years 1966, 1967 and 1968, the supplemental, as well as the regular request, is included in the first amount column.

Justification

Grants to States for Medical Assistance

Program	Request Pending	Proposed Amendment	Revised Request
1. Payments for medically indigent receiving maintenance payments:			
(a) Old-age assistance	$470,700,000	$-20,800,000	$449,900,000
(b) Aid to the blind	17,600,000	-2,500,000	15,100,000
(c) Aid to the permanently and totally disabled	319,900,000	-45,400,000	274,500,000
(d) Aid to families with dependent children	593,800,000	-68,900,000	524,900,000
Total	1,402,000,000	-137,600,000	1,264,400,000
2. Payments for medically indigent not receiving maintenance payments:			
(a) Aged	895,000,000	-161,100,000	734,500,000
(b) Blind	5,625,000	-833,000	4,792,000
(c) Permanently and totally disabled	219,700,000	-31,000,000	188,700,000
(d) Families with dependent children	284,400,000	-33,100,000	251,300,000
(e) Other--Children under 21 1/	132,700,000	-15,500,000	117,200,000
Total	1,538,025,000	-241,533,000	1,296,492,000
3. State and local administration 2/	130,000,000	-10,587,000	119,413,000
4. Total for all activities	3,070,025,000	-389,720,000	2,680,305,000
5. Collections and adjustments during year	-13,000,000	+10,664,000	-2,336,000
6. Estimated appropriation requirements	3,057,025,000	-379,056,000	2,677,969,000

1/ Children not deprived of parental support or care as defined under title IV (Part A) of the Social Security Act.

2/ Excludes costs of determining initial and continuing eligibility and providing other social services to persons receiving medical assistance who also are eligible to receive maintenance payments.

Introduction

Grants for medical assistance under title XIX of the Social Security Act (Medicaid), and for medical assistance provided under titles I, IV, X, XIV, or XVI of the Act are made to States having plans approved by the Department of Health, Education, and Welfare. After January 1, 1970, Federal financial participation in payments to medical vendors will be available only under title XIX. The purpose of title XIX, which became effective in January 1966, is to make quality medical care more generally available to low income groups by coupling Federal requirements for program coverage and quality of care with more generous Federal financial participation.

Federal financial participation in Medicaid payments varies according to the per capita income of the State, from a minimum of 50% to a maximum of 83%. Eligible recipients include, as a minimum, all persons receiving or eligible to receive a money payment under the Social Security Act and children under 21 who, except for age, would be eligible for aid to families with dependent children. In addition, States may elect to cover certain medically needy persons who are eligible for help only with their medical bills and hence do not receive maintenance payments for food, clothing and shelter.

The amended appropriation request for 1970 is $2,677,969,000, a reduction of $379,056,000 from the request now before the Congress.

The States now anticipate the Federal share of medical vendor payments under current legislation and regulations will amount to $2,818,969,000 or $238,056,000 less than their estimates made last December. In part, this later estimate reflects States intentions to place restrictions on their programs to limit the amount of growth in expenditures and in some instances, the 1970 expenditure level will be below 1969 experience.

In addition to the $238,056,000 decrease expected by the States, it is intended, through program changes, to further reduce expenditures by $141,000,000. These program changes can be effected by Departmental regulation which will change Federal financial participation with respect to establishment of fee schedules for physician and other practitioner services and rates for hospital reimbursement, eliminate Federal financial participation in elective orthodontia in the scope of services in State medical assistance programs, and improved utilization of hospitals and nursing homes.

GRANTS TO STATES FOR MEDICAL ASSISTANCE: Federal Share of Expenditures for Payments to Vendors and for State and Local Administration, Distributed by State, Fiscal Year 1970

States and territories	Original Estimate 1/	Revised Estimate 1/
Alabama	$23,940,000	$28,574,000
Alaska	3,618,000	3,727,000
Arizona	3,188,000	8,469,000
Arkansas	25,160,000	25,160,000
California	481,463,000	454,116,000
Colorado	28,421,000	24,797,000
Connecticut	41,241,000	41,360,000
Delaware	2,280,000	2,280,000
District of Columbia	13,648,000	13,648,000
Florida	52,521,000	28,192,000
Georgia	60,205,000	53,900,000
Guam	66,000	148,000
Hawaii	6,881,000	6,886,000
Idaho	7,039,000	7,145,000
Illinois	112,836,000	107,479,000
Indiana	13,789,000	14,005,000
Iowa	22,403,000	16,035,000
Kansas	19,809,000	24,327,000
Kentucky	38,583,000	29,467,000
Louisiana	45,354,000	45,260,000
Maine	13,322,000	13,521,000
Maryland	61,822,000	36,715,000
Massachusetts	226,347,000	183,631,000
Michigan	100,224,000	93,470,000
Minnesota	63,377,000	63,450,000
Mississippi	70,417,000	72,984,000
Missouri	38,241,000	30,547,000
Montana	5,121,000	5,052,000
Nebraska	18,858,000	9,570,000
Nevada	4,065,000	3,845,000
New Hampshire	3,610,000	3,967,000
New Jersey	44,265,000	44,421,000
New Mexico	18,534,000	14,823,000
New York	590,104,000	603,399,000
North Carolina	25,244,000	29,768,000

See footnote at end of table.

(Continued)

States and territories	Original Estimate 1/	Revised Estimate 1/
North Dakota	$10,405,000	$8,785,000
Ohio	59,063,000	52,557,000
Oklahoma	58,392,000	57,757,000
Oregon	10,674,000	10,831,000
Pennsylvania	124,147,000	107,602,000
Puerto Rico	20,000,000	20,000,000
Rhode Island	17,231,000	16,861,000
South Carolina	32,097,000	32,097,000
South Dakota	11,609,000	6,287,000
Tennessee	27,405,000	27,405,000
Texas	205,334,000	142,018,000
Utah	7,826,000	8,309,000
Vermont	8,467,000	6,956,000
Virgin Islands	650,000	766,000
Virginia	35,752,000	35,329,000
Washington	41,129,000	41,597,000
West Virginia	19,222,000	10,583,000
Wisconsin	93,064,000	90,436,000
Wyoming	1,562,000	991,000
Total	$3,070,025,000	$2,821,305,000
Savings-administrative changes		-141,000,000
Total		$2,680,305,000

1/ Distributions based on States' estimates of expenditures.

Appropriation Estimate

SOCIAL SERVICES AND ADMINISTRATION

For grants or payments, not otherwise provided, for carrying out titles I, X, XIV, XVI, and XIX, part A of title IV, and section 707 of the Social Security Act, including such amounts as may be necessary for transfer to the Secretary of the Treasury for assistance in locating parents, as authorized in section 410 of such Act, and not to exceed $3,000,000 for grants as authorized in Section 707 of the Act, [$730,720,000] $725,242,000.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE

Social Services and Administration

Amounts Available for Obligation

	1970 Original Estimate	Amendment	1970 Revised Estimate
Appropriation	$730,720,000	-$5,478,000	$725,242,000
Available from subsequent year appropriation	160,000,000	---	160,000,000
Available in prior year	-160,000,000	---	-160,000,000
Total obligations	730,720,000	-5,478,000	725,242,000
Financing:			
Available from subsequent year appropriation	-160,000,000	---	-160,000,000
Available in prior year	160,000,000	---	160,000,000
Budget authority	730,720,000	-5,478,000	725,242,000

Obligations by Activity and Object

Page Ref.	Activity and Object	1970 Original Estimate	Amendment	1970 Revised Estimate
	Social Services.....	$551,620,000	-$3,450,000	$548,170,000
	State and local administration.....	143,700,000	-2,660,000	141,040,000
	Training.....	31,400,000	+632,000	32,032,000
	Demonstration projects..	4,000,000	---	4,000,000
	Total obligations against appropriation (Object Class 41.0).....	730,720,000	-5,478,000	725,242,000

Summary of Changes

1970 obligations:

Original estimate.....	$730,720,000
Revised estimate.....	725,242,000
Net change.....	-5,478,000

		Original Estimate Amount	Amendment Amount
A.	Increases:		
	1. Training: Federal matching	$28,400,000	+$632,000
	Subtotal, increases.....	xxx	+632,000
B.	Decreases:		
	1. Social Services.....	551,620,000	-3,450,000
	2. State and local administration...	143,700,000	-2,660,000
	Subtotal, decreases.....	xxx	-6,110,000
	Net change.....	xxx	-5,478,000

Explanation of Change

The amended appropriation request for 1970 is $725,242,000 or $5,478,000 less than the previous request. The decreases are in social services and in State and local administration with a small increase in training.

Explanation of Increases

1. The increase of $632,000 will provide additional training for State and local employees particularly for new sub-professionals.

Explanation of Decreases

1. The decrease of $3,450,000 results from a reduced estimate of the 1969 to 1970 increase in cost of eligibility determination.

2. The decrease of $2,660,000 results from increased use of sub-professional personnel.

Social Services and Administration

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1966	$353,300,000	$333,000,000	$333,000,000	$333,000,000
1967	391,230,000	391,230,000	391,230,000	391,230,000
1968	485,400,000	459,250,000	459,250,000	459,250,000
1969	594,800,000	594,800,000	594,800,000	594,800,000
1969 Supplemental	30,000,000			
1970	725,242,000			

Note: Prior to fiscal year 1969, estimates for the appropriation account reflected in this budget were part of the single appropriation for "Grants to States for Public Assistance." Details of the budget estimates are not available to reconstruct data on a basis comparable to the new appropriation account for fiscal years prior to 1966. The data shown include supplemental as well as regular estimates and appropriations. This occurred in fiscal years 1966, 1967, and 1968, and for these years the supplemental, as well as the regular request, is included in the first amount column.

Social Services, Administration, Training and Demonstration Projects

Estimated Total Federal, State, and Local Expenditures
and
the Federal Share Thereof, Fiscal Year 1970

	Fiscal Year 1970 Original Estimate		Fiscal Year 1970 Revised Estimate	
	Total	Federal Share	Total	Federal Share
Total.....	$1,170,760,000	$730,720,000	$1,156,335,000	$725,242,000
Social Services...	838,960,000	551,620,000	828,548,000	548,170,000
State and local administration (excludes medical administration..	286,900,000	143,700,000	282,078,000	141,040,000
Training.....	40,900,000	31,400,000	41,709,000	32,032,000
Demonstration projects.....	4,000,000	4,000,000	4,000,000	4,000,000

Narrative Justification

The requirements on this appropriation are determined directly by State and local expenditures for programs authorized by the Social Security Act; reduction in estimates from $730,720,000 to $725,242,000 results from revised State's estimates received in March 1969.

The reduced amounts of Federal funds required for social services and for State and local administration are due to increased use of lower salaried sub-professional personnel for staff increases and reduced requirements for eligibility determination due in part to many States separating this function from that of providing social services.

The States also indicated small reductions in their forecast of money payment recipients in the adult categories. Costs associated with these categories provide all the reductions. The cost of providing social services to AFDC recipients and associated State and local administration shows an increase as does the number of recipients. The increase for AFDC services partially offsets the decrease for the adult categories.

The small increase in Federal matching requirements for training is due primarily to increased use of sub-professional personnel. Reports from a sampling of States indicate a 25 percent increase over 1969 in number of sub-professional personnel.

SOCIAL SERVICES AND ADMINISTRATION
Federal Share of State Expenditures, by State
Fiscal Year 1970

States and territories	1970 Estimate	1970 Revised
Alabama	$12,222,000	$12,222,000
Alaska	1,156,000	1,157,000
Arizona	2,642,000	1,988,000
Arkansas	3,855,000	3,855,000
California	148,004,000	148,004,000
Colorado	8,434,000	8,687,000
Connecticut	12,442,000	7,089,000
Delaware	1,674,000	1,587,000
District of Columbia	16,124,000	7,380,000
Florida	18,033,000	17,568,000
Georgia	21,990,000	21,372,000
Guam	79,000	129,000
Hawaii	1,657,000	1,946,000
Idaho	1,022,000	1,022,000
Illinois	34,635,000	39,862,000
Indiana	5,819,000	5,996,000
Iowa	5,919,000	7,872,000
Kansas	5,584,000	6,199,000
Kentucky	7,500,000	7,500,000
Louisiana	14,464,000	16,651,000
Maine	2,270,000	2,517,000
Maryland	9,140,000	9,080,000
Massachusetts	16,032,000	16,979,000
Michigan	24,910,000	24,910,000
Minnesota	6,514,000	6,382,000
Mississippi	4,474,000	4,633,000
Missouri	19,639,000	16,940,000
Montana	1,415,000	1,559,000
Nebraska	2,513,000	2,517,000
Nevada	1,945,000	1,665,000
New Hampshire	761,000	715,000
New Jersey	18,189,000	17,869,000
New Mexico	5,237,000	5,448,000
New York	106,834,000	104,471,000
North Carolina	11,015,000	9,781,000
North Dakota	1,820,000	2,240,000
Ohio	19,241,000	19,241,000
Oklahoma	10,506,000	10,478,000
Oregon	6,637,000	7,069,000
Pennsylvania	22,570,000	26,758,000

SOCIAL SERVICES AND ADMINISTRATION
Federal Share of State Expenditures, by State
Fiscal Year 1970 (continued)

States and territories	1970 Estimate	1970 Revised
Puerto Rico	$7,401,000	4,710,000
Rhode Island	2,974,000	2,974,000
South Carolina	3,007,000	3,395,000
South Dakota	2,195,000	2,213,000
Tennessee	7,492,000	8,990,000
Texas	35,122,000	36,121,000
Utah	4,508,000	4,726,000
Vermont	2,064,000	1,760,000
Virginia	5,638,000	5,638,000
Virgin Islands	143,000	135,000
Washington	17,652,000	14,323,000
West Virginia	7,019,000	5,371,000
Wisconsin	12,712,000	17,698,000
Wyoming	876,000	850,000
Subtotal, Distributed by States	723,720,000	718,242,000
Social Work Manpower Training	3,000,000	3,000,000
Demonstration Projects	4,000,000	4,000,000
Total	730,720,000	725,242,000

Appropriation Estimate

GRANTS FOR REHABILITATION SERVICES AND FACILITIES

For grants or contracts under sections 2, 3, 4(a)(2), 12, 13, /15/ and 17 of the Vocational Rehabilitation Act, as amended, /$564,123,000/ $499,783,000 of which /$524,000,000/ $471,000,000 is for grants for vocational rehabilitation services under section 2; $3,200,000 is for grants under section 3; $9,500,000 shall be for planning, preparing for and initiating special programs to expand vocational rehabilitation services under section 4(a)(2)(A), to remain available through June 30, 1972, together with any amounts heretofore appropriated for this purpose; and /$1,890,000/ $550,000 is for grants with respect to workshops and rehabilitation facilities under section 12, to remain available through June 30, 1973, together with any amounts heretofore appropriated for this purpose/; and $10,000,000 is for projects under section 15: Provided, that in the event that the sum of the Federal share of the cost of all projects under approved State plans exceeds $10,000,000 this limitation shall be applied to individual States in accordance with criteria prescribed by the Secretary/: Provided, that allotments under section 2 of said Act to the States for the current fiscal year shall be made on the basis of $500,000,000, and this amount shall be considered the sum available for allotments under such section for such fiscal year: Provided further, that the allotment to any State under section 3(a)(1) of such Act shall be not less than $25,000.

Grants to States, next succeeding fiscal year: For making, after May 31, of the current fiscal year, grants to States under section 2 of the Vocational Rehabilitation Act, as amended, for the first quarter of the next succeeding fiscal year such sums as may be necessary, the obligations incurred and the expenditures made thereunder to be charged to the appropriation therefor for that fiscal year: Provided, that the payments made pursuant to this paragraph shall not exceed the amount paid to the States for the first quarter of the current fiscal year. (29 U.S.C. 31-42; 68 Stat 656.)

Explanation of Language Changes

The language changes are necessary in order to:

1. Delete the listing of the authority for Section 15 of the Vocational Rehabilitation Act, and all reference to special provisions under this section, since no funds are being requested for this purpose.

2. Change the amount that allotments to the States under Section 2 shall be made on a formula basis from the $600,000,000 specified in the Vocational Rehabilitation Act to $500,000,000.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE

Grants for Rehabilitation Services and Facilities

Amounts Available for Obligation

	1970 Original Estimate	Amendment	1970 Revised Estimate
Appropriation.....	$564,123,000	-$64,340,000	$499,783,000

Obligations by Activity

Activity	1970 Original Estimate	Amendment	1970 Revised Estimate
1. Vocational rehabilitation services:			
(a) Basic support.....	$524,000,000	-$53,000,000	$471,000,000
(b) Innovation.....	3,200,000	---	3,200,000
(c) Expansion of services.....	11,000,000	---	11,000,000
(d) Vocational evaluation and work adjustment.....	10,000,000	-10,000,000	---
(e) Services for migratory agricultural workers....	3,500,000	---	3,500,000
2. Rehabilitation facilities:			
(a) Project development and construction.....	1,340,000	-1,340,000	---
(b) Initial staffing.....	550,000	---	550,000
(c) Facility improvement.....	10,533,000	---	10,533,000
Total obligations.....	564,123,000	-64,340,000	499,783,000

Obligations by Object

	1970 Original Estimate	Amendment	1970 Revised Estimate
Grants, subsidies and contributions			
(Total obligations).....	$564,123,000	-$64,340,000	$499,783,000

Summary of Changes

1970 obligations:

Original estimate	$564,123,000
Revised estimate	499,783,000
Net change	64,340,000

	Original Estimate Amount	Amendment Amount
A. Decreases:		
1. Vocational rehabilitation services:		
(a) Basic support	$524,000,000	-$53,000,000
(b) Vocational evaluation and work adjustment	10,000,000	-10,000,000
2. Rehabilitation facilities:		
(a) Project development and construction	1,340,000	-1,340,000
Net change		-64,340,000

Explanation of Changes

Program decreases

1. Vocational rehabilitation services:

(a) Basic support. The revised amount of $471,000,000 will provide funds to rehabilitate 241,000 disabled individuals in 1970 with an allotment base of $500,000,000. The original amount of $524,000,000 would have provided funds to rehabilitate 265,000 disabled individuals with an allotment base of $600,000,000.

(b) Vocational evaluation and work adjustment. The budget amendment would delay the start of this program until a later year. The original budget would have provided $10,000,000 ti initiate this program on a project basis.

2. Rehabilitation facilities:

(a) Project development and construction. The budget amendment would eliminate this program in 1970. Any construction would be done under the basic support program (Section 2). The original budget would have provided funds of $1,340,000.

Grants for Rehabilitation Services and Facilities

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1960	$51,900,000	$51,900,000	$51,900,000	$51,900,000
1961	54,500,000	54,500,000	57,500,000	56,200,000
1962	64,450,000	64,450,000	64,450,000	64,450,000
1963	72,940,000	72,940,000	72,940,000	72,940,000
1964	88,700,000	88,700,000	88,700,000	88,700,000
1965	100,100,000	100,100,000	100,100,000	100,100,000
1966	171,310,000	163,000,000 1/	171,310,000	171,310,000
1967	259,060,000	259,060,000	258,560,000	258,560,000
1968	312,790,000	311,550,000	312,550,000	311,550,000
1969	375,490,000	345,900,000	375,490,000	368,990,000
1970	499,783,000			

1/ Excludes supplemental of $8,310,000 for Vocational Rehabilitation Act Amendments of 1965 not considered by the House.

Basic Support (Section 2)

	1970 Original Estimate	Amendment	1970 Original Estimate
Grants to States----------	$524,000,000	$ -53,000,000	$471,000,000

The Budget Amendment reduces the appropriation request from $524,000,000 to $471,000,000 a reduction of $53,000,000. The allotment base is reduced from $600,000,000 to $500,000,000.

The budget amendment will reduce the projected number of disabled individuals rehabilitated from 265,000 to 241,000, a reduction of 24,000. The number of individuals served will be reduced from approximately 1,000,000 to 900,000.

Vocational Evaluation and Work Adjustment (Section 15)

	1970 Original Estimate	Amendment	1970 Revised Estimate
Grants to States	$10,000,000	-$10,000,000	---

The budget amendment will postpone the initiation of this program until a later date. The original budget request would have provided $10,000,000 (on a project basis) to initiate this program of Vocational Evaluation and Work Adjustment authorized by the Vocational Rehabilitation Amendments of 1968.

Rehabilitation Facilities

(a) Project Development and Construction (Section 12)

	1970 Original Estimate		Amendment		1970 Revised Estimate	
	No.	Amt.	No.	Amt.	No.	Amt.
Project development grants	50	$250,000	-50	-$250,000	---	---
Construction grants	10	1,090,000	-10	1,090,000	---	---
Total	60	1,340,000	-60	-1,340,000	---	---

The budget amendment will suspend the appropriation request for fiscal year 1970 for project development and construction grant programs under Section 12 of the Vocational Rehabilitation Act. Construction activities, particularly for State agency owned or operated facilities, will be accomplished in 1970 from the appropriation for the basic support program (Section 2).

Federal Allotment and State Funds Required to Match Full Allotments
for the Basic Support Program under Section 2 of the Vocational Rehabilitation Act
(Budget Amendment - 1970)

State or Territory	1970 Original Estimate		Amendment (in minuses)		1970 Revised Estimate	
	Federal Allotment	State Funds Required	Allotment	State Funds	Federal Allotment	State Funds Required
Total	$600,000,000 [1]	$150,348,663	$100,000,000	$16,746,056	$500,000,000 [1]	$133,602,607 [2]
Alabama	17,189,269	4,297,317	2,883,645	630,651	14,305,624	3,666,666
Alaska	1,000,000	250,000	-	-	1,000,000	250,000
Arizona	6,060,931	1,515,233	1,016,772	254,193	5,044,159	1,261,040
Arkansas	9,994,919	2,498,730	1,676,732	2,064	8,318,187	2,496,666
California	37,311,325	9,327,831	6,259,290	827,832	31,052,035	8,499,999
Colorado	5,920,113	1,480,028	993,149	80,028	4,926,964	1,400,000
Connecticut	4,639,078	1,172,667	778,245	-	3,860,833	1,172,667
Delaware	1,019,171	333,333	19,171	-	1,000,000	333,333
Dist. of Columbia	5,117,937	1,279,484	858,577	112,817	4,259,360	1,166,667
Florida	21,220,304	5,305,076	3,559,885	889,971	17,660,419	4,415,105
Georgia	18,699,738	4,733,333	3,137,040	-	15,562,698	4,733,333
Guam	594,668	148,667	99,761	24,940	494,907	123,727
Hawaii	1,989,729	497,432	333,794	7,432	1,655,935	490,000
Idaho	2,707,720	676,930	454,243	113,561	2,253,477	563,369
Illinois	20,154,640	5,038,660	3,381,111	205,327	16,773,529	4,833,333
Indiana	13,579,972	3,394,993	2,278,156	569,539	11,301,816	2,825,454
Iowa	7,772,820	1,943,205	1,303,956	69,872	6,468,864	1,873,333
Kansas	6,887,096	1,721,774	1,155,368	288,842	5,731,728	1,432,932
Kentucky	14,057,727	3,514,432	2,358,303	589,576	11,699,424	2,924,856
Louisiana	15,966,365	3,991,591	2,678,493	669,623	13,287,872	3,321,968
Maine	3,711,636	927,909	622,659	155,665	3,088,977	772,244
Maryland	8,784,552	2,196,138	1,473,684	29,472	7,310,868	2,166,666
Massachusetts	12,040,068	3,010,017	2,019,824	504,956	10,020,244	2,505,061
Michigan	20,219,464	5,054,866	3,391,986	847,996	16,827,478	4,206,870
Minnesota	10,706,498	2,676,624	1,796,106	49,958	8,910,392	2,626,666

Federal Allotment and State Funds Required to Match Full Allotments
for the Basic Support Program under Section 2 of the Vocational Rehabilitation Act
(Budget Amendment - 1970)

State or Territory	1970 Original Estimate Federal Allotment	1970 Original Estimate State Funds Required	Amendment Allotment	Amendment State Funds	1970 Revised Estimate Federal Allotment	1970 Revised Estimate State Funds Required
Mississippi	$ 13,043,419	$ 3,260,855	$ 2,188,144	547,036	$ 10,855,275	$ 2,713,819
Missouri	14,310,542	3,577,636	2,400,715	600,179	11,909,827	2,977,457
Montana	2,420,798	605,200	406,109	101,528	2,014,689	503,672
Nebraska	4,247,233	1,061,808	712,509	178,127	3,534,724	883,681
Nevada	1,000,000	333,333	-	-	1,000,000	333,333
New Hampshire	2,166,433	541,608	363,438	90,859	1,802,995	450,749
New Jersey	13,779,438	3,444,860	2,311,617	577,905	11,467,821	2,866,955
New Mexico	4,136,930	1,034,232	694,005	173,501	3,442,925	860,731
New York	33,571,558	8,392,890	5,631,913	788,557	27,939,645	7,604,333
North Carolina	22,170,856	5,542,714	3,719,348	929,837	18,451,508	4,612,877
North Dakota	2,488,325	622,081	417,437	104,359	2,070,888	517,722
Ohio	28,110,778	7,027,694	4,715,820	1,178,954	23,394,958	5,848,740
Oklahoma	9,653,985	2,413,496	1,619,537	146,830	8,034,448	2,266,666
Oregon	5,819,719	1,454,930	976,307	179,263	4,843,412	1,275,667
Pennsylvania	32,640,460	8,160,115	5,475,714	86,782	27,164,746	8,073,333
Puerto Rico	17,061,899	4,265,475	2,862,278	715,570	14,199,621	3,549,905
Rhode Island	2,385,304	608,333	400,155	-	1,985,149	608,333
South Carolina	13,024,749	3,266,666	2,185,012	-	10,839,737	3,266,666
South Dakota	2,582,477	645,619	433,233	108,308	2,149,244	537,311
Tennessee	17,439,535	4,359,884	2,925,630	731,408	14,513,905	3,628,476
Texas	40,030,458	10,007,614	6,715,449	1,678,861	33,315,009	8,328,753
Utah	3,910,851	977,713	656,078	77,713	3,254,773	900,000
Vermont	1,482,205	370,551	248,652	36,218	1,233,553	334,333
Virginia	16,172,053	4,043,013	2,712,999	678,249	13,459,054	3,364,764
Virgin Islands	354,270	88,568	59,432	14,858	294,838	73,710
Washington	7,619,357	1,904,839	1,278,211	96,839	6,341,146	1,808,000
West Virginia	8,128,215	2,033,333	1,363,577	-	6,764,638	2,033,333
Wisconsin	11,902,413	3,050,333	1,996,731	-	9,905,682	3,050,333
Wyoming	1,000,000	267,000	-	-	1,000,000	267,000

1/ Based on allotment percentage promulgated in Federal Register on November 2, 1968.
2/ Adjusted for maintenance of effort provision. Actual matching funds may vary as a result of actual State expenditures for 1969, and earnable matching rate applicable to construction expenditures in fiscal year 1970.

Federal Grants and State Funds Required for Basic Support Program
Under Section 2 of the Vocational Rehabilitation Act

State or Territory	1970 Original Estimate		Amendment		1970 Revised Estimate	
	Federal	State	Federal	State	Federal	State
Total	$523,000,000[1]	$132,621,984[2]	$-53,000,000	$-5,927,914	$470,000,000[3]	$126,694,070[2]
Alabama	15,939,681	3,984,920	- 1,740,093	- 318,254	14,199,588	3,666,666
Alaska	1,000,000	250,000	-	-	1,000,000	250,000
Arizona	4,637,316	1,159,329	+ 85,246	+ 21,311	4,722,562	1,180,640
Arkansas	9,741,755	2,496,666	- 1,485,224	-	8,256,531	2,496,666
California	34,598,947	8,649,737	- 3,777,075	- 165,938	30,821,872	8,483,799
Colorado	5,770,160	1,442,540	- 879,715	- 42,540	4,890,445	1,400,000
Connecticut	4,301,836	1,113,333	- 469,620	-	3,832,216	1,113,333
Delaware	1,000,000	333,333	-	-	1,000,000	333,333
Dist. of Columbia	4,745,885	1,186,471	- 518,096	- 19,804	4,227,789	1,166,667
Florida	20,544,853	5,136,213	- 3,015,336	- 753,834	17,529,517	4,382,379
Georgia	17,340,344	4,733,333	- 1,892,999	-	15,447,345	4,733,333
Guam	428,714	107,178	+ 7,882	+ 1,971	436,596	109,149
Hawaii	1,845,084	470,000	- 201,423	-	1,643,661	470,000
Idaho	2,101,614	525,404	+ 38,634	+ 9,658	2,140,248	535,062
Illinois	19,644,136	4,911,034	- 2,994,935	- 77,701	16,649,201	4,833,333
Indiana	4,015,285	1,003,821	+ 73,812	+ 18,453	4,089,097	1,022,274
Iowa	7,575,939	1,893,985	- 1,155,023	- 20,652	6,420,916	1,873,333
Kansas	4,096,915	1,024,229	+ 75,313	+ 18,828	4,172,228	1,043,057
Kentucky	9,087,434	2,271,858	+ 167,052	+ 41,764	9,254,486	2,313,622
Louisiana	12,940,787	3,235,197	+ 237,887	+ 59,471	13,178,674	3,294,668
Maine	2,416,594	604,148	+ 44,424	+ 11,107	2,461,018	615,255
Maryland	8,145,951	2,166,666	- 889,272	-	7,256,679	2,166,666
Massachusetts	9,986,245	2,496,561	- 40,273	- 10,068	9,945,972	2,486,493
Michigan	19,707,318	4,926,829	- 3,004,568	- 751,141	16,702,750	4,175,688
Minnesota	10,435,310	2,626,666	- 1,590,963	-	8,844,347	2,626,666
Mississippi	12,713,038	3,178,260	- 1,938,224	- 484,556	10,774,814	2,693,704
Missouri	13,270,225	3,317,556	- 1,448,676	- 362,169	11,821,549	2,955,387
Montana	2,020,459	505,115	- 20,703	- 5,176	1,999,756	499,939
Nebraska	3,938,477	984,619	- 429,953	- 107,488	3,508,524	877,131
Nevada	1,000,000	333,333	-	-	1,000,000	333,333

Federal Grants and State Funds Required for Basic Support Program
Under Section 2 of the Vocational Rehabilitation Act

State or Territory	1970 Original Estimate Federal	1970 Original Estimate State	Amendment Federal	Amendment State	1970 Revised Estimate Federal	1970 Revised Estimate State
New Hampshire	$ 1,895,200	$ 473,800	$- 105,569	$- 26,392	$ 1,789,631	$ 447,408
New Jersey	12,777,731	3,194,433	- 1,394,911	- 344,433	11,382,820	2,850,000
New Mexico	3,534,522	883,630	- 117,117	- 29,279	3,417,405	854,351
New York	32,721,213	8,180,303	- 4,988,661	- 342,637	27,732,552	7,837,666
North Carolina	21,609,283	5,402,321	- 3,294,541	- 823,635	18,314,742	4,578,686
North Dakota	2,307,434	576,858	- 251,896	- 62,974	2,055,538	513,884
Ohio	18,095,370	4,523,842	+ 332,644	+ 83,162	18,428,014	4,607,004
Oklahoma	8,952,182	2,266,666	- 977,287	-	7,974,895	2,266,666
Oregon	5,368,648	1,342,162	- 561,136	- 66,496	4,807,512	1,275,666
Pennsylvania	30,267,635	8,073,333	- 3,304,238	-	26,963,397	8,073,333
Puerto Rico	7,797,365	1,949,341	+ 143,338	+ 35,835	7,940,703	1,985,176
Rhode Island	2,324,886	603,333	- 354,451	-	1,970,435	603,333
South Carolina	11,969,782	3,266,666	- 1,210,391	-	10,759,391	3,266,666
South Dakota	1,721,839	430,460	+ 31,652	+ 7,913	1,753,491	438,373
Tennessee	11,292,116	2,823,029	+ 207,580	+ 51,895	11,499,696	2,874,924
Texas	37,103,825	9,275,956	- 4,035,752	-1,008,938	33,068,073	8,267,018
Utah	3,626,548	906,637	- 395,900	- 6,637	3,230,648	900,000
Vermont	1,444,662	361,166	- 220,252	- 1,833	1,224,410	359,333
Virginia	14,996,412	3,749,103	- 1,637,119	- 409,280	13,359,293	3,339,823
Virgin Islands	253,415	63,354	+ 4,658	+ 1,164	258,073	64,518
Washington	7,426,364	1,856,591	- 1,132,220	- 48,591	6,294,144	1,808,000
West Virginia	7,922,333	2,033,333	- 1,207,836	-	6,714,497	2,033,333
Wisconsin	11,600,933	3,050,333	- 1,768,674	-	9,832,259	3,050,333
Wyoming	1,000,000	267,000	-	-	1,000,000	267,000

1/ Based on $600,000,000 allotment.
2/ Adjusted for maintenance of effort provision. Actual matching funds required may vary as a result of State Funds expended in FY 1969 and the earnable matching rate applicable to construction expenditures in FY 1970.
3/ Based on $500,000,000 allotment.

Appropriation Estimate

Maternal and Child Health

For grants, contracts and other arrangements under title V of the Social Security Act, /~~$230,700,000~~/ $228,500,000: Provided, That any allotment to a State pursuant to section 503(2) or 504(2) of such Act shall not be included in computing for the purposes of subsections (a) and (b) of section 506 of such Act an amount expended or estimated to be expended by the State: Provided further, That $4,750,000 of the amount available under section 503(2) of such Act shall be used only for special projects for mentally retarded children, and $5,000,000 of the amount available under section 504(2) of such Act shall be used only for special projects for services for crippled children who are mentally retarded.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL AND REHABILITATION SERVICE

Maternal and Child Health

Amounts Available for Obligation

	1970 Original Estimate	Amendment	1970 Revised Estimate
Appropriation	$230,700,000	-$2,200,000	$228,500,000

Obligations by Activity

	1970 Original Estimate	Amendment	1970 Revised Estimate
1. Maternal and child health	$50,000,000	--	$50,000,000
2. Crippled children's services	58,000,000	--	58,000,000
3. Maternity and infant care	62,850,000	-$1,000,000	61,850,000
4. Health of school and preschool children	40,950,000	--	40,950,000
5. Training	11,200,000	-2,200,000	9,000,000
6. Research	7,700,000	+1,000,000	8,700,000
Total	230,700,000	-2,200,000	228,500,000

Obligations by Object

	1970 Original Estimate	Amendment	1970 Revised Estimate
Grants, subsidies, and contributions	$230,700,000	-$2,200,000	$228,500,000

Summary of Changes

1970 obligations:

Original estimate	$230,700,000
Revised estimate	228,500,000
Net change	-2,200,000

	Original estimate	Amendment
A. Increase:		
1. For research in maternal and child health related to family planning ...	$7,700,000	+$1,000,000
B. Decreases:		
1. For maternity and infant care: Family planning projects	23,800,000	-1,000,000
2. For training through university-affiliated mental retardation centers	11,200,000	-2,200,000
Subtotal, decreases	xxx	-3,200,000
Net change	xxx	-2,200,000

Explanation of Changes

1. Family Planning.--The revised budget maintains the original 1970 estimate of $31,500,000 proposed for family planning programs. It adjusts the distribution of family planning funding by increasing the research program by $1,000,000 (to $8,700,000) and decreasing project grants by the same amount (to $22,800,000). Services will be provided to approximately 1,285,000 women or 40,000 fewer than originally anticipated. The additional money will support about 5 new efforts in family planning research and evaluation.

2. Training.--The amendment decreases the original proposal from $11,200,000 to $9,000,000, the same as the amount available for 1969. It eliminates (a) $1,000,000 in additional funding proposed for 15 university-affiliated mental retardation centers now receiving support and (b) $1,200,000 to initiate programs at 4 centers.

Maternal and Child Health [1/]

	Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1960	$31,500,000	$33,500,000	$33,500,000	$33,500,000
1961	34,834,000	38,167,000	38,167,000	38,167,000
1962	39,167,000	48,000,000	50,000,000	50,000,000
1963	50,000,000	50,000,000	50,000,000	50,000,000
1964	66,500,000	66,500,000	66,500,000	66,500,000
1965	88,000,000	88,000,000	88,000,000	88,000,000
1966	139,000,000	139,000,000	124,000,000	139,000,000
1967	173,900,000	173,900,000	173,900,000	173,900,000
1968	183,120,000	179,900,000	179,900,000	179,900,000
1969	237,300,000	209,200,000	209,200,000	209,200,000
1970	228,500,000			

1/ All figures are on a comparable basis and exclude amounts related to "Child Welfare."

Maternal and Child Health

The 1970 budget amendment for maternal and child health programs provides for a total program of $228,500,000, an increase of $19,300,000 over the 1969 budget and a reduction of $2,200,000 from the original request. The Child Health Act of 1967 (Title V, Social Security Act) provides that, of the total appropriated, distribution shall be made among three major areas on a specified percentage basis, with the further proviso that up to five percent of the total appropriation for Title V may be transferred among the three areas. The 1970 amended request redistributes $11,400,000, slightly less than five percent, as follows:

	Application of Percentage Distribution to Appropriation			Proposed Appropriation	
	Percent	Amount	Transfer	Amount	Percent
Grants to States ..	50	$114,250,000	-$6,250,000	$108,000,000	47.3
Special project grants	40	91,400,000	+11,400,000	102,800,000	45.0
Research and training	10	22,850,000	-5,150,000	17,700,000	7.7
Total	100	228,500,000	--	228,500,000	100.0

1. Family planning

Activity	1970 Original Estimate	Amendment	1970 Revised Estimate
Maternal and child health services	$3,500,000	--	$3,500,000
Maternity and infant care:			
Comprehensive maternity and infant care projects	2,500,000	--	2,500,000
Family planning projects	23,800,000	-$1,000,000	22,800,000
Research and training	1,700,000	+1,000,000	2,700,000
Total	31,500,000	--	31,500,000

The Social Security Amendments of 1967 require that not less than 6 percent of the amount appropriated for Title V of the Act shall be used for family planning programs. The 1970 amended budget contains $31,500,000 for this purpose, the same amount as proposed in the original estimate. However, it redistributes family planning funds from the project grant category to research and training primarily to accommodate the legislative proviso discussed above that no more than five percent of the total Title V appropriation may be transferred among the three major areas of funding--State grants, project grants, and research and training grants.

The 1970 revised budget is expected to provide family planning services to about 1,285,000 women, or 40,000 fewer than originally anticipated. This is an increase of 435,000 over the number of women who will receive family planning services from funds appropriated for 1969. The redistribution of funds will permit a greater emphasis on finding solutions to the problems associated with providing family planning services for women, particularly those living in urban and rural poverty areas. Research efforts will assess the effectiveness of health-related programs serving this population group.

2. Training

Activity	1970 Original Estimate	Amendment	1970 Revised Estimate
Grants	$11,200,000	-$2,200,000	$9,000,000

The major purpose of this program is to support training in university-affiliated centers for the mentally retarded. These centers offer a complete range of services for mentally retarded children. They provide clinical training of physicians and other specialized personnel engaged in research and diagnosis, training and care of the retarded. Grants provide support for services, clinical facilities, faculty, traineeships and short-term workshops and institutes.

The revised 1970 budget of $9,000,000, the same amount as appropriated for 1969, is a reduction of $2,200,000 from the original estimate. It continues into 1970 the same level of funding for 15 centers as will exist in 1969. The amendment eliminates proposed increases of (a) $1,000,000 to meet faculty and staffing costs, and (b) $1,200,000 to support 4 additional centers.

Appropriation Estimate

Child Welfare

To carry out part B of title IV of the Social Security Act, as amended, and for expenses of a White House conference on children and youth, /$57,000,000/ $56,800,000.

Amounts Available for Obligation

	1970 Original Estimate	Amendment	1970 Revised Estimate
Appropriation	$57,000,000	-$200,000	$56,800,000

Obligations by Activity

	1970 Original Estimate	Amendment	1970 Revised Estimate
1. Child welfare services	$46,000,000	--	$46,000,000
2. Training	6,000,000	-$200,000	5,800,000
3. Research and demonstration	4,600,000	--	4,600,000
4. White House Conference on Children and Youth	400,000	--	400,000
Total	57,000,000	-200,000	56,800,000

Obligations by Object

	1970 Original Estimate	Amendment	1970 Revised Estimate
Full-time equivalent of other positions	21	--	21
Average number of all employees	21	--	21
Personnel compensation: Positions other than permanent	$220,000	--	$220,000
Personnel benefits	12,000	--	12,000
Travel and transportation of persons	126,000	--	126,000
Rents, communications and utilities	20,000	--	20,000
Other services	12,000	--	12,000
Supplies and materials	10,000	--	10,000
Grants, subsidies, and contributions	56,600,000	-$200,000	56,400,000
Total obligations	57,000,000	-200,000	56,800,000

Summary of Changes

1970 obligations:

Original estimate	$57,000,000
Revised estimate	56,800,000
Net change	-200,000

Decrease:	Original estimate	Amendment
1. For continuation of ongoing training program	$6,000,000	-$200,000

Explanation of Change

1. Training--The revised estimate of $5,800,000 is the same amount as appropriated for 1969 and a reduction of $200,000 from the original estimate. The revision results in 169 teaching grants and 648 traineeships, a reduction of 6 and 28 respectively from both the original budget and the 1969 level. The lower level is due to rising faculty costs and university tuition rates.

Child Welfare 1/

	Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1960	$12,000,000	$13,000,000	$13,000,000	$13,000,000
1961	13,666,000	13,666,000	13,666,000	13,666,000
1962	15,666,000	19,100,000	19,100,000	19,100,000
1963	30,400,000	29,295,000	26,795,000	26,795,000
1964	37,000,000	36,943,000	32,943,000	32,943,000
1965	43,830,000	41,830,000	39,830,000	39,830,000
1966	48,000,000	48,000,000	48,000,000	48,000,000
1967	55,000,000	55,000,000	55,000,000	55,000,000
1968	56,200,000	55,700,000	55,700,000	55,700,000
1969	60,200,000	56,200,000	56,200,000	56,200,000
1970	56,800,000			

1/ All figures are on a comparable basis and exclude amounts related to "Maternal and Child Health."

1. Training

	1970 Original Estimate		Amendment		1970 Revised Estimate	
	No.	Amount	No.	Amount	No.	Amount
Teaching grants	175	$3,471,000	-6	-$102,000	169	$3,369,000
Traineeships:						
Master's degree	626	2,118,000	-27	-90,000	599	2,028,000
Post-Master's degree	50	361,000	-1	-8,000	49	353,000
Subtotal	676	2,479,000	-28	-98,000	648	2,381,000
Short-term grants	5	50,000	--	--	5	50,000
Total	--	6,000,000	--	-200,000	--	5,800,000

Training grants are made to institutions of higher learning to strengthen and expand their resources to train more individuals in the field of child welfare and to upgrade the skills of personnel working in the welfare field. Grants are made primarily to schools of social work.

The original 1970 estimate provided for increased costs associated with continuing 175 teaching grants and 676 traineeships. Under the amended request the 1969 funding level is maintained. This provides for a reduction of about 4 percent in the number of teaching grants and traineeships in order to absorb the rising costs of faculty salaries and university tuition rates.

Appropriation Estimate

DEVELOPMENT OF PROGRAMS FOR THE AGING

To carry out, to the extent not otherwise provided, the Older Americans Act of 1965, as amended, [and for expenses of a White House Conference on Aging, $29,500,000] $28,360,000. (Authorizing legislation to extend the Older Americans Act to be proposed.)

Explanation of Language Change

The change would omit reference to Public Law 90-526 which authorizes a White House Conference on Aging to be held in calendar year 1971.

SOCIAL AND REHABILITATION SERVICE

Development of Programs for the Aging

Amounts Available for Obligation

	1970 Original Estimate	Amendment	1970 Revised Estimate
Appropriation	$29,500,000	-$1,140,000	$28,360,000

Obligations by Activity

	1970 Original Estimate	Amendment	1970 Revised Estimate
Grants to States for community planning and services	$13,000,000	----	$13,000,000
Foster grandparents	9,250,000	----	9,250,000
Research and demonstration	3,500,000	----	3,500,000
Training	3,500,000	-$890,000	2,610,000
White House conference on aging	250,000	- 250,000	----
Total	29,500,000	-1,140,000	28,360,000

Obligations by Object

	1970 Original Estimate	Amendment	1970 Revised Estimate
Full-time equivalent of other positions	6	-6	---
Average number of all employees	6	-6	---
Personnel compensation:			
Positions other than permanent	+99	-99	---
Other personnel compensation	+2	-2	---
Total personnel compensation	+101	-101	---
Personnel benefits	9	-9	---
Travel and transportation of persons	56	-56	---
Transportation of things	3	-3	---
Rent, communications, and utilities	5	-5	---
Printing and reproduction	50	-50	---
Other services	285	-15	270
Supplies and materials	3	-3	---
Equipment	8	-8	---
Grants, subsidies, and contributions	28,980	-890	28,090
Total obligations	29,500	-1,140	28,360

Summary of Changes

1970 obligations:

Original estimate	$29,500,000
Revised estimate	28,360,000
Net change	-1,140,000

	Original estimate	Amendment
A. Decreases:		
1. Training	3,500,000	-890,000
2. White House conference on aging	250,000	-250,000
Total decreases	xxx	-1,140,000
Net change	xxx	-1,140,000

Explanation of Changes

The budget amendments reduce the original request for 1970 by $1,140,000.

Program decreases:

1. The request will support training at about 10% below the 1969 level.

2. The amount of $250,000 for initial planning for the White House Conference on Aging has been eliminated. These funds would have provided for six staff positions to plan, coordinate, and advise on pre-conference activities.

Development of Programs for the Aging

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964 1/ 3/	545,000	545,000	545,000	545,000
1965 1/ 3/	621,000	587,000	587,000	587,000
1966 2/ 3/	7,703,000	7,500,000	7,500,000	7,500,000
1967 3/	10,300,000	10,275,000	10,275,000	10,275,000
1968 3/	18,450,000	18,450,000	18,450,000	18,450,000
1969	26,000,000	23,000,000	23,000,000	23,000,000
1970	28,360,000			

1/ Prior to 1964, this activity was funded from "Salaries and Expenses, Office of the Secretary" and "Salaries and Expenses, Office of Field Administration." Activity for 1964 and 1965 funded from "Salaries and Expenses, Office of Aging," Welfare Administration.

2/ The $7,500,000 appropriated in 1966 consisted of $500,000 appropriated to the Office of Aging and $7,000,000 appropriated to the Administration on Aging. Appropriation language in 1966 provided for merger of the two amounts upon establishment of the Administration on Aging and the abolishment of the Office of Aging.

3/ Includes amounts appropriated for direct operations which, beginning in 1969, are included in the account "Salaries and Expenses, Social and Rehabilitation Service."

Narrative statement of proposed amendments:

Training:

	1970 Original Estimate		Amendment		1970 Revised Estimate	
	No.	Amount	No.	Amount	No.	Amount
Grants:						
Continuation.....	26	$3,250,000	-8	-$640,000	18	$2,610,000
New.....	5	250,000	-5	-250,000	--	----
Total.....	31	3,500,000	-13	-890,000	18	2,610,000

Background

Grants for training are made to, and contracts are made with, public and nonprofit private agencies, organizations and institutions after consultation with the appropriate State agency and regional office, and upon recommendation of a Technical Review Committee comprised of nongovernment personnel.

There are no statutory matching requirements for training projects in aging, but grant recipients may be required to contribute money, facilities or services, and usually do so.

Budget amendment

The budget amendment proposes a reduction of $890,000 from the original request to reflect a level of funding approximately 10% below 1969. This will permit continued support of 18 of the 27 projects being supported in 1969, and eliminates funds for support of new training projects.

Plans for 1970

During 1970, approximately 285 students will be enrolled in career training programs in more than 15 universities. This represents an important start, considering that before 1966, Federal assistance was simply not available to provide training for personnel in most occupations in the field of aging.

By the end of 1969, approximately 4,750 persons will have received training through the short-term projects supported since the inception of the program. These projects have contributed significantly to increasing the knowledge and skills of personnel serving older people. About 700 additional persons will receive short-term training in 1970.

Appropriation Estimate

REHABILITATION RESEARCH AND TRAINING

For grants and other expenses (except administrative expenses) for research, training, traineeships, and other special projects, pursuant to sections 4, 7, and 16, of the Vocational Rehabilitation Act, as amended, and not to exceed $100,000 for carrying out functions authorized by the International Health Research Act of 1960 (74 Stat. 364), [$64,000,000] $60,000,000.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL AND REHABILITATION SERVICE

Rehabilitation Research and Training

Amounts Available for Obligation

	1970 Original Estimate	Amendment	1970 Revised Estimate
Appropriation	$64,000,000	$-4,000,000	$60,000,000

Obligations by Activity

	1970 Original Estimate		Amendment		1970 Revised Estimate	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Research and demonstrations	---	$21,325,000	---	---	---	$21,325,000
Training	---	31,700,000	---	$-4,000,000	---	27,700,000
Special center program	---	10,275,000	---	---	---	10,275,000
International research (domestic support)	---	100,000	---	---	---	100,000
Center for Deaf-blind youths and adults	---	600,000	---	---	---	600,000
Total obligations	---	64,000,000	---	-4,000,000	---	60,000,000

Obligations by Object

	1970 Original Estimate	Amendment	1970 Revised Estimate
Travel and transportation of persons	$ 100,000	---	$ 100,000
Printing and reproduction	55,000	---	55,000
Other services	1,300,000	---	1,300,000
Equipment	50,000	---	50,000
Grants, subsidies and contributions	62,495,000	$-4,000,000	58,495,000
Total obligations by object	64,000,000	-4,000,000	60,000,000

Summary of Changes

1970 obligations:

Original estimate	$64,000,000
Revised estimate	60,000,000
Net change	-4,000,000

B. Decreases:	Original estimate Pos.	Original estimate Amount	Amendment Pos.	Amendment Amount
Training	---	$31,700,000	---	$-4,000,000
Net change	xxx	xxx	---	-4,000,000

Explanation of Changes

The 1970 revised request of $60,000,000 is a decrease of $4,000,000 below the original request of $64,000,000 and the 1969 appropriation. This decrease will result in a reduction in the number of teaching grants and traineeships in selected training disciplines and a decrease in the number of research fellowships.

Rehabilitation Research and Training

Year	Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1960	$12,500,000	$12,500,000	$12,700,000	$12,700,000
1961	14,725,000	14,725,000	15,725,000	15,355,000
1962	17,250,000	19,250,000	20,250,000	20,250,000
1963	23,900,000	24,500,000	25,500,000	25,500,000
1964	36,830,000	31,810,000	36,830,000	34,810,000
1965	40,620,000	40,656,000	41,065,000	41,065,000
1966	52,945,000	52,145,000	53,195,000	53,145,000
1967	60,325,000	60,325,000	60,325,000	60,325,000
1968	65,484,000	62,440,000	65,484,000	63,937,000
1969	67,925,000	1/	65,000,000	64,000,000
1970	60,000,000			

1/ The House did not hear this appropriation because of expiring authorizations.

Activity II: Training

	1970 Original Estimate		Amendment		1970 Revised Estimate	
	No.	Amount	No.	Amount	No.	Amount
Teaching grants..	658	$12,530,000	-78	$1,705,000	580	$10,825,000
Traineeships.....	14,135	18,410,000	-3,166	-2,105,000	10,969	16,305,000
Fellowships.....	159	760,000	-40	190,000	119	570,000
Totals.....		31,700,000		-4,000,000		27,700,000

The 1970 request for training as amended, amounts to $27,700,000, a decrease of $4,000,000 below the original request and the 1969 level.

Long-Term Training

The amended amount requested for support of long-term training is $25,575,000, a decrease of $3,118,000 below the original request. The requested amount includes $10,158,000 for teaching grants and $15,417,000 for traineeships. The original request included $11,567,000 for teaching grants and $17,126,000 for traineeships.

Short-Term Training

An amended total of $1,555,000 is requested to provide 131 grants for instructional costs and 5,850 traineeships. This is a reduction of $692,000 below the original request. This reduced support means 58 less grants for instructional costs, and 2,600 less traineeships.

Research Fellowships

In 1970, an amended total of $570,000 is requested for 119 fellowships, a decrease of $190,000 below the original request with a reduction of 40 fellowships.

Appropriation Estimate

COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS

For grants, contracts, and jointly financed cooperative arrangements for research or demonstration projects under section 1110 of the Social Security Act, as amended (42 U.S.C. 1310)

[$6,500,000] $11,500,000.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL AND REHABILITATION SERVICE

Cooperative Research or Demonstration Projects

Amounts Available for Obligation

	1970 Original Estimate	Amendment	1970 Revised Estimate
Appropriation.....	$6,500,000	$+5,000,000	$11,500,000

Obligations by Activity

	1970 Original Estimate	Amendment	1970 Revised Estimate
Research grants.....	$1,750,000	---	$1,750,000
Directed research.....	4,750,000	$+5,000,000	9,750,000
Total obligations.....	6,500,000	+5,000,000	11,500,000

Obligations by Object

	1970 Original Estimate	Amendment	1970 Revised Estimate
Other services.....	$1,750,000	---	$1,750,000
Grants, subsidies, and contributions.....	4,750,000	$+5,000,000	9,750,000
Total obligations by object.....	6,500,000	+5,000,000	11,500,000

Summary of Changes

1970 obligations:

Original estimate	$ 6,500,000
Revised estimate	11,500,000
Net change	+5,000,000

	Original Estimate Pos.	Original Estimate Amount	Amendment Pos.	Amendment Amount
A. Increases:				
1. Directed research	--	$4,750,000	--	$+5,000,000
Net change	--	---	--	+5,000,000

Explanation of Changes

The 1970 revised amount of $11,500,000 is an increase of $5,000,000 over the original request of $6,500,000. This requested increase will be used to provide further support for special projects to test new approaches in income maintenance and social service programs.

Cooperative Research or Demonstration Projects

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1961	700,000	---	700,000	350,000
1962	1,500,000	700,000	700,000	700,000
1963	1,900,000	1,100,000	1,100,000	1,100,000
1964	2,000,000	1,455,000	1,455,000	1,455,000
1965	1,800,000	1,700,000	1,700,000	1,700,000
1966	2,000,000	1,882,000	1,882,000	1,882,000
1967	3,150,000	3,150,000	2,650,000	3,150,000
1968	4,170,000	3,150,000	3,150,000	3,150,000
1969	5,000,000	3,150,000	3,150,000	3,150,000
1970	11,500,000			

Activity 2. Directed Research

	1970 Original Estimate	Amendment	1970 Revised Estimate
Contracts	$4,750,000	$+5,000,000	$9,750,000

The 1970 amended budget provides for $9,750,000 for the intramural-directed research component of the Cooperative Research and Demonstration Grants program. This represents an increase of $5,000,000 over the original request. These funds will provide additional support for special projects to test, in actual operational settings, new approaches in income maintenance and social service program.

Appropriation Estimate

RESEARCH AND TRAINING (SPECIAL FOREIGN CURRENCY PROGRAM)

For payments in foreign currencies which the Treasury Department determines to be excess to the normal requirements of the United States, for necessary expenses of the Social and Rehabilitation Service, in connection with activities related to vocational rehabilitation, aging and other research and training by the Social and Rehabilitation Service, as authorized by law. [$5,000,000,] $2,000,000, to remain available until expended: Provided, That this appropriation shall be available, in addition to other appropriations to such Service, for payments in the foregoing currencies.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE

Research and Training (Special Foreign Currency Program)

Amounts Available for Obligation

	1970 Original Estimate	Amendment	1970 Revised Estimate
Appropriation	$5,000,000	$-3,000,000	$2,000,000

Obligations by Activity

	1970 Original Estimate	Amendment	1970 Revised Estimate
Social and rehabilitation research and related activities overseas.	$5,000,000	$-3,000,000	$2,000,000
Total obligations	5,000,000	-3,000,000	2,000,000

Obligations by Object

	1970 Original Estimate	Amendment	1970 Revised Estimate
Travel and transportation of persons	$ 400,000	---	$ 400,000
Transportation of things	10,000	---	10,000
Grants, subsidies and contributions	4,590,000	$-3,000,000	1,590,000
Total obligations by object	5,000,000	-3,000,000	2,000,000

Summary of Changes

1970 obligations:	
Original estimate	$5,000,000
Revised estimate	2,000,000
Net change	-3,000,000

	Original estimate Pos.	Original estimate Amount	Amendment Pos.	Amendment Amount
B. Decrease				
1. Social and rehabilitation research and related activities overseas	---	$5,000,000	---	$-3,000,000
Net change	---	---	---	-3,000,000

Explanation of Changes

The 1970 revised request of $2,000,000 is a decrease of $3,000,000 below the original request of $5,000,000. This causes a reduction of 15 new research projects, and 106 exchanges of visits by American and foreign experts.

Research and Training (Special Foreign Currency Program)

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1961	$ 955,650	$ 930,000	$ 930,000	$ 930,000
1962	3,585,000	2,372,000	3,585,000	2,979,000
1963	3,800,000	1,500,000	3,800,000	2,000,000
1964	4,200,000	2,000,000	4,200,000	2,000,000
1965	2,000,000	2,000,000	2,000,000	2,000,000
1966	3,200,000	3,200,000	3,200,000	3,200,000
1967	6,000,000	6,000,000	3,500,000	4,500,000
1968	6,500,000	5,000,000	5,000,000	5,000,000
1969	7,500,000	5,000,000	5,000,000	5,000,000
1970	2,000,000			

Note: This appropriation prior to Fiscal Year 1969 was carried under "Research and Training (Special Foreign Currency Program)," Vocational Rehabilitation Administration and "Research and Training (Special Foreign Currency Program)," Welfare Administration.

Justification

RESEARCH AND TRAINING (SPECIAL FOREIGN CURRENCY PROGRAM)

P. L. 89-808 and P. L. 86-610

	1970 Original Estimate		Amendment		1970 Revised Estimate	
	No.	Amount	No.	Amount	No.	Amount
Research projects.....	222	$4,800,000	-15	$-2,853,000	207	$1,947,000
Interchange of experts.....	150	200,000	-106	-147,000	44	53,000
Total.....		5,000,000		-3,000,000		2,000,000

In 1970 an amended amount of $2,000,000 is requested for 30 new research projects with programs operating in ten foreign countries, and 44 exchanges of visits by American and foreign experts. This represents a reduction of $3,000,000, 15 new research projects, and 106 interchange of experts, from the original request.

Appropriation Estimate

Salaries and Expenses

For expenses, not otherwise provided for, necessary for the Social and Rehabilitation Service, including purchase of reports and material for the publications of the Children's Bureau and of reprints for distribution, /~~$~~28,780,000/ $31,500,000 together with not to exceed $360,000 to be transferred from the Federal Disability Insurance Trust Fund and the Federal Old-Age and Survivors Insurance Trust Fund, as provided in Section 201 (g) (1) of the Social Security Act.

Grants to States, payments after April 30: For making, after April 30 of the current fiscal year, payments to States under titles I, IV, V, X, XIV, XVI, and XIX, respectively, of the Social Security Act, for the last two months of the current fiscal year (except with respect to activities included in the appropriation for "Work incentives") and for the first quarter of the next succeeding fiscal year, such sums as may be necessary, the obligations incurred and the expenditures made thereunder for payments under each of such titles to be charged to the subsequent appropriations therefor for the current or succeeding fiscal year.

In the administration of titles I, IV (other than part C thereof), V, X, XIV, XVI, and XIX, respectively, of the Social Security Act, payments to a State under any of such titles for any quarter in the period beginning April 1 of the prior year, and ending June 30 of the current year, may be made with respect to a State plan approved under such title prior to or during such period, but no such payment shall be made with respect to any plan for any quarter prior to the quarter in which such plan was submitted for approval.

Such amounts as may be necessary from the appropriations for "Grants to States for maintenance payments," "Grants to States for medical assistance," and "Social services and administration" shall be available for grants to States for any period in the prior fiscal year subsequent to March 31 of that year.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL AND REHABILITATION SERVICE

Salaries and Expenses

Amounts Available for Obligation

	1970 Original Estimate	Amendment	1970 Revised Estimate
Appropriation	$28,780,000	$+2,720,000	$31,500,000
Transfer from OASI trust fund.	360,000	---	360,000
Total	$29,140,000	$+2,720,000	$31,860,000

Obligations by Activity

	1970 Original Estimate		Amendment		1970 Revised Estimate	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Assistance payments	133	$1,977,000	+9	$+120,000	142	$2,097,000
Work incentives	16	302,000	+3	+26,000	19	328,000
Medical assistance	95	1,791,000	+10	+282,000	105	2,073,000
Rehabilitation	165	2,370,000	---	---	165	2,370,000
Mental retardation	47	741,000	---	---	47	741,000
Family and child health and welfare	222	3,449,000	---	---	222	3,449,000
Aging services	75	1,241,000	---	---	75	1,241,000
Juvenile delinquency	28	432,000	---	---	28	432,000
Research and demonstrations	140	2,074,000	---	+37,000	140	2,111,000
Statistical services	56	1,126,000	+12	+292,000	68	1,418,000
Executive direction and program services	249	5,182,000	+20	+787,000	269	5,696,000
Regional operations	542	8,455,000	+46	+1,176,000	588	9,631,000
Total obligations	1,768	29,140,000	+100	+2,720,000	1,868	$31,860,000

Obligations by Object

	1970 Original Estimate	Amendment	1970 Revised Estimate
Total number of permanent positions..	1,768	100	1,868
Full-time equivalent of all other positions.....	62	---	---
Average number of all employees.....	1,778	67	1,845
Personnel compensation:			
Permanent positions.....	$21,312,000	$+768,000	$22,080,000
Positions other than permanent.....	776,000	---	776,000
Other personnel compensation.....	45,000	---	45,000
Special personal services payments.	24,000	---	24,000
Total personnel compensation...	22,157,000	+768,000	22,925,000
Personnel benefits.....	1,617,000	+161,000	1,778,000
Travel and transportation of persons.	1,294,000	+138,000	1,432,000
Transportation of things.....	81,000	+226,000	307,000
Rent, communications and utilities...	703,000	+80,000	783,000
Printing and reproduction.....	855,000	+70,000	872,000
Other services.....	2,001,000	+1,229,000	3,230,000
Supplies and materials.....	232,000	+21,000	253,000
Equipment.....	200,000	+80,000	280,000
Total obligations by object.....	29,140,000	+2,720,000	31,860,000

Summary of Changes

1970 Obligations:	
Original estimate	$29,140,000
Revised estimate	31,860,000
Net Change	+2,720,000

Program Increases	1970 Original Estimate Positions	1970 Original Estimate Amount	Amendment Positions	Amendment Amount
1. Forecasting of public assistance requirements	5	143,000	---	150,000
2. Regional operations support of the juvenile delinquency program	6	54,000	2	29,000
3. Contracutal arrangements for statistical gathering and dissemination	---	411,000	---	200,000
4. Increased support for the administration of Assistance Payments, Work Incentives, and Medical Assistance program areas.	212	2,394,000	22	428,000
5. Program planning analysis and supporting services activities	304	5,040,000	32	766,000
6. Coordination and technical assistance at the regional level of operations	---	---	44	647,000
7. Relocation of regional offices	---	---	---	500,000
Total increases			100	2,720,000

Explanation of Changes

Forecasting of public assistance requirements - An additional $150,000 is requested for a total of $250,000 for support of a contract planned in FY 1970 to develop a standardized method of estimating public assistance requirements.

Regional operations support of the juvenile delinquency program - Two additional positions are requested for a total of eight positions that would provide support at the regional level for work directly with the States in carrying out the provisions of the Juvenile Delinquency Prevention and Control Act of 1968.

Contractual arrangements for statistical gathering and dissemination - An additional $200,000 is requested for mechanically processing statistics on SRS programs for analysis and evaluation purposes.

Administration of assistance payments, work incentives, and medical assistance program areas - Of the 22 new positions requested, 9 positions are for intensifying efforts in the management of the assistance payments program giving particular attention to the accounting methods, computer and personnel utilization, overall management practices of the States, and operational problems involved in separation of eligibility and services including $50,000 for contractual services to report on the effectiveness of States' efforts in separation of the assistance payments process form the social services function. An additional 3 positions are to provide program guidance to the child care portion of the work incentive program, and the remaining 10 positions would be used for work directly related to the management of Title XIX, Medicaid. Included is $200,000 requested for a management study to concentrate on States' Medicaid systems with the major objective of reducing costs.

Program planning, analysis, and supporting services activities - The 32 positions requested include 12 positions for staff to develop program statistics that would serve as the basis for program analysis and evaluation, 2 positions for program planning to concentrate on long-range programming, and 2 positions for work related to public inquiries. In addition, 16 positions are included for program services required at the Administrator's level for work in management systems, data processing, budgeting, and accounting. Also included is an additional $37,000 for processing data in support of the grants management information system, $200,000 for installation of a new accounting system, $143,000 for mechanically processing data required for program support and funds control, and $20,000 for contractual services to handle a special effort in furnishing information on rehabilitation services.

Coordination and technical assistance at the regional level of operations - In addition to the 2 juvenile delinquency positions discussed above, 44 regional positions are requested to expand the technical assistance provided the States in administering SRS programs. Staff would be assigned to work related to medical assistance and research and demonstrations program areas, and to work with individual States to serve as the central point of contact at the regional level for that State.

Relocation of regional offices - An additional $500,000 is included to cover expenses involved in the relocation of regional staff announced recently by the Administration.

Salaries and Expenses[a/]

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964[b/]	$14,601,000	$13,957,000	$14,457,000	$14,157,000
1965	16,534,000	16,236,000	16,236,000	16,236,000
1966	20,974,000	19,748,000	20,198,000	20,138,000
1967	24,077,000	23,367,000	23,367,000	23,367,000
1968	25,941,000	24,738,000	24,888,000	24,738,000
1969	27,800,000	26,383,000	26,383,000	26,383,000
1970	31,500,000			

a/ Estimates are provided herein on a comparable basis with fiscal year 1969 which consolidated Federal administrative costs heretofore provided under 6 appropriations of the Welfare, Vocational Rehabilitation and Aging Administrations and the mental retardation activity from the Public Health Service.

b/ Excludes direct operations for mental retardation activities which were funded from various sources within the Public Health Service and are not now identifiable for FY 1964.

Justification

The 800 new positions and $2,720,000 additional funds included in the 1970 amended budget is requested to improve the coordination and administration of the Social and Rehabilitation Service programs. With the growing complexities in recent years of the varied programs, many responsibilities have been placed on the agency to provide effective review and coordination of programs; increased guidance to the States and localities; and in-depth studies and evaluations of program activities. Additional staff and supporting resources are requested to carry out these responsibilities in the following areas:

Assistance Payments

There is urgent need to give attention to improving the administration of the assistance payments program. Nine positions are requested for this purpose. With this additional staff, special emphasis can be placed on the utilization of automatic data processing, the installation of the new simplified application system, and the overall monitoring of State and local administration.

A study is being made of State welfare ADP operations and on the basis of these findings a demonstration project will be conducted in four States on an experimental basis. The aim is to create a total system which can be transferable to other State agencies in order to pool technical State and national resources and to improve States' capability for meeting information needs while at the same time achieving cost efficiency. Staff are needed to coordinate and monitor States' progress in adopting and using this system.

The development of a simplified application system will result in the release of social services personnel from the payment process. This is a revolutionary change in public assistance administration which will facilitate the rapid delivery of needed social services. Staff are required to provide guidance in the conversion and use of this new system.

An additional $50,000 is included in the estimates for contracting services to determine the effectiveness of the simplified declaration system. This analysis is necessary to evaluate the extent to which the States are complying with Departmental policy in fiscal year 1970 to convert to the declaration method.

Federal staff responsibilities include the overall monitoring of State and local administration and proper utilization of funds to carry out the assistance payments program. The primary device for observing the effectiveness of the eligibility determination is the quality control system. The program is further reviewed by special surveys and administrative studies. In addition, this year, at the request of Congress, a special study is being made of the New York City welfare program. Additional professional staff are required to strengthen these administrative review activities.

Work Incentives

Additional staff are requested to provide program guidance to the child care portion of the work incentive efforts. This work includes policy development and preparation of guideline materials to give assistance to the States in providing child care services. Involved, too, is the forecasting of child care requirements in relation to the work and training program level and overall monitoring of the child care activity. Three additional positions are requested for this work.

Medical Assistance

Ten positions will be used for work directly related to the management and evaluation of Title XIX, "Medicaid". Responsibilities include guideline development, technical assistance to the States, review of States' management practices, assessment of services provided, and overall evaluation of the program to determine effectiveness and future requirements.

Program Administrative Reviews of State Efforts - This highly important function received additional emphasis in the 1967 Amendments. In order to achieve effective program evaluation, all of the 54 States and Federal jurisdictions should receive a program administrative review of their medical assistance programs at least once every two years. The staff increase of 2 positions are requested to enable us to achieve this minimal goal.

Analysis of Trends - Two of the requested positions will determine the need for statistical data on State medical assistance programs, provide the statistical components of efforts to measure progress and analyze statistical data with respect to medical programs collected by many other Federal agencies which can not be used without analysis, review and specific application to problems of the needy. These positions will also analyze research and demonstration proposals related to the medical assistance program.

Program Management Guidelines to States on Reimbursement Methods and Medical Cost Auditing - Two new positions will aid in providing policies and program regulations to States to effect genuine program economies in reimbursing providers of medical care and developing with the States urgently needed standards for medical cost auditing.

Mental Health - Policies must be developed to fill large gaps in the delivery of medical services to aged individuals in institutions for mental diseases where these facilities receive Federal funds under Title XIX. Two new positions are requested to provide program leadership in preparing guidelines for Regional and State use in implementing titles of the Act with mental health provisions for the aged. This involves the development of working agreements with the National Institute of Mental Health, other public mental health institutions, and the Social Security Administration in providing medical assistance and financing methods for aged patients in mental institutions.

Development of State Title XIX Staff - The remaining 2 positions will develop policy and teaching materials on staff development for Title XIX programs with special emphasis on strengthening personnel at State and local levels. New projects to be undertaken include programs for training manpower for staff in Title XIX programs in mental institutions and nursing homes, a series of programmed instructions for State and local Title XIX personnel is also needed.

Additional Costs - $200,000 is requested for management studies of State medicaid systems with major objective of reducing costs. A preliminary review indicates that some areas which could pay immediate dividends in cost reduction are: Prevention of duplicate billing and duplicate payments for services which causes expensive audits and adjustments; the provision of adequate State supervisory review of payment practices and operational cost of fiscal agents; development of a simplified system for State surveillance of utilization review of medical care with specific emphasis on cutting length of stay of institutional care and the use of less expensive alternatives of care; development of simplified method of audit of bills to avoid improper payment; development of a model State information system on medicaid with emphasis on furnishing cost and other pattern of practice information to providers of care for purposes of control and proper utilization of medical services; development of methods for follow-up care for patients discharged from mental institutions with emphasis on prevention of readmission to institutions; development of systems for accurate identification of eligible recipients for medical care and verification of services provided.

Research and Demonstrations

An additional $37,000 is included in the estimate for a total of $50,000 in fiscal year 1970 to support the grants management information system. This system provides data related to on-going projects for use in review and status reporting. The funds are for costs involved in mechanically processing the data required.

Statistical Services

Twelve additional positions are requested to develop statistical measures, design reports and studies, and furnish statistical data related to the amounts and kinds of services provided to the people served by the SRS programs. In order to carry out these responsibilities staff is needed to work particularly on medical care studies, studies on the aged, and public assistance activities.

Staff will assist in the collection and analysis of detailed trend data on universes of people; amounts and kinds of services classified according to programs; title under which service is provided; and significant provisions related to eligibility conditions.

Additional staff is also needed to accelerate and improve the capacity of the automatic data processing staff which is responsible for developing the automated system for the compilation and processing of all the SRS statistics.

In addition, an increase of $200,000 is requested to mechanically process a variety of statistical data. These include: an analysis and publication of findings on validity studies of Bureau of the Census data relating to public assistance required which is urgently needed to make a meaningful program analysis; a project of joint analyses of Medicaid and Medicare to meet requirements of reporting-in-depth on living conditions and medical care of the poor; a survey in aid to the blind and aid to the permanently and totally disabled; and new reporting systems on Work Incentive Programs and social services especially in child welfare and aged.

Executive Direction and Program Services

Twenty new positions are requested in this activity to provide increased emphasis on program planning and evaluation, to aid public inquiries activities, and to give program services support to the various offices of the agency.

Two of these positions are requested to bolster the overall planning and evaluation staff at the Administrator's level. Staff are needed to assist in the coordination, review and analysis of planning and evaluation activities at the program level and to provide the overall view of plans and effectiveness of agency programs.

To keep pace with the public inquiries workload, 2 additional positions are requested. The positions are needed in order to answer questions from the public on agency programs on a timely basis. Also included in the estimate is $20,000 for contractual services to handle the mail inquiries from the handicapped generated by a special program to provide information on rehabilitative services available.

The remaining 16 positions requested are for increased support of budget, data processing, accounting, and management systems areas. Four of these positions will be allocated to the budget function to establish a cost analysis unit that will foster attention on the cost effectiveness of programs and the relationship to program budgets and plans, also to support the financial management of social services provided under public assistance. Seven additional positions will be assigned to the management systems and data processing functions to augment current staff in meeting agency requirements related to financial management, program statistics, and administrative procedures. The remaining 5 positions are to implement a new accounting system under the technical direction of GAO which is required by the House Sub-committee on Government operations.

Included in the estimate for this activity is $200,000 for contractual services to develop and install a new accounting system that will meet the General Accounting Office, Department, and agency requirements. This system will be designed to provide up-to-date reports on the financial status of the various programs for use in determining the current direction of programs as well as providing a systemized method of controlling funds and reporting to the Congress, Bureau of the Budget and Treasury on the utilization of funds. Also included is $143,000 to mechanically process the data required.

In addition, $150,000 for a total of $250,000 in fiscal year 1970 is requested to support a contract to develop a systemized method of estimating public assistance requirements. Many difficulties have been experienced in estimating funds required for the various programs of public assistance and a systemized technique is urgently needed that can be applied to determining individual State requirements for Federal funds to carry out these programs.

Regional Operations

An additional 46 positions is requested for this activity. The need to bolster regional staffs so they may be the focal point for identifying and responding to the requirements of State and local Governmental agencies, community agencies and other public and private organizations involved in or concerned with the planning and provision of social and rehabilitation services has existed since inception of SRS as an agency to focus and concentrate the resources of major programs into a coordinated effort to ameliorate the status of the socially, physically and mentally disadvantaged population.

The addition of two Juvenile Delinquency Specialists will make possible the assignment of one full-time professional to each of the regions to provide the necessary leadership and emphasis to this important program.

Nine Medical Services Specialists are urgently needed to increase the staff assigned to this program which is rapidly expanding in magnitude and complexity. The current authorization is inadequate to effectively and efficiently manage and provide innovative and imaginative leadership. This would provide an average of four professional staff members for each of the regional offices.

Increased participation in research and demonstration programs is planned. The authorization of 4 Research and Demonstration Specialists in regional offices will achieve greater effectiveness in the development of such projects and the utilization of research results for all research activities in the Social and Rehabilitation Service. This would be a major beginning step in the involvement of regions in the total SRS research and demonstration process.

The Regional Commissioner is responsible to the Administrator for direction and coordination of all regional program and administrative activities. A key position on the immediate staff of the Regional Commissioner is the Deputy Regional Commissioner for State Programs. His responsibility is to assist the Regional Commissioner in directing and coordinating SRS activities within a State, particularly those activities involving two or more SRS components. This position is essential to assuring a coordinate approach to provision of assistance and guidance to State agencies and ultimately in assuring comprehensive, coordinated help to all those whom SRS programs are designed to help. This position provides a focal point for State and local agencies and grantees so they need contact only one point in the regional office concerning their requests and problems. The continuing effort to concentrate and coordinate all program resources to achieve major goals lends urgency to the need for an increase of 15 professional positions for Deputies for State Programs.

Sixteen clerical positions to provide the support necessary to permit the effective utilization of professional personnel are requested.

Included in the estimates is a special provision for relocation of regional offices anticipated to take effect in FY 1970. It is estimated that about $500,000 will be needed to pay travel and transportation costs of the employees involved and other related costs in establishing new offices including partitioning, provision of equipment, first year rental of space, and labor services.

Positions Requested

Fiscal Year 1970

	1970 Original Estimate			1970 Revised Estimate		
	Grade		Annual Salary	Grade		Annual Salary
I Reassignment of positions funded from other source of financing						
Work incentives						
Director	GS-16	(1)	$22,835	GS-16	(1)	$22,835
Program Development and Planning Officer	GS-15	(1)	19,780	GS-15	(1)	19,780
Program Development Officer	GS-14	(2)	33,892	GS-14	(2)	33,892
Project Officer	GS-13	(1)	14,409	GS-13	(1)	14,409
Child Care Officer	GS-13	(1)	14,409	GS-13	(1)	14,409
Program Analyst	GS-9	(1)	8,462	GS-9	(1)	8,462
Administrative Aide	GS-7	(1)	6,981	GS-7	(1)	6,981
Secretary	GS-7	(1)	6,981	GS-7	(1)	6,981
Secretary	GS-6	(1)	6,321	GS-6	(1)	6,321
		(10)	134,070		(10)	134,070
Medical assistance						
Medical Officer	GS-15	(1)	19,780	GS-15	(1)	19,780
Program Management Specialist	GS-14	(1)	16,946	GS-14	(1)	16,946
Program Evaluation Specialist	GS-13	(1)	14,409	GS-13	(1)	14,409
Program Evaluation Sepcialist	GS-12	(2)	24,348	GS-12	(2)	24,348
Medical Care Policy Specialist	GS-11	(1)	10,203	GS-11	(1)	10,203
Secretary	GS-7	(2)	13,962	GS-7	(2)	13,962
Secretary	GS-6	(1)	6,321	GS-6	(1)	6,321
Secretary	GS-5	(1)	5,732	GS-5	(1)	5,732
		(10)	111,701		(10)	111,701
Juvenile delinquency						
Planning and Program Development Specialist	GS-13	(2)	28,818	GS-13	(2)	28,818
Training Specialist	GS-13	(1)	14,409	GS-13	(1)	14,409
Administrative Aide	GS-7	(1)	6,981	GS-7	(1)	6,981
Secretary	GS-6	(1)	6,321	GS-6	(1)	6,321
		(5)	56,529		(5)	56,529

	1970 Original Estimate		1970 Revised Estimate	
	Grade	Annual Salary	Grade	Annual Salary
Executive Direction and Program Services				
Program Analysis Officer	GS-13	(1) 14,409	GS-13	(1) 14,409
Budget Analyst	GS-11	(1) 10,203	GS-11	(1) 10,203
Management Analyst	GS-9	(1) 8,462	GS-9	(1) 8,462
ADP Machine Operator	GS-7	(1) 6,981	GS-7	(1) 6,981
Administrative Aide	GS-7	(1) 6,981	GS-7	(1) 6,981
Clerk	GS-4	(1) 5,145	GS-4	(1) 5,145
		(6) 52,181		(6) 52,181
Regional operations				
Work and training specialist	GS-14	(9) 152,514	GS-14	(9) 152,514
Secretary	GS-5	(9) 51,588	GS-5	(9) 51,588
		(18) 204,102		(18) 204,102
Total, reassigned positions requested		(49) 558,583		(49) 558,588
II New positions requested:				
Assistance Payments				
Administrative management advisor (ADP)	--	(-) --	GS-13	(1) 14,409
Program analyst	GS-13	(1) 14,409	GS-13	(1) 14,409
Administrative review specialist	--	(-) --	GS-12	(1) 12,174
Social work program specialist	--	(-) --	GS-12	(1) 12,174
Social work program specialist	--	(-) --	GS-11	(1) 10,203
Administrative management advisor (ADP)	--	(-) --	GS-11	(1) 10,203
Program analyst	GS-11	(1) 10,203	GS-11	(1) 10,203
Administrative review technician	--	(-) --	GS-9	(1) 8,462
Junior program analyst	--	(-) --	GS-7	(1) 6,981
Clerk typist	--	(-) --	GS-5	(1) 5,732
Clerk typist	--	(-) --	GS-4	(1) 5,145
		(2) 24,612		(11) 110,095
Work Incentives				
Child care specialist	--	(-) --	GS-13	(1) 14,409
Child care specialist	--	(-) --	GS-12	(1) 12,174
Clerk typist	--	(-) --	GS-5	(1) 5,732
		(-) --		(3) 32,315

	1970 Original Estimate			1970 Revised Estimate		
	Grade		Annual Salary	Grade		Annual Salary
Medical Assistance						
Program management advisor	--	(-)	--	GS-14	(1)	16,946
Program development specialist	--	(-)	--	GS-13	(1)	14,409
Program analyst	GS-13	(1)	14,409	GS-13	(1)	14,409
Administrative management specialist	--	(-)	--	GS-12	(1)	12,174
Program analyst	--	(-)	--	GS-12	(1)	12,174
Program analyst	GS-11	(1)	10,203	GS-11	(1)	10,203
Administrative review advisor	--	(-)	--	GS-11	(1)	10,203
Program analyst	--	(-)	--	GS-9	(1)	8,462
Management assistant	--	(-)	--	GS-9	(1)	8,462
Secretary	--	(-)	--	GS-6	(1)	6,321
Clerk typist	--	(-)	--	GS-5	(2)	11,464
		(2)	24,612		(12)	125,227
Statistical Services						
Statistician	--	(-)	--	GS-13	(1)	14,409
Statistician	--	(-)	--	GS-12	(1)	12,174
Analyst	--	(-)	--	GS-12	(1)	12,174
Statistician	--	(-)	--	GS-11	(1)	10,203
Analyst	--	(-)	--	GS-11	(1)	10,203
Programmer	--	(-)	--	GS-11	(1)	10,203
Statistician	--	(-)	--	GS-9	(1)	8,462
Programmer	--	(-)	--	GS-9	(1)	8,462
Programmer	--	(-)	--	GS-7	(1)	6,981
Secretary	--	(-)	--	GS-6	(1)	6,321
Secretary	--	(-)	--	GS-5	(1)	5,732
Clerk	--	(-)	--	GS-4	(1)	5,145
		(-)	--		(12)	110,469
Executive Direction and Program Services						
Program planning specialist	--	(-)	--	GS-14	(1)	16,946
Data processing officer	--	(-)	--	GS-14	(1)	16,946
Systems accountant	--	(-)	--	GS-13	(1)	14,409
Cost analysis officer	--	(-)	--	GS-13	(1)	14,409
Systems analyst	--	(-)	--	GS-13	(1)	14,409
Systems accountant	--	(-)	--	GS-12	(1)	12,174
Systems analyst	--	(-)	--	GS-12	(1)	12,174
Financial management specialist	--	(-)	--	GS-12	(1)	12,174
Budget [illegible]yst	GS-12	(1)	12,174	GS-12	(1)	12,174
Program planning assistant	--	(-)	--	GS-11	(1)	10,203
Programmer	--	(-)	--	GS-11	(1)	10,203
Management analyst	--	(-)	--	GS-11	(1)	10,203
Public inquiries assistant	--	(-)	--	GS-9	(1)	8,462
Cost analysis assistant	--	(-)	--	GS-9	(1)	8,462
Management analyst	--	(-)	--	GS-9	(1)	8,462
Junior systems accountant	--	(-)	--	GS-7	(1)	6,981
Junior programmer	--	(-)	--	GS-7	(1)	6,981

	1970 Original Estimate			1970 Revised Estimate		
	Grade		Annual Salary	Grade		Annual Salary
Voucher examiner	--	(-)	--	GS-6	(1)	6,321
Secretary	--	(-)	--	GS-6	(1)	6,321
Clerk typist	--	(-)	--	GS-5	(1)	5,732
Clerk typist	--	(-)	--	GS-4	(1)	5,145
		(1)	12,174		(21)	219,291
Regional Operations						
Deputy regional commissioner for State programs	--	(-)	--	GS-15	(1)	296,700
Research and demonstrations specialist	--	(-)	--	GS-14	(4)	67,784
Medical services specialist	--	(-)	--	GS-13	(9)	129,681
Juvenile delinquency specialist	GS-13	(6)	86,454	GS-13	(8)	115,272
Clerk typist	--	(-)	--	GS-5	(8)	45,856
Clerk typist	--	(-)	--	GS-4	(8)	41,160
		(6)	86,454		(52)	696,453
Total new positions requested		(11)	147,852		(111)	1,293,850
Total reassigned positions and new positions requested		(60)	706,435		(160)	1,852,433

Appropriation Estimate

SOCIAL SECURITY ADMINISTRATION

LIMITATION ON SALARIES AND EXPENSES

For necessary expenses, not more than [$885,000,000] $901,500,000 may be expended as authorized by section 201(g)(1) of the Social Security Act, as amended, from any one or all of the trust funds referred to therein: Provided, That such amounts as are required shall be available to pay the cost of necessary travel incident to medical examinations or hearings for verifying disabilities or for review of disability determinations, of individuals who file applications for disability determinations under title II of the Social Security Act, as amended: Provided further, That $25,000,000 of the foregoing amount shall be apportioned for use pursuant to section 3679 of the Revised Statutes, as amended (31 U.S.C. 665), only to the extent necessary to process workloads not anticipated in the budget estimates and to meet mandatory increases in costs of agencies or organizations with which agreements have been made to participate in the administration of title XVIII and section 221 of title II of the Social Security Act, as amended, and after maximum absorption of such costs within the remainder of the existing limitation has been achieved.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL SECURITY ADMINISTRATION

Limitation on Salaries and Expenses (Trust fund)

Amounts Available for Obligation

	1970 Original Estimate	Amendment	1970 Revised Estimate
Appropriation	$885,000,000	+$16,500,000	$901,500,000
Total Obligations	885,000,000	+16,500,000	901,500,000

Obligations by Activity

	1970 Original Estimate		Amendment		1970 Revised Estimate	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Old-age and survivors insurance program	34,367	$386,090,355	--	--	34,367	$386,090,355
Disability insurance program	11,282	175,821,759	--	--	11,282	175,821,759
Health insurance program:						
a. Hospital insurance plan	3,483	92,587,225	--	+$2,100,000	3,483	94,687,225
b. Supplementary medical insurance plan	4,809	205,500,661	--	+14,400,000	4,809	219,900,661
Contingency reserve	--	25,000,000	--	--	--	25,000,000
Total Obligations	53,941	885,000,000	--	+16,500,000	53,941	901,500,000
Unobligated balance, reserve	--	--	--	--	--	--
Total obligations and balances	53,941	885,000,000	--	+16,500,000	53,941	901,500,000

Obligations by Object

	1970 Original Estimate	Amendment	1970 Revised Estimate
Total number of permanent positions.	53,941	--	53,941
Full-time equivalent of all other positions.....	936	--	936
Average number of all employees.....	51,936 y	--	51,936 y
11 Personnel compensation:			
Permanent positions.....	$404,477,501	--	$404,477,501
Positions other than permanent.....	3,726,421	--	3,726,421
Special personal service payments.....	106,746	--	106,746
Other personnel compensation..	52,040,961	--	52,040,961
Total personnel compensation	460,351,629	--	460,351,629
12 Personnel benefits.....	32,157,901	--	32,157,901
21 Travel and transportation of persons.....	7,291,693	--	7,291,693
22 Transportation of things.....	1,662,241	--	1,662,241
23 Rent, communications, and utilities.....	54,384,456	--	54,384,456
24 Printing and reproduction.....	6,165,150	--	6,165,150
25 Other services.....	21,197,581	--	21,197,581
Payments to States.....	60,723,245	--	60,723,245
Payments to intermediaries.....	191,669,000	+$16,500,000	208,169,000
26 Supplies and materials.....	6,462,956	--	6,462,956
31 Equipment.....	17,356,496	--	17,356,496
32 Land and structures.....	465,000	--	465,000
42 Insurance claims and indemnities	112,652	--	112,652
Contingency reserve.....	25,000,000	--	25,000,000
Total obligations by object...	885,000,000	+16,500,000	901,500,000

y Excludes overtime equivalent of 5,600 man-years.

Summary of Changes

1970 obligations:

Original estimate	$885,000,000
Revised estimate	901,500,000
Net change	+16,500,000

	1970 Original Estimate		Amendment	
	Pos.	Amount	Pos.	Amount
A. Increases:				
Increase in 1969 administrative costs of health insurance intermediaries carried forward into 1970	--	$191,669,000	--	+$16,500,000

Explanation of Change

Intermediary costs in fiscal year 1969 are estimated to be $16.5 million higher than indicated in the 1969 column of the 1970 budget and a supplemental appropriation request to finance this added requirement has been transmitted to the Congress.

The added requirements in fiscal year 1969 are largely related to actual operating experience in the first six months of the fiscal year and to intensified efforts to avoid escalation of costs in the supplementary medical insurance program by more careful review of bills submitted for payment. These added requirements which increase the 1969 base for the 1970 budget will carry into fiscal year 1970.

Limitation on Salaries and Expenses (Trust fund)

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1960	$191,600,000	$191,600,000	$191,600,000	$191,600,000
1961	237,660,000	232,200,000	232,200,000	232,200,000
1962	280,625,000	267,570,000	267,570,000	267,570,000
1963	291,714,000	286,398,300	286,398,300	286,398,300
1964	322,679,000	317,900,000	317,900,000	317,900,000
1965	333,626,000	331,626,000	331,626,000	331,626,000
1966	491,341,000	488,341,000	488,341,000	488,341,000
1967	601,414,000	600,459,000	600,459,000	600,459,000
1968	720,188,000	716,428,000	715,328,000	715,328,000
1969	778,145,000	768,145,000	768,145,000	768,145,000
1969 proposed supplemental	34,647,000			
1970	901,500,000			

Justification

	1970 Original Estimate		1970 Revised Estimate		Amendment	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Limitation on Salaries and Expenses.....	53,941	$885,000,000	53,941	$901,500,000	--	+$16,500,000

General Statement

The amendment increase of $16,500,000 in the limitation on Salaries and Expenses relates totally to the increased needs of the health insurance intermediaries. The health insurance intermediaries, which consist of the Blue Cross Association, Blue Shield organizations, and private insurance companies, perform the claims payment and certain other administrative functions under the Medicare program. During these early years of the Medicare program, it has been difficult to project costs because of a lack of sufficient historical experience on which to base projections and the special efforts to refine initial intermediary procedures and systems. It is now apparent that amounts budgeted for 1969 and 1970 as shown in the 1970 budget will be inadequate.

Amended Estimate

Costs in 1970 will be higher because many of the reasons for increased costs in 1969 apply to 1970 as well. The changes in the 1969 estimate which resulted in a request for a 1969 supplemental appropriation of $16,500,000 are as follows:

Summary of Changes from 1969 Estimate as Shown in 1969 Column of 1970 Budget

1969 Estimate in 1970 Budget	$172,056,000
Increases:	
Workload Units	6,421,000
Changes in Prices and Other Costs	1,050,000
Level of Productivity	5,337,000
Contingency for Complementary Cost Sharing	2,348,000
Efforts to Maintain Supplementary Medical Insurance Benefit Payments at a Level Consistent with the $4 Premium	3,100,000
Decrease:	
Change in Audit Costs	-1,756,000
Total Change (Supplemental Amount)	16,500,000
Revised 1969 Estimate	$188,556,000

Explanation of Changes in 1969 Base:

Workload Units

Revised estimate of total claims to be processed by intermediaries in 1969 is 4.3 percent higher than the original estimate.

Changes in Prices and Other Costs

Wages and other costs will be .6 percent higher than the original budget which assumed a 5.4 percent increase over 1968.

Level of Productivity

Original 1969 budget assumed an 8.5 percent improvement in productivity over 1968. The new estimate is 5.3 percent over 1968.

Contingency for Complementary Cost Sharing

The 1969 operating budget included a saving of $2,348,000 from 1968 costs based on the anticipated implementation of cost-sharing principles for intermediaries that use a joint claims process for their own plans and for Medicare or that use Medicare claims information for their own complementary plans. It appears that this saving will not be realized in 1969.

Efforts to Maintain Supplementary Medical Insurance Benefit Payments at a Level Consistent with the $4 Premium

The decision to maintain the supplementary medical insurance monthly premium at $4 for 1970 assumed that intensified efforts would be made by intermediaries in refining their processes for making payment determinations based on the reasonable charge for physicians' services and other medical and health services in order to maintain the $4 rate. The estimated medical insurance benefit payments included in the President's budget (mostly for physicians' services), was adjusted for both 1969 and 1970 to conform with that assumption and the $4 monthly premium decision; however, no adjustment was made in the administrative cost estimate to reflect the cost of added administrative effort to achieve this goal.

Change in Audit Costs

Revised audit cost estimate is based on actual experience in the first half of 1969.

Amended 1970 Estimate:

The original 1970 estimate provided for a 3.9 percent improvement in productivity over fiscal year 1969 and a 5.2 percent composite increase over 1969 in salaries, services obtained through subcontracts, supplies, equipment and other items of expenditures of the intermediaries. These same year-to-year percentage relationships are retained in the amended 1970 estimate but are applied to an increased 1969 base. The amended 1970 estimate also provides for the annualization in 1970 of efforts initiated in the latter part of fiscal year 1969 for improving the procedures and systems used by the intermediaries in making reasonable charge payment determinations for physician services and other medical and health services less certain one-time costs contained in 1969.

[Appropriation Estimate]

[CONSTRUCTION]

[For construction and equipment of buildings and facilities as authorized by the National Technical Institute for the Deaf Act (20 U.S.C. 681, et seq.), $13,766,000, to remain available until expended: Provided, That unexpended balances of funds heretofore appropriated for these purposes shall be transferred to this appropriation.]

Explanation of Language Change

The request for further appropriations for construction has been deferred. Funds previously appropriated for construction purposes in "National Technical Institute for the Deaf, Salaries and expenses" will be expended for the purposes for which they were appropriated in that account.

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

Construction

Amounts Available for Obligation

	1970 Original Estimate	Amendment	1970 Revised Estimate
Appropriation	$ 13,766,000	$-13,766,000	$ ---
Unobligated Balance /1 Transferred From NTID, Salaries and Expenses	1,224,000	- 1,224,000	---
Comparative Transfer from NTID, Salaries and Expenses	---	---	---
Total Obligations	$ 14,990,000	$-14,990,000	---

Obligations By Activity

	Request Pending Fy 70	Proposed Amendment Fy	Revised 70 Request Fy 70
Planning	$ 345,000	$- 345,000	---
Land Acquisition	---	---	---
Site Development	767,000	- 767,000	---
Academic Complex	6,747,000	- 6,747,000	---
Residence Hall A	2,334,000	- 2,334,000	---
Residence Hall B	4,017,000	- 4,017,000	---
Dining Hall-Commons	780,000	- 780,000	---
Total Obligations	$14,990,000	$-14,990,000	---

/1 These funds will be obligated in "NTID, Salaries and expenses."

Obligation by Object

	1970 Orginal Estimate	Amendment	1970 Revised Estimate
Other services	$ 345,000	$- 345,000	---
Lands and structures	14,645,000	-14,645,000	---
Total Obligations	$14,990,000	$-14,990,000	---

Summary of Changes

1970 Appropriation:

Original estimate	$ 13,766,000
Revised estimate	---
Net Change	$-13,766,000

Decrease:	Original Estimate Position	Original Estimate Amount	Amendment Position	Amendment Amount
1. Academic Complex	---	$ 6,635,000	---	$- 6,635,000
2. Residence Hall A	---	2,334,000	---	- 2,334,000
3. Residence Hall B	---	4,017,000	---	- 4,017,000
4. Dining Hall-Commons	---	780,000	---	- 780,000
Total decreases				$-13,766,000

Explanation of Changes

Request for additional funds for construction of NTID facilities is being postponed to FY 71 as it is estimated the awarding of the construction contract and major expenditures of construction funds will occur after June 30, 1970.

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

Construction

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1970	---			

Justification

The appropriation of funds for construction of facilities for the National Technical Institute for the Deaf was authorized by P.L. 89-36. To date, a total of $1,964,000 for site acquisition and development and architectural and engineering planning has been appropriated under "NTID, Salaries and expenses". The unobligated portion of these funds, $1,224,000, will be carried forward in the "Salaries and expenses" account for obligation in FY 1970 for the above purposes. The request for funds for actual construction, in a separate account, is being deferred, since it is expected that the award of the construction contract cannot be made until FY 1971.

Appropriation Estimate

OFFICE FOR CIVIL RIGHTS, SALARIES AND EXPENSES

For expenses necessary for the Office for Civil Rights, $5,259,000, together with not to exceed $856,000 to be transferred and expended as authorized by section 201(g)(1) of the Social Security Act from any one or all of the trust funds referred to therein.

Explanation of language

This amendment will provide a separate appropriation in fiscal year 1970 for the Office for Civil Rights. This Office was included in the appropriation Salaries and Expenses, Community and Field Services in the original fiscal year 1970 budget submission. The proposed change in funding will result in more effective administration of this program. The amended budget proposes no change in resources.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

DEPARTMENTAL MANAGEMENT

Salaries and Expenses, Office for Civil Rights

Amounts available for obligation

	1970 Original Estimate	Amendment	1970 Revised Estimate
Appropriation	$ ---	$+5,259,000	$5,259,000
Transfer from Social Security Trust Funds	---	+856,000	856,000
Total obligations	---	+6,115,000	6,115,000

Obligations by activity

Page Ref.	1970 Original Estimate Pos.	Amount	Amendment Pos.	Amount	1970 Revised Estimate Pos.	Amount
Civil Rights Activities	---	$ ---	+401	$+6,115,000	401	$6,115,000

Obligations by object

	1970 Original Estimate	Amendment	1970 Revised Estimate
Total number of permanent positions.....	---	+401	401
Full-time equivalent of all other positions.	---	+4	4
Average number of all employees.....	---	+370	370
Personnel compensation:			
Permanent positions.....	$ ---	$+4,143,000	$4,143,000
Positions other than permanent.....	---	+50,000	50,000
Other personnel compensation.....	---	+19,000	19,000
Subtotal, personnel compensation.....	---	+4,212,000	4,212,000
Personnel benefits.....	---	+339,000	339,000
Travel and transportation of persons.....	---	+575,000	575,000
Transportation of things.....	---	+18,000	18,000
Rent, communications, and utilities.....	---	+125,000	125,000
Printing and reproduction.....	---	+55,000	55,000
Other services.....	---	+662,000	662,000
Supplies and materials.....	---	+41,000	41,000
Equipment.....	---	+88,000	88,000
Total obligations by object.....	---	+6,115,000	6,115,000

Summary of Changes

1970 obligations:

Original estimate	$ ---
Revised estimate	6,115,000
Net change	+6,115,000

	Original estimate Pos.	Original estimate Amount	Amendment Pos.	Amendment Amount
A. Increases:				
1. Civil rights	---	$ ---	+401	$+6,115,000
Net change	xxx	xxx	+401	+6,115,000

Explanation of Changes

The Office for Civil Rights was included in the appropriation, Salaries and Expenses, Office of Community and Field Services, in the original fiscal year 1970 budget submission. This amendment provides for a separate appropriation for the Office for Civil Rights. This amendment proposes no changes in resources.

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1970:[1/]				
Appropriation	$5,259,000			
SSA transfer	856,000			

1/ New appropriation in fiscal year 1970; activities previously funded under Salaries and Expenses, Office of the Secretary; carried in fiscal year 1969 as a comparable transfer to Salaries and Expenses, Office of Community and Field Services.

Narrative Justification

This proposed amendment represents a technical adjustment which will provide for a new and separate appropriation for the Office for Civil Rights in fiscal year 1970. This Office was carried as a separate activity in the appropriation "Office of Community and Field Services, Salaries and Expenses" in the original fiscal year 1970 submission. This amendment will not require any change in requested resources for this program.

The fiscal year 1970 budget requests $6,115,000 and 401 positions, an increase of $1,307,000 and 75 positions above the fiscal year 1969 level. These new positions are requested to enable the Office for Civil Rights to provide a vigorous and balanced compliance program, both in the North and South in fiscal year 1970. Of the total increase of 75 positions approximately 75 percent or 57 positions are for the Education program. Seventeen of these positions, (12 professional) are requested to carry out the stepped-up compliance programs for school systems in the Northern and Western States, and the majority of the remaining forty positions are in the areas of higher education, the court order system and the terminated voluntary plan systems. The remainder are for programs in health and social services, contract compliance and research and data analysis.

New Positions Requested
Fiscal Year 1970

	Grade	Annual Salary
(3) Civil Rights Advisory Specialist	GS-15	$ 59,340
(2) Contract Compliance Officer	GS-15	39,560
(14) Civil Rights Advisory Specialist	GS-14	237,244
Behavorial Scientist	GS-14	16,946
(2) Contract Compliance Officer	GS-14	33,892
(13) Civil Rights Advisory Specialist	GS-13	187,317
Research Assistant	GS-13	14,409
(2) Contract Compliance Officer	GS-13	28,818
(8) Civil Rights Advisory Specialist	GS-12	97,392
(5) Civil Rights Advisory Specialist	GS-11	51,015
Civil Rights Advisory Specialist	GS-9	8,462
(9) Secretary (Stenographer)	GS-6	56,889
(10) Clerk-Stenographer	GS-5	57,320
(4) Clerk-Stenographer	GS-4	20,580
Total	(75)	909,184

Appropriation Estimate

Office of Community and Field Services,

Salaries and Expenses

For expenses necessary for the Office of Community and Field Services, [$9,989,000] $4,730,000, together with not to exceed [$3,304,000] $2,448,000 to be transferred, and expended as authorized by section 201(g)(1) of the Social Security Act from any one or all of the trust funds referred to therein; and not to exceed $38,000 to be transferred from the operating fund, Bureau of Federal Credit Unions.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

DEPARTMENTAL MANAGEMENT

Salaries and Expenses, Office of Community and Field Services

Amounts available for obligation

	1970 Original Estimate	Amendment	1970 Revised Estimate
Appropriation	$9,989,000	$-5,259,000	$4,730,000
Transfer from Social Security Trust Funds	3,304,000	-856,000	2,448,000
Transfer from Bureau of Federal Credit Unions	38,000	---	38,000
Total obligations	13,331,000	-6,115,000	7,216,000

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Obligations by activity

Page Ref.		1970 Original Estimate Pos.	Amount	Amendment Pos.	Amount	1970 Revised Estimate Pos.	Amount
1.	Field Services:						
	a. Assistant Secretary for Community and Field Services..	28	$ 542,000	---	$ ---	28	$ 542,000
	b. President's Committee on Mental Retarda-tion.....	18	602,000	---	---	18	602,000
	c. Field Coordina-tion.....	461	5,378,000	---	---	461	5,378,000
	Subtotal, Activity I....	507	6,522,000	---	---	507	6,522,000
2.	Center for Community Planning.....	38	694,000	---	---	38	694,000
3.	Civil Rights Activities.....	401	6,115,000	-401	-6,115,000	---	---
	Total obligations...	946	13,331,000	-401	-6,115,000	545	7,216,000

Obligations by object

	1970 Original Estimate	Amendment	1970 Revised Estimate
Total number of permanent positions	946	-401	545
Full-time equivalent of all other positions	17	-4	13
Average number of all employees	889	-370	519
Personnel compensation:			
Permanent positions	$9,076,000	$ -4,143,000	$4,933,000
Positions other than permanent	186,000	-50,000	136,000
Other personnel compensation	69,000	-19,000	50,000
Subtotal, personnel compensation	9,331,000	-4,212,000	5,119,000
Personnel benefits	768,000	-339,000	429,000
Travel and transportation of persons	868,000	-575,000	293,000
Transportation of things	40,000	-18,000	22,000
Rent, communications, and utilities	884,000	-125,000	759,000
Printing and reproduction	201,000	-55,000	146,000
Other services	991,000	-662,000	329,000
Supplies and materials	102,000	-41,000	61,000
Equipment	146,000	-88,000	58,000
Total obligations by object	13,331,000	-6,115,000	7,216,000

Summary of Changes

1970 obligations:

Original estimate	$13,331,000
Revised estimate	7,216,000
Net change	-6,115,000

	Original estimate		Amendment	
	Pos.	Amount	Pos.	Amount
A. Decreases:				
1. Civil rights	401	$6,115,000	-401	$-6,115,000
Net change	xxx	xxx	-401	-6,115,000

Explanation of Changes

This amendment provides only for the transfer of the Civil Rights Activity from this appropriation to a new separate appropriation for the Office for Civil Rights in fiscal year 1970. No change in resources is requested.

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1960:				
Appropriation	$2,735,000	$2,735,000	$2,735,000	$2,735,000
SSA transfer	926,000	926,000	926,000	926,000
1961:				
Appropriation	2,972,000	2,942,000	2,942,000	2,942,000
SSA transfer	1,167,000	1,002,000	1,162,000	1,162,000
Bureau of Federal Credit Union transfer	38,000	38,000	38,000	38,000
1962:				
Appropriation	3,363,000	3,225,000	3,345,000	3,265,000
SSA transfer	1,451,000	1,427,000	1,427,000	1,427,000
Bureau of Federal Credit Union transfer	38,000	38,000	38,000	38,000
1963:				
Appropriation	3,547,000	3,460,400	3,460,400	3,460,400
SSA transfer	1,501,000	1,498,800	1,498,800	1,498,800
Bureau of Federal Credit Union transfer	39,000	38,950	38,950	38,950
1964:				
Appropriation	3,834,000	3,734,000	3,734,000	3,734,000
SSA transfer	1,302,000	1,302,000	1,302,000	1,302,000
Bureau of Federal Credit Union transfer	35,000	35,000	35,000	35,000
1965:				
Appropriation	3,968,000	3,939,000	3,939,000	3,939,000
SSA transfer	1,309,000	1,309,000	1,309,000	1,309,000
Bureau of Federal Credit Union transfer	31,000	31,000	31,000	31,000
1966:				
Appropriation	1,913,000	1,785,000	1,785,000	1,785,000
SSA transfer	1,613,000	1,598,000	1,598,000	1,598,000
Bureau of Federal Credit Union transfer	33,000	33,000	33,000	33,000
1967:				
Appropriation	2,052,000	2,052,000	2,052,000	2,052,000
SSA transfer	1,771,000	1,771,000	1,771,000	1,771,000
Bureau of Federal Credit Union transfer	34,000	34,000	34,000	34,000
1968:				
Appropriation	2,418,000	2,000,000	2,209,000	2,209,000
SSA transfer	2,060,000	1,780,000	1,780,000	1,780,000
Bureau of Federal Credit Union transfer	35,000	35,000	35,000	35,000
1969:				
Appropriation	2,908,000	2,508,000	2,508,000	2,508,000 1/
SSA transfer	2,343,000	2,043,000	2,043,000	2,043,000
Bureau of Federal Credit Union transfer	36,000	36,000	36,000	36,000

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1970:[2]				
Appropriation	$4,730,000			
SSA transfer	2,448,000			
Bureau of Federal Credit Union transfer	38,000			

1/ In addition, $215,000 is proposed to be transferred from Community Mental Health Resource Support for pay increase costs.
2/ Appropriation structure revised effective fiscal year 1970.

Narrative Justification

The budget amendment for this appropriation represents a technical adjustment to transfer the funding in fiscal year 1970 for the Office for Civil Rights from this appropriation to a separate new appropriation "Salaries and Expenses, Office for Civil Rights". This change will not require any change in resources for this program.

New Positions Requested
Fiscal Year 1970

	Grade	Annual Salary
I. Field Services		
Assistant Secretary for Community and Field Services:		
Deputy Assistant Secretary, Income Support and Social Services	GS-15	$ 19,780
Program Coordination Officer	GS-15	19,780
Special Assistant to the Assistant Secretary	GS-15	19,780
Income Maintenance, Research and Demonstration Specialist	GS-14	16,946
Social Services Specialist	GS-13	14,409
Delinquency Prevention and Control Specialist	GS-13	14,409
Youth Program Development Specialist	GS-11	10,203
Youth Organization Specialist	GS-10	9,297
(2) Secretary	GS-7	13,962
Secretary	GS-5	5,732
	(11)	144,298
President's Committee on Mental Retardation:		
Program Specialist	GS-14	16,946
Secretary	GS-5	5,732
	(2)	22,678
Office of Field Coordination:		
(9) Assistant Regional Director for Health	GS-15	178,020
(2) Program Coordination Representative	GS-14	33,892
Federal-State Relations Specialist	GS-14	16,946
(5) Financial Management Officer	GS-14	84,730
(3) Personnel Officer	GS-14	50,838
(6) Program Coordination	GS-14	101,676
(3) Program Coordination Specialist	GS-13	43,227
(15) Clerical	GS-7	104,715
(9) Clerical	GS-5	51,588
	(53)	665,632
Total, Activity I	(66)	832,608
II. Center for Community Planning		
Supervisory Program Manager	GS-15	19,780
Chief, Financial and Administrative Systems	GS-15	19,780
Training Planner - Coordinator	GS-14	16,946
Community Development Specialist	GS-14	16,946
Program Development	GS-13	14,409
Research Analyst	GS-13	14,409
(2) Secretary	GS-7	13,962
(2) Secretary	GS-5	11,464
	(10)	127,696
Total, all activities	(76)	960,304

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