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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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PART 8

OFFICE OF ECONOMIC OPPORTUNITY

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

TUESDAY, NOVEMBER 18, 1969.

OFFICE OF ECONOMIC OPPORTUNITY

WITNESSES

DONALD RUMSFELD, DIRECTOR
JOHN WILSON, ASSISTANT DIRECTOR, OFFICE OF PLANNING, RESEARCH, AND EVALUATION
FRANK CARLUCCI, ACTING ASSISTANT DIRECTOR, OFFICE OF PROGRAM OPERATIONS
ROBERT C. CASSIDY, ASSISTANT DIRECTOR, OFFICE OF ADMINISTRATION
WILLIAM PLISSNER, CHIEF, PROGRAM ANALYSIS DIVISION, OFFICE OF PLANNING, RESEARCH, AND EVALUATION
DONALD LOWITZ, GENERAL COUNSEL
TERRY LENZNER, ASSISTANT DIRECTOR, OFFICE OF LEGAL SERVICES

OBLIGATIONS BY OBJECT—OEO PROGRAM ACCOUNTS

	1968 actual	1969 actual	1970 estimate
Personnel compensation:			
Permanent positions	$26,383,000	$32,598,000	$29,215,000
Positions other than permanent	2,315,000	1,464,000	2,733,000
Other personnel compensation	851,000	853,000	1,000,000
Special personal service payments	52,717,000	43,106,000	15,770,000
Total personnel compensation	82,266,000	78,021,000	48,718,000
Personnel benefits	3,806,000	3,979,000	2,770,000
Travel and transportation of persons	13,167,000	12,761,000	6,208,000
Transportation of things	106,000	173,000	148,000
Rents, communications, and utilities	5,453,000	4,244,000	4,204,000
Printing and reproduction	1,811,000	1,916,000	1,314,000
Other services	196,774,000	195,548,000	74,812,000
Services of other agencies	10,960,000	12,631,000	4,445,000
Supplies and materials	857,000	893,000	685,000
Equipment	1,893,000	2,494,000	433,000
Lands and structures	2,067,000	2,587,000	
Grants, subsidies, and contributions	827,972,000	910,309,000	636,753,000
Insurance claims and indemnities	84,000	163,000	10,000
Total obligations, OEO program accounts	1,147,216,000	1,225,719,000	780,500,000

OBLIGATIONS BY OBJECT—ALLOCATION ACCOUNTS

	1968 actual	1969 actual	1970 estimate
Personnel Compensation:			
Permanent positions	$37,538,000	$39,009,000	40,703,000
Positions other than permanent	4,335,000	4,188,000	4,300,000
Other personnel compensation	1,878,000	2,321,000	2,500,000
Special personal service payments			20,744,000
Total personnel compensation	43,751,000	45,518,000	68,247,000
Personnel benefits	3,455,000	3,774,000	4,400,000
Travel and transportation of persons	2,504,000	2,471,000	6,876,000
Transportation of things	2,041,000	2,072,000	2,180,000
Rent, communications, and utilities	4,014,000	3,680,000	4,795,000
Printing and reproduction	371,000	211,000	469,000
Other services	19,791,000	26,496,000	122,965,000
Services of other agencies	1,291,000	2,170,000	2,500,000
Supplies and materials	21,446,000	18,281,000	20,216,000
Equipment	2,029,000	1,538,000	2,063,000
Lands and structures	1,216,000	483,000	1,500,000
Grants, subsidies, and contributions	491,080,000	609,218,000	1,022,877,000
Insurance claims and indemnities	21,000	9,000	12,000
Quarters and subsistence charges	−635,000	−54,000	−100,000
Total obligations, allocation accounts	592,375,000	715,867,000	1,259,000,000

PERSONNEL SUMMARY

	1968 actual	1969 actual	1970 estimate
Office of Economic Opportunity:			
Total number of permanent positions	3,106	2,856	2,170
Full-time equivalent of all other positions	281	152	270
Average number of all employees	3,065	3,088	2,426
Average GS grade	9.1	9.8	9.5
Average GS salary	9,970	11,103	12,817
Allocation accounts:			
Total number of permanent positions	4,664	3,429	3,920
Full-time equivalent of all other positions	598	689	234
Average number of all employees	5,417	4,510	3,908
Average GS grade	7.9	8.5	9.2
Average GS salary	7,823	9,462	11,079

PROGRAM AND FINANCING

[In thousands of dollars]

	1968 actual	1969 estimate	1970 estimate
Program by activities:			
1. Work and training:			
(a) Job Corps	318,329	253,560	183,500
(b) School and Summer programs	197,700	170,184	177,800
(c) Comprehensive employment programs	241,912	322,244	478,000
(d) Special Impact (Industry Incentive)	6,306	14,249	4,000
(e) Work experience program	98,477	25,843	----------
Subtotal	862,724	786,080	843,300
2. Community action:			
(a) Local Initiative program	317,752	352,746	304,700
(b) Headstart and Headstart Follow Through programs	323,719	352,500	369,200
(c) Special Impact	6,400	4,370	11,500
(d) Other Community Action	211,445	256,391	301,300
Subtotal	859,316	966,007	986,700
3. Migrant workers program	32,400	25,840	31,000
4. Rural areas program (program direction)	2,500	3,000	3,500
5. Volunteers in Service to America	27,714	30,500	36,700
6. General direction and administration	12,426	13,292	15,800
Total program costs, funded [1]	1,797,080	1,824,719	1,917,000
Change in selected resources [2]	−57,489	116,866	122,500
Total obligations	1,739,491	1,941,585	2,039,500
Financing:			
Receipts and reimbursements from: Federal funds	−119	−330	----------
Comparative transfers to other accounts	1,260	----------	----------
Unobligated balance available, start of year	----------	−5,000	----------
Unobligated balance available, end of year	5,000	----------	----------
Unobligated balance lapsing	7,157	8,398	----------
Budget authority	1,752,889	1,944,653	2,039,500
Relation of obligations to outlays:			
Total obligations	1,739,591	1,941,585	2,039,500
Receipts and other offsets (items 11-17)	1,141	−330	----------
Obligations incurred, net	1,740,732	1,941,255	2,039,500
Obligated balance, start of year	1,139,775	982,931	1,075,719
Obligated balance, end of year (−)	−982,931	−1,075,719	−1,302,967
Adjustments in expired accounts	−28,556	−36,401	----------
Outlays	1,869,020	1,812,067	1,812,252

[1] Includes capital outlay as follows: 1968, $7,073,000; 1969, $7,000,000; 1970, $7,000,000.
[2] Selected resources as of June 30 are as follows (in thousands of dollars):

		1968 adjustments	1968	1969	1970
Unliquidated grants	1,002,808	−28,556	958,276	1,081,508	1,167,058
Unpaid, undelivered orders	136,967	----------	95,454	89,088	126,038
Total selected resources	1,139,775	−28,556	1,053,730	1,170,596	1,293,906

INTRODUCTORY REMARKS BY THE SUBCOMMITTEE CHAIRMAN

Mr. FLOOD. We have the unusual privilege of having before us as the director of a major Federal agency, a colleague for a number of years, Mr. Rumsfeld. We were surprised when he left a very secure Republican seat to join the administration. We can presume his arm was twisted but, of course, that is his business.

We think the President had good judgment in urging that he take this extremely difficult job which we all know is a can of worms, and so does he. Why he did it I haven't the faintest idea. The fact remains that he did.

Mr. Rumsfeld, this is a rather unusual procedure for this committee, as you know. We are 4½ months into the fiscal year of 1970 and the Labor-HEW appropriation bill is still pending. Now, whose fault that is, we don't know. There is plenty of blame to go around all over the place. The legislation extending the OEO authorization beyond fiscal year 1969 still has not been enacted by the Congress. However, the Senate has passed the authorization. We understand as of 8 o'clock last night that the House Committee on Education and Labor may report this very soon.

As a former Member of Congress, you know very well what the House rules are. No funds for OEO were included in the Labor-HEW appropriation bill when it passed the House on July 31, because the authorizing legislation had not been passed.

The Senate Appropriations Committee is now holding hearings on the Labor-HEW bill. It is quite possible that they will put in the appropriations for OEO. If they do, then the members of this subcommittee will need to be informed about the 1970 budget for the poverty program before we meet in the old Supreme Court Chamber with the Senate conferees.

That is the reason for this hearing and you have been so advised.

If it is agreeable to the members of the subcommittee, we will proceed this way. Today we will hear you, Mr. Director, on overall policy issues, as well as the programs to be administered by OEO directly.

Tomorrow, we will hear from the Department of Labor, HEW, and Agriculture on the programs that they administer.

These latter programs include the Job Corps—this subcommittee, and especially the chairman, is greatly concerned about the Job Corps—the other work and training programs, Headstart, and the rural loan program. If the members have any questions on these programs, I suggest they defer until tomorrow when the Labor, HEW, and Agriculture people will appear.

Mr. Director, I understand you have a statement.

Mr. RUMSFELD. Yes, sir.

We have sent to the members of the committee the justification book and a copy of my statement.

GENERAL STATEMENT

Mr. FLOOD. The staff and I, and Mr. Michel, have spent considerable time on the statement and justifications, and perhaps others have as well. I have read your statement and it has some things of great interest in it.

Mr. RUMSFELD. I thought I would touch on certain portions of the statement that directly bear on those programs that we administer and not read the entire statement, if that is agreeable with you.

Mr. FLOOD. Well, it is your show. We will put your biographical sketch and your prepared statement in the record at this point.

(The biographical sketch and statement follow:)

Donald Rumsfeld

Donald Rumsfeld was sworn in as Director of the Office of Economic Opportunity and as Assistant to the President with Cabinet rank on May 26, 1969.

Mr. Rumsfeld was born on July 9, 1932, in Chicago, Ill. He received his A.B. degree from Princeton University in 1954. After graduation, he entered the U.S. Navy and served as a naval aviator until November 1957.

Prior to his election to the House of Representatives in November 1962, Mr. Rumsfeld served as an administrative assistant to Representative David Dennison of Ohio, as a staff assistant to Senator Robert Griffin, then a Michigan Representative, and with A. G. Becker & Co., a Chicago investment banking firm.

He was elected to the 88th Congress in 1962 and was reelected to the 89th, 90th, and 91st Congresses. In the House of Representatives, he was a member of the House Committee on Government Operations, the House Committee on Science and Astronautics, the Joint Economic Committee, and the House Republican Policy Committee.

While in the Congress, he was a sponsor and an active supporter of legislation on congressional reform, freedom of information, the volunteer army concept and aerospace safety.

In 1967, he was a cofounder of the Japanese-American Inter-Parliamentary Council.

The assignment to the Cabinet level position includes membership on the Urban Affairs Council, the Cabinet Committee on Voluntary Action, and the President's Committee on the Vietnam Veteran. On the Urban Affairs Council, Mr. Rumsfeld was named chairman of the poverty program and OEO Subcommittee and a member of the subcommittees on welfare and education.

Mr. Rumsfeld is married to the former Joyce Pierson. They have three children, Valerie, Marcy, and Nicholas.

General Statement

Mr. Chairman, members of the committee, I am pleased to appear before this distinguished committee on the proposed 1970 fiscal year budget for the Office of Economic Opportunity. This statement will outline changes within the Agency—in structure, management and programs. It will also outline future plans.

The President has instructed us to develop sound means of monitoring and evaluating social programs, to gain a better understanding of those that succeed and those that fall short.

In response to this charge we have drawn sharp lines of distinction among our major activities: program operations, research, experimentation and demonstration, evaluation, and advocacy. These functions relate closely to the President's proposals for family assistance, manpower training, revenue sharing, child development, consumer protection, improved health services, rural-urban program coordination, and administrative decentralization.

Throughout these efforts there must be a central organization for evaluating results, for diagnosing problems, and for creating better approaches to the problems we face. That organization should work to encourage the entire Nation—public and private institutions, business and industry, organizations and individuals—to respond more fully to this effort.

It is with this mission in mind that these important changes in the Office of Economic Opportunity have taken place:

1. Freeing the Office of Economic Opportunity to concentrate on its primary mission by delegating or transferring more mature programs to other Federal agencies.
2. Complete reorganization of the Agency.
3. Recasting the relationship of Agency headquarters with 962 local community action agencies, and State economic opportunity offices.

Delegations and Transfers of Programs

On July 1, 1969, the Headstart program was delegated to the Department of Health, Education, and Welfare, and Job Corps was delegated to the Department of Labor. Upward Bound and Foster Grandparents were transferred to the Department of Health, Education, and Welfare.

Reorganization

There was an obvious need for reorganization of the Office of Economic Opportunity. The Comptroller General's review of the Agency's programs and inquiries initiated by Congress brought to light the internal disarray that had existed in the Agency. Many lines of program responsibility were badly blurred. Methods for evaluatng program success or failure were lacking. Often the same individuals who coordinated programs also conducted research, set up demonstration projects, evaluated results, and served as advocates.

To help correct these inefficiencies and contradictions, a major Agency reorganization was instituted on August 11, 1969. This was the first complete reorganization of a major Federal agency under the new administration:

Regional offices are being restructured to assure better financial control.

Agency activities are being integrated.

Offices were combined or eliminated to improve efficiency.

Missions that had become blurred were defined and separated.

New procedures have been set up to allow activities to move from the research stage to the development stage to the program stage.

Agency efforts and manpower have been shifted to place greater emphasis on experimental and developmental functions.

In addition to these changes, an entirely new internal structure for the Agency was set up:

A new Office of Program Development was established to be responsible for developmental and demonstration programs.

A reconstituted Office of Planning, Research, and Evaluation was set up to combine research and experimental activities, and to provide social program evaluations.

An Office of Program Operations was created to improve the quality of economic opportunity programs throughout the Nation.

Health Affairs, VISTA, and Legal Services have been organized as separate offices. The Office of Economic Opportunity will continue to administer these programs because of their value in stimulating developmental work, and because of their focus on the problems of low-income people.

Recasting of Relations With Local and State Agencies

The third step taken has been in the area of local and State relationships. This is not simply a matter of undertaking organizational changes. We know the many problems that have damaged the promise of local community action: fuzzy goals, hasty mobilizations of the poor without adequate training, anticipated funds that never arrived, confusion which arose when community action programs clashed with similar Model Cities programs.

As a result, we have a difficult job cut out for us. The Office of Economic Opportunity must reduce barriers between the poor and those who wish to help them achieve economic independence. We have to establish, at the local and State levels, communication among those who should be working together to deal with the problems of poverty.

We also have to allow the State Economic Opportunity Offices to assume a greater role. In the past the Agency relied far too little on State resources in administering Economic Opportunity Act programs. It responded unenthusiastically to congressional initiatives aimed at expanding the state's role in economic opportunity programs. With the cooperation of many Governors, we are working to assure that State resources are brought to bear on these problems.

Program Changes in Fiscal Year 1970

The budget requested for the Office of Economic Opportunity for fiscal year 1970 amounts to $2.048 billion.

Changes that the Agency can make this late in the fiscal year will target at three objectives:

1. To lay the groundwork for the research, development and evaluation efforts necessary to support the Agency's new missions. An allocation of $78.6 million is proposed for this purpose, including $36.3 million earmarked for new projects, and $10 million for new, experimental approaches to day care.

2. To redirect local community action agencies and strengthen state economic opportunity offices. An allocation of $337.9 million is proposed for this activity.

3. To initiate new thrusts in the priority areas of public service careers, health services, family planning, and emergency food and medical services. The fiscal year 1970 proposals for these areas total $177 million.

Let me enlarge on these three objectives:

1. RESEARCH, DEVELOPMENT AND EVALUATION

The intention in fiscal year 1970 is to put R. & D. for economic opportunity on a straight track, instead of flying off in many directions at once. A search will be made for truly effective tools to help the poor become self-sufficient. The way has been cleared by the President's proposals for family assistance, manpower training, revenue sharing and similiar programs to resolve some of the policy and funding questions of recent years. Four R. & D. priority areas have been established for fiscal year 1970:

Early childhood development

For this new area, which would absorb several major projects started under the Office of Economic Opportunity's Headstart program, an allocation of $4.2 million is proposed. This will support the President's desire that new programs be established to foster the total development of all children through the first 5 years of life.

In cooperation with the Department of Health, Education, and Welfare, the Office of Economic Opportunity plans to combine existing parent-child centers with a major developmental effort for children under three.

Close attention will be given to development work in conjunction with a new, $10 million experimental day care program. A large number of poor families might gain economic independence if mothers had the chance to work. The challenge is to create more effective models for rapid expansion of the network of day care centers now in operation.

Expanding individual choice

To explore ways to widen the opportunities of the poor to choose needed services, $5.4 million is proposed for fiscal year 1970. This funding will support planning and experimentation for programs in the fields of education, housing, day care, and employment placement. The individuals would, in these experiments, have the chance to select the services and the deliverer of the services they prefer.

Also planned is an experiment to use tax credits as an inducement for employers to hire and train hard-core unemployed.

Strengthening State and local institutions

The President's proposals for manpower training and revenue sharing call for improved functioning of State and local governments. The amount of $4.2 million is proposed in fiscal year 1970 to find ways to upgrade the quality of State and local agency staffs that deal with economic opportunity problems.

Basic research

For fundamental research into the causes of poverty, $8.4 million is proposed for fiscal year 1970. We need workable methods of measuring the results of economic opportunity programs and of determining how many people benefit. There must be a systematic analysis of the poverty population, its needs, and how it is affected by tides of general economic activity. More knowledge must be gained to set guidelines for public policy.

Research into better means of communicating with and among the poor will be conducted in fiscal year 1970. Currently, the Office of Economic Opportunity is participating in such significant experiments as the Children's Television Workshop, producers of "Sesame Street," a 26-week series of daily, hour-long shows designed to stimulate the intellectual and social growth of preschool children. In fiscal year 1970, other experiments in the area of communication will be undertaken.

Evaluation

The Agency has the dual task of measuring the effectiveness of our programs and carrying out the mandate to assess the impact of other Federal programs on the poor. For this purpose we propose the use of $13 million during fiscal year 1970 in addition to the evaluation for delegated programs and such larger experiments as Special Impact and Followthrough.

A portion of this amount, $2 million, will go into studies of the effectiveness of local programs and the efficiency of their management. These studies will aim at two results:

(1) To speed up ways of determining which programs and agencies work best, and why; and

(2) To shift support from low to high quality performers.

A major share of the evaluation budget, $5.6 million, will pay for evaluating alternative approaches to the Office of Economic Opportunity's various developmental programs to which I have referred.

The remaining $5.4 million for fiscal year 1970 evaluations will support overall assessments of economic opportunity programs. Broad-gaged studies of this kind take time to design and carry out. The programs themselves, especially those of a national scope, have to mature sufficiently before evaluators can determine whether the programs should be modified, expanded or terminated.

It was only recently, for example, that we received preliminary results from evaluation studies begun in fiscal year 1968 on programs which were then barely 3 years old.

Our fiscal year 1970 program of impact evaluation seeks to develop new measurement techniques to improve on the methods now being used.

Some examples of the kind of evaluation I am talking about are:

(1) Continuation at $1.5 million of a study of comparative program effectiveness among five major Federal manpower programs. These are: Job Corps, Neighborhood Youth Corps Out-of-School, Manpower Development and Training Act Institutional programs, New Careers, and Job Opportunities in the Business Sector. In this study, the Office of Economic Opportunity will focus on manpower programs and methods in relation to national policy objectives, instead of the parochial purposes of individual agencies and program managers. Results of this study should provide valuable decision guides to State and Federal officials who will need to collaborate in the planning, administration, and consolidation of manpower programs.

(2) An evaluation study of the Office of Economic Opportunity Family Planning program.

(3) An evaluation of neighborhood projects supported by the Office of Economic Opportunity's Comprehensive Health Services Program.

These and other similar evaluations deal, for the most part, with the Economic Opportunity Act. The capability of our evaluation office is being expanded, however, so that we can undertake assessments of other Federal programs directed to the needs of the poor.

2. REDIRECTING AND STRENGTHENING LOCAL AND STATE AGENCIES

Support of locally initiated urban and rural community projects, for which $328.9 million is proposed, will be marked by a shift away from delivering services that can be provided better by other local agencies. Emphasis will be placed on:

Mobilizing existing human and financial resources of communities.

Generating better approaches to dealing with local problems.

Increasing opportunities and abilities of the poor to take part in activities that affect their lives.

Headquarters staff and regional units of the Office of Economic Opportunity plan to promote this redirection by offering a wide range of program models and problem-solving techniques for local adaptation. We also plan to offer incentives for top performance.

Local agencies will be encouraged to replace Economic Opportunity Act funds with funds from other sources. This will free Office of Economic Opportunity funds and make them available, competitively, to other uses for experimental and resource-mobilization projects.

Also, allocations to local agencies will be terminated if they prove ineffective because of an inability or unwillingness to benefit from technical assistance. In such cases the retrieved funds will go to more effective activities. During fiscal year 1970 an estimated $10 million, or about 3 percent of the $328.9 million proposed for local support, should be recycled for this sort of competition.

The effort to provide ways for people to free themselves from poverty requires that States play a broader, more active role. A recent evaluation of the performance of State economic opportunity offices shows that these agencies are operating far short of their potential. To support and strengthen their operations, $9 million is requested for fiscal year 1970, an increase of $2 million over 1969.

Four major developments are expected from policies and actions recently put into effect:

Greater State office involvement in regional funding plans for Economic Opportunity Act programs.

Regular, systematic consultation with State offices in organizing training and technical assistance activities.

Initiatives by regional directors of the Office of Economic Opportunity to work out joint agreements with State offices on coordinating State personnel with community agencies.

Increased efforts by State offices to mobilize State government resources for local community programs.

The increased funding for fiscal year 1970 will also provide stronger support for staffing, greater use of State expertise in research and development projects, in-service training programs to improve understanding of their complementary roles between Federal and State officials, and changes in regulations.

3. NEW PROGRAM THRUSTS IN FISCAL YEAR 1970

In addition to organizational changes and redirection of programs designed to equip the agency for its role, planning has begun on a variety of new programs for fiscal year 1970. They represent a solid start in translating ideas into application for the benefit of poor people.

Public service careers

As a public-sector counterpart of the Jobs Opportunities in the Business Sector program, it is proposed that $50 million be invested during fiscal year 1970 in a Public Service Careers program. This, like the JOBS program, would be administered by the Secretary of Labor. Many State and local governments now expanding their personnel do not have the flexible manpower training programs pioneered by industry. The aim of the Public Service Careers program will be to encourage State and local governments to improve their recruiting, training, and manpower practices. New approaches and test projects will require $36 million of the total proposed. Former new careers activities will be modified and incorporated into the program, requiring $14 million.

Health services

It is foreseen that new health services and demonstrations will utilize $10 million in fiscal year 1970. These will include:

(1) Assisting several hospitals to restructure outpatient departments to improve service quality and responsiveness to community needs.

(2) Exploring new models, especially for rural areas where health problems and needs differ markedly from urban communities.

In the field of health manpower, the Office of Economic Opportunity will encourage development of a clearinghouse to collect and circulate information on available openings for health professionals and nonprofessionals.

Family planning

Family planning services are a useful means of helping low-income families gain the stability needed in seeking opportunities for improving their financial circumstances. A recent nationwide survey provided convincing proof of the demand of the poor for family planning information. It is proposed that this program be increased to $22 million in fiscal year 1970 in order to expand service activities.

Private practitioners are often the only professional family planning resources in rural areas; therefore, new cooperative efforts will be encouraged to help them build family planning services into their regular practices. A major effort will be made, meanwhile, to obtain better coordination and use of family planning services in metropolitan areas.

Emergency food and medical services

Program expansion and new forms of service will require $30 million for fiscal year 1970, with major emphasis on the following:

(1) Extending the program to nearly 100 additional low-income rural counties.

(2) Analyzing attitudes and habits of low-income groups with respect to food, and investigating the prospects for introducing fortified foods and diet supplements.

Funds are utilized to facilitate access by the poor to other Federal, State, and local food assistance programs, so as to benefit the poor not reached by efforts of other agencies. It is expected the fiscal year 1970 effort will affect some 1.5 million persons in at least 475 projects across the country.

Other Economic Opportunity Programs

More than three-fourths of our $2.048 billion request is designated for programs that will continue along lines similar to the programs in fiscal year 1969. Some of these programs bear heavy funding commitments. They are being evaluated. Major changes, if any, should await review of the findings. A few have proved successful and will be expanded. Several of these merit comment in this statement.

WORK AND TRAINING PROGRAMS

Continuing work and training programs funded by the agency help unemployed in urban and rural areas obtain jobs and economic independence.

Operation Mainstream trains chronically unemployed adults for community betterment jobs, and places older citizens and people in rural areas in constructive work. For this manpower program, $41 million is proposed for fiscal year 1970.

For the Economic Opportunity Act portion of the Job Opportunities in the Business Sector program (JOBS), we propose a fiscal year 1970 budget of $180 million—an increase of $70 million over the last fiscal year. This expanded budget will increase from 35,000 to 60,000 the number of jobs for the hard-core unemployed opened up by the private businesses taking part in this growing program.

The Neighborhood Youth Corps out-of-school program is funded for $98 million. This program will now concentrate on 16- and 17-year-old youth in urban areas, instead of the 16- to 21-year-age range as in the past. For young people 18 to 21, other programs such as JOBS and the proposed Public Service Careers program will be more effective. By focusing on the younger group, the agency will be able to do a better job of preparing these disadvantaged young people for productive work careers.

Proposed outlays of $175 million for the Job Corps, $123 million for the Concentrated Employment program, $121.5 million for Summer Work programs, and $62.4 million for in-school activities will support these programs while we continue our Government-wide evaluation of Federal manpower training. These programs are proposed for eventual consolidation in the Manpower Training Act. All are delegated programs funded through the Office of Economic Opportunity's budget and operated by the Department of Labor.

SPECIAL IMPACT PROGRAMS

Special Impact grants have gone to programs designed to set up community-based businesses in poverty areas—business operations that serve and employ the poor who live in the neighborhoods where the projects are located.

Of the $38 million requested for these community economic development programs, up to $20 million will be required to support selected current urban and rural projects. The remaining $18 million will fund new approaches.

HEADSTART AND FOLLOW THROUGH

Both Headstart and Follow Through are popular programs, important to the President's commitment to early childhood education. Our Headstart request of $331.7 million is roughly the same level as for fiscal year 1969, but we plan considerable program redirection. It is expected that at least half of the separate summer activities will be eliminated from local Headstart projects and that they will concentrate on more productive, full-year programs. The number of full-year children should increase from 217,000 to 262,000. In response to the recently completely Westinghouse evaluation of Headstart, we plan to allocate $10 million to continue and expand present experimental projects so as to develop more effective models for local programs.

For Follow Through, which develops new education programs for poor children in the early elementary years, a budget of $58 million is proposed. This represents an increase of $26 million over the fiscal year 1969 level. Most of the increase is to provide openings for new students replacing those who advance one grade. The total number of students will be stepped up from 35,000 to 62,000. A

limited number of new projects will be added to continue some of the learning approaches introduced last year. An evaluation program will require $2.5 million to pay for the third year.

LEGAL SERVICES

Few activities have assisted the poor as directly as the Office of Economic Opportunity's legal services program. To continue this nationwide effort to bring legal assistance to low-income people, a total of $54 million is requested for fiscal year 1970. This represents an increase of $8.65 million over the 1969 level for a program that provides hundreds of thousands of the poor an opportunity to solve their problems peacefully within the framework of the legal system.

The $54 million requested will support the training and service activities of more than 2,000 attorneys serving the poor, and will permit modest expansion into new areas. We hope to extend services to more rural counties and to urban communities not covered by the program.

The legal services program has a record of successful court cases that have brought benefits to large groups of disadvantaged citizens, and we plan to continue the research efforts of the programs.

MIGRANT PROGRAMS

For migrant programs we are requesting $33 million in fiscal year 1970, with $28 million to be used for support of existing projects. The remaining $5 million will be employed to continue a needed shift away from ameliorative programs toward training measures that will help migrants obtain regular jobs and set up homes in established communities. This step is especially urgent now because agricultural industries, dependent on migratory labor, are rapidly becoming mechanized. Maintenance-oriented projects, which up to now have received Economic Opportunity Act funds, can be handled better under other Federal and State programs.

VISTA

The Vista program is an important part of this administration's effort to increase voluntary activities to help the Nation's poor. The Office of Economic Opportunity's request for $37 million in fiscal year 1970 should increase the number of regular volunteers from 5,692 to 6,200.

During fiscal year 1970, we are making a special effort to attract more mature, experienced specialists to Vista.

Increased emphasis will also be given to recruiting local volunteers from among the poor, and to teaming them with more skilled volunteers. Initial experience with this approach has indicated some success.

Summary

Any effort to cope with deep-seated ills that affect millions of Americans must be broad-gauged and yet focused as directly as possible on the problems it seeks to alleviate.

As has been indicated, this type of effort requires careful formulation and testing. It costs money. Yet money spent wisely produces dividends in terms of new livelihoods, new forms of self-help, new hope and new opportunity.

The budget that has been presented amounts to $2.048 billion for fiscal year 1970. The major portion, some $1.273 billion, will fund delegated programs administered by other agencies. The portion to be used for funding activities administered directly by the Office of Economic Opportunity totals $775 million.

Economic hardship is a condition not peculiar to any area—cities, towns, rural regions, Indian reservations. Use of Federal funds through the various programs operated or funded by the Office of Economic Opportunity is designed to find ways to deal with the problems of poverty where it exists.

The mission, new approaches and new direction of the Office of Economic Opportunity's programs, require clear lines of supervision and coordination. These must run from the researchers and developers to the specific points of localized action. All along that path, the participation and involvement of State and local government is essential in the continuing common effort to bring the resources of these institutions to bear on poverty problems.

It is our intention to make every appropriated dollar count in this Nation's effort to deal with the problems of the poor.

INTRODUCTION OF SUPPORTING WITNESSES

Mr. RUMSFELD. I would say that, to the extent there are questions, I may wish to ask one of the individuals who are with me to respond.

Mr. FLOOD. Do you want to present your associate to the committee?

Mr. RUMSFELD. I would be happy to.

Mr. FLOOD. Suppose you do.

Mr. RUMSFELD. I have with me Mr. Donald Lowitz, general counsel of the Office of Economic Opportunity; Mr. Frank Carlucci, acting assistant director of the Office of Economic Opportunity in charge of the office of operations; Mr. Robert Cassidy, in charge of the office of administration; Dr. John Wilson, in charge of the office of planning, research and evaluation; Mr. William Plissner, in charge of the program analysis division, and the Assistant Secretary of the Department of Labor; Mr. Arnold Weber, who has joined us this morning.

BIOGRAPHICAL SKETCHES OF WITNESSES

Mr. FLOOD. We will place their biographical sketches in the record at this point.

DONALD S. LOWITZ

Donald S. Lowitz has been appointed as general counsel of the Office of Economic Opportunity by Director Donald Rumsfeld.

The new general counsel will take on added responsibilities as a result of the expansion of that office under the reorganized Office of Economic Opportunity.

Besides supervision of the legal staff, he will now be responsible for the civil rights division and the inspection division. Both were separate functions under the old system.

Explaining the decision to merge the functions, Director of OEO Donald Rumsfeld said: "Formerly, inspection and civil rights were reporting to the director of the agency, but their reports competed with those of some 30 other offices reporting to the director. Civil rights and inspection now will work with the general counsel, who will make recommendations on action to solve the problems of these offices. These recommendations will have the added value because they will incorporate the information and advice of the chief legal counsel of the agency."

Lowitz, 40, will come to Washington from Chicago, Ill., where he is managing partner in the firm of Lowitz, Vihon, Lowitz & Stone. His areas of specialization in the general practice firm includes Federal tax matters, estate planning and probate and appellate work.

In addition to his interest in the field of politics, Lowitz is also active in civic and religious organizations. He is presently a member of Congregation Solel, Highland Park, Ill., where he has served as treasurer. He is a member of the American Jewish Committee and B'nai B'rith as well as the Chicago Bar Association where he serves on the professional fees committee, the Illinois State Bar Association and the Decalogue Society of Lawyers.

Before entering his firm in 1959, Lowitz was an assistant U.S. attorney for the Northern District of Illinois in Chicago, Ill. His assignment in the taxation field placed him in charge of all civil tax matters pending in the U.S. attorney's office.

Lowitz managed the 1968 congressional campaign when OEO Director Donald Rumsfeld was running for a fourth term in the 13th Congressional District on Chicago's North Side. Lowitz also coordinated the Nixon-Agnew Campaign for Jewish Voters in the Chicago area.

Lowitz obtained his law degree in 1952, from Northwestern Law School, where he was elected to the order of the Coif.

He is married to Shana Labovitz Lowitz and has three children, Amy, Theodore and Joshua. The Lowitzes will reside in Maryland.

Frank Carlucci

The President today announced his intention to nominate Frank Charles Carlucci III, of Scranton, Pa., to be Assistant Director for Operations of the Office of Economic Opportunity. He will succeed Theodore M. Berry who has resigned.

Mr. Carlucci, 38, is a foreign service officer with the Department of State. He was graduated from Princeton University in 1952 and attended Harvard Graduate School of Business for 1 year.

Following graduation from college he entered on active duty with the U.S. Navy and was discharged as a lieutenant junior grade in 1954. From 1955 until 1956, he was in private business with the Jantzen Co. in Portland, Oreg. In 1956 he joined the Department of State where he worked in the Post Management Office. From 1957 to 1959, he served as Vice Consul and Economic Officer in Johannesburg, South Africa. In 1960, he became Second Secretary and Political Officer at Kanshasa, the Congo, and served there until 1962 when he became the officer in charge of Congolese political affairs at the Department of State.

In 1964, Carlucci became the Consul General in Zanzibar and in 1965 assumed the post of Counselor for Political Affairs in Rio de Janeiro.

Mr. Carlucci is married and has two children.

Robert C. Cassidy, Assistant Director for Administration, Office of Economic Opportunity

Mr. Cassidy is a native of Johnstown, Pa. He received a B.A. degree from St. Vincent College in Latrobe, Pa., in 1949, and a M.B.A. degree, from Syracuse University, Syracuse, N.Y., in 1961.

He served in the U.S. Marine Corps in 1942–45, participating with the 3d Marine Division in the invasions of Bougainville, Guam, and Iwo Jima.

Mr. Cassidy entered the Federal service as a junior management assistant trainee with the Navy Department in 1950. From 1951–54 he was with the Veterans' Administration as a management analyst. In 1954, he moved to the U.S. Army Audit Agency, serving at their Washington headquarters office until 1957 as a management analyst. In 1957 he was appointed comptroller of the European region, USAAA, located at Frankfurt, Germany. Mr. Cassidy served in this capacity until selected in 1960 as one of the first civilians to attend the Army's graduate course in comptrollership at Syracuse University. He joined the Office of the Inspector General, USDA in March 1963. He was appointed Deputy to the Assistant Director for Management, Office of Economic Opportunity, on November 27, 1965. In December 1966, he became Assistant Director for Administration, Office of Economic Opportunity.

John Oliver Wilson

Name and address: John Oliver Wilson, 1715 Oak Lane Drive, McLean, Va.
Marital status: Married, one child.
Present position: Director, Office of Planning, Research and Evaluation, Office of Economic Opportunity, Washington, D.C.
Birthplace: Rolla, Mo.
Birthdate: May 22, 1938.
Education:
1960: B.A. in mathematics, Northwestern University.
1967: Ph. D. in economics, the University of Michigan.
Scholarships, fellowships:
1956–60: Northwestern University, regular NROTC scholarship.
The University of Michigan:
1964–65: Rackham Graduate School fellowship.
1967: Ford Foundation fellowship.
Learned societies: American Economic Association.

Profession activity:

1968–69: Assistant professor of economics, Yale University, New Haven, Conn.

1969: Academic director, urban fellows program, sponsored by Yale University, U.S. Conference of Mayors and National League of Cities. Involves the education and placement of urban administrators from minority groups under mentors, primarily large city mayors.

1968: Consultant, Metropolitan Planning Commission, Kansas City region.

1967: Director, Missouri State Tax Study. A 12-month study concerned with analyzing the fiscal relationship of local, State, and Federal Governments and the future trend of public finances in Missouri.

1966: Staff, Institute of Public Administration, the University of Michigan.

1964–69: Consultant. Midwest Research Institute, Kansas City, Mo.

1964: Staff, Metropolitan Planning Commission, Washtenaw County, Mich.

1960–63: Officer, U.S. Navy.

1958: Operations Research Department, United Air Lines, executive office, Chicago.

Publications:

Washtenaw County Metropolitan Planning Commission, "Capital Needs and Their Financing: A Capital Improvement Program for the Metropolitan Area" (Ann Arbor, Mich., September 1965).

"Missouri State Tax Study" (Kansas City: Midwest Research Institute, January 1968).

"Analysis of Fiscal Policy of Local Governments in a Metropolitan Area," Metropolitan Planning Commission, Kansas City Metropolitan Area, October 1968.

"Quality of Life in the United States—An Excursion into the New Frontier of Socio-Economic Indicators." Midwest Research Institute, Kansas City, Mo., February 1969.

"Inequality of Racial Opportunity in the United States," "The Annals of the American Academy of Political and Social Science," March 1970.

"Capital Budgeting and Resource Allocation in Metropolitan Areas" (New Haven: Yale University Press, forthcoming).

WILLIAM A. PLISSNER, CHIEF, PROGRAM ANALYSIS DIVISION

Birthplace and Date: New York City, N.Y., October 17, 1929.

Education:

Harvard College, Cambridge, Mass.: A.B., 1951.

Princeton fellow, Woodrow Wilson School, Princeton University, Princeton, N.J., 1967.

Experience:

Chief, Program Analysis Division, Office of Economic Opportunity, 1967.

Program control officer, Office of the Assistant Secretary of Defense (installation and logistics), 1967.

Staff Director, Program Evaluation Division, Office of the Deputy Assistant Secretary of Defense (family housing), 1962–66.

Assistant Chief, Administrative Management Division, Systems Research and Development Service, Federal Aviation Agency, 1961–62.

Served in the Navy Department from 1955 to 1961 in various budgetary, programing, and management reporting posts.

Served on active duty as captain in the U.S. Marine Corps, 1951–53.

Mr. RUMSFELD. Mr. Chairman and members of the committee, this is obviously my first appearance before a subcommittee of the Committee on Appropriations. It is a pleasure for me to be here and discuss with you the budget proposals for fiscal year 1970 for the Office of Economic Opportunity.

The statement and our remarks today will outline the changes that have been made within the agency in structure, in management approach and also with respect to programs.

We will also outline our future plans for this fiscal year.

We have attempted to draw sharp lines of distinction among our major activities.

Mr. FLOOD. Do you like this job?

Mr. RUMSFELD. Yes, sir. I have never had such a fascinating 6 months or a stimulating and challenging time in my life. I am afraid it is asking much more of me than I have in me, but it has been most interesting and, frankly, quite difficult.

We have tried to draw some lines between what I felt were rather confusing assignments of responsibility within the agency and to separate them so that each would function without detracting from another. They include program operations, research, experimentation and demonstration, evaluation and advocacy. They are all important.

We have the activities of the Office of Legal Services where the poor have an opportunity to have representation and access to legal assistance.

The feeling I had was that advocacy tends to pollute research, and that operations tend to drive out research and evaluation, and that the individuals involved in operating programs shouldn't evaluate programs. The line seemed blurred to me.

EMPHASIS ON RESEARCH AND DEVELOPMENT

Mr. FLOOD. I have the impression you are extraordinarily concerned with research and development.

Mr. RUMSFELD. That is a result of the fact that the President's major statement on the Office of Economic Opportunity concentrated on that because he felt it was important for an agency of the executive branch of the Federal Government to have the capability in the research and evaluation area. It also happened at a time when Headstart and Job Corps were being delegated——

Mr. FLOOD. I think you think so too, don't you?

Mr. RUMSFELD. Yes, sir; but many people got the impression that the agency was being turned into a test tube and that there was going to be no more operational activity of any type. That is an inaccurate understanding. It came about, I think, because of the timing of the delegation with the President's emphasis on research and evaluation.

WELFARE REFORM PROPOSALS

Mr. FLOOD. How are you affected by the President's proposed new welfare program?

Mr. RUMSFELD. Of course, in that statement he discussed at some length the Office of Economic Opportunity and pointed out that our agency's activities would not be in the area of maintenance or support, or simply caring for people; that those types of activities basically woud fall within the food proposals, the welfare proposals, the various other income maintenance type programs of the Federal Government, and that our agency would be involved in activities which were research, evaluation and program development—as well as operating programs.

Mr. FLOOD. Do you think you will last very long, or will you be taking over the new welfare program, or what do you think?

Mr. RUMSFELD. It is a separate activity. We have had income support type programs in the country for many decades and this is a different approach to it. But simply providing a level of income support to individuals, of course, is not the total answer in our society. That tends to create dependency rather than independence. The function of this agency is to try to address itself to improving economic opportunities and increasing the individual's capability to seize economic opportunities.

Mr. FLOOD. It would not be to phase out?

Mr. RUMSFELD. No indeed. People may think of it that way when they say "This is a major new welfare proposal." But of course the agency existed and functioned under the welfare system which we have today, and it will still have an important role, assuming that the Congress adopts the family assistance system.

The activities of our agency and the functions relate very closely to the President's proposal for family assistance, manpower training, revenue sharing, child development, consumer protection, improved health service and the organizational approach that is being encouraged—administrative decentralization.

With this mission in mind, these changes in the Office of Economic Opportunity have taken place. We have tried to free the Office to concentrate on its primary mission by delegating or transferring the more mature programs to other agencies.

Mr. FLOOD. What is a program that is mature?

Mr. RUMSFELD. Headstart is more mature than some others.

Mr. FLOOD. What is "mature"?

Mr. RUMSFELD. I say "more mature" than some of the developmental activities in which we are involved.

We also are restructuring the relationship of our agency headquarters with the various local community action agencies and State economic opportunity offices. Heretofore the feeling had been, I think—or, I shouldn't say there was a tendency on the part of some of the community action agencies to feel that State and local governments were the enemy. It is our hope that by revising our approaches, our procedures, and our relationships with the State and local governments, we can change that attitude and attempt to plug them into the activities of the agency on a more consistent basis.

We have issued new regulations with respect to the State economic opportunity offices.

NATIONAL GOVERNORS' CONFERENCE POSITION ON OEO

Mr. FLOOD. Do you have a statement or resolution from the Governors' conference?

Mr. RUMSFELD. We can submit one if there was one. The Governors' conference sent one of their representatives to testify before the House Education and Labor Committee and presented the Governors' conference position, which was, as I said, in effect very similar to that direction.

Mr. FLOOD. Is there something you can place in our record at this point?

Mr. RUMSFELD. We will be happy to do that.

(The information follows:)

[From hearings of the House Committee on Education and Labor on the Economic Opportunity Act Amendments of 1969]

STATEMENT OF JAMES L. MARTIN, ASSISTANT DIRECTOR, OFFICE OF FEDERAL-STATE RELATIONS, NATIONAL GOVERNORS' CONFERENCE, ACCOMPANIED BY JACK M. SABLE, DIRECTOR, NEW YORK STATE OFFICE OF ECONOMIC OPPORTUNITY

Dear Mr. Chairman and members of the committee, I am most grateful for the opportunity to present to you the views of the Governors and other State officials concerning the role of the States in the programs of the Office of Economic Opportunity. I have enclosed copies of the letters we have received and suggest that the individual letters be examined for comments on specific and detailed issues. In addition, I encourage you to correspond directly with the Governor and legislative leaders of your home State.

Daniel Yankelovich, Inc., recently completed a national study on the implementation of the Green amendment. The study included interviews with 35 State officials. I have enclosed a copy of the Yankelovich conclusions on views of State officials, which support the views received from the Governors.

All respondents agree that the local community action agencies should be retained because they have provided a means of participation for the poor in the programs designed for their assistance. All State comments, however, followed the general conclusion of the GAO report and asked for more planning, coordination, and evaluation, especially at the State level.

PAST EXPERIENCE

Past experience reveals that the State Economic Opportunity Office (SEOO) has had little authority, little administrative control and no meaningful role in the financing and evaluation of local projects. The Governor's veto, although better than total by-passing, is a negative role. The Governors much prefer a positive partnership role to help develop statewide programs, but with appropriate administrative authority. If the States role is not expanded in a positive manner than the Governor's veto should be extended to all sections of the act.

There has been a lack of funds for State programs with OEO preferring to fund projects through universities, private consultants, and nonprofit groups rather than the SEOO. The States have had no say-so in the allocation of OEO funds within the State because OEO has preferred a project-by-project approach rather than a coordinated State program based on Federal guidelines and appropriate measures of need. This problem seems acute in most rural areas.

Perhaps the most serious problem of the past has been a lack of OEO cooperation with the States for the coordination of social and human resources for the benefit of the poor. The large involvement of State government in human resource planning, private and State economic development programing, sub-State regional planning, and State grants and services to localities ($35 billion State expenditures in fiscal year 1968) makes OEO-State cooperation and joint administration of programs *essential* to an effective antipoverty effort.

RECOMMENDATIONS

The States have made specific recommendations for more State participation in the planning, coordination, and administration of the OEO programs. *Most, if not all, of these expanded State responsibilities are now authorized in the OEO act.* There are over 15 specific sections of the act that provide for a State role. The States feel that OEO personnel have never encouraged the implementation of these sections of the act.

Many of the States feel that the OEO program should be administered on a state-by-state basis. These same States feel that State administration should be conditioned upon (1) a statewide social development plan and (2) observance of Federal guidelines to protect the interests and participation of the poor. Some States are willing to assure a portion of the local non-Federal financial costs. At a minimum States should participate with local agencies in the early stages of application preparation and not after OEO has already approved the application.

COORDINATION

One of the crucial needs in the Federal system today is the development of State and local delivery systems for the coordination of Federal, State and private programs. The States have already established local machinery for economic development activities, comprehensive health planning and regional planning. The OEO programs should attempt to use these existing systems and be coordinated with other Federal programs such as Appalachian Districts, Economic Development Districts, Agricultural Development Districts, and HUD Planning Districts.

Several States suggested that OEO programs become the social development arm of a State designated multijurisdictional regional planning agencies. This is most important in nonurban areas. Multicounty rural planning agencies, primarily composed of local officials, could be the major delivery system for rural areas as model cities could be in cities; both could use the CAA as their human resources arm with maximum citizen participation. Other Federal programs for economic development, soil conservation and rural development loans could also use the State designed multicounty planning agencies as the primary "delivery system" for Federal aids in rural areas.

The State Economic Opportunity Office or an interdepartmental council designated by the Governor should be given the responsibility, finances, and authority to coordinate existing State level programs and services for the poor such as schools, hospitals and clinics, employment offices, housing authorities, inspection divisions, planning agencies, welfare agencies, law enforcement agencies and many others. This would not be a super department but a coordinating and service agency to the existing State departments, directly responsible to the Governor.

ADMINISTRATION AND FINANCE

The States seek a greater role with the Federal Government in administration of OEO. More funds should be allocated to the State agency for program development, especially for coordination, training, technical assistance and special services such as health, legal-aid, manpower development, housing, and migrant programs. The State should participate in the allocation and approval of funds distributed within the State. OEO should use State and local personnel to administer the program rather than building up OEO employees in the regional and field offices. States complain about the high turnover rate of OEO employees compared with State and local employees.

Unfortunately the attitude of OEO officials has not encouraged State involvement in their programs. This has been especially true in some regional offices and therefore an "in-depth" personnel change may be necessary to change this situation. Regional OEO offices have refused to give SEOO's copies of evaluation reports under section 233. The States feel they should be an active participant in the evaluations, not just receive copies of evaluation. OEO regional offices have generally refused to give States training funds under sections 129 and 231 preferring nonprofit and university sponsors. The same is true for migrant services under section 312.

The recommendations of the States concerning the OEO programs are all positive. No State even suggests that the programs be abandoned, none suggests that the States "take-over" the program and those States that desire to administer the program agree that Federal guidelines to protect the interests and participation of the poor, State financial assistance, and State planning and coordination machinery are prerequisites to State administration.

Thank you for the opportunity to present the views of the Governors and other State officials. I shall be glad to assist you in any additional way you suggest.

MAYOR'S CONFERENCE

Mr. FLOOD. How about the mayors?

Mr. RUMSFELD. I believe they supported it.

Mr. FLOOD. Will you supply something on that?

Mr. RUMSFELD. We will be happy to supply what we have for the record.

(The information follows:)

RESOLUTION PASSED AT ANNUAL MEETING OF U.S. CONFERENCE OF MAYORS, JUNE 1969

5. ECONOMIC OPPORTUNITY PROGRAM

Whereas the U.S. conference of mayors has year after year supported an all-out attack on the multiple causes of poverty in America by all levels of government and with a national commitment commensurate with the problem; and

Whereas the war on poverty can be waged effectively only if it has all-out support of both the administration and Congress; and

Whereas the procedure of direct federal grants to localities for community action programs is working satisfactorily; and

Whereas in most communities with both community action and model city programs the two are complementary, and both are useful and should be continued; and

Whereas the earmarking of funds for national emphasis programs requires many communities to adopt programs they do not need at the expense of other critical local activities and often frustrates the desires of local citizen participants: Now, therefore, be it

Resolved, That the U.S. Conference of Mayors calls upon the administration and Congress to extend the antipoverty war, including the community action program, to permit long range planning, proper evaluation, and effective administration, and be it further

Resolved, That the conference insists that elimination of poverty must be given top priority by the administration and that funding must be raised to a level to place government in a real war on this evil; and be it further

Resolved, That the conference asks the administration and Congress not to mandate national emphasis programs, but instead to emphasize and encourage local initiative in tailoring programing to local needs; and be it further

Resolved, That the direct Federal-local grant arrangements of the community action program and the manpower programs of the Economic Opportunity Act should continue to operate in that manner: and be it further

Resolved, That the conference calls on the administration and Congress to set forth national standards with complete federal funding for the welfare program.

REORGANIZATION OF OEO

Mr. RUMSFELD. With the transfer of some programs and the delegation of others, it was rather obvious there was a need for a complete reorganization of the agency. The Comptroller General's review of the Agency's programs and the inquiries initiated by Congress brought to light the internal difficulties that had existed in the Agency. As I have indicated, many lines of program responsibility were blurred. Methods for evaluating program success or failure were for the most part lacking. Often the same individuals who coordinated programs also coordinated or conducted research, set up demonstration projects, evaluated results and served as advocates.

As I suggested, I don't think it is possible to do all of those things well at the same time.

To help correct these inefficiencies and, to some extent, contraditions, a reorganization was instituted on August 11. Regional offices are being restructured to assure better financial control; agency activities are being integrated.

REGIONAL OFFICES

Mr. FLOOD. How many regional offices do you have nationwide?

Mr. RUMSFELD. We have at the present time seven and under the administration directive we are in the process of making the boundary

lines the same as for HEW, Labor, and so forth, and we are going up to 10 regional offices.

Mr. FLOOD. Will you list what they are?

Mr. RUMSFELD. We will be happy to list those.

(The information follows:)

LOCATION OF REGIONAL OFFICES AND BOUNDRIES OF JURISDICTION



Mr. RUMSFELD. Labor, HEW, OEO, and one or two other agencies and departments will have their regional offices in the same cities, preferably in the same building, and boundary lines for those regions will be identical. The target date is some time next year though we are directed to have a presence in those cities during the latter portion of this year.

New procedures have been set up to try to allow activities to move from the research stage to the developmental stage and then to the program operation stage. Agency efforts and manpower have been shifted to place a greater emphasis on experimental and developmental functions.

In addition, we have created an Office of Program Development. We have reconstituted the Office of Planning, Research, and Evaluation.

Mr. FLOOD. Do you add jobs?

Mr. RUMSFELD. With the transfer and delegation of a number of our programs we have a higher percentage of our Agency effort in the research, evaluation, and developmental areas than existed previously.

Mr. FLOOD. You will show us how many later on?

Mr. RUMSFELD. We will be happy to.

I was concerned, frankly, in large part because of the criticisms I have heard from members of Congress about the regional offices, that the regions seemed to be functioning somewhat separately from the Agency and that they had a tendency to be spinning loose without

really good lines of control and communication from Washington. One of the reasons was——

Mr. FLOOD. Don't they prefer that?

Mr. RUMSFELD. I suppose. One of the reasons was that in the old organization some 30 people reported directly to the Director, including seven regional directors. Well, it was rather clear to me that no director will really be able to function effectively if he has that many people reporting directly to him from an operational standpoint. I have pirated Mr. Carlucci away from his previous responsibilities and placed him in charge of a new Office of Operations which will oversee the 10 regional offices and the operational programs of the agency. From a management standpoint, I am convinced it will be considerably more effective. I am already seeing, I think, the benefits of that move. Our prospects for seeing that these regions function truly as arms of our headquarters office rather than on their own hook have already been demonstrated.

The Office of Health Affairs, VISTA, and Legal Services have been organized as separate offices. I think this is preferable to having them meshed into an overall community action organization, as was the case previously with Legal Services and the health programs.

Mr. FLOOD. We like the idea of regional offices, if they are good.

Mr. RUMSFELD. I do, too. I am very much of the opinion that we can't run everything from Washington. We can't manage these programs as effectively as can an office nearer the point of operation. I know the rest of government is in the process of moving toward a more decentralized approach. It happens that the Office of Economic Opportunity moved at an earlier point in time toward that kind of an approach and when I came in I felt it was important to get a grip on the activities of those regional offices.

Mr. FLOOD. Have you visited any?

Mr. RUMSFELD. I have. I have visited three, I believe.

Mr. FLOOD. What do you think about them?

Mr. RUMSFELD. Well, communication is a problem with all of us. I guess it is with Members of Congress and their constituents and even among parents and children, and the problem I see is the difficulty of communicating. You have a great many people who are blanketed in under Civil Service who function in these offices over a period of time. To try and communicate with them in a way that enables them to proceed on a basis that is consistent with what the agency is trying to do is a difficult thing when they are that far away. I know that one of the things that Mr. Carlucci will be spending a great deal of time on is visiting these offices, communicating with these people, and seeing that they are in fact carrying out the intent and spirit of our statute and the intent and spirit of the administrative regulations.

Mr. FLOOD. Regional offices can set up a new hierarchy and cost a lot of money.

Mr. RUMSFELD. We are trying to expand under the President's directive from seven to 10 regional offices without a corresponding increase in staff slots. You do have to duplicate. You have to have a regional counsel in each of the three new regions, so you go from seven to 10 regional counsels. You have to have a capability to do a variety of dif-

ferent things in the health area, VISTA, and so forth, so it does require more people.

Mr. FLOOD. We are gun shy on a series of grand duchies, you know.

Mr. RUMSFELD. I am, too.

STATE AND LOCAL RELATIONSHIPS

The third step we have taken is in the area of local and State relationships. We know that many problems have damaged the promise of local community action, the problem of indefinite goals, or hasty mobilization of the poor without adequate training; anticipated funds that didn't arrive and the confusion which arose when community action programs clashed with similar model cities programs. As a result, we have a difficult job cut out for us. We feel that the office must reduce barriers between the poor and those who wish to help them achieve greater economic independence. We have to establish at the local and State levels communication among those who should be working together to deal with the problems of poverty.

We also have to allow the State economic opportunity offices to assume a greater role. In the past the agency relied far too little on State resources in administering Economic Opportunity Act programs. It responded unenthusiastically to congressional initiatives aimed at expanding the State role in these programs.

With the cooperation of many Governors, we are working now to assure that State resources are brought to bear on these problems.

1970 BUDGET REQUEST

The budget requested for this agency for fiscal year 1970 amounts to $2,048 million. Changes that the agency can make this late in the fiscal year will target at three general objectives:

First. To lay the groundwork for research, development, and evaluation effort——

Mr. FLOOD. What did you ask last year?

Mr. RUMSFELD. The request was $2,180 million. The actual appropriation in the last fiscal year was $1,948 million, so our request for fiscal year 1970 is $100 million over the appropriation for fiscal year 1969.

An allocation of $78.6 million is proposed, including $36.3 million earmarked for new projects, and $10 million for new, experimental approaches to day care.

Mr. FLOOD. By the way, if any of your staff want to say something at any time, they may interrupt.

Mr. RUMSFELD. Second. To redirect local community action agencies and strengthen State economic opportunity offices. An allocation of $337.9 million is proposed for this activity.

Third. To initiate new thrusts in the priority areas of public service careers, health services, family planning, and emergency food and medical services. The fiscal year 1970 proposals for those areas total $177 million.

In the area of research and development, we have targeted four priority areas for fiscal year 1970. One is early childhood develop-

ment. For this new area, which will absorb several major projects started under the Office of Economic Opportunity's Headstart program, an allocation of $4.2 million is proposed.

Mr. FLOOD. What are their ages?

Mr. RUMSFELD. It varies with who is defining it, but when we say "early childhood development," we are describing the period from birth up to school; the preschool period.

In cooperation with the Department of Health, Education, and Welfare, the Office of Economic Opportunity plans to combine existing parent-child centers with a major developmental effort for children under three.

Close attention will be given to developmental work in connection with a new $10 million experimental day care program. A large number of poor families might gain economic independence if mothers had the opportunity to work. The challenge is to create more effective models for rapid expansion of the network of day care centers now in operation.

Another area is that of expanding individual choice. To explore ways to widen the opportunities of the poor to choose needed services, $5.4 million is proposed for fiscal year 1970. This funding will support planning and experimentation for programs in the fields of education, housing, day care, and employment placement. The individuals would, in these experiments, have the chance to select the services and the deliverer of the services they prefer.

PARTICIPATION OF THE POOR

Mr. FLOOD. How great is the participation of the poor at the local levels?

Mr. RUMSFELD. I must say the agency lacks the kind of evaluations to prove this out and we hope we can develop those, but I would guess it has changed from year to year during the life of this program. I personally am far from satisfied with the quality of the participation in the various citizen boards that exist today. In many instances you find that the public officials who are authorized to sit don't sit personally and may or may not send a representative. We must remember that the way the act was designed, we said we wanted the participation of the poor; we wanted their involvement in the decisionmaking and in the implementation of these programs. I think it would have been unreasonable to expect that the style of that participation would be similar, or identical to the participation of the nonpoor. It is very understandable that it is not.

We are at the present time trying to strengthen the training and technical assistance activities so that we can assure that the boards do in fact function and do in fact provide the basis for the kinds of guidance and direction of the staffs that tend to run these various activities that were intended by the Congress.

I have seen instances where, through inattention and in some cases I suppose for other reasons, a board of a delegate agency allowed a strong staff member to pretty well run away with the program. The balance that the board was designed to give was lost.

SMALL TOWNS AND RURAL AREAS

Mr. FLOOD. What about the small towns, as opposed to the big city ghetto areas?

Mr. RUMSFELD. I hate to be this critical and I don't mean to be because I don't know that I could have done any better during the past 4 years than has been done, and I want to say that very honestly——

Mr. FLOOD. That is why we are asking you.

Mr. RUMSFELD. To be perfectly honest, I am not very impressed with the job this agency has done in rural areas. The tendency had been to start up fast and get going and in an urban area you have a strong administrative base and a strong economic base and there is a lot more talent and it is easier to get going.

Mr. FLOOD. How about a city of 100,000 people?

Mr. RUMSFELD. I would say it can be done there a lot easier than in a rural area. The rural programs of this agency have not, in my judgment, really been able to come to grips with the problems that the programs were designed to deal with because of the weak administrative and economic base. We are in the process of developing better rural models. The trend in the last 18 months has been a healthy one. There has been movement away from single county community action agencies toward multicounty agencies.

Mr. FLOOD. This is not a ghetto program?

Mr. RUMSFELD. It has the image of a ghetto program. It has the image of being a program for one minority group—the blacks—as opposed to Mexican-Americans, or poor whites, or Puerto Ricans, or Indians or migrants. The balance that all of us would seek in the allocation of resources of this agency is being restored. But it is not designed to be a ghetto program. It is fair to say that the amount of funds that have been placed in what one would call urban areas as opposed to rural areas has been disproportionately high.

Mr. SMITH. Although the number of projects is very small, some projects have been pretty good.

Mr. RUMSFELD. We have some rural programs that have prospects for success. As I say, I don't want to pan everything we are doing in rural areas. I just think on balance we have not, as a society, found the ways to deal with the problems of rural poor as effectively as can be the case in urban areas.

Another fact is that the rural poor in large measure are quiet poor. They are not as much in the forefront and the tendency obviously has been away from them and toward the urban areas.

The President's proposals for manpower training and revenue sharing call for improved functioning of the State and local governments. The amount of $4.2 million is proposed in fiscal year 1970 to find ways to upgrade the quality of State and local agency staffs that deal with economic opportunity problems.

I have mentioned the research area. I would like to comment, however, on the evaluation area.

ROLE OF SOCIAL WORKERS

Mr. FLOOD. Are your staffs filled with professional social workers, the traditional, classical social worker?

Mr. RUMSFELD. I wouldn't say our staffs are. Those programs that are administered by the Office of Economic Opportunity as opposed to the delegated programs involve about 2,000-plus civil servants. I can't answer your question directly with respect to the grantees and contractors who are not on our staffs, but are on the staffs of the grantees or the contractors. To the extent that they might be filled with the type of individuals you are referring to, that may very well be the case. But for the most part that is not true with our agency Civil Service personnel.

EVALUATION

The evaluation area is one that distresses me. One of the reasons for having the Office of Economic Opportunity, as a fairly small office in the Executive Office of the President, with no aspirations to become a large department or a second HEW, or a second Labor, is the feeling that it is desirable for Government to have the best possible information upon which to make judgments. Certainly it is desirable to proceed on a reasonably small basis until we have fairly good information that something is going to work and then expand at that point to an operational program across the country.

For that to be the case, you certainly have to have good evaluation. You have to be able to conduct research and developmental activities and estimate their effect and impact. The Congress recognized this and they put a requirement in the statute that there be evaluation. I must say that in many instances the evaluations that have been made have been not the kind of evaluations that then enable you to proceed from——

Mr. FLOOD. Mr. Director, you and the Congress have had time. What makes you unhappy about it?

Mr. RUMSFELD. I am unhappy, as a new director of an agency, because I was hopeful that by reviewing the evaluations that had been done over the past years that we would be able to make some very wise judgments. I find we can't because in many instances those evaluations carried the word "evaluation" but the programs had not in the first instance been designed in a way that they would lend themselves to evaluation and, as a result, it was only just last year that the agency created an Office of Evaluation. It was only this year that we began to really provide the competence in that office so they could evaluate in the office.

Mr. FLOOD. Do you have field agents who travel around and breathe down the neck of these people?

Mr. RUMSFELD. We have field representatives. I would not say that they travel around and breathe down the necks of people, no, sir. In many instances they are involved in helping the individuals develop requests for grants and requests for Federal involvement in one way or another in training or technical assistance.

Mr. FLOOD. There is no big brother attitude?

Mr. RUMSFELD. No. We do have an Office of Inspection but it is relatively small and mostly is a troubleshooting type of thing. When we get inquiries perhaps from the Congress or our contractors or grantees about a possible problem, we use the Office of Inspection, but it is not a big brother operation at all.

In any event, we propose the use of $13 million for evaluation during fiscal year 1970 in addition to the evaluation for delegated programs and such larger expermients as Special Impact and Follow Through.

A portion of this amount, $2 million, will go into studies of the effectiveness of local programs and the efficiency of their management. These studies will aim at two results:

(1) To speed up ways of determining which programs and agencies work best, and why; and

(2) To shift support from low to high quality performers.

A major share of the evaluation budget, $5.6 million, will pay for evaluating alternative approaches to the Office of Economic Opportunity's various developmental programs to which I have referred.

The remaining $5.4 million for fiscal year 1970 evaluations will support overall assessments of economic opportunity programs. Broadgaged studies of this kind take time to design and carry out. The programs themselves, especially those of a national scope, have to mature sufficiently before evaluators can determine whether the programs should be modified, expanded, or terminated.

It was only recently, for example, that we received preliminary results from evaluation studies begun in fiscal year 1968 on programs which were then barely 3 years old.

Our fiscal year 1970 program of impact evaluation seeks to develop new measurement techniques to improve on the methods now being used.

In all fairness I should say the state of the art in evaluating programs such as this is still very primitive. I do, however, feel very deeply that it is important that we develop a greater competence in this area.

Some of the kinds of evaluation I am talking about are a continuation of a $1.5 million study of comparative program effectiveness among five major Federal manpower programs:

An evaluation study of the Office of Economic Opportunity family planning program;

An evaluation of neighborhood projects supported by the Office of Economic Opportunity's comprehensive health services program.

These and other similar evaluations deal for the most part with the Economic Opportunity Act. The capability of our evaluation division is being expanded, as I indicated, so we can undertake assessments of other Federal programs directed to the needs of the poor, as requested by the President.

FAMILY PLANNING

Mr. FLOOD. Are you involved in family planning?

Mr. RUMSFELD. Yes, sir. We have roughly 230 family planning projects around the United States. They are administered by our Office of Health Affairs. Practically every expert observer of these programs

has indicated that they rank among the finest in the country in terms of their effectiveness. It is also, I think, reasonably well accepted that from the standpoint of the poor one of the most beneficial things that can be done is to provide them with access to the range of family planning services that will enable them as individuals to exercise their own judgment as to the size of their families. Certainly the difference in impact on a family that is poor of having one or two children as opposed to eight or nine, can be very substantial. It can affect the amount of funds they have for food; it can affect the amount of funds they have for education; it can affect their funds for shelter and clothing. We have found these programs are very well received. I think one of the reasons the Office of Economic Opporunity has been so successful in this area is that family planning programs are generally administered through agencies that involve the poor themselves, in the outreach. This particular thing I think has been a very successful activity. As you know, the President has put out a message on population and indicated there are roughly 5.3 million women between the ages of 14 and 44 who are potentially eligible.

Mr. FLOOD. Do you have any interest yourself in the program?

Mr. RUMSFELD. I have a very strong personal interest in it. I think it is an excellent one. At the direction of the President, both the Department of Health, Education, and Welfare, with their activities, and the Office of Economic Opporunity with its very different activities, are attempting to fulfill the mandate that was given us to, over the next 5 years, move to expand our programs at a rate which will enable us to come reasonably close to assuring that those 5.3 million women will, in fact, have access to these services if that is their desire.

I feel it is a very important part of our activity.

Mr. FLOOD. What size town were you born in?

Mr. RUMSFELD. I was born in a hospital in the city of Chicago.

One of the things we are trying to do in the coming year with respect to family planning is again to redress the urban-rural balance. We have been considerably more successful in urban areas with respect to these activities than in rural areas and I think we at least have the prospect of some approaches that will bring into the activities the family practitioner in rural areas.

Mr. FLOOD. We ask this because we have found that everybody but the Bureau of Mines is in family planning.

Mr. RUMSFELD. As a matter of fact, I think we probably support one of the largest family planning services programs. The Department of Health, Education, and Welfare's family planning activities include research on techniques of family planning. Therefore, their total budget exceeds that of OEO.

Support for locally initiated urban and rural community projects for which $328.9 million is proposed will be marked by a shift away from delivering services that can be better provided by other local agencies. Emphasis will be placed on mobilizing existing human and financial resources of communities, generating better approaches to dealing with local problems; increasing opportunities and ability of the poor to take part in activity that affects their lives.

LOCAL RELATIONSHIPS

Mr. FLOOD. And how are you getting along with the United Fund people in Town A?

Mr. RUMSFELD. The relationship between these community action agencies and any activity such as the United Fund varies across the country. Responding to your question is almost as difficult as trying to define a community action agency itself. The charter of community action agencies was broad. They have evolved in different ways, depending on the quality of their leadership, depending on the problems in that community. Overall, it is safe to say that one of the difficulties, we can say with the benefit of hindsight, is that there seemed to have been a feeling on the part of many involved in the community action agencies that there was at least prospect for them to develop duplicate systems. In retrospect, we know that community action agencies are not going to be able to set up duplicate systems to deal with all the problems of the poor all over this country. That is why I just made the statement I did. It is important at this point in history to not have these agencies operating service programs in perpetuity but rather to, by developing better ways of delivering services, attempt to find ways to back up city and State systems that are in fact designed for the present purposes of delivering those services.

In other words, the questions of mobilizing other resources become very important, as do the relationships with groups like the United Fund, like the city government, like the Urban League and other activities.

ADMINISTRATION OF COMMUNITY ACTION AGENCIES

Mr. FLOOD. They are not run by highly commendable, desirable, well known do-gooders who are not very effective or efficient, are they?

Mr. RUMSFELD. Do you mean the community action agencies?

Mr. FLOOD. They are fine people.

Mr. RUMSFELD. The community action agencies?

Mr. FLOOD. Yes.

Mr. RUMSFELD. Again it varies dramatically.

I was visiting with a man the other day who was running a rural CAP in Missouri and he is a very able, thoughtful person. He is not a do-gooder type as you put it. Other cases show there is no question we have some people on boards and on staffs that have operated along the lines you have described. Mr. Carlucci has been involved in attempting to redraft our regulations and guidance materials for community action agencies in a way that will encourage their relating with other community organizations rather than isolating and separating their activities from those people. I think that this balance and this input would be very constructive.

Mr. FLOOD. This is primarily where you are under fire, as you know.

Mr. RUMSFELD. Yes; local agencies are now being encouraged to replace Economic Opportunity Act funds with funds from other sources. The hope is that this will free OEO funds and make them available competitively to other uses for experimental and resource mobilization projects. Also, allocation to local agencies will be terminated if they prove ineffective because of an inability or unwillingness to benefit from technical assistance.

SALARIES OF LOCAL OFFICIALS

Mr. FLOOD. These local community action agencies have a substantial number of people on their payrolls. Their salaries are published in the local newspapers compared with the employees of the city hall and the employees of the county courthouse whom everybody has known for years. There is quite a startling difference. Has this caused you much trouble?

Mr. RUMSFELD. It causes me trouble, yes, sir. I had a visit from the mayor from Mississippi, and he told be about an instance where the local OEO activity came in and through a higher salary was able to attract away one of the best teachers in the school. Of course, this is not the way this program was designed to function. There is a statutory prohibition in this area.

Mr. FLOOD. What happens when the local weekly paper publishes a list of 36 people, most unknown, many from out of town, with the following salary scales?

Mr. RUMSFELD. Exactly. It is a very harmful thing. This is one of the reasons that Mr. Carlucci is in the process of trying to encourage these community action agencies to use existing agencies to a greater extent.

Take a Headstart program. That could be run by the community action agency itself or the responsibility for running that Headstart program could be delegated to the local school board or to a local organization. To the extent it is delegated, the tendency then would be to use the administrative and personnel strength of that organization to conduct it.

To the extent they do it themselves, too often they end up hiring away somebody from an existing voluntary organization or governmental organization. That, then, does not add; it tends to subtract something.

Mr. FLOOD. I mean from out of town.

Mr. RUMSFELD. Yes, sir.

Mr. CARLUCCI. If I may add a point to that. We do have comparability status and comparability guidelines on salaries. Whereas you point out in some cases the community action agency salaries are higher than that of other institutions in the community, there are many cases where they are lower.

Yesterday I visited a community action agency in Harrisburg, Pa., where the turnover of personnel was startling and the executive director—coincidentally a former employee of the United Fund—attributed it to his inability to pay adequate salaries to his people. I think that we have both problems depending on the particular community.

Mr. FLOOD. Is that uncommon?

Mr. CARLUCCI. I wouldn't say it is uncommon, sir; no. I think that there are cases where they may pay higher than some of the other institutions. I think there are cases as well where they pay lower. It depends on what they are doing with their own particular budget. We do, as I said, have comparability guidelines.

Mr. FLOOD. Do you have many people from out of town on the local community agency staff with a substantial salary?

Mr. CARLUCCI. I think in general the answer to that question would be "No."

The executive directors may come from out of town.

Mr. FLOOD. I mean the staff itself.

Mr. CARLUCCI. The staff itself is mainly, for the most part, people in the particular area.

Mr. RUMSFELD. It is different. So many people and the public keep thinking that the activities of the Office of Economic Opportunity are Federal activities and that the people are civil service employees.

Mr. FLOOD. That is not locally known. Why don't you do something about that?

Mr. RUMSFELD. I have been trying. It is the most frustrating thing in the world. I get letters from Senators asking me to fire some local employee of a community action agency. Of course, it's analogous to a school board. The superintendent of schools receives funds from the Federal Government but he is not hired by the Federal Government. He is not civil service and can't be fired by the Federal Government. In fact, he is a creature of the local board.

Mr. FLOOD. You certainly are not getting this point across, believe me.

Mr. RUMSFELD. I know it. It is a very complicated thing. They always refer to them as OEO employees when they are no more OEO employees than a school board or school teacher.

Mr. FLOOD. Do you have much trouble with local politicians trying to appoint these people to jobs or twisting the arms of directors? Do you have much trouble with local county chairmen, and so on, getting in your way?

Mr. RUMSFELD. I have not had any problem with them yet. I get distress signals from local, State, and Federal politicians who are distressed because they, in an instance here or there, feel that some individuals who, in their minds are Federal employees but who actually are not Federal employees, are involved in politics.

For example, there is a situation in Kentucky where one of the Democratic Congressmen felt that the local community action agency was getting ready to run someone against him in a primary. There was a problem in Oregon where they felt that.

GREEN AMENDMENT

Mr. FLOOD. You know the so-called Green amendment?

Mr. RUMSFELD. Yes, sir.

Mr. FLOOD. What about it?

Mr. RUMSFELD. It has not been utilized to any great extent. If my memory serves me correctly, only 51 out of the 962 community action agencies in the country have exercised that power.

Mr. FLOOD. Will you set forth in your statement what the Green amendment is?

Mr. RUMSFELD. I will be happy to.

(The information follows:)

The Green amendment is contained in sections 210 and 211 of the Economic Opportunity Act. I have a copy of these sections of the act for insertion in the record.

Basically the Green amendment authorizes the State governments, or political subdivisions of States, to designate qualifying organizations as local community action agencies. Provision is made for the Director of OEO to determine the designation in specified circumstances (sec. 210d). There is also a

provision which permits political subdivisions to "opt out" of a CAA designated by a larger jurisdiction. Governing boards of community action agencies are limited in size to 51 members, with a requirement that one-third be public officials or their representatives and at least one-third be representatives of the poor people in the area served.

The deadline for complying with agency regulations implementing the Green amendment was February 1, 1969. In most cases the existing CAA's were designated by State or local governments to continue to serve the community. However most CAA's had to reconstitute their governing boards to increase the representation (and thus the control) of public officials. Only 20 new CAA's were designated to replace existing agencies.

Of 972 community action agencies, 878 were so designated by county or municipal governments. Twelve were designated by State Governors, and the remaining 82 by the Director of OEO (in the absence of adequate State or local governmental designation). Over 50 of the CAA's designated are public agencies. The great majority, however, continue to be private, nonprofit organizations.

Part A—Community Action Agencies and Programs

Designation of community action agencies: community action programs

Sec. 210. (a) A community action agency shall be a State or political subdivision of a State (having elected or duly appointed governing officials), or a combination of such political subdivisions, or a public or private nonprofit agency or organization which has been designated by a State or such a political subdivision or combination of such subdivisions, which—

(1) has the power and authority and will perform the functions set forth in section 212, including the power to enter into contracts with public and private nonprofit agencies and organizations to assist in fulfilling the purposes of this title, and

(2) is determined to be capable of planning, conducting, administering and evaluating a community action program and is currently designated as a community action agency by the Director.

A community action program is a community based and operated program—

(1) which includes or is designed to include a sufficient number of projects or components to provide, in sum, a range of services and activities having a measurable and potentially major impact on causes of poverty in the community or those areas of the community where poverty is a particularly acute problem;

(2) which has been developed, and which organizes and combines its component projects and activities, in a manner appropriate to carry out all the purposes of this title; and

(3) which conforms to such other supplementary criteria as the Director may prescribe consistent with the purposes and provisions of this title.

(b) Components of a community action program may be administered by the community action agency, where consistent with sound and efficient management and applicable law, or by other agencies. They may be projects eligible for assistance under this title, or projects assisted from other public or private sources; and they may be either specially designed to meet local needs, or designed pursuant to the eligibility standards of a State or Federal program providing assistance to a particular kind of activity which will help in meeting those needs.

(c) For the purpose of this title, a community may be a city, county, multicity, or multicounty unit, an Indian reservation, or a neighborhood or other area (irrespective of boundaries or political subdivisions) which provides a suitable organizational base and possesses the commonality of interest needed for a community action program. The Director shall consult with the heads of other Federal agencies responsible for programs relating to work and training programs, physical and economic development, housing, education, health, and other community services to encourage the establishment of coterminous or complementary boundaries for planning purposes among those programs and community action programs assisted under this title.

(d) The Director may designate and provide financial assistance to a public or private nonprofit agency as a community action agency in lieu of a community action agency designated under subsection (a) for activities of the kind described

in this title where he determines (1) that the community action agency serving the community has failed, after having a reasonable opportunity to do so, to submit a satisfactory plan for a community action program which meets the criteria for approval set forth in this title, or to carry out such plan in a satisfactory manner, or (2) that neither the State nor any qualified political subdivision or combination of such subdivisions is willing to be designated as the community action agency for such community or to designate a public or private nonprofit agency or organization to be so designated by the Director.

(e) No political subdivision of a State shall be included in the community action program of a community action agency designated under section 210(a) if the elected or duly appointed governing officials of such political subdivision do not wish to be so included. Such political subdivision, and any public or private nonprofit organization or agency designated by it, shall be eligible for designation as a community action agency on the same basis as other political subdivisions and their designees.

(f) For the purposes of this title, a tribal government of an Indian reservation shall be deemed to be a political subdivision of a State.

COMMUNITY ACTION AGENCIES AND BOARDS

Sec. 211. (a) Each community action agency which is a State or a political subdivision of a State, or a combination of political subdivisions, shall administer its program through a community action board which shall meet the requirements of subsection (b). Each community action agency which is a public or private nonprofit agency or organization designated by a State or political subdivision of a State, or combination of political subdivisions, or is an agency designated by the Director under section 210(d), shall have a governing board which shall meet the requirements of subsection (b).

(b) Each board to which this subsection applies shall consist of not more than 51 members and shall be so constituted that (1) one-third of the members of the board are public officials, including the chief elected official or officials, or their representatives, unless the number of such officials reasonably available or willing to serve is less than one-third of the membership of the board, (2) at least one-third of the members are persons chosen in accordance with democratic selection procedures adequate to assure that they are representative of the poor in the area served, and (3) the remainder of the members are officials or members of business, industry, labor, religious, welfare, education, or other major groups and interests in the community. Each member of the board selected to represent a specific geographic area within a community must reside in the area he represents. No person selected under clause (2) or (3) of this subsection as a member of a board shall serve on such board for more than 3 consecutive years, or more than a total of 6 years.

(c) Where a community action agency places responsibility for major policy determinations with respect to the character, funding, extent, and administration of and budgeting for programs to be carried on in a particular geographic area within the community in a subsidiary board, council, or similar agency, such board, council, or agency shall be broadly representative of such area, subject to regulations of the director which assure adequate opportunity for membership of elected public officials on such board, council, or agency. Each community action agency shall be encouraged to make use of neighborhood-based organizations composed of residents of the area or members of the groups served to assist such agency in the planning, conduct, and evaluation of components of the community action program.

(d)(1) The Director shall promulgate such standards or rules relating to the scheduling and notice of meetings, quorums (which shall be not less than 50 per centum of the total membership), procedures, establishment of committees, and similar matters as he may deem necessary to assure that boards which are subject to subsection (b) provide a continuing and effective mechanism for securing broad, community involvement in programs assisted under this title and that all groups or elements represented on those boards have a full and fair opportunity to participate in decisions affecting those programs. Such standards or rules shall not preclude any such board from appointing an executive committee or similar group, which fairly reflects the composition of the board, to transact the board's business between its meetings. The quorum requirements for any such committee or group, which shall not be less than 50 percent of the membership, shall be established by the board.

(2) The Director shall require community action agencies to establish procedures under which community agencies and representative groups of the poor which feel themselves inadequately represented on the community action board or governing board may petition for adequate representation.

(e) The powers of every community action agency governing board shall include the power to appoint persons to senior staff positions, to determine major personnel, fiscal, and program policies, to approve overall program plans and priorities, and to assure compliance with conditions of and approve proposals for financial assistance under this title.

(f) Each community action board referred to in the first sentence of subsection (a) shall—

(1) have a full opportunity to participate in the development and implementation of all programs and projects designed to serve the poor or low-income areas with maximum feasible participation of residents of the areas and members of the groups served, so as to best stimulate and take full advantage of capabilities for self-advancement and assure that those programs and projects are otherwise meaningful to and widely utilized by their intended beneficiaries;

(2) have at least one-third of its members chosen in accordance with democratic selection procedures adequate to assure that they are representative of the poor in the area served;

(3) be so established and organized that the poor and residents of the area concerned will be enabled to influence the character of programs affecting their interests and regularly participate in the planning and implementation of those programs; and

(4) be a continuing and effective mechanism for securing broad community involvement in the programs assisted under this title.

Mr. RUMSFELD. We are strengthening the role of the States in these activities. We are putting a number of policies into effect. Other developments include Greater State Economic Opportunity Office involvement in regional funding plans for Economic Opportunity Act programs;

Regular and systematic consultation with the State offices in organizing training and technical assistance activities;

Initiatives by regional directors of the OEO to work out joint agreements with State offices on coordinating State personnel with community agencies,

And, increased efforts by State offices to mobilize State government resources for local community action programs.

One of the things that has happened in the last 4 years since this program existed is there has been a good deal of institutional reform. It is so important now to begin to work with the States and to assist them in developing competence in these areas.

ATTITUDE OF LOCAL NEWS MEDIA

Mr. FLOOD. How do the local news media, newspapers, radio, the media generally treat you? What do they think about you?

Mr. RUMSFELD. Me, personally, or the program?

Mr. FLOOD. No, the program.

Mr. RUMSFELD. I would say it nets out favorably. I look at the clippings that come across my desk and there are a great many favorable editorial comments about specific things that happen in a community. Of course, there is a great deal of human interest in these programs. Then you get the very big ones where banner headlines say, "Communist in Program" or "Black Panther Takes Over" or "$400,000 Missing." All of these things are enough to keep you awake at night.

Mr. FLOOD. Across the board?

Mr. RUMSFELD. I would say it is generally favorable. Frankly, in many of the instances, a good deal of the criticism turns out to be either not valid or to have been misdirected. For example, the Office of Education in Washington does not get blamed when a local treasurer of of a school board does something wrong, but when the treasurer of a local community action agency that is also funded by the Federal Government does something wrong, then it is OEO that gets blamed. The weight of the criticism I think is exaggerated in this agency's situation relative to others.

RELATIONS WITH CHURCHES

Mr. FLOOD. How do you get along with the churches?

Mr. RUMSFELD. Not as well as I think we ought to. I am hopeful that we can do a better job of involving the churches. Many churches have been very helpful in the programs and many individual church leaders have worked very closely with community action agency boards. I wouldn't say that we have succeeded to my satisfaction in bringing the weight of interest and manpower and resources of the churches of this country to bear on these problems.

HEALTH SERVICES

I would like to turn to health services briefly. We plan to use about $10 million in new health services and demonstrations in fiscal year 1970 in two major areas: One, in assisting several hospitals to restructure outpatient departments to improve service quality and responsiveness to community needs. It is increasingly clear that one of the things that is changing very rapidly in this country is the delivery of health services. One of the problems that exists is the quality of health service delivery in the outpatient department of hospitals. We feel that with the experience we have had in our neighborhood health centers and other comprehensive health services projects, 49 of them exist around the country, this is the next very logical area where on a small basis we can hopefully develop some important new demonstrations.

PROGRAMS FOR THE AGING

Mr. FLOOD. Are you concerned about the so-called senior citizens very much?

Mr. RUMSFELD. Yes, sir. We have a budget that is directed toward older persons, in some cases senior service centers and in some cases manpower programs that tend to focus on providing jobs for older persons. Older persons under our statute are defined as over 55.

We had an activity called Project FIND, on which a report should be out very soon. That involved older persons.

The second area with respect to health services is exploring new models, as I indicated earlier, especially for rural areas where health problems and needs differ markedly from urban communities. We were also involved in the health manpower area, and the Office of Economic Opportunity will encourage development of a recruitment and clearinghouse activity to collect and circulate information on available openings for health professionals and nonprofessionals. One of the things that has developed from our neighborhood health centers is

that, through the local neighborhood boards, for example in Denver, they were able to select and then prepare neighborhood people with health manpower skills for employment at the health center. They then became involved in a series of manpower activities related to the neighborhood health center.

Mr. FLOOD. In all of these things you invited in both sexes?

Mr. RUMSFELD. Yes. I believe so. With respect to the health center training activities, there is probably a higher percentage of females. Both sexes are invited.

The success of this project in Denver has led to a situation where it is increasingly accepted in the health community that individuals who lack graduate degrees and extended training in medical disciplines can in fact provide a very useful service and obtain gainful employment for themselves.

PROGRAMS FOR HIGH SCHOOL DROPOUTS

Mr. FLOOD. Is there any program for high-school dropouts due to pregnancy and illegitimate births?

Mr. RUMSFELD. The family planning program is, depending on the individual organization handling the project in a given area, offering family planning services to a full range of people.

Mr. FLOOD. Specifically high school dropouts, pregnant girls?

Mr. RUMSFELD. We have no specific program that I know of directed to it. No national program. That is not to say that in some of the 962 local community action agencies, utilizing the local initiative funds, they might not have programs that would deal specifically with that problem. That is their option. They make the decisions. They are not imposed from Washington.

DRUG ADDICTION

Mr. FLOOD. Do you engage in special programs for drug addicts?

Mr. RUMSFELD. Yes, sir. Dr. Bryant, as I had indicated, will be here later in the day—we have seven community demonstration projects in the narcotics addiction control area.

Mr. FLOOD. Very well.

Mr. RUMSFELD. The Senate passed an amendment to our legislation that would put us into this area to a greater extent than we are now. The same thing is true with respect alcoholism control activities.

EMERGENCY FOOD AND MEDICAL SERVICES

Now, if I may, I would like to turn to the question of emergency food and medical services.

Program expansion and new forms of service will require about $30 million for fiscal year 1970, with major emphasis on extending the program to nearly 100 additional low-income rural counties and analyzing attitudes and habits of low-income groups with respect to food, and investigating the prospects for introducing fortified foods and diet supplements.

Funds are utilized to facilitate access by the poor to other Federal, State, and local food assistance programs so as to benefit the poor not reached by other agencies. It is expected that the fiscal year 1970 effort

will affect some 1.5 million persons in at least 475 projects across the country.

The President's Message on Hunger and Malnutrition in the United States outlined a role for the Office of Economic Opportunity which is somewhat expanded from that which has been the case in previous years.

I will skip over Manpower Activities.

LEGAL SERVICES

I would like to mention Legal Services. In my judgment, few activities have assisted the poor as directly as the Office of Economic Opportunity's Legal Services program. To continue this nationwide——

Mr. FLOOD. Few have been more controversial.

Mr. RUMSFELD. Yes, sir.

To continue this nationwide effort to bring legal assistance to low-income people, a total of $54 million is requested for fiscal year 1970. Before I went in the executive branch——

Mr. FLOOD. What does the American Bar Association say lately?

Mr. RUMSFELD. They were very deeply involved in developing this program.

Mr. FLOOD. I know that in the last——

Mr. RUMSFELD. As recently as 3 days ago they testified before a Senate committee very enthusiastically encouraging——

Mr. FLOOD. Do you have something about that in the record?

Mr. RUMSFELD. I think this would be a good idea. We could submit not only a statement from the American Bar Association——

Mr. FLOOD. We will depend on your judgment.

Mr. RUMSFELD. —— but also comment of the Judicial Conference, and possibly the Eisenhower Commission on Violence which recently reported——

Mr. FLOOD. Your judgment will do.

Mr. RUMSFELD. —— indicated the importance, in their judgment, of the program.

(The information follows:)

These statements not only encompass all aspects of the legal profession—the bench, the bar, deans of law schools and members of legal aid societies—but also include such diverse groups as General Accounting Office, the National Advisory Commission on Civil Disorders, the President's Commission on the Causes and Prevention of Violence and the American Assembly's study of "Law and the Changing Society". They see legal services, including its law reform aspects, as a cost-effecitve, necessary alternative to lawlessness. They point out the undesirability of permitting the integrity of the attorney-client relationship to be shattered by a veto which permits advance selection of the remedies which a lawyer may pursue on behalf of his client.

RESOLUTION ADOPTED BY AMERICAN BAR ASSOCIATION BOARD OF GOVERNORS, OCTOBER 18, 1969

Whereas the adoption by the U.S. Senate of an amendment to S.B. 3016 seeks to place in the hands of the Governors of the various States a power of veto over the activities of legal services programs funded by the Office of Economic Opportunity.

And whereas such power contravenes the American Bar Association's commitment to secure full and effiective legal services to the poor by providing every person in our society with access to the independent professional services of a lawyer of integrity and competence;

And whereas enlarging the scope and effectiveness of the power to veto legal services programs is highly undesirable because experience has shown that the power to veto may be used to circumscribe the freedom of legal service attorneys in representing their clients to address issues of governmental action or omission affecting the rights of their clients, and to discourage actions which are politically unpopular or adverse to the views of the majority;

And whereas such limitations impair the ability of legal services programs to respond properly to the needs of the poor and constitute oppressive interference with the freedom of the lawyer and the citizen: Now, therefore, be it

Resolved, That the American Bar Association reaffirms its position that the legal services program should operate with full assurance of independence of lawyers within the program not only to render services to individual clients but also in cases which might involve action against governmental agencies seeking significant institutional change.

And further resolved, That representatives of the American Bar Association be authorized to express the concern of the association as to the effect of the aforesaid amendment.

Adopted at the annual meeting of the American Bar Association in Dallas, Tex., August 1969.

RESOLUTION

Whereas attacks against legal aid and legal services lawyers and other lawyers threaten the rights of clients to have independent advocates: Now, therefore, be it

Resolved, That the American Bar Association supports and continues to encourage every lawyer in the exercise of his professional responsibility to represent any client or group of clients in regard to any cause no matter how unpopular; and

Further resolved, That the American Bar Association deplores any action or statement by any Government official who attempts to discourage or interfere with the operation or activities of any properly constituted organization which provide legal services to the community because the lawyers associated therewith or any lawyer acting in good faith and within the confines of ethical conduct, zealously represent clients in matters involving claims against a Government entity or individuals employed thereby.

Adopted at the annual meeting of the American Bar Association in Dallas, Tex., August 1969.

AMERICAN BAR ASSOCIATION,
Washington, D.C., October 31, 1969.

THE EDITOR,
The Washington Post,
Washington, D.C.

DEAR SIR: You are to be commended for your excellent editorial, "Lawyers for the Poor" which appeared on October 22. I am pleased and proud to confirm that the Nation's legal community, as stated in your editorial, "is rallying in defense of the OEO lawyers and in opposition to the Murphy amendment." Many State and local bar associations have followed the lead of the ABA in adopting resolutions opposing amendments to the OEO authorization bill which would inhibit legal services lawyers in providing a full range of legal services to the poor. Similarly, other professional associations and the law school community are expressing their views in opposition to such amendments.

I noted the letter from Senator Murphy responding to your editorial in which he states, as he did on the floor of the Senate, that the original intent of Congress was to provide only limited legal services to the poor. Senator Murphy also objects to lawsuits "in which taxpayers are paying OEO attorneys for suing Government agencies."

My reading of the legislative history of the OEO legal services program leads me to a conclusion directly opposite to that of Senator Murphy. In reporting the 1967 OEO authorization bill to the Senate, the Committee on Labor and Public Welfare, of which Senator Murphy was then a member as he is now, stated:

"Yet, the legal services program can scarcely keep up with the volume of cases in the communities where it is active, not to speak of places waiting for funds to start the program. *The committee concludes, therefore, that more attention should be given to test cases and law reform.*" (Emphasis added, 90th Cong., S. Rept. No. 563, p. 40.)

In the same report, the committee stated with further reference to legal services programs: "Particular attention should be given to activities which establish legal precedents and make improvements in laws affecting large numbers of poor." (p. 55)

With regard to the Senator's concern as to suits against Government agencies, the Senate, also in 1967, voted down an amendment offered by Senator Murphy which would have prohibited such suits being brought by legal services lawyers. The present Murphy amendment by indirection seeks to give the Governors the power to do what the Senate rejected in 1967 and, therefore, constitutes a serious regression from the position previously taken by Congress.

Thus, it appears, that Congress has specifically considered the questions raised by Senator Murphy and in both cases affirmed its intention to provide to the poor the full range of legal services. The Murphy amendment, if enacted, would oppressively interfere with the independence of lawyers and deprive the poor citizen of representation to which they are entitled and which is readily available to all other elements of our society. I hope that the House of Representatives will reject any amendments which would thus restrict or inhibit poverty lawyers in providing professional service to their clients.

Sincerely,

BERNARD G. SEGAL.

ADMINISTRATIVE OFFICE OF THE U.S. COURTS,
SUPREME COURT BUILDING,
Washington, D.C., November 4, 1969.

Hon. CARL D. PERKINS,
Chairman, Committee on Education and Labor,
House of Representatives, Washington, D.C.

DEAR CONGRESSMAN PERKINS: This is in reference to S. 3016, a bill now pending before your committee.

The Judicial Conference of the United States at its meeting on November 1, 1969 considered an amendment to S. 3016 which would give the Governor of each State an item veto over legal service programs in his State and would remove the power of the Director of the Office of Economic Opportunity to override a Governor's veto. After considering this proposed amendment, the Judicial Conference voted its disapproval thereof and directed this office to communicate its views to your committee.

Sincerely,

WILLIAM E. FOLEY,
Deputy Director.

STATEMENT OF LAW SCHOOL DEANS

We concur with the resolution adopted on October 18, 1969, by the board of Governors of the American Bar Association and the action of the Judicial Conference of the United States at its meeting on November 1, 1969, and voice our opposition to the amendment to S. 3016 which would give State Governors a veto over legal services programs.

As law school deans we are concerned with the possibility of intereference with the attorney-client relationship and the traditional independence of the legal profession. We are especially concerned with the effect that this amendment may have on legal education and the development of a sense of professional responsibility among law students to participate in programs providing meaningful legal services to the disadvantaged.

List of law schools whose deans subscribed to "Statement of Law School Deans" submitted for the record of hearing on November 14, 1969, before Senate Subcommittee on Employment, Manpower and Poverty.

Samuel H. Hesson, Albany law School, Union University
B. J. Tennery, Washington College of Law, American University
Willard H. Pedrick, Arizona State University College of Law
Ralph C. Barnhart, University of Arkansas School of Law
Robert F. Drinan, S.J., Boston College Law School
Paul M. Siskind, Boston University School of Law
Frederick D. Lewis, University of Miami School of Law
William B. Lockhart, University of Minnesota Law School

Patrick D. Kelly, University of Missouri—Kansas City, School of Law
Robert E. Sullivan, University of Montana School of Law
Henry M. Grether, Jr., University of Nebraska College of Law
Thomas W. Christopher, University of New Mexico School of Law
Edward C. Halbach, Jr., University of California School of Law, Berkeley
Edward L. Barrett, University of California School of Law, Davis
Arthur M. Sammis, University of California, Hastings College of Law
Robert K. Castetter, California Western School of Law of the U.S. International University
Clinton E. Bamberger, Jr., Catholic University of America School of Law
Phil C. Neal, University of Chicago Law School
William F. Zacharias, Chicago-Kent College of Law
Samuel S. Wilson, University of Cincinnati College of Law
James K. Gaynor, Cleveland-Marshall College of Law, Cleveland State University.
Howard R. Sacks, University of Connecticut School of Law
James A. Doyle, Creighton University School of Law
Robert B. Yegge, University of Denver College of Law
Robert G. Weelew, De Paul University College of Law
Brian G. Brockway, University of Detroit School of Law
A. Kenneth Pye, Duke University School of Law
Ben F. Johnson, Emory University School of Law
William H. Angus, State University of New York at Buffalo School of Law
Robert B. McKay, New York University School of Law
DeJarman LeMarquis, North Carolina Central University School of Law
Robert K. Rushing, University of North Dakota School of Law
John Ritchies, Northwestern Univeristy School of Law
Eugene N. Hanson, Ohio Northern University College of Law
Ivan C. Rutledge, Ohio State University College of Law
Ted Foster, Oklahoma City University Law School
Eugene F. Scoles, University of Oregon School of Law
Jefferson B. Fordham, University of Pennsylvania Law School
John J. Murphy, St. John's University School of Law
Richard J. Childress, St. Louis University School of Law
Joseph A. Sinclitico, Jr., University of San Diego School of Law
William J. Riegger, University of San Francisco School of Law
Leo A. Huard, University of Santa Clara School of Law
John P. Loftus, Seton Hall University School of Law
William Hughes Mulligan, Fordham University School of Law
Adrian S. Fisher, Georgetown University Law Center
Robert Kramer, National Law Center, George Washington University
Lindsey Cowen, University of Georgia School of Law
Lewis H. Orland, Gonzaga University School of Law
Derek C. Bok, Harvard University Law School
Malachy T. Mahon, Hofstra University School of Law
Paul E. Miller, Howard University School of Law
Albert R. Menard, Jr., University of Idaho College of Law
John E. Cribbet, University of Illinois College of Law
Cleon H. Foust, Indiana University Indianapolis Law School
David H. Vernon, University of Iowa College of Law
Lawrence E. Blades, University of Kansas School of Law
William Lewis Matthews, Jr., University of Kentucky College of Law
James R. Adams, University of South Dakota School of Law
Dorothy W. Nelson, University of Southern California Law Center
Bayless A. Manning, Stanford University School of Law
Richard T. Dillon, Stetson University College of Law
Robert W. Miller, Syracuse University College of Law
Harold C. Warner, University of Tennessee College of Law
W. Page Keeton, University of Texas School of Law
Richard B. Amandes, Texas Tech University School of Law
Karl Krastin, University of Toledo College of Law
Samuel D. Thurman, University of Utah College of Law
John W. Wade, Vanderbilt University School of Law
Harold G. Reuschlein, Villanova University School of Law
Monrad G. Paulsen, University of Virginia School of Law
John E. Howe, Washburn University School of Law
William L. Lamey, Loyola University School of Law, Chicago

Leo J. O'Brien, Loyola University School of Law, Los Angeles
Marcel Garsaud, Jr., Loyola University School of Law, New Orleans
Edward S. Godfrey, University of Maine School of Law
Robert F. Boden, Marquette University Law School
William P. Cunningham, University of Maryland School of Law
Hiram H. Lesar, Washington University School of Law
Charles W. Joiner, Wayne State University Law School
Paul L. Selby, Jr., West Virginia University College of Law
Spencer L. Kimball, University of Wisconsin Law School
Frank J. Trelease, University of Wyoming College of Law
Louis H. Pollak, Yale Law School

REPORT OF THE NATIONAL ADVISORY COMMISSION ON CIVIL DISORDERS

EXPANDED LEGAL SERVICE TO THE POOR

Among the most intense grievances underlying the riots of the summer 1967 were those which derived from conflicts between ghetto residents and private parties, principally the white landlord and merchant. Though the legal obstacles are considerable, resourceful and imaginative use of available legal processes could contribute significantly to the alleviation of tensions resulting from these and other conflicts. Moreover, through the adversary process which is at the heart of our judicial system, litigants are afforded meaningful opportunity to influence events which affect them and their community. However, effective utilization of the courts requires legal assistance, a resource seldom available to the poor.

Litigation is not the only need which ghetto residents have for legal service. Participation in the grievance procedures suggested above may well require legal assistance. More importantly, ghetto residents have need of effective advocacy of their interests and concerns in a variety of other contexts, from representation before welfare agencies and other institutions of government to advocacy before planning boards and commissions concerned with the formulation of development plans. Again, professional representation can provide substantial benefits in terms of overcoming the ghetto resident's alienation from the institutions of government by implicating him in its processes. Although lawyers function in precisely this fashion for the middle class clients, they are too often not available to the impoverished ghetto resident.

The legal services program administered by the Office of Economic Opportunity has made a good beginning in providing legal assistance to the poor. Its present level of effort should be substantially expanded through increased private and public funding. In addition, the participation of law schools should be increased through development of programs whereby advanced students can provide legal assistance as a regular part of their professional training. In all of these efforts, the local bar bears major responsibility for leadership and support.

"Report of the National Advisory Commission on Civil Disorders." Bantam Book, The New York Times Co., 1968. Part III, chapter 10, pp. 292–3.

EXCERPT FROM NATIONAL COMMISSION ON THE CAUSES AND PREVENTION OF VIOLENCE, STATEMENT ON VIOLENCE AND LAW ENFORCEMENT, NOVEMBER 1969

We recommend that Federal and State Governments take additional steps to encourage lawyers to devote professional services to meeting the legal needs of the poor.

Specifically, we recommend that:

The Legal Services Program of the Office of Economic Opportunity, which already has won the strong support of the organized bar and the enthusiasm of graduating law students across the country, should be continued and expanded. The more recently started VISTA lawyers program and the Smith fellowships program should also be enlarged. Experiments should be encouraged with new programs to provide trained attorneys to deal with particular types of legal problems faced by the poor, such as welfare rights and consumer protection. The independence of all government-supported programs providing legal services to the poor should be safeguarded against governmental intrusion into the selection of the types of cases government-financed lawyers can bring on behalf of their indigent clients. The relationship between lawyer and client is as private as that between doctor and patient, and the fact of poverty must not be the basis for destroying this privacy.

OTHER STATEMENTS ON NECESSITY FOR LAW REFORM

National Legal Aid and Defender Association, "Preliminary Draft on Case Load Limitations" (1969):

Unless the limited resources of legal aid services are focused upon approaches to the elimination of the causes of poverty and to the enhancement of the ability of poor people to resolve their own problems, individually and as a group, there will be no end to the need for more and more resources. (p. 2–3.)

General Accounting Office Report to Congress (March 1969):

. . . We recommend that the Director, OEO—more clearly define the objectives and major goals of the program to the LSP project directors and instruct them on the methodology of engaging in activities directed toward economic development and law reform. (p. 108–109.)

Report of the Committee on Labor and Public Welfare, U.S. Senate—October, 1969 (Statement of John Robb, chairman of the ABA Committee on Legal Aid and Indigent Defendants):

What we are trying to do in this program is to have a peaceful vehicle where these disputes can be taken from the strife torn campuses in the streets and the fire and burnings that are taking place and give these people a peaceful forum in which the grievances that they have against society can be aired, where their position can be set forth and where nobody can interfere with that lawyer's sole obligation to represent his client, not a local city, not a local unsympathetic chief executive of a State government. (p. 19–22.)

Report of The American Assembly on "Law and the Changing Society" (March 1968) (cosponsored by the ABA and The American Assembly):

Federal, state and local government support of the activities of legal aid and defender facilities deserves to be a permanent element of public policy. These agencies should be expected and encouraged to deal not only with emergency and short-term matters but with fundamental legal problems—such as legislative programs, constitutional questions and the legality of agency and executive actions. They should be expected and encouraged to participate in the development and enactment of new legislation that is of interest to their clients. (p. 3.)

Statement by Maynard J. Toll, President of the National Legal Aid and Defender Association (October 17, 1969):

NLADA has strongly supported . . . the Legal Services Program of OEO because its administrators have insisted that these programs for the poor provide the fullest range of services. This approach has demonstrated its practical idealism as evidenced by the response of the poverty community to these programs. To tell the poor now that legal services are to be cut back and that their lawyers cannot entertain cases of broad social significance would destroy all the gains already achieved by the program. More, the threat of restrictions would cause the poor to view the program as a paternalistic handout meant to deceive but not to help effectively.

Mr. RUMSFELD. The $54 million requested will support the training and services activities of approximately 2,000 attorneys serving the poor. It will permit a modest expansion into new areas. We hope to extend services to more rural counties and urban communities not presently covered by the program. It seems to me that you are quite right when you say it has been controversial. It is unsettling in an area when the poor are given access to the legal process and full range of representation from a legal standpoint.

Mr. FLOOD. You know, legal aid societies in many, many local counties, bar associations——

Mr. RUMSFELD. Yes, sir, these programs work very closely with the legal aid societies.

Mr. FLOOD. Very well.

Do you have trouble getting people for these jobs? Lawyers?

Mr. RUMSFELD. It is an amazing thing to me, the number of applicants for legal services programs has been incredibly high from law schools across the country.

Mr. FLOOD. You have no trouble with the legal aid society in county *x* that has been in the business for 50 years?

Mr. RUMSFELD. In some places.

Mr. FLOOD. Do you get in their hair?

Mr. RUMSFELD. In some places.

Mr. FLOOD. I mean generally.

Mr. RUMSFELD. I would say, generally no. I would say the support——

Mr. FLOOD. Are you a lawyer?

Mr. RUMSFELD. No, sir. I am a law-school dropout.

Mr. FLOOD. You have done very well for a dropout.

Mr. RUMSFELD. The bar associations locally and statewide and the legal aid societies have, for the most part, been very cooperative. I think the relationships have been essentially very good.

Mr. FLOOD. What about local probation societies, officers and directors: do you know about those people?

Mr. RUMSFELD. I don't have any idea what the relationship has been.

Mr. FLOOD. I think that you pretty well covered that. I may say that I have departed from our usual practice here because you were a colleague. We generally don't interrup so much in the direct statement.

Mr. RUMSFELD. That is fine.

Mr. FLOOD. In this case we think it is different. I have here a series of questions I am going to ask you because we feel they should be in the record for a number of reasons.

This program is of intense interest to this subcommittee and we must go into it in some depth.

STATUS OF AUTHORIZING LEGISLATION

Mr. FLOOD. Your authorizing legislation passed the Senate, and is about to be reported out of Committee in the House, is that correct?

Mr. RUMSFELD. Our authorizing legislation passed the Senate on October 14. The House Committee on Education and Labor voted on November 6 to report out its proposed bill.

(Note: The report was filed on November 22.)

Mr. FLOOD. How does the Senate authorization differ from the budget request, if at all?

Mr. RUMSFELD. The Senate authorized the same amount requested in the budget, $2.048 billion. There is some difference in the distribution of funds to various programs, because the Senate acted on the earlier program sent up prior to my becoming Director of the Office of Economic Opportunity. I can furnish for the record a short table highlighting the differences. My major problem would be to reconcile the Senate's adding $10 million for a new alcoholic counseling and recovery program and $4 million for drug rehabilitation, within amounts already allocated to other programs. This would require cutting back something else.

We always have had a problem comparing authorizations with budgets since the title structure under the authorization is not the same as we find convenient to manage and structure the budget. For your convenience, we try to relate all things to the budget structure we discuss before the Appropriations Committee.

(The information follows:)

FISCAL YEAR 1970 ECONOMIC OPPORTUNITY ACT FUNDING

[In millions of dollars]

Budget activity	Budget request	Senate authorization bill	Difference
1. Work and training programs	871.3	890.3	+19.0
2. Community action programs	1,078.7	1,058.7	−20.0
Special impact-community economic development (title ID)	38.0	46.0	+8.0
Headstart	331.7	338.0	+6.3
Follow Through	58.0	60.0	+2.0
Legal services	54.0	58.0	+4.0
Comprehensive health services	74.0	80.0	+6.0
Emergency food and medical services	30.0	25.0	−5.0
Family planning	22.0	15.0	−7.0
Senior opportunities and services	8.8	8.8	
Alcoholic counseling and recovery	0	10.0	+10.0
Drug rehabilitation	1.0	5.0	+4.0
Other community action	461.2	412.9	−48.3
3. Migrant workers program	33.0	34.0	+1.0
4. Rural areas program	12.0	12.0	
5. VISTA	37.0	37.0	
6. General direction and administration	16.0	16.0	
Total	2,048.0	2,048.0	

Mr. FLOOD. At this moment, I believe the House Committee on Education and Labor has marked up the OEO authorization bill, but has not filed its report. Can you tell us how their recommendations differ from the budget?

Mr. RUMSFELD. The House Committee on Education and Labor reported a bill corresponding to the administration's request for a

2-year extension. Attached were three amendments which would increase the total fiscal year 1970 authorization by $295 million. The net effects of the House amendments would be to increase the administration's Headstart and Follow Through budget request by $188.3 million, Emergency Food and Medical Services by $62.0 million, Operation Mainstream by approximately $19 million, and an unspecified general increase of $25.7 million. The committee also stipulated $50 million for new careers. This amount was requested for public service careers, a new program which includes $14.3 million to continue old new careers projects, as well as additional money for variations on the new careers theme. It is assumed from the House Report that the committee has endorsed public service careers as a logical extension of the new careers concept. Finally, there would also be separate title or sub-title recognition of these programs.

REVIEW OF 1970 BUDGET

Mr. FLOOD. Have you had an opportunity, since you became director, to review the 1970 budget for OEO?

Have you made any changes in it? What are they?

Mr. RUMSFELD. Yes. When I was appointed Director of the Office of Economic Opportunity the administration had already amended the previous administration's request. Upon my appointment at the end of last May, I quickly reviewed the status of fiscal year 1969 programs. I found that certain programs priced out for less than had previously been estimated. Rather than make some hasty, uninformed judgments about how that money might best be used for new projects before the fiscal year ended in 30 days, I decided the prudent thing would be to use it for some established, clearly sound projects scheduled for refunding in July or August of fiscal year 1970. This, together with money made available by a subsequent look at this year's costs, and a realignment of R. & D. responsibilities in the delegation of Follow Through and Job Corps, has made available some funds for redirecting the Office of Economic Opportunity emphasis in keeping with the President's series of domestic policy statements. Specifically, this money has been made available to strengthen Research and Demonstration, Emergency Food and Medical Services, and Family Planning.

Mr. FLOOD. Do you expect to make further changes in the 1970 budget?

Mr. RUMSFELD. We would have to make further changes in the 1970 budget if the Congress authorizes and appropriates differently from the President's requests, or if unforeseen situations arise during the balance of fiscal year 1970. I do not foresee any such changes at this time; but if I do later, I will proceed in accordance with the authority under the Economic Opportunity Act and with notice to the Congress.

Mr. FLOOD. Do you have any reservations about this budget?

Mr. RUMSFELD. I have no reservations about this budget, assuming that Congress acts early and favorably on the President's major domestic proposals.

Any budget has to be the result of a tension between what needs to be done, and the capability of doing it during the fiscal year in question. I am concerned about what the passage of time without an

appropriation is doing to our capability of running this program in fiscal year 1970. There is much more I would like to do, but time is running and the Congress still has not acted on the legislation.

Mr. FLOOD. Would you describe the 1970 budget as pretty much a continuation of the 1969 program, or do you feel that there are significant changes in it? If so, what are they?

Mr. RUMSFELD. As my prepared statement indicated, $593.5 million of the fiscal year 1970 request will be targeted at three significant change objectives:

1. To lay the groundwork for the research, development and evaluation efforts necessary to support the Agency's new missions. ($78.6 million).

2. To redirect local community action agencies and strengthen State economic opportunity offices. ($337.9 million).

3. To initiate new thrusts in the priority areas of public service careers, health services, family planning, and emergency food and medical services ($177.0 million).

The balance of $1.455 billion is designated for programs that will continue along lines similar to the programs in fiscal year 1969. Some of these bear heavy funding commitments. Others are under evaluation. A few will be expanded. Overall, a nearly 30 percent redirection in 1 year represents a great deal of change.

DEFINITION OF POVERTY

Mr. FLOOD. What definition of poverty are you now using?

How was this definition devised?

When was the definition last changed?

Mr. RUMSFELD. The Economic Opportunity Act places heavy reliance on income. Let me comment on the standards used in the past and those currently being used. As you will see they can never be entirely satisfactory.

The original definition of poverty used by the Office of Economic Opportunity to determine "universe of need" was developed by the Social Security Administration. It is an economic definition, it ignores physical, psychological and social components of poverty. But even in economic terms, it is insensitive to many factors; for example, it distinguishes between the poor and the nonpoor on the basis of dollar income alone.

Poverty is defined separately for 124 family types. These differ by age and sex of family head, size of family, number of children and whether the family lives on a farm. The operating assumptions for each family type are the same. They are—

(i) What low-income people ought to eat—based on a food plan the Department of Agriculture characterized as "essentially for emergency use":

(ii) How much it costs to buy what low-income people ought to eat, based on maximum efficiency in buying, storing and preparing food—the beans are never burned, the milk is never spilt;

(iii) That a family should spend twice as much for nonfood items as for food, based on a 1955 survey which showed that most families spent one-third of their after taxes income on food.

For each family type, the cost of food times three is the poverty line. Families with smaller gross money income are poor; families with larger gross money incomes are not poor. These basic poverty lines of the original definition are reduced by 30 percent for families on farms because they can grow some of their own food.

In August 1969 the Bureau of the Budget issued an official revised definition of poverty for statistical purposes only. It differs from the original definition of poverty in two ways:

(i) Poverty lines for farm families are only 15 percent below those for nonfarm families.

(ii) The annual adjustments in poverty lines made to reflect rises in the cost of living are to be based on changes in total consumer prices instead of food prices alone as they are now.

In all other respects, the new statistical definition of poverty is similar to the definition used previously.

For a definition of poverty which can be used in administering poverty programs, the Office of Economic Opportunity has chosen to use a simplified form of the poverty lines generated under the statistical definition of poverty. Consequently, the Office of Economic Opportunity poverty guidelines are based only on family size and on whether or not the family lives on a farm.

I have recently issued an instruction revising the OEO poverty guidelines to take into account the recent changes in the statistical definition of poverty. The implementation of guidelines is now in process. Under the new guidelines a nonfarm family of four is considered poor if family income is less than $3,600 a year. A farm family of four is considered poor if family income is less than $3,000. Under the old guidelines used by the Office of Economic Opportunity the poverty cutoff for a nonfarm family of four was $3,300 and for a farm family of four, $2,300.

(The instruction follows:)

OEO INSTRUCTION—INCOME POVERTY GUIDELINES

PURPOSE

To establish current uniform income poverty guidelines applicable to all OEO programs in which income levels constitute admission criteria.

1. BACKGROUND

A. In August, 1967 OEO issued uniform income guidelines for all OEO programs where family income was used to determine program eligibility. These guidelines were based on poverty thresholds derived from a definition of poverty developed for statistical purposes by the Social Security Administration in 1964. In September, 1968 OEO issued new guidelines which reflected increases in consumer prices which had occurred since the first guidelines were issued.

B. An interagency Poverty Level Review Committee, established and chaired by the Bureau of the Budget, recently revised the statistical definition of poverty in two ways:

(1) The poverty thresholds for farm families were raised to 85 percent of the poverty thresholds for nonfarm families. (They had previously been at 70 percent.)

(2) The technique for adjusting the poverty thresholds for changes in consumer prices was improved.

The statistics on poverty in 1968 released by the Census Bureau in mid-August 1969 were calculated under the revised definition of poverty.

2. OEO POLICY

Until further notice, the OEO guidelines for determining program eligibility shall be based on income thresholds generated by the statistical definition of poverty as revised by the Poverty Level Review Committee. These guidelines are to be used for all OEO-funded direct and delegated programs which use income levels to determine eligibility. These guidelines shall be promulgated by each program director no later than October 1, 1969.

DONALD RUMSFELD, *Director.*

OEO POVERTY GUIDELINES FOR FISCAL YEAR 1970

Family size	Nonfarm	Farm
1	$1,800	$1,500
2	2,400	2,000
3	3,000	2,500
4	3,600	3,000
5	4,200	3,500
6	4,800	4,000
7	5,400	4,500
8	6,000	5,000
9	6,600	5,500
10	7,200	6,000
11	7,800	6,500
12	8,400	7,000
13	9,000	7,500

Note: For families with more than 13 members, add $600 for each additional member in a nonfarm family and $500 or each additional member in a farm family.

NUMBER OF POOR PEOPLE

Mr. FLOOD. How many poor people are there and is their number increasing or decreasing?

Mr. RUMSFELD. By current definitions there are more than 25 million poor people. Under any system of measurement, this is a smaller number from previous years. I cannot, of course, specify what has been responsible for each part of the reduction. Let me only add, however, that by definition those who are now in poverty continue to become harder and harder to help. I will furnish a tabular answer to this question for the record.

(The information follows:)

Number of persons below the poverty level[1]

	Total (in thousands)
1968 Revised definitions[2]	25,389
1967:	
Revised definitions[2]	27,769
Original definitions[2]	26,146
1966:	
Revised definitions	28,510
Original definitions	28,057
1966:	
Revised definitions	30,424
Original definitions	29,657
1965:	
Revised definitions	33,185
Original definitions	31,908
1964:	
Revised definitions	36,055
Original definitions	34,290

[1] Includes all persons below the poverty level except for these unrelated individuals below age 14.

[2] Based on revised methodology for processing income data.

RURAL VS. URBAN POOR

Mr. FLOOD. What proportion of the poor are in urban versus rural areas? What proportion of those in urban areas are in cities of less than 250,000?

Mr. RUMSFELD. In 1964, 1965, and 1966, rural persons comprised 43.1, 39.4 and 37.3 percent of poverty respectively. Recent changes in the poverty definition (and its rural component) instituted retroactively to 1966 probably raised the 1966 percentage significantly. It is likely that since 1966 there has been a decline in the rural proportion defined as poor under the new definition. Until new tabulations using the new definition are available from the Census Bureau, we cannot tell how large the change in the rural component is. The 1968 figure for the rural poor probably lies somewhere between 9.5 million (37.4 percent) and 11.0 million (43.3 percent) while the urban poor figures lies between 15.9 million and 14.4 million.

In 1966 using the old definition of poverty 12.1 percent of poor persons living in urban areas live in metropolitan areas of less than 250,000.

Mr. FLOOD. What proportion of OEO funds are spent in urban versus rural areas? What proportion of the funds go to cities of less than 250,000?

Mr. RUMSFELD. The Office of Economic Opportunity funding in urban areas is approximately 70 percent of the total. The Census Bureau defines as urban all residents of communities of 2,500 inhabitants or more, including unincorporated but contiguous areas. By this definition about 67 percent of the Nation's poor are urban residents.

As a matter of policy, the Office of Ecenomic Opportunity has directed its resources primarily toward the areas of highly concentrated poverty. In fiscal year 1969, it is estimated that 30 percent of the Office of Economic Opportunity funds benefited rural areas and perhaps as much as 55 percent went to areas of 250,000 people or more. Thus an estimated 45 percent of the total budget went to areas which have less than 250,000 population.

FUTURE ROLE OF OEO

Mr. FLOOD. What is your concept of the role of OEO? Do you see it primarily as research, demonstration, and experimentation? Do you expect that there will be further transfers of OEO programs to other departments and agencies as there was with the Job Corps and Headstart?

Mr. RUMSFELD. As I indicated in my prepared statement, the carrying out of the President's domestic program calls for a central organization to evaluate results, diagnose problems, and create better approaches to the problems we face. The Office of Economic Opportunity is to perform this role. While a new emphasis will be placed on research, evaluation and developmental activities, we will continue to administer some operating programs because of their value in stimulating developmental work, and because of their focus on the problems of low income people.

On October 11 President Nixon sent to the Congress a message on several legislative issues. One part of that message deals with the Office of Economic Opportunity. The President stated:

I have provided the Office of Economic Opportunity with a new director, a new structure, and added responsibilities as the research and development arm of the Nation's effort to deal with the problems of the poor. OEO is now strengthening the present operating programs, including the community action agencies, VISTA, legal services, neighborhood health centers, family planning, emergency food, rural, older persons, Indian and migrant programs. In addition, there is new emphasis on research, the evaluation of existing Federal social programs, and development and testing new approaches in community and economic development, manpower and education, to assist the poor to move into the economic life of the Nation. I have asked for a 2-year extension of the existing legislation, without crippling amendments. I believe that a reformed OEO has a major and continuing role to play in our national life.

ACCOMPLISHMENTS OF POVERTY PROGRAMS

Mr. FLOOD. Since 1965, $7.7 billion has been appropriated for OEO programs. Is there any way to identify what measurable impact these appropriations have had on the problems of poverty in this country?

Mr. RUMSFELD. Census data show that the number of poor in the United States decreased by 13 percent during the 3 years following the passage of the Economic Opportunity Act—1965–1967. This is a substantial reduction in poverty but the information presently available does not enable us to determine how much of it was due to economic growth and how much to the impact of Government programs.

I think that a better way to identify "what measurable impact these appropriations have had on the problem of poverty" is to evaluate directly the effectiveness of the various programs such as Headstart, comprehensive health services, and so on. Very few evaluations of this kind have as yet been completed. We have a number of such studies now underway, however, and others are being designed at this time. As I have said, I consder the expansion of these evaluations to be most important. The results of these studies will be reported to Congress as soon as they are available.

EMPLOYMENT AND EXPENDITURE CEILINGS

Mr. FLOOD. What ceilings or other restrictions on employment have been placed on you by the administration?

Mr. RUMSFELD. The Office of Economic Opportunity has received the following employment ceilings for fiscal year 1970 from the Bureau of the Budget.

Total employment, excluding disadvantaged summer youths	2,470
Full-time employment in permanent positions	2,170

Mr. FLOOD. Has the administration given you a 1970 expenditure ceiling?

What is it?

If we appropriate the amount you are requesting, will you be able to spend it?

Mr. RUMSFELD. On August 7, 1969, the Bureau of the Budget issued an expenditure ceiling of $1,820 million for 1970. This includes approximately $8 million for the Economic Opportunity Loan Fund, leaving $1,812 million for other poverty programs.

The question, can we spend the amount requested, has two aspects. The first is, can we fully obligate the funds requested for the programs proposed for 1970. The answer to this is yes. We would expect that

the amount not obligated at the end of the year, as in past years, would be less than one-half of 1 percent of the amount appropriated. This is the result of the precautions that must be taken to prevent the overobligation of funds. The second side of this question is, Would it be necessary to limit obligations in 1970 to avoid going over the expenditure ceiling? The answer to this is less certain. It appears now, however, that the expenditure ceiling is adequate, and that no anomalous program changes would be required solely to satisfy the expenditure ceiling.

OEO REORGANIZATION

Mr. FLOOD. What organizational changes have you made in OEO? What additional ones are you planning?

Mr. RUMSFELD. A major agency reorganization was instituted on August 11, 1969. As noted in my prepared statement:

Regional offices are being restructured to assure better financial control.

Agency activities are being integrated.

Offices were combined or eliminated to improve efficiency.

Missions that had become blurred were defined and separated.

New procedures have been set up to allow activities to move from the research stage to the development stage to the program stage.

Agency efforts and manpower have been shifted to place greater emphasis on experimental and development functions.

In addition to these changes, an entirely new internal structure for the agency was established:

A new Office of Program Development was established to be responsible for developmental programs.

A reconstituted Office of Planning, Research, and Evaluation was set up to combine research and experimental activities, and to provide social program evaluations.

An Office of Program Operations was created to improve the quality of economic opportunity programs throughout the Nation.

Health Affairs, VISTA and Legal Services have been organized as separate offices.

I have no immediate organizational changes under consideration. But experience will probably suggest the need for some modifications to the August reorganization plan.

OBLIGATIONS UNDER CONTINUING RESOLUTION

Mr. FLOOD. Four months of fiscal year 1970 have already gone by. How much of the 1970 budget has already been obligated under the continuing resolution?

Mr. RUMSFELD. Through October just under $350 million has been obligated in fiscal year 1970. This is a very low figure, but we must deliberately hold back for lack of either an authorization or appropriation. It is extremely awkward, as well as inefficient of time and effort, to hold off on substantially all new programs. It is even worse to hold refundings to less than the full year we would normally cover because we have no idea of how much money (and what legislative authority) will be available for Economic Opportunity Act programs.

Not only do we pile up an enormous backlog of projects to be started in the foreshortened remainder of the year, but we incur two to three times the work necessary to refund projects whose program years end in the early part of the fiscal year. What happens is that we process minimal sums of money to keep them going for only a few months, with the hope that we will have congressional action at the end of that time. When we do not have such action by then, we must go through the entire process a second time. This incremental process continues until we finally have an appropriation. It can result in two and three times the processing time normally needed.

OVERLAPPING AND DUPLICATION

Mr. FLOOD. When we look at your budget, we find all kinds of things in it that have a familiar ring because they seem to be identical with things that other agencies are doing—HEW, HUD, Labor, Agriculture, etcetera, etcetera. How do you justify so much duplication of effort?

Mr. RUMSFELD. While the titles and in some instances the descriptions of our programs and projects may seem similar to those sponsored in other agencies they do not represent duplication of effort. In most instances we have consulted with other agencies in structuring our program to insure that our efforts are not needlessly duplicative. Our programs are more heavily directed at the poor than those of other agencies and departments and frequently represent quite different approaches to a problem even when aimed at similar objectives. In the research and demonstration area, we have consciously expanded our discussions to insure that we profit by other agencies experience and that our effort complement their work.

The Economic Opportunity Act was passed precisely because other agencies had not focused their functional programs (health, education, employment, economic development, housing, and the like) on the needs of the poor population. The situation has changed somewhat since then, and we find better attention to the needs of the poor in the education, health, et cetera programs of those agencies. However, for a host of reasons, there remain areas of concern where other agencies are not quite able to handle the particular problems of the poor. Population growth and family planning is a national interest which HEW addresses for all citizens: our family planning program concerns these problems as they peculiarly affect the poor. Emergency food and medical programs are just that: emergency approaches to fill gaps that the larger Departments have not been able to handle. Each program must be looked at in its present context, and I would be happy to discuss any of interest.

HEALTH PROGRAMS

Mr. FLOOD. As an example of this, you have $74 million in your budget, an increase of $21.7 million, for comprehensive health projects to "demonstrate new approaches and mechanisms for delivering health care to the poor." HEW has a rather large amount of money in its budget for similar purposes—$45 million for "Health services research and development," $207 million for "Comprehensive health planning

and services," and $76 million for "Regional medical programs." Why should both agencies be doing the same things?

Mr. RUMSFELD. Our health programs do not duplicate any HEW activities. Rather they supplement HEW activities by working specifically on the health problems of the poor. Our staff can devote all of their effort to developing better ways of delivering health care to low-income families. The Economic Opportunity Act is a suitable framework for doing experimental work to provide more responsive services. We also have the mission of involving neighborhood residents in new jobs and other contributory roles. No other Federal health program has these specific goals.

The lack of duplication is not to say that the Office of Economic Opportunity programs are not closely coordinated with related HEW programs, however. An interagency agreement to this end was signed in May 1967. Project grants from HEW programs such as regional medical programs and the National Center for Health Services Research and Development are integrated with the Office of Economic Opportunity funds in a number of cooperative projects. Furthermore, the Office of Economic Opportunity comprehensive health projects offer ways of making more effective use of medicaid and medicare funds.

The new efforts in the comprehensive health services program are focused on helping local agencies restructure hospital outpatient departments, develop rural service delivery approaches, and train new sources of health subprofessional manpower. These activities offer unique ways of improving the health services available to the poor.

FAMILY PLANNING

Mr. FLOOD. Here's another example. You have $22 million, an increase of $8,250,000 in your budget for family planning services. HEW is requesting $22.8 million, an increase of $10.8 million, for the same thing under the maternal and child health program. Why?

Mr. RUMSFELD. The Office of Economic Opportunity and HEW family planning programs are complementary. This was stated both by the 1968 report of the Committee on Population and Family Planning appointed by President Johnson, and President Nixon in his message to the Congress on Population and Family Planning in July of this year.

Let me quote some of the Population Committee report.

> The different programs launched in the last few years by DHEW and OEO should be viewed as complementary. DHEW funds for family planning services are channeled primarily through medical institutions and official health agencies, while OEO projects are initiated by community action agencies and are usually neighborhood-based.

The Office of Economic Opportunity-assisted projects concentrate primarily on serving the "hard-to-reach groups" not usually served by traditional health institutions and agencies. Several unique methods have been developed for reaching these special target groups. The most important of these is involvement of local community people in the planning and operation of projects. These people have a unique insight into the particular needs of their own community. Office of Economic Opportunity projects also hire low-income people—out-

reach workers—to educate others from similar socio-economic levels about family planning. Local poor people can often communicate much more effectively with their peers than outsiders. The effectiveness of these methods is demonstrated by the continually increasing patient loads of Office of Economic Opportunity projects.

The unique role of the Office of Economic Opportunity family planning programs was affirmed by President Nixon, in his July 18 message to the Congress. He said:

> The Office of Economic Opportunity . . . can contribute to progress . . . by strengthening its innovative and pilot projects in the delivery of family planning services to the needy. The existing network of Office of Economic Opportunity supported community groups should also be used more extensively to provide family planning assistance and information.

POSITIONS AND AVERAGE EMPLOYMENT

Mr. FLOOD. On page 6 of the justification under "allocation accounts" we find permanent positions increasing by about 500 between 1969 and 1970, but average employment decreases by 600. How can you explain that?

Mr. RUMSFELD. The sharp drop in average employment in the Job Corps centers, more than double the decrease in positions, is the result of staff losses during 1969 plus additional losses in 1970. During 1969, the employees lost were on duty a part of the year, and are partially counted in the computation of average employment. During 1970, these staff decreases are lost for the entire year. The difference between the partial and full year loss of these 1969 positions accounts for the fact that the 1970 average employment decrease exceeds the decrease in positions. The decrease in the "full-time equivalent of other positions" temporary and part-time employees, is also related to the decrease in Job Corps center operations.

The increase in other delegate agency positions and average employment is primarily the result of the transfers of Job Corps and Headstart positions from the Office of Economic Opportunity to, respectively, the Departments of Labor, and Health, Education, and Welfare.

I find this kind of question difficult to deal with without the use of a table. Let me furnish it for the record.

(The information follows:)

	Positions	Average employment
Permanent positions:		
Job Corps	−448	−1,014
Other delegate agencies	+939	+857
Subtotal	+491	−157
Equivalent of other positions		−445
Total	+491	−602

LOCAL INITIATIVE PROGRAMS

Mr. FLOOD. The "local initiative programs" which are budgeted for $328.9 million in 1970, are the largest single elements of the community action program aside from Headstart. What changes have you made or do you propose to make in how these funds are used? Can you

give us a geographic breakdown which would show by State where these funds went in 1969?

Mr. RUMSFELD. Few significant changes have been made thus far in fiscal year 1970 in the use of local initiative funds. We have started, however, to begin redirecting local initiative with the following emphases:

Strengthening the management capability of the CAA's, upgrading quality standards, and developing a feedback system which will facilitate CAA's efforts to improve their own effectiveness;

Improving the performance of CAA's in overall community action mission activities: Resource mobilization, planning, evaluation, development of new careers, participation of the poor, etc.;

Testing out new approaches to solving problems of poverty.

We would hope to improve the broad range of activity described above, which we feel should be the function of the CAA, and at the same time, gradually move away from our previous emphasis on funding service programs.

This redirection cannot take place overnight, and we do not anticipate significant results in fiscal year 1970. Depending on the availability of funds, we will make preparations in fiscal year 1970 for greater implementation in fiscal year 1971.

The latter part of your question on a geographic breakdown, let me furnish a table for the record.

(The information follows:)

Fiscal year 1969 local initiative by State

State	*Dollars in millions*
Alabama	$6.731
Alaska	1.250
Arkansas	4.506
Arizona	9.414
California	33.041
Colorado	2.871
Connecticut	4.453
Delaware	.601
District of Columbia	7.607
Florida	7.473
Georgia	9.470
Hawaii	.914
Idaho	.777
Illinois	17.481
Indiana	3.473
Iowa	3.389
Kansas	2.681
Kentucky	5.708
Louisiana	7.621
Maine	1.265
Maryland	4.043
Massachusetts	8.139
Michigan	13.476
Minnesota	5.340
Mississippi	4.568
Missouri	9.311
Montana	1.648
Nebraska	2.135
Nevada	.762
New Hampshire	.521
New Jersey	10.401

Fiscal year 1969 local initiative by State—Continued

State	*Dollars in millions*
New Mexico	3.264
New York	28.679
North Carolina	11.084
North Dakota	.782
Ohio	13.637
Oklahoma	5.039
Oregon	2.635
Pennsylvania	12.628
Rhode Island	2.757
South Carolina	5.548
South Dakota	1.736
Tennessee	6.782
Texas	14.977
Utah	1.405
Vermont	.490
Virginia	5.658
Washington	5.537
West Virginia	4.103
Wisconsin	3.472
Wyoming	.317
Puerto Rico, Guam, trust territories	4.542
Total	326.142

NEIGHBORHOOD SERVICE SYSTEMS

Mr. FLOOD. There is $133.7 million in the budget, the same amount as last year, for "neighborhood service systems." Do you feel that the neighborhood center concept has proved itself? Do you think it should be expanded?

Mr. RUMSFELD. The 1970 annualization of fiscal year 1969's program level for neighborhood service systems is recommended pending the outcome of an evaluation now underway. Previous studies undertaken since 1969 are consistent in their indication that the program has proven effective in high-density poverty areas. There is increasing evidence that both public and private social service agencies are coming to regard the neighborhood center concept as the appropriate mechanism for identification and delivery of services in hard-core poverty areas. In many areas they provide community facilities which have otherwise been completely lacking. In addition to its information and service delivery aspects, the neighborhood service system is designed to motivate target area residents both as decisionmakers on advisory boards and as nonprofessional employees.

Program expansion will be considered in light of the current evaluation recommendations. Present activities emphasize the development of better coordination with other agency programs and improved organization of activities within the parent community action agency.

SPECIAL IMPACT PROGRAM

Mr. FLOOD. You have a fairly substantial increase—$27 million—for the special impact program. Your justification indicates that the community development corporation concept will be the major focus in 1970. Can you tell us a little more about community development corporations and why they should have high priority?

Mr. RUMSFELD. This a judgment which has been made by the administration because of its conviction that better ways must be found to strengthen the economic base among the poor.

This program is still experimental. Economic development is a long-term proposition and it will be a while before final evaluative judgments can be made.

EMERGENCY FOOD AND MEDICAL SERVICES

Mr. FLOOD. Another program which you seem to be giving rather high priority is emergency food and medical services. You provide $30 million compared with $16.9 million in the budget originally requested by President Johnson. How will these funds be used? Do you think this is enough?

Mr. RUMSFELD. A major emphasis will be placed on expansion of the emergency food and medical services program which we refer to as the EFMS. In part this expansion is responsive to the need for programs to facilitate the utilization of existing food programs and to maximize their effectiveness. It is in part responsive to the opportunity that the Office of Economic Opportunity has in providing a service to poor. At the same time it can identify the obstacles to food assistance program participation, demonstrate ways of solving the problems of hunger and malnutrition and creating opportunities for change and reform in the existing programs.

The EFMS program will still continue to place a major emphasis on the development of local CAA EFMS projects. The projects will continue to develop methods for identifying ways of expanding and increasing the usefulness of the current Federal food assistance programs. In addition, there will be increased emphasis placed on the development of programs for special groups, research programs and demonstration programs dealing with new methods of solving the problem of malnutrition.

The budget for fiscal year 1969 was originally $16.9 million. This was increased in the final months of the year by the addition of approximately $7 million. A budget of $30 million for fiscal year 1970 will provide funds for a modest program expansion and the capacity to initiate some new programs in critically needed areas.

In particular, 600 CAA's remain without emergency food funds. Many of these are in rural areas and in parts of the country not currently served by any food assistance program. Many are in urban areas with high concentrations of intense poverty. The budget estimate will provide funds for the most critical and urgent areas. Research programs will be started in an effort to understand the food attitudes, habits and culture of the various poverty groups in the United States. The information will be necessary in order to make an intelligent estimate of how best to approach the problem of changing food to suit the habits of people rather than vice versa.

The minimum budget request is $30 million. More could be used and the capacity to spend more could be rapidly developed; $30 million represents a modest program expansion. It does not reflect the total need for emergency food programs; but at this late date in the fiscal year it appears to be adequate.

LEGAL SERVICES

Mr. FLOOD. The legal services program has been the center of a lot of controversy lately. What can you say in support of the $54 million—an increase of $8.6 million—you are requesting for this program?

Mr. RUMSFELD. One of the most important things the Office of Economic Opportunity can do is to convince the poor that they can obtain help, they can bring about change, they can see results, through working inside the legal boundaries of society. In an effort to dramatize this, I elevated the legal services program to the status of a separate office.

The legal services program is not only one of the most effective means of bringing help to the poor, but it is also creating a new respect for the law in the ghetto, in the barrio and in remote rural areas.

The $54 million which we are requesting this year, will be needed to strengthen existing programs, provide an assured supply of qualified attorneys for our programs and to open a very few new offices in locations not now served by comprehensive legal services programs.

DAY CARE

Mr. FLOOD. You have $10 million in the budget for a new program to develop new kinds of day care for the children of working mothers. Why do we need this program in view of all the money HEW has to spend for day care, and why shouldn't HEW administer this program, since they now have responsibility for Headstart and for the day care which is associated with the work incentives (WIN) program?

Mr. RUMSFELD. Health, Education, and Welfare programs, primarily Headstart and WIN will serve some 250,000 children in day care in fiscal year 1970 at a cost of approximately $154 million. By comparison, it is estimated there are 630,000 children age 3–5 and 2,800,000 children age 6–13 in poor families eligible for care. The cost of providing quality care for this number of children is estimated at $1.5–$2 billion.

Concerning administration of programs, the Office of Economic Opportunity proposes to fund experimental programs in advance of the large scale day care requirements called for by the family assistance plan in order to increase our knowledge about effective day care. The WIN day care programs, which are authorized under title IV–A of the Social Security Amendments, are not suitable vehicles for this purpose. State day care programs have traditionally been service oriented and programs are funded as one of many services under a State plan. Historically, the States have generally been purchasers of services and have comparatively little experience in initiating programs. Using its legislative authority and innovative mandate, the Office of Economic Opportunity can initiate a variety of programs which the States can then utilize. One of the experimental thrusts which the Office of Economic Opportunity is particularly fitted to develop is involvement of private sector resources. Considerable interest in day care exists on the part of employers and franchise op-

erators and the Office of Economic Opportunity can move on a nationwide scale, not restricted by State boundaries in exploring avenues of private industry involvement.

Head Start, on the other hand, authorized by the Economic Opportunity Act and delegated to HEW for administration, affords project by project funding and control but is limited to preschool children; therefore, it cannot serve the entire age range of children involved.

VISTA

Mr. FLOOD. Your budget proposes an expansion of the VISTA program. I gather from this that you have concluded that this program is a successful one.

Do you plan any modifications in it?

What would be the consequences if the program were held to last year's level?

Mr. RUMSFELD. VISTA has proven to be a valuable manpower resource in the national effort to eliminate poverty. Over the years there have been many changes in the VISTA program; and evaluation and modifications in program and management will continue. Among the improvements being made are:

(1) Increasing project quality by eliminating the weaker projects, and more specifically defining the goals of the other projects.

(2) Changing the composition of the volunteer corps by recruiting (a) more mature persons—the percentage of volunteers under 20 has dropped from 14 percent to 4 percent; (b) more skilled persons—during this fiscal year, 73 percent of all applicants selected for VISTA have been college graduates, and also by the end of fiscal year 1970, 30 percent of the volunteers will have professional skills in law, business, health, planning, architecture, or education; and (c) community volunteers—about 20 percent of the volunteer corp will be indigenous to the community in which they serve during fiscal year 1970. Their knowledge of and acceptance by the community will be utilized together with the specialist volunteers' technical skills to form a team effort to fight poverty.

(3) Increasing volunteer supervision by making grants to large sponsors and by training supervisors.

(4) Improving the quality of VISTA volunteer training by emphasizing on-site training as well as specific skill training for the "generalist" volunteers.

In answer to the question of what would happen if VISTA were held to its fiscal year 1969 level, it should be noted that in autumn, 1969, VISTA had an opportunity to enter and place volunteers with specialized skills whose skills could be utilized in the poverty effort.

By October, VISTA included 1,400 specialist volunteers: 650 lawyers, 200 business specialists, 75 in health, 400 in education; and 85 architect/planners. A decision to hold VISTA to a dollar level of fiscal

year 1969 would cause the program to suffer heavily in placing volunteers in the second half of fiscal year 1970 since VISTA heavily mortgaged itself by accepting the specialist volunteers earlier in the year. Therefore, if VISTA were given $32.8 million it would be necessary to cut back the number of volunteers entering training in January, February, and June, and on the associates programs scheduled for the spring of 1970.

The end-of-year strength would drop to 4,600 regular volunteers and 500 associates rather than the 6,200 regular volunteers and 1,500 associates now planned for June 30, 1970. VISTA ended fiscal year 1969 with 5,962 regular volunteers on board. Under this arrangement VISTA would provide 4,500 regular man-years of effort in fiscal year 1970, compared with 4,243 regular man-years in fiscal year 1969.

EVALUATION

Mr. FLOOD. There is a good deal of money spread throughout your budget for "evaluation."

Give us a table showing, by program, the amounts for evaluation in 1969 and 1970.

Tell us how these evaluation funds will be used. Who does the evaluating? Is this a bonanza for someone? Are we creating a new evaluation industry? Who evaluates the evaluators?

Mr. RUMSFELD. These funds are mainly for contract evaluations. Some of these contracts are for national evaluations of the overall impact of a program (type I); others are for evaluations of the relative effectiveness of different approaches and techniques (type II); and others are for monitoring the management and administration of individual program projects (type III). In most cases, a plan or design is prepared and this is put out for competitive bids. Professional research organizations submit proposals and one is selected by a technical committee. The selected research organization carries out the field work for the evaluation, usually with monitoring and supervision by the evaluation staffs of either the Office of Economic Opportunity, the Department of Labor, or the Department of Health, Education, and Welfare.

I would not say that the expenditure of these funds for evaluation would provide a bonanza for anyone. The Office of Economic Opportunity evaluations are likely to be a small proportion of the total business of any one of the many companies involved.

We are not creating a new evaluation industry, but we are significantly increasing the amount of evaluation being done on government programs.

Evaluators are evaluated through close monitoring and final review by our own or the delegated programs' evaluation staffs, and by the review and analysis that the completed evaluations are likely to get from the research and academic community when they are released.

(The information follows:)

EVALUATION EXPENDITURES, FISCAL YEARS 1969 AND 1970[1]

	Fiscal year 1969	Fiscal year 1970
Office of Planning, Research, and Evaluation. National evaluation of the overall impact of all programs (Head Start, neighborhood health centers, family planning, Job Corps, NYC, JOBS, legal services, CAP, etc.)	$2,384,000	$5,400,000
Office of Program Development (demonstration projects)	1,161,000	5,600,000
Office of Operations		1,000,000
Legal services	200,000	1,000,000
Office of Health Affairs (neighborhood health centers, family planning, emergency food, addiction, and mental health)	1,600,000	2,400,000
VISTA	250,000	400,000
Job Corps (Department of Labor)	1,417,000	1,857,000
Work and training programs (Department of Labor) (NYC, New Careers, JOBS, Operation Mainstream, CEP)	1,720,000	3,300,000
Head Start (HEW)	2,000,000	2,400,000
Follow Through (HEW)	2,200,000	3,400,000
Total	12,932,000	26,757,000

[1] Individual entries and totals do not correspond directly to evaluation figures in the fiscal year 1970 Justification of Appropriation Estimates because of organizational changes between fiscal years 1969 and 1970 and because some evaluation funds are included in program grants.

ADMINISTRATIVE COSTS

Mr. FLOOD. Please give us an updated table, similar to the one appearing on page 34 of last year's hearings, showing the cost of administration and executive direction for 1968, 1969, and 1970, broken down by program.

Mr. RUMSFELD. We will do that.

(The information follows:)

ADMINISTRATION AND PROGRAM DIRECTION COST

(In thousands of dollars)

Program	Fiscal year— 1968 actual	1969 actual	1970 estimate
OEO direct programs (headquarters):			
Job Corps[1]	8,135	8,447	
Community action	14,857	13,913	12,940
VISTA	4,302	4,448	5,200
Headquarters administration	8,886	7,964	9,920
Regional offices	(15,923)	(20,853)	(18,640)
Job Corps[1]	2,839	2,995	
Community action	7,428	10,512	9,760
VISTA	1,644	2,410	2,800
Administration	4,012	4,936	6,080
Subtotal, direct programs	52,103	55,625	46,700
Delegated programs:			
Department of Labor programs	(10,595)	(12,094)	(23,700)
Headquarters	5,107	5,833	13,900
Field	5,488	6,261	9,800
Work experience, HEW	(1,962)	(1,653)	(——)
Headquarters	1,227	1,424	
Field	735	229	
Rural areas	(2,500)	(3,000)	(3,500)
Headquarters	172	159	200
Field	2,328	2,841	3,300
Headstart: HEW			3,300
Subtotal, delegated programs	15,057	16,747	30,500
Total, OEO	67,160	72,372	77,200

[1] Delegated in fiscal year 1970.

REPORTING SYSTEMS

Mr. FLOOD. You have an increase of $1.2 million budgeted under "General direction and administration" for "Grant-in-aid reporting required by Budget Bureau Circular A–97." Please explain what this is all about. What is the total annual cost to OEO of this reporting system?

Mr. RUMSFELD. The identification of the $1.2 million increase against "Grant-in-aid" reporting was not entirely accurate. The proper Bureau of the Budget circular was also incorrectly identified. Grant-in-aid activities are estimated to cost approximately $400,000 in fiscal year 1970. Our responsibilities under Bureau of the Budget Circular A–95 are to process grant applications for health services, legal services, program development and the office of Operations; and to serve as the processing agency for grant information from all other Federal agencies.

The remainder of the increase represents estimates of the costs involved in redesign of the present CAP reporting system into four separate systems supporting the Office of Operations, program development, health services and legal services. Until such new systems are developed and implemented, there will be dual system in operation. The increase also provides for anticipated new requirements generated by the new Systems Analysis Division.

COST OF REORGANIZATION

Mr. FLOOD. On page 35 of your justification you are requesting an increase of $350,000 for communications, part of which is for "recoding nearly every phone in headquarters due to the moves," and an increase of $300,000 for "large increases due to moving and alteration expenses." Isn't all this moving around a little extravagant?

Mr. RUMSFELD. The sentence referring to "recoding nearly every phone in headquarters due to moves" was in error.

Actual telephone, alteration and moving expenses related to the reorganization were less than $40,000.

Mr. FLOOD. Mr. Michel.

Mr. MICHEL. Thank you, Mr. Chairman.

WELCOME TO THE DIRECTOR

First, may I warmly welcome you before the subcommittee, our one-time colleague from Illinois.

You will recall our earlier conversations, Don, whether or not you ought to leave the House and take on the kind of position that you have assumed. I think my advice was, "Be happy where you are, you are just taking on a big chore and a big kettle of worms."

Notwithstanding the fact that many of us have been critical of the program in the past and now having our dear friend as its director, we still have to look at the program with a jaundiced eye at times and raise the same kind of criticism with a hope that you will take it in good grace. I am sure you will do the very best that you can to clean up those areas, which have provoked so much controversy, because we have to carry water for you, as the chairman says, on the floor when the time comes.

PERSONNEL CHANGES

First I would like to go into a subject the chairman raised earlier with respect to personnel.

The justifications show in the 1970 estimate on page 6 a reduction in the total number of permanent positions, from 2,856 in 1969 actual to 2,170. On first blush I would have to say, hats off to you for the reduction of personnel. What I would like first to have you give the committee is some idea of what you have been able to do by way of cleaning out the deadwood, if there has been any and to change personnel. There have been a lot of changes to that extent over the critical years of this program.

You are a new director and coming into a new program and want to give it new emphasis and new direction. What implements do you have to work with? How are you stymied?

I get the general impression at times that you are pretty well locked into a number of persons with civil service status, et cetera, and the question arises as to how are you going to be able to change direction if you can not change the people who have got the kind of philosophy that is wedded to past years?

You might elaborate on that some.

Mr. RUMSFELD. The figures are particularly confusing this year because of two things: First, the fact that several of the programs have been delegated or transferred to other departments for administration. Secondly, I was sworn in on May 26 of this year. The agency received a good deal of discussion in the political campaign. There was a sign on the wall in the agency that "this building will self-destruct on January 20." This was a humorous remark that was a result of the fact that there had been so much discussion of the Office of Economic Opportunity during the campaign. My point is, there were a good many people who drifted away from the agency during the campaign and during the period after Mr. Nixon was sworn in before I came to the agency on May 26. The number was reduced through normal attrition.

In June, shortly after I came, I put a freeze on all hiring in the regions and in headquarters, the reason being I knew there would have to be a reorganization. It struck me as a much more reasonable approach to let attrition squeeze down the agency further so that when we reorganized we wouldn't have an excess of people in the new offices as opposed to the old functions. That brought the number down even further.

There are two things that are happening now: One is that we are attempting to expand from seven to 10 regions, which requires more people, as I indicated earlier. We are also in the process of bringing new people in to fill some of the vacancies that exist. We are in the process of trying to add people at the present time.

With respect to the specific——

EXPANSION OF REGIONAL OFFICES

Mr. MICHEL. On that point, the first question that was raised in my mind—and I am for regionalizing to the extent that we can, to get government closer to the people, providing they have the decision-making power at that level to do the job. But when we expand the

divisons from seven to 10 with no significant difference in the level of program or activity upward, why does it take more people to do the job?

Apparently some of these things were done right here in Washington rather than out in the field. Is it absolutely necessary to bring this activity closer to the people by way of increasing the number of regional offices.

Mr. RUMSFELD. That question would be, I think, very relevant to an agency that was moving for the first time to transfer functions from headquarters in Washington out to the regions. As it happens, this agency did this one 2 or 3 years ago, so we already are out there. The task that we have is to go from seven regional to 10 regional offices so that we can improve the quality of services for the State and local activities of the agency.

Just numerically, I am told, I think, Mr. Carlucci, you said 91 additional people would be needed.

Mr. CARLUCCI. As it came out it is 82.

Mr. RUMSFELD. On this point, there are few functions being moved from Washington to the regions. Rather, we are taking the things presently handled by seven regional offices and having them handled by 10 regional offices. If you have seven regional offices, for the sake of argument, and one regional counsel in each office, you have to have 10 counsels. That is three additional. That is multiplied by a variety of different programs until it comes up to 82, the base number that you need just to expand to 10 regional offices.

TRANSFER OF EMPLOYEES TO HEW AND LABOR DEPARTMENTS

Mr. MICHEL. By your own testimony, one of the reasons for the reduction in the figures of personnel is the fact that Labor will be taking over manpower programs, and HEW will be taking over the health aspects?

Mr. RUMSFELD. No, the Hearstart aspects.

Mr. MICHEL. That is right. Upward Bound and Headstart?

Mr. RUMSFELD. Yes, sir.

Mr. MICHEL. Then the question is raised when these particular departments have all come in asking for their respective increases sometimes we are not altogether sure it is not for the same job you say that you are testifying to here.

Mr. RUMSFELD. No, indeed. I will tell you that the discussions are near bloody between the various departments when a function is delegated or transferred to a different department. The people and the slots go right with them. They are not showing up in two places. At least not with these programs. We know where everyone is.

AVERAGE SALARY

Mr. MICHEL. Looking at page 6 again and I see the average GS salary in 1970 is $12,817. I know we have passed a lot of legislation around here increasing salaries of postal workers, classified workers, et cetera, but that is a pretty high average salary, which suggests to me there are not many clerks involved here. Is this all professional personnel?

Mr. RUMSFELD. No. There are, I suppose, two things that are relevant to that statistic. The 1970 estimates are not going to be very good this year because of the unusual situation where I come into the agency very late. We went through a reorganization. I had a job freeze and all these other factors. Two things affect that figure. One is that Congress passed pay increases and every single GS grade in every civil service grade has gone up.

Mr. FLOOD. Would the gentleman yield?

Have you discussed this with President Nixon yourself?

Mr. RUMSFELD. What?

Mr. FLOOD. This whole thing.

Mr. RUMSFELD. With respect to personnel?

Mr. FLOOD. No, the whole show.

Mr. RUMSFELD. At great length on a number of occasions. Yes, indeed.

The second thing that is involved is the job freeze. The turnover at the lower GS grades is much higher through normal attrition than it is at the higher GS grades. One of the effects of the job freeze was that there was no hiring at the lower GS grades. As we hire now, lifting the freeze, the average salary should go down as should the average GS grade because of the fact that the lower grades turn over faster.

Also, as an agency moves from an operational activity to more of a research and developmental evaluation activity, I would look to see over the next year or 2 the average GS grade going towards something like NIH or NASA more than would be the case with the Post Office Department.

We are doing less operating. We require fewer numbers of the lower GS grades and in fact require higher numbers of the individuals who are competent to do the kinds of activities the Agency will be involved in.

Another thing. As we transfer some of these responsibilities to the States, in the technical assistance area, if we are trying to encourage the States to take a bigger role in some of these activities, there again it would involve some of the possibly lower GS grades. Therefore, our averages should go up over the years.

For the next 2 years I would anticipate——

PERSONNEL CHANGES

Mr. MICHEL. Have we spelled out in the record the number of people that you have in decisionmaking roles that you have been able to actually replace or position with your own people? Do you have that spelled out in the record?

Mr. RUMSFELD. No, sir.

Mr. MICHEL. Do that.

Mr. RUMSFELD. I will do that.

It is a good point. There is no question but the way we have designed our civil service system, in an agency of over 2,000 civil service employees that branches out to close to half a million people that are functioning in grantee and contractor activities, there is an amazingly small number of people, so-called schedule C or changeable with the change of election and new administration. What the actual number is I don't know. I would guess it is something less than 40 that can be changed.

I should also state that it is, frankly, very difficult to hire people in this agency. For one thing, we don't have a permanent statute. For a second thing, it has been very controversial. For a third thing, we don't have an authorization or appropriation, and the fiscal year is over 4 months gone. Another thing, we had the continuing resolution expire and we couldn't even sign grants or contracts and function as an agency. There has been a good deal of question as to what the Congress would do with it.

It is a very difficult thing to persuade good people and I think it is a great credit to the people in this room that I have been able to persuade them to come into the agency and leave activities that they were involved in. I am hopeful that once this legislative situation is completed, authorization and appropriation, it will be easier.

Mr. MICHEL. Do you have a new revised organizational chart in your shop?

Mr. RUMSFELD. Yes, sir; we do.

Mr. MICHEL. Do we have that at hand or requested for the record yet?

Mr. FLOOD. That is an excellent question.

Mr. MICHEL. We ought to have that.

Mr. RUMSFELD. I will see that it is done.

Mr. FLOOD. By title and name.

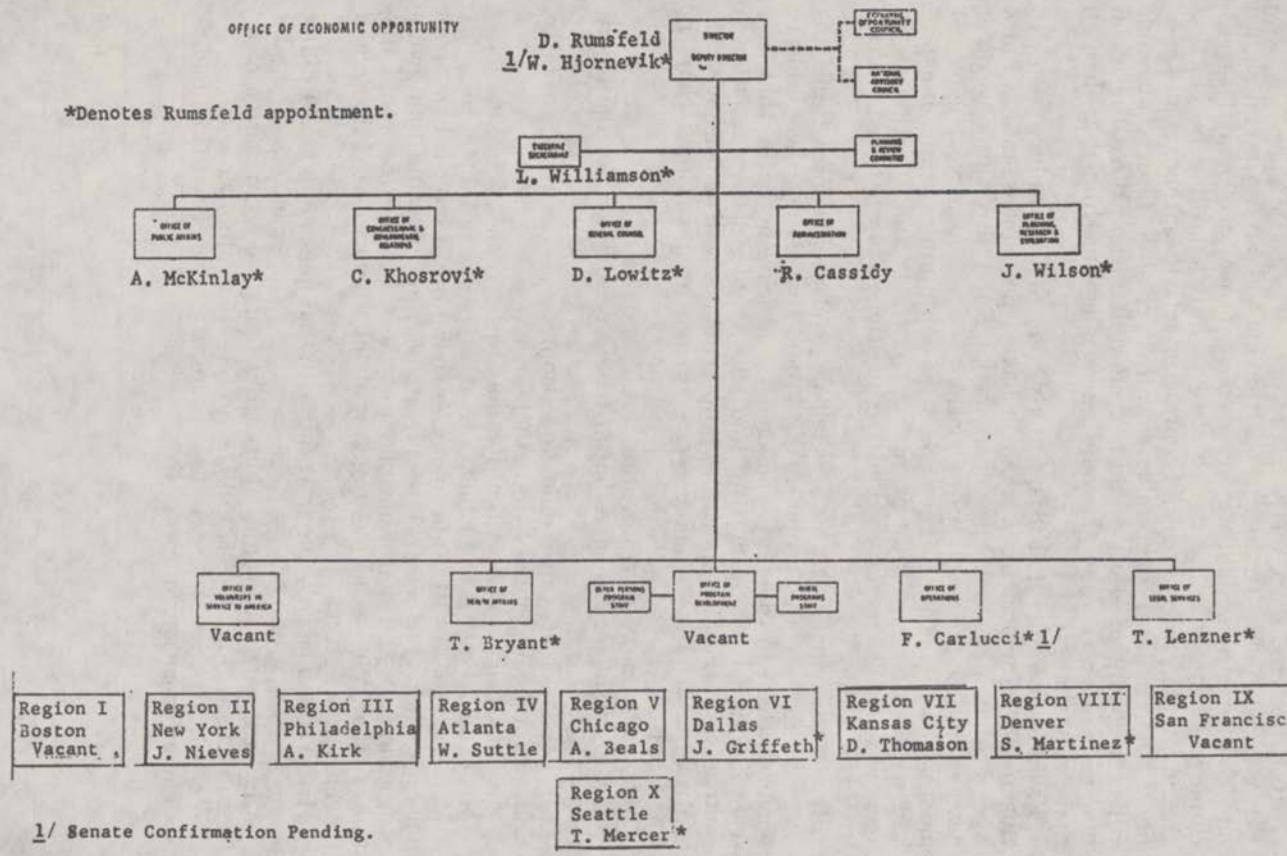
Mr. MICHEL. By title and name so that we can have a blowup in our own office as to who the people are as a new organization group gets underway. All of the members of the subcommittee would like to have that. We would like to know about whom we are talking and to whom do we go.

Mr. FLOOD. The only thing wrong with that question is that I didn't ask it.

Mr. RUMSFELD. All right. It is still a tentative organization chart because the regions are still in the process of reorganization.

We will give you the semifinal organization chart with the names.

(The information follows:)



1/ Senate Confirmation Pending.

AVERAGE GRADE AND SALARY

Mr. CASSIDY. These comparisons can be rather invidious. We went to the President's budget, tried to take like-agencies from there and compared average grade and average salary. We fall right in the middle of like-agencies in the grant business. For example, Office of Education at HEW, average grade is 9.5; Social and Rehabilitation Service of HEW, average grade is 9.4; Bureau of Apprentice Training, 9.4. We are right in the range of like-agencies in the grant-making business.

As I say, these comparisons can be invidious and we rely on the best information we can take out of the President's budget. I am sure that if we go back to the departments and double check these figures, there may be some variations that they would come up with.

This is essentially the way we try to control our average grade and compare it to other like-agencies in Government.

Mr. RUMSFELD. Another thing, I put a freeze on promotions, feeling that until the new organization was in place and new people were in place and functions were fully sorted out, it would be undesirable to have just the automatic type promotion take place. That is another reason why the figure might be lower this year than would be the case in another year.

USE OF CONSULTANTS

Mr. MICHEL. Are you planning to use consultants more or less than had been used heretofore in your agency?

Mr. RUMSFELD. I really don't know now how it will compare. I have asked that the entire list of consultants be reviewed. My feeling is that there were what seemed to me to be an awful lot of consultants. Whether that is the perspective of a recent Congressman or a Director of an agency, I don't know. We are in the process of trying to take a good hard look at it and require that when anybody is added as a consultant, it be a conscious, new decision rather than a continuation.

Mr. MICHEL. Since you have apparently gotten a little bit under way in that respect, would you mind putting in the record at this point the number of consultants that were on board in 1968 and 1969, and at what cost?

Mr. RUMSFELD. Yes, sir.

Mr. MICHEL. What you are thinking of in the year 1970.

Mr. RUMSFELD. Yes, sir.

(The information follows:)

The number of consultants on board in fiscal 1968 and 1969 and at what cost, and the projection for fiscal year 1970:

Fiscal year	Number of consultants	Cost
1968	61	$164,153
1969	90	152,770
1970 (projected)	49	120,000

Mr. RUMSFELD. I don't know that we can give you a very good projection for 1970 at this point.

Mr. MICHEL. Then we have a benchmark for future records of what we had in 1968 and 1969 and what you propose to do beyond that. That will be your decision. We will have something upon which to make a judgment in the future.

Mr. RUMSFELD. If I could add a point there, I have used consultants since I became director because when I went in on May 27 it was the end of the fiscal year. There were 4 weeks left and something like 550 contracts and grants to be put out in the next 5 weeks.

That is enough to give a person the inclination to stop and pause. So I formed a contract and grant review team and I hired some accountants from outside, not knowing the people in the agency, set up a mechanism to review these things. The thought was that we could stop some we felt shouldn't go ahead and revise the grant or contract provisions. There are instances where I felt it desirable to bring in disinterested outside observers to try and assist me in managing the agency during this period when I was getting to know the people and developing, hopefully, a little more competence in the subject matter myself.

Mr. MICHEL. What have you had to pay these people?

Mr. RUMSFELD. Mr. Cassidy, do we pay them the normal Government requirement?

Mr. CASSIDY. We establish the rate on the basis of what they are currently earning. It ranges from $50 to $100 a day.

Mr. MICHEL. By statute, you are limited to payment of what for these kinds of consultants?

Mr. CASSIDY. We are limited by our own statute to their serving a maximum of 100 days a year.

Mr. MICHEL. What rate?

Mr. CASSIDY. The rates are established by the Civil Service Commission.

Mr. MICHEL. Would you place those in the record?

Mr. CASSIDY. Yes, sir.

(The information follows:)

The Controller General decision (B–153147) of January 14, 1964, states that Federal agencies have the authority to hire experts and consultants at a per diem rate equivalent to their comparable salary in private employment. Five USC 55a gives agencies discretion on fixing pay for experts and consultants subject to the Classification Act of 1949, as amended.

A table showing the current consultant per diem rates as well as a table showing the old rates follows:

Effective at the beginning of first full pay period after July 1, 1969.

REVISED CONSULTANT/EXPERT PER DIEM SALARY RATES

Grade	New per annum salary	New actual daily rate	Proposed
GS–13/1	$15,812	$60.80	$70
GS–14/1	18,531	71.28	80
GS–15/1	21,589	83.04	90
GS–16/1	25,044	96.32	100
GS–17/1	28,976	111.40	100
GS–18/1	33,495	128.80	100

OLD CONSULTANT/EXPERT PER DIEM SALARY RATES

Grade	Per annum salary	Actual daily rate	E/C daily rate
GS-13/1	$14,409	$55.39	$60
GS-14/1	16,964	65.25	70
GS-15/1	19,780	76.08	80
GS-16/1	22,835	87.83	90
GS-17/1	26,264	101.00	100
GS-18/1	28,000		100

Mr. MICHEL. Do you know offhand what it is? I am talking about the maximum. Once in a while we have nobody who gets paid more than $100 a day.

Mr. CASSIDY. The maximum is $100 a day.

I would like to put this in the right context, if I may. Thus far, under Mr. Rumsfeld we have a total of 27 consultants on board. They worked a total—some one man day and some 4 days—an equivalent of 1.3 man years so far this year of consultant work in OEO. That is much, much lower than our past record.

RESEARCH AND DEVELOPMENT AND TECHNICAL ASSISTANCE

Mr. MICHEL. In addition to consultants hired individually, you do quite a bit of contracting for such things as evaluation, research and development, and technical assistance. I don't want to duplicate what the chairman has heretofore asked to be placed in the record but I think we ought to have the record show the total spent in 1968 and 1969 and the estimate for 1970 for evaluation, research, and development, technical assistance and administration and executive direction.

Mr. CASSIDY. Yes, sir.

Mr. MICHEL. With a breakdown between direct costs and contract costs.

Mr. CASSIDY. Contract or grant costs?

Mr. MICHEL. Right.

Mr. RUMSFELD. I think we might respond to that by combining research and program development. It is difficult to draw a line between research and evaluation in some instances. We will try and set a standard this year where we know what we are doing and use those as benchmarks. But whether that is the way it was assessed for previous year figures is going to be very difficult for us to judge because of the closeness of some of these questions.

(The information follows:)

OBLIGATIONS FOR R. D. & E., T. & T. A. FUNDS OBLIGATED BY OEO ONLY[1]
[In thousanns]

	1968		1969		1970[2]	
	Direct	Other	Direct	Other	Direct	Other
Research, development and evaluation	$1,063	$35,100	$1,887	$36 535	$2,075	$71,500
Training and technical assistance	891	23,600	892	29,704	985	28,315
Total	1,954	58,700	2,779	66,239	3,060	99,815

[1] Headstart and Job Corps excluded in all years.
[2] Estimated per fiscal year 1970 justification of appropriation estimates, November 1969.

Note: Program direction obligations are shown in table on page 62.

CONTRACTS IN EXCESS OF $100,000

Mr. MICHEL. Would you also have placed in the record at this point the contracts over $100,000 for the years 1968, 1969, and projected for 1970, showing the name of the contractor and a brief description of the purpose of the contract?

Mr. CASSIDY. Yes, sir.

(The information follows:)

FY 1970

ACTUALS

CONTRACT NO.	REQUIRING OFFICE	PERIOD OF PERFORMANCE	CONTRACTOR	DESCRIPTION	AMOUNT	STATUS*
B00-5035	VISTA	7/1/69 - 6/30/70	Volt Information Sciences, Inc.	Logistic Support to VISTA In-Service Training	$ 213,185	A
B00-5042	RP	8/1/69 - 6/30/71	Akron Public Schools	Model Program for Use in Public Schools	$ 260,000	A
B00-5055	VISTA	9/16/69 - 9/15/70	State of Alaska OEO	Administrative Support for VISTA Vols. in Alaska	$ 397,052	A
B00-5062	VISTA	10/1/69 - 9/30/70	Leo Kramer, Inc.	In-Service Training for Minority Volunteers in S.W. Region	$ 185,399	A
B00-5053	IC	11/17/69 - 6/30/70	Singer-General Precision, Inc.	Centralized Information Exchange System in 5 States	$ 104,745	A
C00-0088	IC	7/1/69 - 6/30/70	R.C.A.	Rental of Computers	$ 700,000	A
C00-0126	IC	7/1/69 - 6/30/70	I.B.M.	Rental of Computers	$ 180,000	A

* STATUS KEY:

A - Active
I - Inactive
T - Terminated
DoL/HEW etc. (Transferred to)
C - Closed Out

FY 1969

OVER $100,000

CONTRACT NO.	REQUIRING OFFICE	PERIOD OF PERFORMANCE	CONTRACTOR	DESCRIPTION	AMOUNT	STATUS
B89-4336	Job Corps	7/1/68 - 6/30/69	Litton Systems, Inc.	Cont'd Operation of Parks Job Corps Center for Men	$10,121.200	T
B99-4463	Job Corps	7/1/68 - 6/30/70	Economic Systems Corp. (AVCO)	Cont'd Operation of Poland Springs Center for Women	$ 5,695,480	T
B99-4464	Job Corps	8/1/68 - 6/30/69	Economic Systems Corp.	Cont'd Operation of Moses Lake Center for Women	$ 2,087,000	T
B89-4472	Job Corps	7/1/68 - 6/30/69	Northern Michigan University	Cont'd Operation of Marquette Center for Women	$ 1,678,440	T
B89-4476	Job Corps	7/1/68 - 6/30/70	YWCA - New York	Cont'd Operation of Job Corps Women's Residential Training Program	$ 4,131,500	DOL
B99-4535	Job Corps	7/1/68 - 6/30/69	State of California	Operation of Oak Glen Conservation Center	$ 940,603	T
B99-4543	Job Corps	7/1/68 - 6/30/69	State of Hawaii	Cont'd Operation of Koko Head Conservation Center	1,249,437	DOL
B99-4545	Job Corps	7/1/68 - 6/30/70	State of Oregon	Cont'd Operation of Tongue Point Center for Women	$ 7,749,576	DOL
B89-4548	Job Corps	7/1/68 - 6/30/70	State of Oregon	Oper. of Recreation Facility in Portland for Tongue Pt. Center	$ 104,439	DOL
B99-4572	Job Corps	7/16/68 7/15/69	AFL-CIO Appalachian Council	Recruiting, Screening, Support and Placement Services for JC	$ 998,000	DOL
B99-GA-4573	Job Corps	7/1/68	Dept. of Education - Puerto Rico	Conservation Center in Puerto Rico	$ 1,904,284	T

CONTRACT NO.	REQUIRING OFFICE	PERIOD OF PERFORMANCE	CONTRACTOR	DESCRIPTION	AMOUNT	STATUS
B99-4658	Job Corps	7/17/68 - 6/30/70	Health and Welfare Council of Baltimore Area, Inc.	Recruiting and Screening	$ 140,227	DOL
B99-4660	Job Corps	8/19/68 - 8/19/69	Sterling Educational Films	Rental of Motion Picture Films for Job Corps Training, Open End	$ 100,000	DOL
B99-4662	Job Corps	8/19/68 - 8/19/69	Warner Bros-Seven Arts, Inc.	Rental of Motion Picture Films for Job Corps Training, Open End	100,000	DOL
B99-4663	IC	7/16/68 - 7/15/70	Providence College	Data Reduction Services	$ 450,996	A
B99-4678	IC	8/15/68 - 6/30/70	Dikewood Corporation	Development of Centralized Info. Exchange Systems in New Mexico, Nevada and Idaho	$ 206,230	A
B99-4679	VISTA	9/1/68 - 6/30/70	Education, Training and Research Sciences Corp.	Logistic Support in Recruiting of VISTA Volunteers	$ 942,574	A
B99-4680	IC	8/19/68 - 6/30/70	Computer Usage Development Corporation	Study, Investigation and Development of Info. Exchange System	$ 163,175	A
B99-4682	VISTA	9/1/68 - 12/31/69	Volt Information Sciences Corporation	Logistic Support and Screening and Processing of VISTA Volunteer Applications	$ 316,046.	A
B99-4693-	Job Corps	9/16/68 - 9/30/69	Control Systems Research, Inc. Washington, D. C.	Research, Development & Evaluation of Health Programs (JC) National	$ 296,359	DOL
B99-4694	Job Corps	9/26/68 - 9/26/69	Productions Unlimited, Inc.	Job Order for Rental of Motion Picture Films for Training Centers Open End	$ 100,000	DOL
B99-4697	Job Corps	10/11/68 - 10/10/70	Graflex, Inc.	Cont'd Operation of Breckinridge Center for Men	$19,780.00	DOL

CONTRACT NO.	REQUIRING OFFICE	PERIOD OF PERFORMANCE	CONTRACTOR	DESCRIPTION	AMOUNT	STATUS
B99-4706	Job Corps	11/1/68 - 8/31/70	National Education Association	Expose Public Teachers to JC Conservation Education Program	$1,393,446	DOL
B99-4707	Job Corps	1/1/69 - 12/31/69	Thiokol Chemical Corporation	Continuation of Clearfield Urban Center	$7,172,275	DOL
B99-4711	Job Corps	10/1/68 - 1/7/69	Thiokol Chemical Corporation	Recruiting and Screening	$ 295,568	T
B99-4719	Job Corps	11/18/68	National General Pictures Corporation	Rental for Motion Picture Films Open End	$ 100,000	DOL
B99-4721	CAP	10/21/68 - 6/30/70	Fry Consultants	Services, Orientation, and TA to CAP Hdqrts. in Support of Concerted Management Improvement Project	$ 265,000	A
B99-4727	Job Corps	1/1/69 - 12/31/69	Westinghouse Learning Corp.	Cont'd Operation of Atterbury	$8,880,900	DOL
B99-4728	Job Corps	1/1/69 - 12/31/69	Westinghouse Learning Corp.	Recruiting and Screening	$ 200,520	DOL
B99-4730	RPPE	10/1/68 - 7/30/69	Barss, Reitzel & Associates Cambridge, Massachusetts	Evaluation of Community Action Programs, National	$ 471,774	I
B99-4739	Job Corps	11/1/68 - 10/31/69	J.A.C.S.	Recruiting and Screening	$ 219,410	DOL
B99-4744	CAP	11/25/68 - 11/24/69	P. Ballantine and Sons	Food Program for Poor	$ 101,200	A
B99-4748	VISTA	10/15/68 - 8/26/69	Leo Kramer, Inc.	Administrative Support for Minority Mobilization Project	$ 236,113	I
B99-4749	Job Corps	1/1/68 - 1/1/69	New England Council, AFL-CIO	Recruiting, Screening, etc.	$ 114,026	T

CONTRACT NO.	REQUIRING OFFICE	PERIOD OF PERFORMANCE	CONTRACTOR	DESCRIPTION	AMOUNT	STATUS
B99-4750	Job Corps	11/1/68 - 6/30/70	American Association of Colleges Teachers	Teacher/Counselor Interns	$ 231,141	DOL
B99-4755	PA	12/18/68- 12/31/69	Letters, Inc.	Blank[illegible] Services	$ [illegible]	A
B99-4756	CAP	12/13/68 - 9/13/69	E.F. Shelley and Company, Inc. New York, New York	Research and Demonstration Retrieval and Utilization Washington Area	$ 109,512	I
B99-4758	Job Corps	12/16/69 - 2/15/71	Brotherhood of Painters, Decorators & Paperhangers (AFL-CIO)	Training for Painters and Decorators at Job Corps Centers and Placement	$ 179,144	DOL
B99-4762	CAP	1/10/69 - 2/9/70	The Pillsbury Company	Marketing Study of Inner City	$ 180,500	A
B99-4764	Job Corps	1/2/69 - 1/30/70	Education, Training & Research Sciences Corp.	Staff Training and Education Training	$ 190,582	DOL
B99-4765	Job Corps	1/22/69 - 12/31/69	Communication & Systems, Inc. Falls Church, Va.	Test Scoring and Grading of Stanford Achievement Test	$ 126,199	DOL
B99-4766	VISTA	1/13/69 - 7/15/70	Education, Training & Research Sciences, Inc.	VISTA Volunteer Recruitment	$ 504,888	A
B99-4768	CAP	1/16/69 - 1/16/70	Volunteers for International Technical Assistance, Inc.	Technical Assistance to CAAs and OEO Grantees	$ 263,050	A
B99-4769	Job Corps	1/6/69 - 7/5/70	System Development Corporation Falls Church, Va.	Evaluation and Experimental Investigation of JC Reading Program, Washington, Area	$ 219,858	DOL
B99-4771	Job Corps	1/2/69 - 4/15/69	Lou Harris and Associates, Inc.	Corpsmen Follow-up Survey	$ 257,100	I
B99-4773	Job Corps	1/1/69 - 6/30/70	Seattle Public Schools	Career Planning School for Dropouts	$ 286,299	A
B99-4775	RPP&E	3/15/69 -	Southern Methodist University	Mobility Research Project	$ 289,480	A

CONTRACT NO.	REQUIRING OFFICE	PERIOD OF PERFORMANCE	CONTRACTOR	DESCRIPTION	AMOUNT	STATUS
B99-4783	RPP&E	1/20/69 - 1/30/71	Operations Research, Inc.	Manpower Evaluations	$ 460,000	A
B99-4785	CAP	1/2/69 - 7/1/69	Fry Consultants	Analysis & Recommendations of CAP System of Training & Tech. Assist. to CAA's.	$ 107,161	A
B99-4788	CAP	2/3/69 - 2/2/70	Monsanto Company	Study of Marketability of a Nutritious Beverage	$ 127,000	A
B99-4795	Job Corps	2/24/69 - 6/30/70	Y.W.C.A. - Los Angeles	Non-Resident Program & Associated Evaluation in Conjunction with L.A. W[illegible] Cent[illegible]	$ 868,000	DOL
B99-4796	VISTA	2/12/69 - 2/12/70	G.E. - Mississippi Test Support Department	VISTA Training in Southwest Region	$ 500,000	A
B99-4798	Job Corps	2/24/69 - 12/24/69	United Entertainment, Inc.	Open End Job Order for Films	$ 100,000	DOL
B99-4791	Job Corps	2/4/69 - 6/30/70	Litton Systems, Inc.	Recruiting and Screening	$ 190,805	T
B99-4799	CAP	2/17/69 - 3/31/69	Volt Information Services, Inc.	Management and Administrative Svcs. for 1969 HEAD START Prog.	$2,403,523	HEW
B99-4806	CAP	3/18/69 - 4/30/70	Guggenheim Productions, Inc.	Film Documentation D.C. Model Police Precinct Project	$ 170,631	A
B99-4811	PA	4/30/69 - 6/30/70	American Film Institute	Film Workshops and Career Prog. & Technical Support on Specific Areas of Media Services	$ 400,000	A
B99-4821	CAP	4/21/69 - 4/20/70	New York University	Training & Technical Assistance (HEAD START)	$ 105,814	A
B99-4822	CAP	4/15/69 - 4/14/70	University Research Corp.	Training & Technical Assistance (HEAD START)	$ 136,000	A
B99-4823	CAP	4/8/69 - 4/7/70	Educational Projects, Inc.	Training & Technical Assistance (HEAD START)	$ 119,100	A

CONTRACT NO.	REQUIRING OFFICE	PERIOD OF PERFORMANCE	CONTRACTOR	DESCRIPTION	AMOUNT	STATUS
B99-4825	Job Corps	5/1/69 - 6/30/70	Texas Educational Foundation, Inc.	Continued Operation of McKinney Center for Women	$3,660,700	DOL
B99-4834	RPP&E	4/21/69 - 1/30/71	National Opinion Research Center	Survey for Manpower Evaluation Study	$1,100,973	A
B99-4835	CAP	4/9/69 - 8/15/69	Greenleigh Associates, Inc.	Study to Determine Feasibility of Assessing Impact of Tech. Assist. & Training Programs in CAP	$ 104,452	I
B99-4840	Job Corps	5/1/69- 6/30/70	Texas Educational Foundation, Inc.	Continued Operation of Gary Job Corps Center for Men	$15,724,000	DOL
B99-4841	CAP	4/28/69 - 1/31/70	Abt Associates, Inc.	Study on Rural to Urban Migration by Low Income Negroes	$ 174,926	A
B99-4844	CAP	6/1/69 - 5/30/70	Auerbach Corporation	Evaluation & Monitoring of 206(b) Emergency Loan Grantees	$ 129,844	A
B99-4849	CAP	5/6/69 -	Cybern Education, Inc.	Evaluation of Newgate Demonstration Projects	$ 130,000	A
B99-4868	Job Corps	6/29/69 -	Walt Disney Films	Job Order for Rental of Motion Pictures for Job Corps	$ 100,000	DOL
B99-4872	CAP	6/2/69 - 6/1/71	O.S.T.I.	Development of Tenant Mgmt/ Ownership Corp. in Public Housing Project in Baltimore	$ 245,513	A
B99-4873	CAP	6/17/69 - 3/17/70	Greenleigh Associates, Inc.	Evaluation of Consumer Action Program & Urban Cooperatives	$ 112,000	A
B99-4874	CAP	6/24/69 - 7/24/70	Checchi and Company	Technical Assistance to Title III-B Grantees in Migrant Prog.	$ 110,000	A
B99-4876	IC	6/2/69 - 6/30/70	Computer Usage Development Corporation	Technical and Professional Svcs. for Info Center Federal Programs Branch	$1,075,798	A
B99-4881	VISTA	5/26/69- 11/26/69	Volt Information Sciences, Inc.	VISTA Support	$ 820,969	A

CONTRACT NO.	REQUIRING OFFICE	PERIOD OF PERFORMANCE	CONTRACTOR	DESCRIPTION	AMOUNT	STATUS
B99-4890	Job Corps	6/16/69 - 6/15/70	AFL-CIO Appalachian Council	Recruiting, Screening & Support in Appalachian Area	$ 331,795	DOL
B99-4894	Job Corps	6/16/69 - 6/30/70	W.I.C.S.	Recruiting and Screening & Placement	$ 480,000	DOL
B99-4896	CAP	6/30/69 - 8/30/70	Stanford Research Institute	Evaluation of Head Start Planned Variation Program	$ 228,136	A
B99-4899	Job Corps	6/23/69 - 6/30/70	State of New Jersey	Residential Manpower Center	$1,600,000	DOL
B99-4904	CAP	6/23/69 - 9/30/69	Paramount Pictures Corp.	Production of 13 Films in English & Spanish	$ 125,000	A
B99-4905	CAP	6/28/69 - 5/31/70	University Research Corp.	Training Curricula & Techniques for Youth Programs	$ 299,945	A
B99-4907	CAP	6/26/69 - 6/26/70	National Institute for New Careers	Technical Assistance on Manpower Development to Health Porjects	$ 186,706	A
B99-4908	CAP	6/30/69 - 6/30/70	Social Development Corporation	Technical Assistance on Manpower Development to Health Projects	$ 162,982	A
B99-4925	CAP	6/23/69 - 6/30/70	Education & Development Corp.	Training Workshop for HEAD START Regional Training Officers	$ 312,597	HEW
B99-4934	CAP	6/30/69 - 6/30/70	Volt Information Sciences	Tech. Assistance on HEAD START Programs	$1,821,680	HEW
B99-4944	RPP&E	6/28/69 - 6/30/70	The Rand Corporation	Study of Problems of Youth Employment	$ 236,625	A
B99-4945	CAP	6/30/69- 6/30/70	Abt Associates, Inc.	Evaluation of Technical Assistance Program for Model Cities Groups	$ 149,975	A
B99-4946	CAP	6/27/69 - 6/27/70	BLK Group, Inc.	Evaluation of Technical Assistance Program for Model Cities Groups	$ 148,746	A
B99-4954	CAP	6/28/69 - 6/30/70	The Atra Company	Services for Neighborhood Health Center Programs	$ 175,770	A

CONTRACT NO.	REQUIRING OFFICE	PERIOD OF PERFORMANCE	CONTRACTOR	DESCRIPTION	AMOUNT	STATUS
B99-4955	CAP	6/30/69 - 6/30/70	Westinghouse Learning Corp.	Specialist Utilization & Support for Family Planning Programs	$ 247,951	A
B99-4962	CAP	6/30/69 - 12/31/70	Peat, Marwick, Mitchell & Co.	Training & Technical Assistance to OEO Special Field Programs	$ 371,000	A
B99-4963	CAP	6/30/69 - 6/30/70	Pacific Training Tech. Assistance Corporation	Monitoring of & TA To Research & Demonstration Manpower Programs	$ 149,561	A
B99-4964	Gr. Lakes Region	6/30/69 - 6/30/70	A. L. Nellum & Associates, Inc.	Training of CAAs	$ 128,000	A
B99-4966	NE Region	6/26/69 - 12/31/69	Technical Resource Institute for Social & Economic Development	Technical Assistance in New	$ 115,000	A
B99-4967	NE Region	6/28/69 - 12/31/69	Urban Resources, Inc.	Tech. Assistance to OEO/CAP - N.Y. and N.J.	$ 115,000	A
B99-4969	SE Region	6/30/69 - 6/30/70	The Research Group, Inc.	Technical Assistance & Support of OEO/CAP Programs in SE Reg.	$ 308,061	A
B99-4973	CAP	6/30/69 - 12/30/69	Maichle & Wytmar, Inc.	CAA Executive Recruitment & Development	$ 169,220	A
B99-4974	MA Region	6/30/69 -	Motivational Training Specialists	Training to CAAs in N.C.	$ 112,000	A
B99-4975	CAP	6/30/69 - 6/30/70	Policy Management Systems, Inc.	Assistance to NACOP & TA to CAAs	$ 138,515	A
B99-4976	SW Reg.	6/30/69 - 6/30/70	Volt Information Sciences	Training for CAA Staffs	$ 866,701	A
B99-4977	CAP	6/28/69- 6/28/70	Auerbach Corporation	Evaluation of CAP Youth Programs	$ 197,657	A
B99-4978	CAP	6/30/69 - 6/30/70	Harbridge House, Inc.	Tech. Assistance & Support to Special Impact Programs	$ 174,925	A
B99-4979	NE Region	6/27/69 - 6/30/70	Cornell University	Grantee Management Training in New York & New Jersey	$ 200,000	A

CONTRACT NO.	REQUIRING OFFICE	PERIOD OF PERFORMANCE	CONTRACTOR	DESCRIPTION	AMOUNT	STATUS
B99-4981	CAP	6/30/69 - 8/30/70	Abt Associates, Inc.	Evaluation of 60 CA Program-Funded Neighborhood Centers & Organization Sites	$ 399,547	A
B99-4986	CAP	6/30/69 - 12/31/69	Social Dynamics, Inc.	Technical Assistance to OEO/CAP Manpower Programs in Southeast, North Central & Western Regions	$ 122,255	A
B99-4990	MA Region	6/30/69 - 6/30/70	Checchi and Company	Training and Technical Assistance to Low-Income Consumer Coops.	$ 110,333	A
B99-4993	MA Region	6/30/69 - 6/30/70	Sterling Institute	Provision of Training to CAAs in Mid-Atlantic Region	$ 441,995	A
B99-4998	CAP	6/30/69 - 6/30/70	University Research Corp.	Assessment of R&D Youth Programs	$ 163,461	A
B99-5000	CAP	6/30/69 - 6/30/70	Education, Training & Research Sciences Corporation	Evaluation of Project FURPO	$ 217,671	A
B99-5006	NE Reg.	6/30/69 - 6.30/70	Community Change, Inc.	Training to Upgrade Proficiency of CAAs in New England Region	$ 349,759	A
B99-5008	CAP	6/30/69 - 12/31/70	Booz, Allen and Hamilton	Management Assistance to Neighborhood Groups	$ 300,000	T
B99-5009	CAP	6/30/69 - 6/30/70	Educational Projects, Inc.	HEAD START Training Program	$4,190,000	HEW
B99-5010	CAP	6/30/69 - 6/30/70	Volt Information Sciences, Inc.	Technical Assistance and Support for Headquarters	$ 100,000	A
B99-5012	Older Persons	6/30/69 - 12/31/69	Urban Systems Research &	Survey & Analysis of Expenditure Patterns of the Elderly Poor	$ 145,794	A
B99-5013	CAP	6/30/69 - 10/31/70	University Research Corp.	Career Development Training	$ 399,490	A
B99-5016	NE Region	6/30/69 - 6/30/70	Bell/Green Associates, Inc.	Training for Up-Grading CAAs	$ 150,000	A

CONTRACT NO.	REQUIRING OFFICE	PERIOD OF PERFORMANCE	CONTRACTOR	DESCRIPTION	AMOUNT	STATUS
B99-5018	CAP	6/30/69 - 9/30/70	Research Analysis Corporation	Research & Study "The Negro Community Perspective of the Police Function"	$ 138,349	A
B99-5019	SE Region	6/30/69 - 6/30/70	Frontiers Unlimited, Inc.	Technical Assistance to SE Region	$ 158,000	A
B99-5021	CAP	6/30/69 - 6/30/70	Roy Littlejohn Associates	Training & Tech. Assistance in Economic Development	$ 339,462	A
B99-5022	Western Region	6/30/69 - 6/30/70	Social Dynamics, Inc.	Tech. Assistance for CAP Programs in Western Region	$ 226,720	A
B99-5023	Gr. Lakes Region	6/30/69 6/30/70	Black Economic Union	Tech. Assistance to Greak Lakes Region	$ 150,000	A
B99-5026	CAP	6/30/69 2/28/70	Peat, Marwick, Livingston & Co.	Monitoring System for Special Impact Program	$ 148,587	A
B99-5027	PA	6/30/69 - 11/1/69	Coppola Company	Two Volunteer Films	$ 120,000	A
B99-5028	CAP	6/30/69- 6/30/70	Center for Human Systems, Inc.	Training and Tech. Assistance Materials	$ 151,389	A
B99-5031	CAP	6/30/69 - 6/30/70	Volt Information Sciences, Corp.	Specification Utilization and Technical Assistance	$ 131,339	HEW

FY 1968

OVER $100,000

CONTRACT NO.	REQUIRING OFFICE	PERIOD OF PERFORMANCE	CONTRACTOR	DESCRIPTION	AMOUNT	STATUS
OEO-4052	Job Corps	7/1/67 - 7/15/68	Northern Michigan University	Cont'd Operation of Marquette Women's Job Corps Center	$1,964,283	I
OEO-4059	Job Corps	11/22/67 - 6/30/69	Philco-Ford Corp. - Educational & Technical Services Division	Cont'd Operation of Gutherie Women's JC Center	$4,850,896	DOL
OEO-4066	Job Corps	7/1/67 - 6/30/70	YWCA of Los Angeles, Calif.	Cont'd Operation of Women's Training Center, L.A.	$5,570,603	DOL
OEO-4071	Job Corps	7/1/67 - 6/30/70	General Learning Corp.	Cont'd Operation of Clinton	$9,722,325	T
OEO-4074	Job Corps	8/11/67 - 10/10/68	Graflex, Inc.	Cont'd Operation of Breckinridge	$12,340,949	DOL
OEO-4099	Job Corps	7/1/67 - 6/30/69	Delta Education Corp.	Cont'd Operation of St. Louis	$6,745,000	T
OEO-G-4103	Job Corps	7/1/67 - 7/31/68	Commonwealth of Puerto Rico	Operation of Job Corps Program in Puerto Rico	$1,794,352	DOL
OEO-4106	Job Corps	10/1/67 9/30/68	RCA Service Co., RCA	Cont'd Operation of McCoy Job Corps Center	$7,015,074	T
OEO-4108	CAP	7/1/67 - 6/30/69	Educational Associates, Inc.	Services in Econnection with Project Upward Bound	$2,558,176	I
OEO-4155	Job Corps	7/1/67 - 6/30/68	The Lewis & Clark Opportunity Foundation, Inc.	Cont'd Operation & Maintenance of Job Corps Conservation Center	$1,053,000	T
OEO-4156	Job Corps	7/1/67 - 6/30/69	Burroughs Corporation	Cont'd Operation of Omaha Women's Job Corps Center	$9,579,400	T
OEO-4176	IC	7/1/67 - 6/30/68	Aries Corporation	Technical and Professional Services for Job Corps	$ 293,000	I

CONTRACT NO.	REQUIRING OFFICE	PERIOD OF PERFORMANCE	CONTRACTOR	DESCRIPTION	AMOUNT	STATUS
OEO-4188	IC	7/1/67 - 7/31/68	The William C. Allen Corp	Technical & Professional Services for VISTA	$ 373,069	C
OEO-4192	IC	7/1/67 - 6/30/68	Integrated Business Methods, Inc.	Services to Keypunch & Key-verify	$ 120,000	C
OEO-4221	IC	7/1/67 - 2/28/70	Computer Sciences Corp.	Technical and Professional Services for Program Info. & Management Support	$1,158,496	A
OEO-4228	Job Corps	9/28/67 - 6/30/70	RCA Service Company	Cont'd Operation of Keystone Job Corps Center	$5,078,505	DOL
B89-4232	IC	7/1/67 - 6/30/69	Computer Usage Development Corporation	Technical & Professional Services for CAP	$1,218,389	I
B89-4234	Job Corps	11/29/67 - 6/30/70	Training Corporation of America, Inc.	Cont'd Operation of Excelsior Springs Job Corps Center for Women	$5,515,100	DOL
B89-4237	Job Corps	8/8/67 - 12/31/68	U. S. Industries, Inc.	Cont'd Operation of Custer Job Corps Center for Men	$10,429,000	T
B89-4242	CAP	7/1/67 - 3/15/69	Education Development Center	Early Childhood Development Study	$ 313,821	I
B89-4244	IC	8/1/67 - 7/15/68	Providence College Computer Center Marketing Services	Data Processing Services	$ 178,019	C
B89-4251	M/F	8/21/67- 9/30/69	Wolf & Company	Training of CAP Grantee Accounting Personnel	$ 322,433	A
B89-4253	VISTA	8/28/67 - 12/31/69	University of Maryland	Regional Training Center for Mid-Atlantic Region to Train VISTA Volunteers	$1,149,033	A
B89-4255	CAP	9/8/67 - 5/31/69	Colorado State College Foundation, Inc.	Upward Bound School Program	$ 244,555	I
B89-4257	Job Corps	9/7/67 - 9/30/69	Xerox Corporation	Cont'd Operation of Huntington Women's Job Corps Center	$3,502,956	T

CONTRACT NO.	REQUIRING OFFICE	PERIOD OF PERFORMANCE	CONTRACTOR	DESCRIPTION	AMOUNT	STATUS
B89-4279	RPP&E	9/22/67-9/21/70	Trustees of Boston College	Study of Demographic & Social Determinants of Functional Achievements in a Negro Population	$ 401,669	A
B89-4285	CAP	10/18/67 - 12/31/69	Continental Allied Co., Inc.	Eval. & Feasibility Studies of Rural Research & Demonstration Projects	$ 335,788	A
B89-4288	Job Corps	9/16/67-3/31/69	Westinghouse Learning Corp.	Cont'd Operation of Atterbury Job Corps Center for Men	$11,276,585	DOL
B89-4290	VISTA	9/28/67 - 12/1/70	Westinghouse Learning Corp.	Regional Training Center for Southeast Region to Train VISTA Volunteers	$1,441,757	A
B89-4291	RPP&E	10/2/67 - 12/31/69	Research Foundation of State University of New York	Study of Change Processes in Buffalo	$ 267,063	A
B89-4294	CAP	9/1/67 - 6/30/70	American Academy of Pediatrics	Administration of Head Start Consultation Program	$1,162,752	HEW
B89-4295	CAP	10/1/67 - 12/31/69	Jobs for Progress, Inc.	Technical Assistance to Broaden Employment Opportunities	$ 939,642	A
B89-4296	CAP	7/1/67 - 7/31/70	O. I. C. Institute, Inc.	Technical Assistance	$ 934,307	A
B89-4299	Job Corps	10/1/67 - 9/30/69	Fleetwood Films, Inc.	Job Corps Order for Rental of Motion Picture Films for JCC	$ 100,000	DOL
B89-4300	Job Corps	10/6/67 - 6/30/70	Health &Welfare Council of	Demonstration Support Services	$ 158,648	DOL
B89-4301	VISTA	10/20/67 10/19/68	The University of Oklahoma	Reg. Training Center for SW Reg. to Train VISTA Volunteers	$ 365,561	I
B89-4303	Job Corps	11/8/67-11/1/69	Metro-Goldwyn-Mayer, Inc.	Open end, Job Order for Rental of Motion Picture Films for JC	$ 100,000	DOL

CONTRACT NO.	REQUIRING OFFICE	PERIOD OF PERFORMANCE	CONTRACTOR	DESCRIPTION	AMOUNT	STATUS
B89-4323	Job Corps	11/14/67 - 12/1/68	National Police Conference on P.A.L. and Youth Activities	Development and Operation of Program to Qualify Job Corpsmen for Acceptance in Policy Recruit Training	$ 261,381	I
B89-4328	Job Corps	1/1/68 - 12/31/69	YWCA - Jersey City JC for Women	Cont'd Operation of Jersey City	$7,395,000	DOL
B89-4334	CAP	1/2/68 - 9/2/68	E. F. Shelley and Co., Inc.	Research & Demonstration Retrieval and Utilization	$ 144,180	I
B89-4338	Job Corps	1/29/68 - 1/29/69	Twentieth Century Fox	Rental of Motion Picture Films	$ 100,000	DOL
B89-4342		12/22/67 - 2/1/68	Simulmatics Corporation	Media Analysis for NAGCD	$ 161,000	C
B89-4344	Job Corps	2/21/68 - 1/20/70	J. A. C. S.	Placement & Support Services	$ 985,039	DOL
B89-4347	RPP&E	1/22/68 - 5/30/69	The Assist Corporation	Two Research Files	$ 239,269	I
B89-4351	Various	12/1/67 - 11/30/68	Letters Incorporated	Mailing Services, Open End	$ 100,000	I
B89-4352	CAP	12/16/67 - 9/15/69	Western Behaviorial Sciences Institute	Eval. of CAP Programs - San Diego	$ 382,635	I
B89-4365	Job Corps	2/7/68 - 2/7/70	Fair Isaacs & Company	Continuation of 3R System	$ 273,400	DOL
B89-4368	OHA	6/1/68 - 11/31/69	Dio-Dynamics, Inc.	Health Services - Technical Support	$1,359,000	A
B89-4369	Job Corps	2/19/68 - 6/30/70	Thiokol Chemical Corp.	Establishment of Gate House	$ 207,375	DOL
B89-4386	VISTA	2/8/68 - 7/31/68	Gale Associates	Evaluation of Recruiting Methods	$ 285,748	I
B89-4391	CAP	2/16/68 - 8/1/69	Volt Technical Corp.	Specialist Utilization and Technical Assistance & Support of OEO/CAP Programs	$1,711,046	I

CONTRACT NO.	REQUIRING OFFICE	PERIOD OF PERFORMANCE	CONTRACTOR	DESCRIPTION	AMOUNT	STATUS
B89-4393	Job Corps	3/26/68 - 3/26/69	Paramount Film Dist. Corp.	Rental of Motion Pictures Open End	$ 100,000	DOL
B89-4395	Job Corps	6/1/68 - 7/31/69	National Policy Conf. on Police Activities	JC Police Training School	$ 576,000	DOL
B89-4397	CAP	4/15/68 - 11/1/68	Commerce Clearing House	Development & Publication of Poverty Law Reporter	$ 150,000	I
B89-4401	VISTA	2/29/68 - 2/28/69	Volt Technical Corporation	Technical Assistance & Support	$ 224,941	I
B89-4402	CAP	3/1/68 - 6/30/69	Bd. of Education of N.Y.C.	Pre-school Instruction through Use of Edison Responsive Environment	$ 275,565	I
B89-4406	Job Corps	4/1/68 - 6/30/70	Packard-Bell Electronics	Cont'd Operation of Albuquerque Center for Women	$4,711,713	DOL
B89-4407	Job Corps	4/1/68 - 6/30/70	Packard-Bell Electronics	Cont'd Operation of Charleston Center for Women	$3,882,460	DOL
B89-4412	Job Corps	3/28/68 - 3/28/70	Universal Education & Visual Arts	Rental of Motion Picture Films Open End	$ 100,000	DOL
B89-4413	CAP	3/12/68 - 10/31/68	Computer Applications, Inc.	Study of Educational Components of CAP	$ 112,150	I
B89-4415	CAP	3/1/68 - 4/30/70	Cooperative League of USA	Training & Developing of Self-Help Coop. Activity	$ 235,500	A
B89-4416	CAP	3/4/68 - 2/15/69	Daniel Yankelovich, Inc.	Study & Eval. of Secs. 210 and 211 of Economic Oppor. Amend.	$ 355,300	I
B89-4417	VISTA	4/3/68 - 4/30/70	Policy Management Systems	Regional Training Center for NE	$1,486,981	A
B89-4419	CAP	3/18/68 - 1/31/69	Volt Technical Corporation	Management & Adm. Services for 1968 Summer HEAD START Program	$ 736,601	HEW

CONTRACT NO.	REQUIRING OFFICE	PERIOD OF PERFORMANCE	CONTRACTOR	DESCRIPTION	AMOUNT	STATUS
B89-4424	Job Corps	3/10/68 - 3/10/70	Alpha Kappa Alpha Sority, Inc.	Cont'd Operation of Cleveland Center for Women	$3,910,500	DOL
B89-4430	CAP	4/15/68 - 3/1/70	School of Business, University of Wisconsin	Demonstration of Feasibility of Legal Services Programs Operation and Preparation of Progress Reports	$ 191,053	A
B89-4433	RPP&E	3/1/68 - 8/31/69	Institute for Community Studies	Cont. of CAP in Kansas City	$ 354,362	A
B89-4436	Job Corps	5/31/68- 6/30/70	United Brotherhood of Carpenters & Joiners of America (AFL-CIO)	Work Experience & Related Training for Job Corpsmen in Craft of Carpentry	$ 252,849	DOL
B89-4444	CAP	4/15/68 - 2/28/70	American Technical Assistance Co.	Orientation, Training & TA for Development of Systematic Approval of Planning In CAAs	$ 197,016	A
B89-4452	RPP&E	4/15/68 -	Tracor, Inc.	Study and Evaluation of CAP in Texas	$ 329,863	A
B89-4457	CAP	4/1/68 - 3/31/70	Kirschner Associates, Inc.	Evaluation of Parent and Child Centers Program	$ 237,120	A
B89-4458	CAP	6/27/68 - 7/31/69	Southern Illinois University	Training of Students and Assessment of Utility of Norelco Learning Language Lab.	$ 107,849	I
B89-4462	CAP	3/1/68 - 8/31/69	Community Programs & Training Consultants, Inc.	Mid-Atlantic Regional Training Center	$ 387,049	I
B89-4461	CAP	3/1/68 - 7/31/69	Cook Co. (Ill.) Dept. of Public Aid	Use of Edison Responsive Environment Machines	$ 147,000	I
B89-4482	Job Corps	5/1/68 - 7/15/68	State of Maryland	Job Corps Skill Center in Balto.	$ 238,180	A
B89-4495	CAP	6/1/68 - 5/31/70	Albert Einstein College	Audit System for Health Services	$ 340,579	A

CONTRACT NO.	REQUIRING OFFICE	PERIOD OF PERFORMANCE	CONTRACTOR	DESCRIPTION	AMOUNT	STATUS
B89-4503	CAP	5/22/68 - 8/31/69	Social Development Corp.	Emergency Food & Medicine Servs.	$ 163,478	I
B89-4508	VISTA	5/21/68 - 1/1/69	Policy Management Systems, Inc.	Demonstration Project	$ 121,050	I
B89-4512	CAP	6/17/68 - 11/30/69	Bur. of Social Science Res.	Social Research for Legal Program	$ 146,710	A
B89-4514	VISTA	5/20/68 - 12/31/68	Leo Kramer, Inc.	Support for VISTA Associate Programs	$1,214,216	I
B89-4518	CAP	6/4/68 - 1/31/70	Day Care & Child Development Council of America, Inc.	Technical Assistance for Child Care Services	$ 533,352	HEW
B89-4532	RP/R	6/3/68 - 5/31/70	Westinghouse Learning Corp.	Evaluation of Special Impact Programs	$ 777,516	A
B89-4536	RP/R	6/20/68 - 5/31/69	Westinghouse Learning Corp.	Study for Evaluation of Effect on Head Start Program of School Readiness & Early School Performance	$ 574,717	A
B89-4547	CAP	6/17/68 - 6/30/70	Urban America, Inc.	Monitoring of Housing Developments	$ 709,548	
B89-4549	HA	6/24/68 - 4/13/70	American Psychiatric Assn.	Survey of Psychiatric and Mental Health Care Programs	$ 100,000	A
B89-4557	CAP	6/20/68 - 4/30/69	Heliodyne Corporation	Assessment & Technical Assistance to Pilot Neighborhood Service Center Projects	$ 120,000	
B89-4558	CAP	6/27/68 - 1/15/70	Kirschner Associates, Inc.	Evaluation of Sec. 232 Demonstration Grant to ARCH	$ 145,785	A
B89-4562	Job Corps	6/28/68 - 4/7/69	John Sutherland Productions,	Two 16 mm Films	$ 151,471	I

CONTRACT NO.	REQUIRING OFFICE	PERIOD OF PERFORMANCE	CONTRACTOR	DESCRIPTION	AMOUNT	STATUS
B89-4568	CAP	5/16/68 - 7/31/69	Sterling Institute	Planning System for Use by CAP in Delmarva Peninsula	$ 207,246	I
B89-4571	CAP	6/27/68 - 12/31/69	Institute for Resource Management, Inc.	Technical Assistance to Consumer Action & Coop. Pilot Projects	$ 142,685	A
B89-4577	PA	6/29/68 - 1/31/70	Public Affairs Communications, Inc.	Study, Analysis, Evaluation, Demonstration and Training Program and Production of 16 mm Films	$ 383,276	A
B89-4488	CAP	6/24/68 - 6/30/70	Center for Family Planning Develop. (Planned Parenthood Federation)	Family Planning Services	$ 359,000	A
B89-4592	CAP	6/29/68 - 6/30/69	Abt Associates, Inc. & Consulting Services Corp.	Evaluation of Adult Education & Training Programs	$ 179,996	I
B89-4593	RP/E	5/1/68 - 3/1/70	University of Pennsylvania	Cont. of Study & Evaluation of CAP Programs in Maryland	$ 498,012	A
B89-4594	RP/E	6/28/68 - 9/30/69	Tracor, Inc.	Economic Study	$ 264,213	A
B89-4597	CAP	6/28/68 - 6/30/69	Institute for Res. Management	Training and Staff Development	$ 117,000	I
B89-4604	CAP	6/29/68 - 8/31/69	Educational Projects, Inc.	HEAD START Supplementary	$3,834,592	HEW
B89-4605	Job Corps	6/20/68 - 11/30/69	Human Resources Administration (NYC)	Recruiting, Screening & Placement	$ 290,506	DOL
B89-4610	Job Corps	6/27/68 - 6/30/69	Shaller Rubin Company, Inc.	Information Materials	$ 120,667	I
B89-4612	CAP	6/27/68 - 8/31/69	New York University	Studies on Disadvantaged Childred	$ 125,449	I
B89-4615	CAP	6/29/68 - 51/31/69	Leadership Resources, Inc.	Two HEAD START Conferences	$ 206,002	HEW

CONTRACT NO.	REQUIRING OFFICE	PERIOD OF PERFORMANCE	CONTRACTOR	DESCRIPTION	AMOUNT	STATUS
B89-4619	CAP	6/27/68 6/30/70	The Research Group, Inc.	CAP Orientation, Training & TA in Support of Planning Development Program	$ 153,039	A
B89-4620	CAP	6/29/68 - 6/30/70	Policy Management Systems, Inc.	Orientation, etc. for Planning Development Program	$ 888,851	A
B89-4631	CAP	6/28/68 - 6/28/69	Daniel Yankelovich, Inc.	Evaluation and Research	$ 400,000	I
B89-4636	CAP	6/28/68 - 6/30/69	Social Dynamics, Inc.	Training of CAAs in CAMPS Process	$ 297,233	I
B89-4638	CAP	6/28/68 - 9/1/69	Kirschner Associates, Inc.	Survey of Community Impacts of HEAD START Centers	$ 200,221	HEW
B89-4641	CAP	6/29/68 - 11/30/69	Urban Systems, Inc.	Research Program of CAP Projects	$ 280,010	A
B89-4645	RPP&E	6/30/68 - 6/30/70	National Opinion Research	Evaluation of Community Action Agencies	$ 374,003	A
B89-4648	CAP	6/29/68 - 4/30/69	Institute for Resource Mgmt.	Training and Technical Assistance	$ 148,978	I
B89-4650	WR	6/28/68 - 6/30/70	Community Change, Inc.	Model Cities Technical Assistance in Neighborhood Planning	$ 374,003	I
B89-4651	CAP	6/29/68 - 8/31/69	New York University School	Publication of Welfare Law Bulletin, Info. Service & Study Program	$ 101,325	I

FIRMNESS OF BUDGET ESTIMATES

Mr. MICHEL. Before I get to some of the other things in the testimony let me ask you this: Are you unalterably opposed to any increase over the budget to which you testified?

Mr. RUMSFELD. The budget figure that exists here is a budget figure that was developed prior to my coming into the agency.

This was the budget that was built in the last administration, revised by the new administration and presented to the Congress many months before I ever came on.

Mr. FLOOD. You mean you, Rumsfeld?

Mr. RUMSFELD. Yes, sir. I am asking for the budget request that the administration proposes.

Mr. FLOOD. Fine.

You stand solidly behind it at this figure?

Mr. RUMSFELD. Yes, sir.

Mr. MICHEL. If the full amount that you are testifying to is actually appropriated, what assurances can you give the committee that it will actually be spent?

Mr. RUMSFELD. I wouldn't want to give the committee assurances that it would actually be spent. Let us be honest. It is four and a half months into the fiscal year and we are operating under a continuing resolution. I am very recently placed in the agency and, quite honestly, if we don't feel that we can spend the money intelligently it won't be spent. My feeling is that we can. I think we are getting our people on board fast enough and I think our research and evaluation and program development plans are sufficiently developed that we will be able to allocate the money in an intelligent way. If we arrived toward the end of the fiscal year and our appropriation didn't finally get allocated until January, say, by the Bureau of the Budget, and something changed drastically, we would not spend the money.

To the best of the information that I have at the present time, this amount of money is consistent with the economic situation generally and the President's overall budget, and I have no reason to believe we won't be able to spend it intelligently. I think we will.

EFFECT OF POSSIBLE REDUCTIONS IN BUDGET

Mr. MICHEL. If we made a determination that the budget ought to be cut by some arbitrary figure, 10 percent, 15 percent, 20 percent—you name it—what effect would that have on the program?

If this reduction were finalized by the Congress, how would you apply that reduction, across the board, or would there be items that would have more priority over others?

Mr. RUMSFELD. I doubt if I would apply it across the board. It would be neat and clean and easy, but we are in the process of trying to tighten up the community action agencies and that means we are closing some down. We are just not refunding their grants where we feel they are not effective and they are not doing a good job. It would be a lot easier to just be able to defend yourself against all charges by saying we are making a 5 percent or 10 percent cut. We did not do this in operating under the continuing resolution. My guess is, I would try to see that cuts were made with respect to programs that were for

one reason or another, in my judgment, in the lower priority. The problem is that this budget has already been cut by the administration from the request of the agency.

The further problem is that any question as to where any cuts in this budget would fall are not simply a matter for OEO to decide but it is a matter for the Department of Labor, Department of HEW, the Department of Agriculture, and obviously the BOB would be involved in this. This means that I think I can say—and Secretary Weber can correct me if I am wrong with respect to his agency—the tragic effect of a cut in this particular budget would be that we would be facing probably much greater pressure to cut those new things that this administration wants to do than would be the case with those things that are in place.

A cut in the appropriation would have, I think, a very harmful effect on some of the President's proposals for initiatives in the emergency food and medical program, which is an add-on as a result of his message; family planning, which is an add-on; the hopes of the Department of Labor, the Department of HEW, and the Office of Economic Opportunity to undertake some research and evaluation.

Mr. FLOOD. Mr. Michel is giving you a broad hint about the Appropriations Committee.

Mr. RUMSFELD. I appreciate that. That would be where it would be, the pressure would be greatest to cut those things that we are trying to start as a practical matter.

Taking away a Job Corps center from somebody or closing down 20 Headstarts that exist and are in place and have children in them become very difficult things to do. As I am finding out as I try to shut down some community action agencies that are not working well, it is a very hard thing to do. It has to be done and we are trying to do it, but the greatest pressure would be on those things that this administration is trying to start.

Mr. MICHEL. You are aware that we never have really in our final determination, appropriated the full budget request? There has always been something under what the full budget request has been. There have been adjustments made at times on the floor.

Mr. RUMSFELD. Of course, I don't know that there has been a budget proposal for this Agency that has been as pared down as this before. In this $2,048,000,000, roughly $1.3 billion are programs administered through HEW-Labor.

Mr. FLOOD. Congressman, you have never been with the Appropriations Committee. I have been for many years. The Budget agency leaves us very cold.

Mr. RUMSFELD. The Budget agency? What does that mean, the BOB?

Mr. FLOOD. Yes.

Mr. RUMSFELD. As I said, I didn't erect this. This happened months before I came into office.

Mr. FLOOD. I understand that.

Mr. RUMSFELD. I have been over it and we have made some changes which we will specify with respect to the question the chairman asked.

Mr. FLOOD. I introduced the bill for a number of years to have the Budget Bureau removed from the executive and placed in the legislative branch. Many of us believe in that.

Mr. RUMSFELD. I had an interest in that subject when I was a member of the Joint Economic Committee. We discussed that proposal at some length and there was a good deal of support for it.

Mr. MICHEL. What if this committee and possibly the other members who will have an opportunity to vote on this appropriation, take the view that over a third of the fiscal year is gone so we might as well make a proportionate adjustment in the funds requested?

There would be no objection to that, would there? In other words, what I am saying, some of the things you have asked for here couldn't be cranked up to go double speed in the last half of the fiscal year to make up for the lack of funding in the first half, could they?

Mr. RUMSFELD. To the extent that we are initiating new things that will be internally operated and they have not yet started, we have proposed in our budget amounts which could be used during the remainder of the year. The request also provides for sufficient funds to extend on-going projects for another program year, with of course, some shifts in emphasis among programs as compared to fiscal 1969.

For example, if you have a family planning project that you fund in, say, April of next year for a year, the funding would take place at that time. The fact that it happens in April instead of last October doesn't make any difference.

Mr. CARLUCCI. Mr. Congressman, may I add to that? Our community action agencies are on a program year cycle. It means they are not all funded at the beginning of the fiscal year. They are staggered throughout the fiscal year, usually with the large majority of them coming in the final half and, indeed, the last quarter of the fiscal year.

REPROGRAMING OF 1969 FUNDS

Mr. MICHEL. You came on board late in fiscal year 1969. Did you have time before the end of the fiscal year to reprogram anything before the end of the fiscal year so that it could be, in effect, prefunded in 1969 to cover a part of its 1970 activities that would otherwise be funded from 1970 funds?

Mr. RUMSFELD. The answer is yes. It is my recollection that at the time we did it or shortly thereafter, we sent the committee staff a communication to that effect, explaining what we had done. It might be desirable to add that communication to the record because it has not been a part of any record, to my knowledge. It clarifies a number of areas. What we tried to do was to deemphasize some of the areas I anticipated we would want to deemphasize and put the funds in areas that we knew we were going to be engaged in. That, frankly, has given us some of the budget flexibility to do the new things that this administration has indicated it wants to do. To the extent that flexibility, because of prefunding, is taken away, we then lose the only margin I have as director in this fiscal year to undertake the kind of things that we feel are important.

(The information follows:)

OFFICE OF ECONOMIC OPPORTUNITY,
EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, D.C., June 11, 1969.

HON. DANIEL J. FLOOD,
Chairman, House Appropriations Subcommittee for the Departments of Labor, Health, Education, and Welfare, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: On March 26, 1969, Mr. Harding notified you of the results of the Office of Economic Opportunity's mid-year review of fiscal year 1969 operations, explaining reallocations necessary at that time. I am sending you today the results of OEO's third quarter review of operations. The attached list reports previous program levels, changes, revised estimates, and actual obligations through the third week in May.

Some observations should be made about the revised fiscal year 1969 program, including several significant reprogramings. In the midst of the fiscal year's final quarter, we have made judgments about contingencies forecasted and programed earlier in the year. Several have produced substantial funds for reprograming. Most significant is $40.2 million of OEO funds for JOBS. Its MA–4 contract, completed this spring, has proved quite successful in encouraging private business to step forward and contract with the Government to train the hard-core poor. Its successor, the MA–5 contract, was announced just this month, and we originally scheduled the $40.2 million for obligation in the month of June. However, due to some lag in MA–4 expenditures experienced to date, coupled with this administration's strong interest in mounting an effective nutrition program, we have decided to accept a small delay in the new contract. The intervening time will be useful to consolidate techniques for improving contractor performance under JOBS contracts. OEO continues to endorse JOBS' concept of enlisting private industry to train and hire the hard-core poor, and to urge its expansion to 75 additional cities in the new fiscal year.

On the accompanying table there are also several other instances where the final review indicated less money would be needed to achieve the approved program levels. This resulted from repricing of such programs as the Out-of-School and In-School components of the Neighborhood Youth Corps, final windup of work experience, National Collegiate Athletic Association's Summer Sports program, evaluation, Health Centers, etc.

The table also shows where the money has been placed. Several pluses involve no more than minor upward repricing (portions of Local Initiative, Upward Bound, and Headstart) that resulted from very slight deviations from previous predictions of carryover balances, less than 1 percent.

However, the bulk of the funds have been used to augment OEO's high priority concerns. The NYC summer youth program has increased from 291,000 to 336,500 participants. The original level is the same number as funded under the Economic Opportunity Act last summer. However, you will recall that Congress passed a supplemental Manpower Development Training Act appropriation in June of last year to augment last summer's program. By adding the funds OEO has recently mustered, it will now be possible to mount a 1969 summer program at least as large as last year's.

The other major new programing provides the first installment of President Nixon's commitment to combat hunger in this country. By these actions an additional $28 million will be added to the emergency food and medical services program. Coming so late in the year, it is only possible to initiate sound projects for $7 million before the fiscal year ends on June 30. However, another $21 million has been made available to prefund certain mature fiscal year 1970 projects under other programs, that were scheduled for renewal or funding in the early weeks of the new fiscal year. I therefore intend to reduce next year's budget for those items and apply the savings to expand emergency food and medical services as rapidly as sound projects can be developed. I believe it sound management not to proceed hastily into crash projects, no matter how meritorious the program may be. I believe that this method of advancing routine but important fundings into this year, together with careful yet expeditious development of new nutrition projects is an efficient and well-considered approach.

Going into the final month of the fiscal year, OEO and its delegate agencies are in far better condition to obligate remaining funds than in the past. Obligations have been well distributed over the year, and June does not begin with an unreasonable number of projects to be completed. It is unlikely that further

reprograming of any significance will prove necessary. Of course as actual grants and contracts are signed and replace previous estimates, minor program adjustments may be made to insure efficient use of appropriated funds. I shall try to keep the Congress as fully informed of programing decisions in the future as Mr. Harding has done in the past.

Sincerely,

DONALD RUMSFELD, *Director.*

Attachment.

OFFICE OF ECONOMIC OPPORTUNITY FISCAL YEAR 1969 OBLIGATIONS, BY ACTIVITY

[In millions of dollars]

	Estimated annual obligations			Estimated obligations through May 23, 1969
	Previously reported	Changes	Revised estimate	
Total	1,948.0		1,948.0	1,512.1
Work and training	934.7	−24.7	910.0	739.1
Out of school	125.0	−.9	124.1	123.1
Operation Mainstream	41.0	0	41.0	37.7
In school	51.9	−1.0	50.9	50.6
Summer	120.5	+17.8	138.3	32.7
Job Corps	280.0	+.2	280.2	249.7
New careers	18.6	0	18.6	12.4
Concentrated employment	83.0	0	83.0	77.6
JOBS	152.0	−40.2	111.8	111.2
DOL support	22.0	+.6	22.6	18.0
Special impact	22.0	−.1	21.9	11.7
Industry incentive	(10.0)	(−.2)	(9.8)	(9.5)
Community economic development	(10.0)	(+.2)	(10.2)	(1.8)
Small Business Administration	(1.5)	0	(1.5)	(.3)
National program for minority businesses	(.5)	(−.1)	(.4)	(.1)
Work experience	9.7	−1.2	8.5	7.8
Foster Grandparents	9.0	+.1	9.1	6.6
Community action	933.0	+23.9	956.9	708.3
Headstart	322.9	+6.0	328.9	274.4
Headstart Follow Through	30.0	0	30.0	2.7
Comprehensive health centers	52.8	−.5	52.3	42.8
Narcotics	1.4	0	1.4	1.0
Family planning	12.6	+1.2	13.8	8.1
Emergency food and medical	16.6	+6.9	23.5	10.0
Legal services	42.0	+4.6	46.6	29.4
Senior opportunities services	4.9	−.1	4.8	4.0
Local initiative	327.1	+4.0	331.1	251.1
NCAA summer sports program	4.0	−1.0	3.0	0
Training and technical assistance	22.7	+2.5	25.2	7.5
State economic opportunity offices	6.7	+.2	6.9	5.2
Research and pilot programs	30.6	−.1	30.5	18.9
Evaluation	4.0	−.9	3.1	2.2
Program direction	24.9	0	24.9	21.8
Upward Bound	29.8	+1.1	30.9	29.2
Migrants	27.3	+1.0	28.3	20.1
Rural loans	6.0	0	6.0	5.6
VISTA	32.0	0	32.0	28.1
General direction and administration	15.0	−.2	14.8	10.9

Mr. MICHEL. Now, did the 1970 budget request to which you are testifying reflect that adjustment?

Mr. RUMSFELD. Yes, sir.

INSPECTION AND AUDIT

Mr. MICHEL. There was just a slight reference to an office of inspection. In the Department of Agriculture we do have an actual office of the inspector general. In more recent years they have been concerned with auditing food stamp programs and a number of other things.

What section of your shop actually operates on a comparable basis?

Mr. RUMSFELD. The office of administration handles what commonly

is referred to as audits. The evaluation division has a broader responsibility in not simply looking at the dollars spent and seeing whether or not they were wasted or not properly allocated, but rather, the office of evaluation is involved in, for example, the Westinghouse study on Head Start. The evaluation division is concerned with the broader assessment of the program to see whether it achieved its goal, to see whether the process was the way the process was designed to function, and broader questions of that type.

In addition to the audit and the broader evaluation concept, we have the office of inspection, which, as I indicated, is more involved in looking into a specific problem where something has specifically been raised as to some difficulty or wrongdoing. The office of inspection then would draw on the competence of the audit office if they felt an audit was necessary, or the evaluation office if there was something that should be evaluated from a more theoretical or conceptual standpoint.

ELIMINATION OF OFFICES

Mr. MICHEL. On page 3 of your testimony you have talked about the offices. You talk about your improved organization and restructuring. "Offices were combined or eliminated to improve efficiency."

Include in the record how many offices have actually been combined or eliminated and the resultant saving, if that can be detailed.

Mr. RUMSFELD. I will be glad to.

(The information follows:)

The former organization of the Office of Economic Opportunity consisted of 11 "staff" offices and four lines offices. Disregarding the spinoff of Job Corps and Head Start, the new organization presents five "staff" offices and five line offices.

Specifically, the office of civil rights and the office of inspection were incorporated into the office of general counsel. These three related areas are now able to have a closer working relationship which will assure stronger enforcement of civil rights statutes and meaningful implementation findings. The former office of congressional relations and, office of governmental relations and national councils, have been combined to form the new office of congressional and governmental relations. Both responsibilities are now vested in one associate director which assures both continuity of operation and reporting. The former information center has also been eliminated.

CONTINUATION COSTS

Mr. MICHEL. On page 6 there is an allocation of $78.6 million proposed to lay the groundwork for research, development and evaluation work necessary to support the agency's new mission. You say $36.3 million is earmarked for new projects and $10 million for new experimental approaches to day care. That leaves about $32.3 million. Are those for unexpired contracts that have heretofore been entered into probably in the same general field?

Dr. WILSON. In the research and development area——

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

Dr. WILSON. I have been official about 10 days.

Mr. FLOOD. You are really new at this job.

Dr. WILSON. Right. I thought I was going to be looking forward to a relaxing year in the academic community this fall.

About $28 million is refunded of that amount. The rest will be new.

DAY CARE CENTERS

Mr. MICHEL. A couple of weeks ago there was discussion of day-care centers. One of our task force members made a comment that it currently costs $1,500 to $1,700 per child for day-care center care. Is that a fair ballpark figure of what we know now in this area?

Mr. RUMSFIELD. I will have Dr. Wilson proceed with this. He has been very much involved with Dr. Moynihan and the Department of HEW and the Bureau of the Budget on this subject.

Dr. WILSON. If you look at the difference in the quality of day care, you can have custodial day care, which runs around $600 per year per child. This is operational cost. If you go to what you might call a middle-class model of day care that a suburban housewife would take her child to, would run around $1,100 or $1,400 per year.

If you want to go the day care route of a fully subsidized model like Headstart where you are really not concerned just with custodial but you have educational features, that is something else.

What we are talking about here, sir, is about a one to four ratio of supervisors to children and where the supervisor would have to be paid the same salary as a teacher. You are talking about a very high quality day care service.

Mr. MICHEL. That comes to roughly what?

Dr. WILSON. $2,200.

Mr. MICHEL. That may be what accounts for the question which arose on page 141 of your justifications where we see under this schedule of funding requirements a $10 million justification here and the number of children served, roughly 5,000. With a simple act of division you come up with something like $2,000.

Mr. FLOOD. That is pretty intensive care, isn't it, Doctor?

Dr. WILSON. What you have to keep in mind is that the start-up costs in day care, where you have to put capital investment in place, is estimated at $1,500 to $1,800 per child. This cost, of course, is nonrecurring. Then the second year all you have to worry about then is the operational cost.

Mr. MICHEL. I have been very interested in this particular subject because I have been most recently conducting a little investigation back in my home community with respect to the number of persons who are actually being funneled into the retraining programs under the social security amendment. We have found in my home community that one of the inhibiting factors is the short supply of day care centers for working mothers.

Some of the crankup cost of this, however, gets to be a little bit shocking moneywise when you think what we are trying to do here is eliminate continual repetition of this thing for future generations. I'd like to think if we really did a job well, we could, within a generation or two, put this thing behind us. Then I say, well, what do we do with this capital investment here?

If you are doing a good job, the cost is amortized over a much shorter period of years than when you are locked in to a program forever.

I would hope something of a more short-term nature could remedy the problem.

The talk these days is of going to minimum income and welfare payments or maintenance at such and such as a floor. If we don't do any better than we are doing here, we have to add to that the cost of day care centers, Headstart and all these other things and it makes a pretty expensive package when you add it all up.

Mr. PLISSNER. May I comment on one thing that may not have been clear in the justification? The costs that are involved per child in that estimate are not only costs as Dr. Wilson described them, but since this is an experimental program the costs derived in the manner you did shouldn't be regarded as reflecting what would ultimately be the per child of a program like this.

Mr. RUMSFELD. It is something of a development model that you want to replicate.

Mr. PLISSNER. Some of the cost is for evaluating and designing the experiments, which would be very unusual in an operational sense. So the $2,000 per child is a figure that has loaded into it additional costs that would be unusual in a much larger operating program.

LOCAL INITIATIVE PROGRAMS

Mr. MICHEL. In the second point on page 6, how does that figure compare with the current fiscal year expenditure in that item? Is that the same, up or down? You say, "To redirect local community action agencies and strengthen State economic opportunity offices, the amount is $337.9 million."

Mr. RUMSFELD. Last year the figure was $330.2 million for local initiative programs. The bulk of the increase here, I believe, is for the State economic opportunity offices where we are trying to include them to a greater extent in the activities of the agency. This is one of the changes we have made in the orientation of the program. I must say the response we have had from the governors with whom Mr. Carlucci has communicated has been very encouraging.

TAX CREDITS FOR TRAINING UNEMPLOYED

Mr. MICHEL. On page 8 you say "also planned is an experiment to use tax credit as an inducement for employers to hire and train hard-core unemployed."

This would obviously be an adjunct or addition to the current JOBS program would it not?

Mr. RUMSFELD. Again, it would not be an adjunct to the current JOBS program. It would be a small experimental effort to assess the impact of different approaches in this area. It could in no sense be described as a program or an adjunct to a program.

Mr. MICHEL. Purely experimental?

Mr. RUMSFELD. Yes, sir.

RESEARCH ON POVERTY

Mr. MICHEL. Now, on basic research—you know, our committee has been very careful and thorough in our deliberations on this point, even to the extent of some very sensitive items out at the National Institutes of Health.—You say, "fundamental research into the causes for poverty, $8 million proposed for 1970."

I read lots of newspaper items from disgruntled, disadvantaged groups meeting either openly or clandestinely, and they say, "You keep researching us to death. For heaven's sake, you ought to have all the facts at your command right now to know we just haven't got it; we are down and out and poor. Why do you have to have more research?"

They say, "You are spending bundles here. Why don't you just give it to us? That is all we need."

How do we counter that argument? I get it right in my own district—we have the NAACP Director saying, "You are researching us to death. Why don't you get on with the program?"

Mr. RUMSFELD. It is a very human thing. The feeling on the part of many is that the answer is money and it should not be trickled down; it should be given to the poor and to spend it on research or develop or evaluate is wasteful. Well, I just don't believe it. I think there is a lot we don't know about this society and there are a lot of decisions the society has made with respect to the allocation of its resources which have been based on information that was incomplete and inadequate. To the extent that we as a society can improve our capability to make judgments about the nature of things, the effect, the causes and the prospects for success of various types of Federal, State or local or private activities, I think we do the State a great service. This, of course, is one of the principal functions of this agency, just as the National Institutes of Health has a function basically in the category of research.

It is exceedingly important that Government, which is the only place this type of activity is going to be undertaken, assure itself that it is allocating a sufficient sum of money in the areas of research, the program development and evaluation. To go the other route is to start new programs at the Federal, State or local level.

Mr. FLOOD. Allocating or appropriating?

Mr. RUMSFELD. I say allocating resources, meaning the whole process of authorization, appropriation, decisions in the Bureau of the Budget and decisions at the State government or local government level in the broadest possible sense.

Without adequate study, the decision will be made to start a national program, double it the second year and charge ahead not knowing what its effect is going to be.

That is the basis for some of the cynicism which is reflected in the kind of comments you and I hear on the part of people: that we have tended to oversell programs in Government and promised results that we have been unable to deliver. We ought to proceed with a little greater caution and a little better understanding of what the real effects are and then hopefully I can try to communicate it accurately rather than excessively.

Mr. FLOOD. How old are you?

Mr. RUMSFELD. 37. By the number of years in my life it is 37 and occasionally I feel like it is closer to 107.

RESULTS OF EVALUATION

Mr. MICHEL. On page 10 you say it was only recently, for example, that we received preliminary results from evaluation studies begun in fiscal 1968 on programs which were then barely 3 years old.

Would you give me some response as to what we do know from this as a result of how much is being spent? You have some preliminary results you say. Well, what do we know from these results?

I would like to know what we know so far, for the expenditure of x number of dollars in the past.

(The information follows:)

Useful evaluation results are thus far available on only one program—Head Start. I will provide a summary of the evaluation that was done on this program. Other large scale evaluations (on the Community Action Program, Job Corps, NYC, JOBS, Neighborhood Health Centers, the Family Planning Program, and Legal Services) are underway, and the results of these evaluations will be supplied to the Congress when they are completed.

THE IMPACT OF HEAD START

EVALUATION OF THE EFFECTS OF HEAD START ON CHILDREN'S COGNITIVE AND AFFECTIVE DEVELOPMENT—WESTINGHOUSE LEARNING CORPORATION— OHIO UNIVERSITY, JUNE 1969

Executive summary

This report presents the results of a study on the impact of Head Start carried out for the Office of Economic Opportunity from June 1968 through May 1969 by Westinghouse Learning Corporation and Ohio University.

The study attempted in a relatively short period of time to provide an answer to a limited question concerning Head Start's impact; namely: Taking the program as a whole as it has operated to date, to what degree has it had psychological and intellectual impact on children that has persisted into the primary grades?

The very real limitation of our study should be established at once. The study did not address the question of Head Start's medical or nutritional impact. It did not measure the effect of Head Start on the stability of family life. It did not assess the impact of Head Start on the total community, on the schools, or on the morale and attitudes of the children while they were in the program. The study is therefore a limited and partial evaluation, but one based on solid, useful, and responsible research.

We were not asked to answer all the questions that might have been asked. Those that we did ask (and answer), however, were the right questions to ask first. This is an ex post facto study; we therefore did not have the opportunity to observe the Head Start classrooms whose output we measured, nor could we attempt to ascertain various kinds of secondary social or mental health benefits.

The basic question posed by the study was: *To what extent are the children now in the first, second, and third grades who attended Head Start programs different in their intellectual and social-personal development from comparable children who did not attend?*

To answer this question, a sample of 104 Head Start centers across the country was chosen. A sample of children from these centers who had gone on to the first, second, and third grades in local area schools and a matched sample of control children from the same grades and schools who had not attended Head Start were administered a series of tests covering various aspects of cognitive and affective development (listed below). The parents of both the former Head Start enrollees and the control children were interviewed and a broad range of attitudinal, social, and economic data was collected. Directors or other officials of all the centers were interviewed and information was collected on various characteristics of the current local Head Start programs. The primary grade teachers rated both groups of children on achievement motivation and supplied a description of the intellectual and emotional environment of their elementary schools.

Analyses of comparative performances on the assessment measures of all children in the study were conducted for each selected center area. Findings were combined, then, into the total national sample (called the overall analysis) and into three major subgroupings of centers formerly attended by the Headstart children, the latter being classified by geographic region, city size, and racial/ethnic composition. All the findings were also related to the type of program attended, i.e., summer or full year program.

The major findings of the study are:

1. In the overall analysis for the metropolitan readiness tests (MRT), a generalized measure of learning readiness containing subtests on word meaning, listening, matching, alphabet, numbers, and copying, the Headstart children who had attended full year programs and who were beginning grade one were superior to the controls by a small but statistically significant margin on both "total readiness" and the "listening" subscore. However, the Headstart children who had attended summer programs did not score significantly higher than the controls. (This particular cognitive measure was used in grade one because it does not require the ability to read.)

2. In the overall analysis for the Stanford achievement test (SAT), a general measure of children's academic achievement, containing subtests on word reading, paragraph meaning, spelling, arithmetic, and so on, used to measure achievement at grades two and three, the Headstart children from both the summer and the full year programs did not score significantly higher than the controls at the grade two level. While the children from the summer programs failed to score higher than the controls at grade three, an adequate evaluation of the effect of the full year program at this grade level was limited by the small number of programs.

3. In the overall analysis for the Illinois test of psycholinguistic abilities (ITPA), a measure of language development containing separate tests on auditory and vocal reception, auditory and visual memory, auditory-vocal association, visual-motor association, and so forth, the Headstart children did not score significantly higher than the controls at any of the three grade levels for the summer programs. In the case of the full year programs, two isolated differences in favor of Headstart were found at grade two for two subtests of the ITPA, namely, "visual sequential memory" and "manual expression."

4. In the overall analysis for the children's self-concept index (CSCI), a projective measure of the degree to which the child has a positive self-concept, the Headstart children from both the summer and the full year programs did not score significantly higher than the controls at any of the three grade levels.

5. In the overall analysis for the classroom behavior inventory (CBI), a teacher rating assessment of the children's desire for achievement in school, the Headstart children from both the summer and the full year programs did ont score significantly higher than the controls at any of three grade levels.

6. In the overall analysis for the children's attitudinal range indicator (CARI), a picture story projective measure of the child's attitudes toward school, home, peers, and society, the Headstart children from the full year programs did not score significantly higher than the controls at any of the three grade levels. One isolated positive difference for summer programs was found on the "home" attitude subtest at grade one.

7. The above findings pertain to the total national sample. As mentioned previously, additional analyses were made for three subgroups of the national sample: geographic regions, city-size groups, and racial/ethnic composition categories. Analysis of the summer programs by subgroups revealed few differences where Headstart children scored higher than their controls. Analysis of the full-year programs by the same subgroupings revealed a number of statistically significant differences in which, on some measures (mostly subtests of cognitive measures) and at one or another grade level, the Headstart children scored higher than their controls. There were consistent favorable patterns for certain subgroups: where centers were in the southeastern geographic region, in core cities, or of mainly Negro composition. Even though the magnitudes of most of these differences were small, they were statistically significant and indicated that the program evidently had had some limited effect with children who had attended one or another of these types of full year centers.

8. Apart from any comparison with control groups, the scores of Headstart children on cognitive measures fall consistently below the national norms of standardized tests. While the former Headstart enrollees approach the national level on school readiness (measured by the MRT at first grade), their relative standing is considerably less favorable for the tests of language development and scholastic achievement. On the SAT that trail about six-tenths of a year at second grade and close to a full year at grade three. They lag from 7 to 9 months and 8 to 11 months respectively on the ITPA at first and second grades.

9. Parents of Headstart children expressed strong approval of the program and its effect on their children. They reported susbtantial participation in the activities of the centers. Parents of full year enrollees tended to be slightly better educated but with a slightly lower income than parents of summer enrollees; summer programs enrolled a larger proportion of white children.

Viewed in broad perspective, the major conclusions of the study are:

1. Summer programs appear to be ineffective in producing any gains in cognitive and affective development that persist into the early elementary grades.

2. Full year programs appear to be ineffective as measured by the tests of affective development used in the study, but are marginally effective in producing gains in cognitive development that could be detected in grades one, two, and three. Programs appeared to be of greater effectiveness for certain subgroups of centers, notably in mainly Negro centers, in scattered programs in the central cities, and in southeastern centers.

3. Headstart children, whether from summer or from full-year programs, still appear to be considerably below national norms for the standardized tests of language development and scholastic achievement, while performance on school readiness at grade one approaches the national norm.

4. Parents of Headstart enrollees voiced strong approval of the program and its influence on their children. They reported substantial participation in the activities of the centers.

An analysis of covariance random replications model was used for the main analysis of the data obtained in this study. This statistical procedure was cross-checked by both a nonparametric analysis (with appropriate matchings) and an analysis of covariance with individuals rather than centers as the basic unit. Overall results with all procedures were similar.

In sum, the Headstart children cannot be said to be appreciably different from their peers in the elementary grades who did not attend Headstart in most aspects of cognitive and affective development measure in this study, with the exception of the slight but nonetheless significant superiority of full-year Headstart children on certain measures of cognitive development.

A variety of interpretations of the data are possible. Our measures were taken after children had been taken out of Headstart from 1 to 3 years, in order to detect persisting effects. It is conceivable that the program does have a significant impact on the children but that the effect is matched by other experiences, that it is contravened by the generally impoverished environment to which the disadvantaged child returns after he leaves the Headstart program, or that it is an intellectual spurt that the first grade itself produces in the non-Headstart child. Or it is possible that the Headstart program has a significant impact on the children who attended, but that the presence of these improved children in the classroom has raised the level of the whole class to the point where there are no longer statistically reliable differences between the Headstart and non-Headstart children. A further possibility exists that Headstart has been of considerable impact where adequately implemented, but lack of more positive findings reflects poor implementation of the program. Or it is possible that Headstart has been effective only with certain types of pupils, and so on.

In any case, the study indicates that Headstart as it is presently constituted has not provided widespread significant cognitive and effective gains which are supported, reinforced, or maintained in conventional education programs in the primary grades. However, in view of the mixed results from the full-year findings, the impact on the parents, the obvious values of the medical and nutritional aspects of the program, and the critical need for remediating the effects of poverty on disadvantaged children, we make the following recommendations:

1. Summer programs should be phased out as early as feasible and converted into full-year or extended-year programs.

2. Full-year programs should be continued, but every effort should be made to make them more effective. Some specific suggestions are:

a. Making them a part of an intervention strategy of longer duration, perhaps extending downward toward infancy and upward into the primary grades.

b. Varying teaching strategies with the characteristics of the children.

c. Concentrating on the remediation of specific deficiencies as suggested by the study, for example, language deficiencies, deficiencies in spelling or arithmetic.

d. Training of parents to become more effective teachers of their children.

3. In view of the limited state of knowledge about what would constitute a more effective program, some of the full-year programs should be set up as experimental programs (strategically placed on a regional basis), to permit the implementation of new procedures and techniques and provide for an adequate assessment of results. Innovations which prove to be successful could then be instituted on a large scale within the structure of present full-year programs.

Within the experimental context, such innovations as longer period of intervention or total family intervention might be tried.

4. Regardless of where and how it is articulated into the structure of the Federal Government, the agency attempting the dual research and teaching missions presently assigned Headstart should be granted the focal identity and organizational unity necessary to such complex and critical experimental programs. Their basis of funding should take cognizance of both the social significance of these missions and the present state-of-the-art of programs attempting to carry them out.

In conclusion, although this study indicates that full-year Headstart appears to be a more effective compensatory educational program than summer Headstart, its benefits cannot be described as satisfactory. Therefore we strongly recommend that large-scale efforts and substantial resources continue to be devoted to the search for finding more effective programs, procedures, and techniques for remediating the effects of poverty on disadvantaged children.

Mr. MICHEL. Page 11, point 2, an evaluation study of the Office of Economic Opportunity family planning program. Give me a little response here as to what we really know up to this point.

Mr. RUMSFELD. Those programs have never been evaluated up to this point.

PLANNING OF NEW PROGRAMS

Mr. MICHEL. On page 14 you say planning has begun on a variety of new programs for fiscal year 1970. Since we are funding the actvity for 1970, would you spell out in the record here a few of these things that you are planning to do, planning to plan, if I can put it that way? Give us some idea of what we are talking about here. In the interest of time, just place it in the record.

(The information follows:)

In my prepared statement the reference to planning for a variety of new programs meant specifically the new program thrusts described as follows:

Work and training:
1. Public service careers.
2. Out-of-school for 16- and 17-year-olds.
3. Job Corps—Community Centers.

Comprehensive health Services:
1. Outpatient care.
2. New rural projects.
3. Prepayment plans.
4. Health manpower development.

Family planning:
1. Hospital projects for child-bearing women.
2. Cooperative efforts with private practitioners.
3. Metropolitan area coordination projects.

Emergency food and medical:
1. Environmental health.
2. Increased coverage in rural counties, migrant camps, Indian reservation, and the poorest urban area.
3. Research in food habits and attitudes of the poor and experimentation with food fortifiers.
4. Increased effort to involve older persons.

Each area offers opportunities for constructive change in fiscal year 1970. I have directed staff to plan new projects or reorientations of existing projects in these four areas in anticipation of the appropriation request of $2,048 million.

Mr. MICHEL. I would like to know more about the public service career item. I would like to know a little more about this $50 million.

Mr. RUMSFELD. Tomorrow with Secretary Weber we will be discussing that at some length.

USE OF RETURNING VETERANS IN PARAMEDICAL PROFESSIONS

Mr. MICHEL. I have a question in the area of health manpower. Secretary Laird made a speech out in Wisconsin a few weeks ago, in which he was talking about the move in the Department of Defense of trying to channel more and more of these returning veterans who were in the paramedical field into the health field. Is there a coordination or any consultation going on?

Mr. RUMSFELD. There is.

Mr. FLOOD. On this subcommittee we call them paramedics. We are extremely interested in this.

Mr. RUMSFELD. Dr. Tom Bryant has been very active and involved in this and some of the OEO activities have pioneered in the area of getting nonprofessionals involved. We are coordinating this activity with the Department of Defense and, as I have indicated in my statement, manpower development is one of the two areas in the health area where we plan to put a great deal of emphasis during the current fiscal year.

Mr. FLOOD. Male and female?

Mr. RUMSFELD. Yes, sir.

Mr. FLOOD. Medical and dentistry?

Mr. RUMSFELD. All the health manpower activity.

FAMILY PLANNING

Mr. MICHEL. The chairman touched on this $22 million in your shop for family planning. We know there is $60 or $70 million, or much more depending on how broad is your definition, ribboned throughout the various appropriations bills for this area. We even have transfers from AID to NIH for research, not only on the female, but the male too.

Mr. RUMSFELD. We're not in research at all.

Mr. MICHEL. Is it fair to say the $22 million you are spending in this thing is actually direct assistance to particularly disadvantaged people——

Mr. RUMSFELD. With the exception of a few studies the vast portion of the sums is involved in the improved delivery of local services.

Mr. FLOOD. We are greatly concerned, Mrs. Reid is greatly concerned, about pregnant female high school dropouts.

Mr. RUMSFELD. This program is directed toward helping women who are not pregnant but might become pregnant, and women who are delivering a child and want to have a range of services to avoid having a future unwanted birth. It includes teenagers down to the age of 14.

Mr. FLOOD. Do you recommend they go back to school? Should they have a special school? Do they have prenatal medical care, or should they be furnished care during pregnancy? Who works with them and so on? All those points.

Mr. RUMSFELD. Our neighborhood health centers are involved in this activity and we will be happy to have Dr. Bryant discuss that matter this afternoon with you, if that is your wish.

NEIGHBORHOOD YOUTH CORPS OUT-OF-SCHOOL PROGRAM

Mr. MICHEL. On page 18 you talk about the Neighborhood Youth Corps. The out-of-school program funded at a level of $98 million.

Mr. RUMSFELD. Those will be covered also. Those are Department of Labor administered programs.

Mr. MICHEL. We narrow it down to 16 and 17 years rather than covering 16 to 21. I want a good explanation of why you arrive at this conclusion and what can be accomplished by it.

(The information follows:)

The following response reflects the Department of Labor and Office of Economic Opportunity manpower assessments. A series of studies have been conducted of the out-of-school program, the latest of which was completed in June 1968. From this study, it is evident that the program does help improve attitudinal and behavioral patterns of enrollees, does provide them with needed work and the wages of work, and especially for the younger age group increases chances of a return to school.

For some within the 16 to 21-year-old group, this type of program experience is only marginally necessary; however, continuing analysis of statistical data from labor market surveys, program operations, and evaluation studies provide us with concrete evidence that the out-of-school program is is critical importance to 16- and 17-year-olds whose chances for good jobs outside of the program are far less than older youths. They are not of normal school-leaving age, and may be prohibited from many types of jobs by right-to-work ordinances and laws. Due to their youth and, by definition, to their lack of the excellent credential of a high school diploma, 16- and 17-year-old dropouts are confronted with real barriers to good jobs in either the private or public sectors of our economy.

It has become evident that the needs of the 16- and 17-year-olds are different from those of older youths. Most 16- and 17-year-olds are entering the labor market for the first time and regardless of their socioeconomic background will do a certain amount of experimenting and job sampling. They seek information, examine life styles, career possibilities, and work to establish their own identities. This involves a certain amount of instability but is a natural part of personal development. Ideally, the schools and the status of being a student offers an institutional shelter from which young people can enter into various experiences free from the serious responsibility of making lasting choices. For school dropouts, however, there is no similarly sanctioned arrangement. Thus there is a clearly established need for out-of-school assistance for 16- and 17-year-olds, and the proposed out-of-school program for fiscal year 1970 will concentrate on providing for the critical needs of this especially disadvantaged group.

Older youths, 18 and older, are more likely to have passed through this state of development and are therefore more ready to move into more permanently employment or trainig for such employment. Through the recent and continuing expansion of the job opportunities in the business sector (JOBS) program, a substantial number of openings have been slated for 18- to 21-year-olds, thus relieving the present out-of-school program of a large segment of its current target group. In addition, the emerging public service careers program will undoubtedly focus a good deal of new job openings on the same age group. Thus the need of this population may best be served by programs which directly hire older youth into permanent jobs, and then provide them with necessary training, education and supportive services as an integral part of their employment. For these persons, therefore, the intermediate step of out-of-school prevocational work and training may be less necessary.

TRAINING OF LAWYERS FOR THE POOR

Mr. MICHEL. There is $54 million requested for legal services to support the training and service activities of more than 2,000 attorneys serving the poor. I would like to have an explanation of what lawyer goes to law school and becomes a lawyer and is admitted to the bar and needs additional training. What additional training does a recognized lawyer get from the Office of Economic Opportunity?

Mr. RUMSFELD. The answer is this: At law school the course of study is designed to equip the graduate to enter a law firm where he is under the counseling, direction, and guidance of more senior attorneys with respect to his appearances in a court and with respect to his preparation of documents.

However, it would be a dangerous thing to take a law school graduate and provide him to a human being, as that human being's legal representative, who then is going to undertake the resolution of some grievance or problem that that human being has and run the risk that that individual would be harmed because of a lack of familiarity, or a lack of preparation or a lack of proper support and guidance. So we have basically two ways that the problem is handled:

One is, in the legal services program or project in a given area, to have the new lawyer going to work with and under the direction of lawyers that have been involved in that project during the preceding year or two.

The second thing is, under a contract with a university—in the most recent case the University of Pennsylvania—they have undertaken to have, I believe it is a 6- or 8-week program of study has been undertaken that not only touches on some of those types of things a new lawyer would learn from his associates, but goes beyond and attempts to prepare an attorney who graduated from a typical law school to deal with the unique problems of the poor—and they can be classified. There are certain types of recurring problems that a poor person has with respect to his relationship to the legal system. Through a fairly short, concentrated 6-week course in a university law school, with the instructors being individuals who have had experience in poverty law or law dealing with the poor, they can give these individuals a background that equips them to a far better extent to deal with those problems.

Mr. FLOOD. This is what we call a cram course. Do you pay for this?

Mr. RUMSFELD. That is paid for under contract with the law school. It does not affect all the legal services attorneys. It is only a small number that get this special training.

LEGAL SERVICES PROGRAM

Mr. FLOOD. We have this problem—if you will yield—the gentleman from Florida, Mr. Rogers, has appeared before us and we have heard about this problem for some time. There are the people that become involved in suits or other actions against the Government. They have access to your counsel?

Mr. RUMSFELD. If an individual has or is renting a home and the code is not being enforced in that particular village, he can seek representation by a legal services——

Mr. FLOOD. These are demonstrations. We have——

Mr. RUMSFELD (continuing). And sue the Government to get code compliance. That is against the Government.

Mr. FLOOD. We have a demonstration conducted in violence. Mr. X can go to your office and have one of your lawyers represent him?

Mr. RUMSFELD. The law provides that a legal services lawyer may not provide counsel or representation to a client past the indictment stage for a criminal action.

Mr. FLOOD. Before the indictment stage?

Mr. RUMSFELD. Through the indictment stage in a crimial action. a legal services lawyer may in fact represent the individual. So if it is a criminal charge and it goes past the indictment——

Mr. FLOOD. Say the criminal is charged, he is arrested and he appears before a magistrate or a court for violation of certain local, State, or Federal laws of various kinds.

Mr. RUMSFELD. If he is poor, according to the way the program was enacted and the way the bar association felt very deeply it should be run, he could have counsel up through the indictment stage.

Mr. FLOOD. Suppose in town X there are 750 arrests, a demonstration, whatever it might be. Are these poor people, if they are poor, able to go to you and get lawyers?

Mr. RUMSFELD. They don't come to me for it, certainly.

Mr. FLOOD. I don't mean you personally but your shop.

Mr. RUMSFELD. The 270 legal services programs around the country, according to the ethics of the American Bar Association and the legal profession, have been designed to provide a full range of legal services and with the exception of the criminal case beyond indictment——

Mr. FLOOD. Let's say they threw paint on the Justice Department and 150 of the people are arrested. They can go to your people and be represented by counsel for their arraignment?

Mr. RUMSFELD. I think the way the Bar Association——

Mr. FLOOD. I ask you.

Mr. RUMSFELD. I am going to answer for myself in the way that the bar association phrases it. It is that they are accused of throwing paint on the building.

Mr. FLOOD. That is correct.

Mr. RUMSFELD. The question as to whether or not they are guilty of throwing paint is one that the legal system decides and they can in fact have a legal services lawyer, if they are poor, for a civil suit or for a criminal suit up through the indictment stage.

Mr. LOWITZ. Let me say one thing.

Mr. FLOOD. You understand the national problem?

Mr. LOWITZ. Yes, sir.

Mr. Lenzner would be best able to answer this. It is to this point of indictment or proceeded against by information. By the time of motion arraignments an information probably would have——

Mr. FLOOD. If proceeded against by public authorities?

Mr. LOWITZ. By information, being a proceeding less than an indictment. At that point, I am not sure that we could represent them at the arraignment if an information had already taken place.

Mr. FLOOD. That is a very fine point.

Mr. LOWITZ. That is correct.

Mr. FLOOD. What is your opinion?

Mr. LOWITZ. I think up to the point of some criminal proceeding going ahead actually becoming——

Mr. FLOOD. This is a criminal proceeding; they have been arrested.

Mr. LOWITZ. Once they are at the arraignment I am certain they couldn't go past an arraignment.

Mr. FLOOD. Can they be represented at the arraignment?

Mr. LOWITZ. I think probably.

Mr. FLOOD. Is that as far as you can go?

Mr. LOWITZ. I am not quite sure. Mr. Lenzner would be more able to answer for sure. I know they could not go past that.

Mr. FLOOD. We would like your opinion.

Mr. LOWITZ. I think that they could go up to the arraignment to represent them at the arraignment.

Mr. RUMSFELD. Mr. Lowitz, if I might reply, Mr. Chairman, has been with the Agency about a month and has come in as General Counsel. Mr. Lenzner is in charge of the Office of Legal Services and could be available for questioning.

Mr. FLOOD. You are sure of the question?

Mr. LOWITZ. Yes, sir.

Mr. FLOOD. We would like the record to show exactly at what point, if any, Mr. X can go to your shop and be represented by counsel as a poor man.

Mr. MICHEL. If I might say at this point, this is the criticism that I found at home. What is this fine dividing line at which one qualifies for this service and one who does not.

Mr. FLOOD. My question goes further than that.

Mr. RUMSFELD. Could I address myself to this briefly?

In answer to your question, we operate under the statute. That provides the ——

Mr. MICHEL. When you say "poor," does that mean that arbitrary money figure we talked about?

Mr. RUMSFELD. That is right. With respect to your question, though it should be remembered that the legal services program operates the way we have just described but the Government, the public, the taxpayer also pays for a lawyer for an indigent defendant beyond that stage. It just happens to come through a different appropriation.

Mr. FLOOD. Let me ask you this. The charge is treason. Can a poor man go to you and be represented at once?

Mr. RUMSFELD. No, sir. But he can go to other programs supported by the taxpayer's dollars and be defended for treason.

Mr. FLOOD. Which ones?

Mr. RUMSFELD. The Congress of the United States passed by an overwhelming majority during the time I was in Congress a piece of legislation that provided that the Federal taxpayers would pay the cost of legal counsel for indigent defendants in criminal cases. That is the statute. It is paid through the Department of Justice appropriations.

Mr. FLOOD. Let us forget that. Under this bill can your office——

Mr. RUMSFELD. We wouldn't get involved in that, no, sir. That would be through the Department of Justice appropriations that would pay for that.

Mr. FLOOD. We know about appointing counsel. But not in your shop?

Mr. RUMSFELD. No, sir.

LEGAL REPRESENTATION OF MIGRANT WORKERS

Mr. MICHEL. What are the most difficult ones that you get involved in in this business? Give me an example of one of the stickiest kind of cases where you provide legal service.

Mr. RUMSFELD. The ones that cause the biggest flap publicly are those instances where you have migrants moving through an area and where legal services, for example, in California or Florida are provided to the poor. The result of that representation or providing those individuals access to the legal process could result in some economic dislocation.

For example, if there is a challenge made on the basis of inadequate sanitation and it prevails, that costs money. That is a very unsettling thing to some.

Mr. FLOOD. What about the migrant; he has a residence someplace. He comes from someplace. It is suggested if he has a residence and becomes involved in legal matters he should be represented by proper counsel, legal aid or what. His residence is not New Jersey where he is picking something.

Mr. RUMSFELD. Let me give you an example of a migrant who resides in Nevada and he follows the crop and moves through California. In the State of California it happens that the sanitation provisions in the judgment of that individual are not consistent with the State law or the county law and a legal services lawyer represents that migrant in the State of California with respect to a sanitation question in the State of California, where that individual is presently working. That, to me, is a perfectly reasonable approach.

TYPES OF CASES HANDLED BY LEGAL SERVICES

Mr. FLOOD. He carries concealed weapons; he is arrested for assault and battery with intent to kill in California. He is from Nevada. Can you take care of him?

Mr. RUMSFELD. Again, that would be defended by the taxpayers, financed through the Department of Justice under the statute that provides for the Department of Justice to see that individual criminal defendants who are indigent are provided adequate counsel. The basic principle being that in practically every instance where a human being has difficulty with society that requires legal resolution, there is going to be something that the public generally would look at and say he shouldn't have done that. That is bad.

Yet we have said in this society that over the decades and more recently to a greater extent through enactment by Congress, we have said that the most reasonable, most peaceful, most legal means of resolving grievances and having an individual human being to gain relief is through the legal system.

To the extent we deny people access to the legal system because of their resources being inadequate, then what we do is encourage them to find ways of relieving their grievances outside of the legal system. If their case is not valid, it falls and the court decides against them. To the extent their case is valid and some state or government has——

Mr. FLOOD. We have no quarrel with this principle.

Mr. RUMSFELD. That is where the American Bar Association set across the board——

Mr. FLOOD. What about your shop?

Mr. RUMSFELD. We have a piece of the responsibility. It is limited by income to the poor. It is limited by statute to civil activities. Beyond that, the American Bar Association and the Congress have, I

believe properly, said we are not going to superimpose our judgment by saying you may involve yourself in this kind of suit but not in that kind of suit. Because the principle is that an individual human being deserves and should be given access to the legal process to the full range of services, legal services, so that to the extent possible the kind of sorting out of these difficulties will be legally through the courts rather than in the streets or through nonlegal means.

Mr. FLOOD. We don't quarrel with that. We are talking about your Office.

Mr. RUMSFELD. That is what I am talking about. In other words, the States have public defender laws for State and criminal suits for the most part. The Federal Government has one as passed by Congress. But today, given adequate funding in the legal services program for civil suits, we are far from covering all the human beings. But as far as the area to be covered, I don't mean geographically—the legal areas—we are getting pretty close.

Mr. FLOOD. Nonsupport?

Mr. RUMSFELD. Yes, sir. That is one of the biggest problems the poor have.

Mr. FLOOD. Divorce?

Mr. RUMSFELD. That is one of the few relationships they have with the law except for criminal law, their major contract or the lack thereof, on these types of things. It is not a majority of the cases but a substantial number of the cases involve these types of activities: credit, code enforcement, landlord-tenant—things relating to the marriage contract.

Mr. FLOOD. Civil contract?

Mr. RUMSFELD. Yes, sir. These are the types of activities they are involved in.

Mr. FLOOD. What about a damage action against an insurance company?

Mr. RUMSFELD. Yes, if he is poor. You asked me where the other problem is. The other problems are with the Cabinet Secretaries and the Governors. When they get sued, as all of us get sued, we say to ourselves simplistically, why in the world should the taxpayers have a Congress that passes a law and a bureaucrat that administers the law and then pay a lawyer to help some person to sue the bureaucrat who is doing that? If it is wrong, why don't we correct it that way?

Mr. FLOOD. How about this? Social Security appeal denied. Right of appeal to the Federal district court.

Mr. RUMSFELD. I would imagine it fits within that broad category. As I say, it is everything except criminal. That means that it covers the range.

Mr. MICHEL. Never before have I known any government to provide the legal resources to cut itself up as we do in this program.

Mr. RUMSFELD. It is not really cutting itself up. It is to making those judgments that need to be made as to whether that particular statute or regulation is being administered consistent with the intent of the Congress.

The other thing I think that is important in this area is that we live in an exceedingly complicated society. It is complicated for the best educated. It is complicated for the most sophisticated. The frustrations that come to those who are not well educated or not sophisticated in

the ways of the legal process really can be just tremendous. To be able to relieve those frustrations, to be able to plow through those complexities by competent representation and legal counsel I think is a great thing. It is a great credit to our society that we have the wisdom to do that.

Mr. FLOOD. If a school district does not meet the law on segregation. Mr. A has a son. He wants to enjoin the school district. Can you help him?

Mr. RUMSFELD. Under the definition of our statute and the Office of Economic Opportunity have set forth, I would say, yes. I don't recall that legal services lawyers have been involved actively in desegregation suits.

PAYMENT OF LEGAL SERVICES ATTORNEYS

Mr. MICHEL. A lawyer and legal services office is paid by whom?

Mr. RUMSFELD. We enter into a grant relationship with an organization and that organization actually is given a lump-sum on an annual basis. That organization then hires legal services attorneys and the 1,850 legal services attorneys are not employees of the Federal Government; they are not civil service and not under our direct control. They are operating under a grantee that then conducts the activities in a given geographical area.

Mr. MICHEL. Is that for so many hours' work in a given period of time?

Mr. RUMSFELD. It is an annual stipend.

SELECTION OF CASES

Mr. MICHEL. What happens if poor citizen A goes in and feels that he is being shunted aside by the legal services office and not getting service, as distinguished from poor person B, who, in a similar case or problem the lawyer finds time; did you ever run into that kind of a situation?

Mr. RUMSFELD. In some areas where the programs are funded at possibly too low a level and the casework gets excessive, one of two things happens. They may take on an excessive caseload and not do as competent a job for the individual this is in my judgment very harmful potentially to the individual because if you lose a damage suit for an individual, that can have a tremendous impact. They may not get the bills or fail in the code enforcement case. The other alternative is to turn people away. There is no question but that the programs are inadequate in terms of the number of attorneys available for the needs in this area.

REPRESENTATION OF DEMONSTRATORS

Mr. FLOOD. Here is the XYZ society in city A, State B. They want a permit to parade down a certain street to demonstrate for a cause in which they believe. Let us say it is civil rights. They are enjoined from doing so by the local officials. Can this society or one of its members go to you to file suit?

Mr. RUMSFELD. Certainly any human being who is poor can go into a legal services office and request legal assistance. The question as

to whether or not the legal services attorney or the board that manages the legal services project in that area would encourage the representation in that kind of activity is one for the local project and the attorneys and their supervisor to decide.

Mr. FLOOD. If the local attorney said yes, would this go to the Supreme Court of the United States?

Mr. RUMSFELD. That would be consistent with the law.

Mr. FLOOD. Would you pay for that?

Mr. RUMSFELD. That is permissible under the law.

Mr. MICHEL. Is it possible that one who himself is an activist and sympathetic to the cause would take on that particular case in preference to another, which might be a very ticklish one, and as distinguished from a number of routine cases where people were saying, "My gosh, he has time for that but not my problem." What obligations are these lawyers under? Who are they responsible to to make sure that we get our dollar's worth?

Mr. RUMSFELD. I would like to introduce Mr. Terry Lenzner, the Director of the Office of Legal Services. We have been sitting here and discussing the area that he is involved in day in and day out. I thought you might like to meet him. He has what I have to describe as one of the toughest jobs in this agency, with 270 projects.

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

Mr. LENZNER. Since July of this year.

Mr. FLOOD. We will put your biographical sketch into the record at this point.

(The biographical sketch follows:)

TERRY F. LENZNER

OEO Director Donald Rumsfeld today appointed Terry F. Lenzner as new director of the agency's legal services program.

Lenzner, 29, was sworn in as the first appointment made by Rumsfeld since the new OEO Director took office in May. Lenzner will direct a program that administers more than 200 projects over the country. In fiscal year 1969, legal services was budgeted at $42 million; the 1970 budget request is $58 million.

Prior to his appointment, Lenzener assisted the Director of OEO during the transition to the new administration.

Prior to coming to OEO, Lenzner was a Special Assistant to John Doar, president of the board of education of the city of New York. Lenzner represented Doar before the New York State Legislature on the school decentralization bill and represented the board on the mayor's task force on school disturbances.

From February 1967 to early 1969, he was an Assistant U.S. Attorney in the U.S. Attorney's Office, Southern District, Organized Crime Section, in New York City. From September 1964 to 1967, Lenzner served as a trial attorney in the Civil Rights Division, Department of Justice in Washington, D.C.

Lenzner is a 1961 honor graduate of Harvard University, where he was captain of the football team in his senior year. In 1964, he taught a course "Government and the Arts" at Harvard. He received his LL.B. degree from Harvard Law School in 1964, and was awarded a Danish Government grant on a Fulbright application in that same year.

The Boston Globe published a series written by Lenzner on Speaker of the House John McCormack. He and Prof. James Kirby were joint authors of "Limitations on the Power of State Legislature over Presidential Elections." published in the journal, Law and Contemporary Problems.

Lenzner will reside in the Washington, D.C. area with his wife, Margaret.

SELECTION OF CASES

Mr. FLOOD. I have a problem. I am in town A, State B. I have a group of people who want to demonstrate down a certain street. They are

enjoined by the municipal authorities. One, can they go to you to file answer in the local court, to the district Federal court, to appellate court, circuit court of the United States, Supreme Court? You are the lawyer. I am the applicant. Can you take care of me? I am a poor man.

Mr. LENZNER. First, they have a rather detailed intake form and they would have to require them to submit information about the income and number of dependents and how long they have lived in the area.

Mr. FLOOD. I am a poor man and I meet the requirements of your statute.

Mr. LENZNER. Then I think the project director has to look at that application——

Mr. FLOOD. What project director?

Mr. LENZNER. Each board for our programs is made up of a majority of attorneys who are licensed to practice in that immediate area. Those attorneys then pick an attorney who lives in that area to be the project director for the project. The project director is then responsible within the policy set by the attorneys on the board, people from the community on the board. He is responsible to meet those policies.

Mr. FLOOD. Similar action in equity, I am enjoined and I come to you.

Mr. LENZNER. The project director would have to consider the amount of cases that he has pending with his attorneys and he would have to look at the facts in the case to determine whether there was a valid suit there or whether the local municipality was correct in enjoining and didn't have a defense. I think he would then advise them that they had no defense and they should respect the injunction.

Mr. FLOOD. Suppose he did; suppose the answer was yes, he had a right?

Mr. LENZNER. If, on the other hand, they thought that—are you saying hypothetically they did have a right to go into court?

Mr. FLOOD. The injunction in the opinion of your lawyers was wrong.

Mr. LENZNER. Then he would have the right to represent them in court and appear before the judge in the court arguing the case.

Mr. RUMSFELD. He would have to make a judgment, as I understand it, as to whether or not that was an intelligent allocation of his attorney's time. The demand on their time exceeds the number of lawyers and man-hours that are available for the work. Is that right?

Mr. LENZNER. That is correct. We have had in fiscal 1969 about 600,000 individual cases represented by our attorneys. I was in one program where they had over 1,000 clients per lawyer, which is an incredible amount of intake for that program, much too much. And we didn't have sufficient funds to increase that number of attorneys in the program. If we felt that particular program was misdirecting our resources we would pick that up in our annual evaluation of that program. If we thought the community was not being served correctly——

Mr. FLOOD. We are concerned about an alleged violation of a Federal civil statute, whatever it might be. The defendant can go to you and be represented by counsel to the Supreme Court.

Mr. LENZNER. In a civil case?

Mr. FLOOD. Yes.

Mr. LENZNER. That is correct.

Mr. MICHEL. In the hypothetical case of the chairman, you said in the first place there would be something dependent on the input. I think you mentioned whether he lived in the community, which raised the question on the chairman's hypothetical case here of poor person A going to another State.

Mr. RUMSFELD. A migrant.

Mr. MICHEL. Right.

Is that a condition of qualifying, that you be an immediate resident of that community where that legal service office is located, or is it available to a migrant or transient?

Mr. FLOOD. The case was a resident of Nevada, a migrant farmworker. He is from California and becomes involved in a matter which violates some civil Federal statute or a California statute or municipal town ordinance. Can you represent this man from Nevada?

Mr. LENZNER. The programs for the migrant have built into them that they can only serve migrants. Therefore, the reason they ask about residency in those cases is there are not certain people other than migrants. For example, the southern Florida program is set up as an experiment serving migrant problems.

Mr. FLOOD. This is the one that I have in mind.

Mr. LENZNER. That is an interesting program because——

Mr. FLOOD. Very.

Mr. LENZNER. If they had a problem down there of housing set up by the municipal government, when I was down there, Congressman, in the area, they showed me the housing which was inadequate. We talked about the housing code.

Mr. FLOOD. May I add this: Paragraph (b). A Jamaican noncitizen, picking citrus fruit. What can you do about him?

Mr. LENZNER. I just don't know the answer to that. I was about to say in this housing problem they decided not to enforce the housing code there because they realized the city could not afford to improve the housing and that the city would be required to close the housing down. Instead of enforcing that housing code, they tried to seek money to build new housing which was appropriate and a constructive way to meet that problem because it didn't close down the project. It sought to borrow money from other private sources to build new housing so that the city continued the housing they had and tried to improve it from private financing. I thought that even though the attorneys were young they were looking down the road and trying to see what the best thing was for the community and city and migrant workers living there.

Mr. RUMSFELD. Mr. Chairman, as I understand it the feeling on this subject was that while there might very well be priorities with respect to where the emphasis should be, most were reluctant and apparently the Congress was reluctant to specify those priorities. It is difficult to censor, to try to write in prohibitions other than that the criminal prohibition, which are clean and understandable as to the types of activities that could or could not be undertaken by legal services attorneys. It is difficult to try and define before the fact the kind of things that would not be "desirable," whatever that means. They felt this would be difficult and in some cases inconsistent with the canons of ethics of the legal profession which provide apparently

that the range of services should be available to a person. They have shied away and in fact, I must say, not only shied away but very vigorously defended this particular aspect of it and been unwilling to see prohibitions written into it as to the types of activities that could or could not be undertaken.

OBJECTIVES OF THE LEGAL SERVICES PROGRAMS

Mr. FLOOD. You realize that the average man in the street is much disturbed about the facets of this problem.

Mr. RUMSFELD. Yes, sir. Very definitely. I have studied this very carefully because there have been so many questions raised. It is my strong conviction that an example of the strength and greatness of this society is that it is based on law. We have in fact said and are able to say that we want to see that the sorting out of human difficulties with respect to society is done through the legal system.

Mr. FLOOD. Why don't you and this fellow make this clear for a change? Nobody has so far. You two should be able to do it.

Mr. RUMSFELD. I do my best at it. The opportunities to communicate these things are somewhat limited but it is a complicated subject. I feel very deeply about it. I think the Eisenhower Commission on Violence was right when they suggested these programs should be substantially increased.

Mr. FLOOD. You and your counsel should say so.

Mr. RUMSFELD. We have. I have over and over again whenever I get a chance.

Mr. FLOOD. I have not heard it.

Mr. RUMSFELD. Of course, I don't own the television or newspapers. For example, I testified Friday, as did Mr. Lenzner, before a Senate committee on this subject. I have had press conferences on the subject. I have testified before the House and Senate authorization committees on this subject. If there is one thing that the poor ought to have, it is this access to the legal system for the resolution of their grievances.

MURPHY AMENDMENT

Mr. MICHEL. What is your position on the Governor's veto in this area?

Mr. RUMSFELD. The President has asked for the extension of the bill without crippling amendments. That is very definitely a crippling amendment. There is a desirable balance built into the original act where it provided a Governor's veto and a director override. The existence of both of those led to very close consultation, very close dialog and discussion in the development of these programs. Neither the Governor nor the director wanted to have to take that very final act of veto or override. The result has been there has been only one override in the history of the program. To take away the override would take away the underpinning of that balance that has been achieved.

RIGHTS OF THE POOR

Mr. FLOOD. Counselor, the mere fact that you are poor under your regulation, does that give you special privilege merely because you

are poor? Do you have a special right? Does this burden of poverty give you a special privilege against every other citizen who is not so cursed?

Mr. LENZNER. I guess the thought of Congress, when it enacted the statute, was to benefit people earning less than $2,500 or $3,000.

Mr. FLOOD. Whatever yardstick. Are you endowed by special privilege of the Constitution under law simply because you are bearing the cross of poverty?

Mr. LENZNER. I suppose to some extent it is analagous to the criminal situation where people feel that a group of people who have not been able to obtain representation——

Mr. FLOOD. There is a wide spectrum of civil law far beyond the criminal law.

Mr. LENZNER. That is right.

Mr. FLOOD. Merely because you are poor under your yardstick, do you have the special prerogatives and special rights against people who are not so cursed?

Mr. LENZNER. I don't think it is a special right, Congressman. I think it is just bringing them up to something close to the level of people who can afford their own attorneys.

Mr. RUMSFELD. If I could add there. I would agree it is not a special right. It is a judgment that the society has made saying that we have a system based on law and that we want all people to have access to the resolution of problems through the legal system. The success of that system is that there be adversary proceedings. That means there be professional representation by both sides.

Mr. FLOOD. Because you are burdened with this cross, can you do certain things that other people can't because of the mere fact?

Mr. RUMSFELD. No, indeed. If you do, the court will find against you and you will be punished. All this bill provides and all this program provides is that you shall be represented competently and not be denied the prospect or opportunity of achieving equal justice. It does not say that you will win. If you do something wrong you ought to be punished.

Mr. FLOOD. Equal justice under law.

Mr. RUMSFELD. That is right. It does not say you will win. All it says is that if a situation arises where you have a relationship with a legal system, you shall have representation.

Mr. FLOOD. You get a fair shake.

Mr. RUMSFELD. That is right.

If you are wrong, you ought to lose.

Mr. LENZER. We are excluded from taking fee generating cases.

Mr. FLOOD. I know that.

Mr. MICHEL. How many cities do you say have a legal services office?

Mr. RUMSFELD. 600 officers and 290 projects and they don't cover the entire country. We are some distance away from approaching the kind of coverage that these various groups——

RECRUITMENT OF ATTORNEYS

Mr. FLOOD. Do you have trouble getting people for your staffs?

Mr. LENZNER. No. We have had great success in getting people out of law school who go through a training program.

Mr. FLOOD. Why is that so?

Mr. LENZNER. I think it is because a lot of the young attorneys now don't find the kind of practice that is offered in private firms as directly related to the kind of concern they have as to what is happening in the country. They feel that our program allows them to become involved more directly in the problems of other people and get worthwhile experience before they go into private practice.

Mr. FLOOD. You don't have a problem getting attorneys?

Mr. LENZNER. We had a fellowship program last year that had 1,200 applications for 250 places and we had 40 percent of the Harvard Law School third-year class applying for that program. We had to turn quite a few away.

Mr. FLOOD. What school?

Mr. LENZNER. Harvard Law School.

Mr. FLOOD. I heard of that.

Mr. MICHEL. What is the amount of scholarship?

Mr. LENZNER. $9,600 up.

Mr. RUMSFELD. That is pay, not a scholarship.

Mr. FLOOD. What is the average tour of service?

Mr. LENZNER. Two and 3 years of service.

Mr. FLOOD. That is pretty good.

Mr. LENZNER. The problem has been that the caseload is so huge the people get worn out awfully fast. We prefer to have people stay longer because we need that kind of experience in the field to supervise new people coming in.

Mr. MICHEL. Do they give full or part time?

Mr. LENZNER. Full time.

Mr. MICHEL. Required full time.

LEGAL AID SOCIETIES AND BAR ASSOCIATIONS

Mr. FLOOD. How do you get along with the local county bar associations, and the old-time, 75-year-old legal aid societies.

Mr. LENZNER. In most of the areas we are in in the Midwest and Southwest we have supplemented existing legal aid societies. In the southern part of the country we had a meeting with 13 southern bar presidents and presidents-elect, 13 southern States, in Biloxi, Miss., and they voted a resolution commending the legal service program and new director, so we are getting along pretty well with them.

Mr. FLOOD. Are you considered respectable?

Mr. LENZNER. I think very much so. The presidents of several of the southern States asked us to start new programs in their States. They also asked us to increase some of the funding of programs that already exist. I think we are a good leg up on some good relationships.

Mr. FLOOD. My compliments. That is praise from Caesar.

AUDITING OF EXPENDITURES

Mr. NATCHER. Mr. Chairman, I want to join you in welcoming our former colleague, Mr. Rumsfeld, before our committee at this time. Certainly Mr. Rumsfeld was an outstanding Member of the House and will make a good Director of OEO.

Mr. Director, I have enjoyed the statement that you have made to our committee and I am just wondering now if you have had an oppor-

tunity, since you have taken over your new assignment, to do a little checking as to the system of auditing that you have in your department? I know that the people generally and throughout the United States don't believe that $2,039,500,000 is the largest amount in the budget and a lot of people know and understand full well that our poverty program costs money.

At times before this committee and before the House, as you well know, we have had instances cited whereby millions of dollars was involved that were simply squandered in this program. What system are you using? What have you done by way of checking to see if the money placed in the program is producing the results that it should?

Mr. RUMSFELD. Well, Mr. Congressman, with respect to those programs that are administered by other departments—HEW, Labor, or Agriculture—the auditing of the nature that you are referring to is generally handled by those departments. That would cover something in the neighborhood of $1.3 billion out of the $2 billion. That means something in the neighborhood of $750 to $800 million is administered in OEO. The kind of concern you have raised has caused me a good deal of concern and, as I indicated this morning, we set up a control to try to stop funding of potentially bad projects. That seemed to be the first place to address myself in terms of getting a grip on the agency.

It is my understanding that the agency is at the present time substantially behind in the number of audits that are due under our regulations and desired procedures.

Do you have the figure, Mr. Cassidy, as to what the number is? In addition, Mr. Carlucci, in the Office of Operations, is reviewing all the training assistance. We pay for technical and management support for the various activities of this agency. For example, the community action agency. So they can then have some professional support in the management of their activity.

From what I have seen of it thus far, I am not satisfied that we have provided the kind of technical assistance in support of these local agencies that they really need and I would anticipate within a matter of a few weeks Mr. Carlucci will be coming to me with a recommendation as to how we can strengthen this activity. That, from a preventive standpoint, should have a substantial effect on correcting the kind of things that you and I and others read about periodically in the press.

The audit problem is a difficult one. To do it internally requires a tremendous number of positions. Furthermore, both with respect to audit and with respect to supporting assistance to prevent the kind of problems that an audit might turn up, it is important, I think, to keep reminding myself at least that these programs involve not the most sophisticated, not the best educated, but individuals who haven't had that degree of education in many instances, individuals who have not had experience in managing or operating or being a part of these kinds of programs. And so I think we should begin with an awareness that the likelihood of management problems, whether intentional or unintentional, is far greater in these kinds of activities, and therefore we have to be considerably more alert to providing the kind of support and assistance before the fact as well as alert to providing the kinds of audit after the fact that will assure that the money is in fact reaching the poor.

Do you have that statistic on where we stand on audits?

Mr. CASSIDY. Yes. In the legislation it is required to have an annual audit of each of our grantees. At the present time that would mean 2,044 annual audits would have to be performed. We have done 1,390, or about 68 percent of those.

Mr. RUMSFELD. To catch up would require the allocation of a tremendous number of positions and resources of the agency.

We apparently can't do everything at once and, as I have indicated, I have put a higher priority on assessing new grants and new contracts and the re-funding of existing grants and contracts which come up in substantial volume.

I am satisfied from what I know the audits we are doing are good. I am distressed at what I knew to be the case that we are far off the mark in terms of covering the scope of our program activities.

The second thing we are in the process of doing that I think will help is this: I am of the opinion that the agency has allowed itself to get to the point where we have so many irons in the fire that it is difficult to manage, and what I am anxious to do is to try and combine some of these activities and reduce the number of things we are trying to manage so that we can do a better job with those things.

As I have indicated, also, we will get the States involved in providing some of the management competence; for example, in the training and technical assistance area, which is one example where they could assist.

VISTA

Mr. NATCHER. Unless there is some change in the authorizing legislation that is before the Rules Committee, I believe your department will continue with the VISTA program.

Mr. RUMSFELD. Yes, sir.

Mr. NATCHER. This program from time to time has been a right difficult problem, I guess, to operate, and I know that some of the people in the program have caused considerable difficulty generally in the Office of Economic Opportunity. Have you taken a good look at this portion of your overall program, Mr. Director? VISTA—generally?

Mr. RUMSFELD. No, I haven't. I have taken a look at it and I have spent some time on it, but as far as really concentrating a great deal of my personal time on that particular activity, that is several weeks down the road.

I am of the opinion that what happened when VISTA was created 5 years ago was that a great number of young, idealistic, very dedicated people decided this program would give them an opportunity to be involved in something they felt was important. As a result, the recruiting for VISTA has been relatively good. There have been a great number of people, for example, who have wanted to be in VISTA.

I sense that a number of them might not have been trained as well as they could have been and that they also might have gone through something of a cultural shock upon getting transferred suddenly, in terms of their backgrounds, to very difficult poverty areas. Some volunteers had difficulty really fulfilling the function required of them in a given activity. So Mr. Pat Kennedy began a change in recruiting

for VISTA. He made a judgment it would be desirable to increase the numbers of relatively professional and mature people; getting people for example, with accounting backgrounds and business backgrounds where they could actually provide some skill and some needed service in a particular community on the one hand, and also increasing the percentage of individuals who were members of minority groups themselves, and therefore would not have the problem I described previously.

We are now in the process of moving in that direction and I think, under the leadership of Mr. Kennedy, the VISTA program has the prospect in the coming 12 months of really providing constructive service in the areas where VISTA volunteers serve.

The other thing we are now doing is to avoid those instances where there is a lack of supervision by concentrating VISTA, not one, but maybe 15 in an area, with a supervisor who provides guidance. I think that that kind of structuring and support for the volunteers enhances our prospects for improving volunteer effectiveness.

Mr. NATCHER. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Shriver.

Mr. SHRIVER. I want to join with you, Mr. Chairman, and with the other members of the committee in extending a warm welcome to our former colleague of the House, the new Director of the Office of Economic Opportunity. You were a good Congressman, so I know you are going to be a good Director. I am pleased that you were willing to take this job.

OEO ROLE IN WELFARE AND MANPOWER PROGRAMS

In a general sense would you describe what you believe to be OEO's role in the President's proposed changes in our welfare and manpower programs? I sense considerable change from what I always thought the program was.

Mr. RUMSFELD. The rhetoric that was attached to the Office of Economic Opportunity in its early years talked about the eradication of poverty and total victory and left the impression that the Office of Economic Opportunity was the war on poverty. It is rather clear, I think, from our testimony here that the Nation's effort to deal with the problems of the poor is not concentrated in the Office of Economic Opportunity. On the contrary, it is the concern of all Federal departments and agencies almost, and certainly local governments as well as the private sector; they are very deeply involved in the problems of the poor.

Under our charter and present organization we will have several operational activities that have been retained by the agency because they have a direct relationship to the poor, or because they offer the mechanisms for experimentation and development of additional types of programs.

The activities I am referring to, for example, are legal services, with over 2,000 legal service lawyers as of the end of fiscal 1969. VISTA with 5,700 VISTA volunteers; the 49 comprehensive health projects; with some 230 family planning projects, and at least 401 emergency food and medical services programs.

These activities are essentially operational. Now, on top of those operational activities, plus the 962 community action agencies, we

have a substantially strengthened Office of Planning, Research, and Evaluation which will be involved in evaluation of existing OEO programs, evaluation of other activities that affect the poor, and research in these areas that will lead to developmental activity.

We have an Office of Program Development. We will be involved on a small basis in actually attempting to develop models for demonstrations, and assessing their value before recommending that the new approaches either be terminated or expanded into operational-type activities. That, I think, is as close as I can come to precisely defining what this agency's role will be.

Certainly we are the only agency that has as its only interest the problems of the poor as opposed to people who are not poor, and we are the office in the Executive Office of the President that has special capability in the research, evaluation and developmental areas. In addition we are operating these several programs that I described that bear directly on the poor.

RESEARCH PROGRAMS

Mr. SHRIVER. In prior years when people from OEO testified they testified to their research programs.

Mr. RUMSFELD. They did have some, that is correct.

Mr. SHRIVER. How does that compare with the $78.6 million proposed in this budget for research, development, and evaluation?

Mr. RUMSFELD. With the delegation of Headstart and Job Corps and so forth, this Agency will be on a percentage basis involved to a much greater extent in research evalutaion and developmental activities than was the case previously.

The problem in determining the exact dollar figure to be extended for research is one of definition. What one person calls research another person might not. For example, the Headstart evalution comes very close to being research. We can give you comparative figures as to what, was pegged as research in past years, but I wouldn't want to leave the impression that the figures would necessarily be comparable. They might reflect comparisons of apples and oranges, rather than apples and apples.

One example, of the research undertaken in the Agency prior to the time I came on board was the New Jersey income maintenance experiment and this, of course, is the basis from a model standpoint of a good portion of the President's proposals in family assistance.

Mr. SHRIVER. I remember that. It had a different name then. It was called something else, wasn't it? "Guaranteed Annual Income" or something like that.

Dr. WILSON. Graduated work incentive experiment.

STATE ECONOMIC OPPORTUNITY OFFICES

Mr. SHRIVER. On the first page of the summary of changes you have made in the Agency this year, you mention that you have authorized program development planning grants to assist the States in tying overall State planning activities to community action programing. That is in a summary of the changes.

Mr. RUMSFELD. This is not part of the testimony?

Mr. SHRIVER. No.

Mr. RUMSFELD. Today 49 of the 50 States have a State economic opportunity office (SEOO.) They vary from State to State as to how they are plugged in to the Governor's office, or to the State administration. OEO funds them and then, depending on the competence of the individual and the extent to which he is plugged into the Governor's office, and the other activities in the Human Resources Area, the SEOO director that individual is involved in the OEO activities in that State. Our conclusion, as I indicated this morning, is that it is desirable not to think of the State as the enemy before the fact, but rather to try to find ways to help bring State resources to focus on these problems. Therefore we developed a number of approaches whereby we plan to plug the States in so that they have more than simply the negative veto as a way of preventing something from happening. We want to facilitate their participation in the planning and developmental cycles, so that hopefully the programs will make better sense in each State.

MURPHY AMENDMENT

Mr. SHRIVER. You mention the States and the veto. Do you have a position in connection with the amendment added in the Senate relative to legal services?

Mr. RUMSFELD. Yes, I do. I have given a good deal of time to this and I am absolutely convinced myself that it would be a most unfortunate thing from the standpoint of this program and from the standpoint of the poor. There is no question but that the inevitable result would be that substantial portions of this country would not have Legal Services programs, meaning that there would be substantial numbers of poor who would not have access to legal assistance. To the extent we deny people access to an opportunity to have their grievances redressed peacefully and legally, we tend to encourage use of alternative methods. I feel very deeply about it and I might add that I don't know very many Governors who have been interested in having an absolute veto. I see no such indication. In fact, Lieutenant Governor Sargent in Massachusetts recently came out with a very strong statement on the subject saying that as a Governor he wanted it understood that he did not want that particular role.

ASSESSMENT OF COMMUNITY ACTION AGENCIES

Mr. SHRIVER. You have refused to refund a number of community action agencies because of poor performance. Will you put in the record some of those cases and describe the criteria used to make those decisions?

Mr. RUMSFELD. Yes. It may be on the same memo I referred to about the agency refusing to refund a number of community action programs because of bad performance.

We have to do that. One of the problems has been that the quality of the evaluation information on community action agencies has not been

good in the past, but we are hopeful that we can obtain significantly better information in the coming period. The communities where we have addressed ourselves to this question have been for the most part rather clear cases.

Mr. SHRIVER. To what extent have you been able to go into that?

Mr. RUMSFELD. A second problem is many of the weaker agencies are rural CAPS and we have made a judgment that urban and rural agencies must be measured by different criteria. Many rural programs haven't been operating as long. For a second thing, many have operated as a one-county CAP for a period and subsequently been in the process of merging into multicounty CAPS where they have better chance for success.

Mr. Carlucci has been involved in this. He is the Director of the Office of Operations.

Mr. CARLUCCI. We have made an analysis of the reasons for poor performance of community action agencies based on the assessment we made a year or so ago. We find that the two leading causes for poor performance are board failure and failure of executive directors to perform properly.

Mr. FLOOD. The local executive director?

Mr. CARLUCCI. That is right, sir. There are a number of other reasons, including funding levels and relationships with the community and noninvolvement of the poor, but these two, board failure and executive director failure, are the two leading ones which suggest to us directions in which we should be pointing our training and technical assistance.

I have here a copy of the assessment that we made and the factors we took into consideration in making this estimate which I will be glad to insert in the record.

Mr. SHRIVER. How long is that?

Mr. CARLUCCI. It is short.

Mr. FLOOD. Without objection, it will be included in the record.

(The document follows:)

ATTACHMENT A.—CAA ASSESSMENT OF OVERALL EFFECTIVENESS

Performance categories	Number of CAA's rated	Percent of CAA's rated	Dollar amount involved (millions)	Percent of dollar amount
I. Acceptable	146	15	90	12
II. Meets essential needs	517	51	400	54
III. Unsatisfactory	311	31	237	32
IV. Unsatisfactory, unlikely to improve	35	3	12	2
Total	1,009	100	739	100

Note: Turnover—35 percent of all CAA's have had 2 or more executive directors in 1968.

NATIONAL SUMMARY

COMMUNITY ACTION AGENCY FACTOR ASSESSMENT REPORT

Region _____ State _____
Name of agency and community covered _____
Grant number(s) _____
Name of field representative _____
Date report completed _____

Factor	CAA assessment format			
	Acceptable performance demonstrated during past 12 months	Meets essential needs today although further improvement desirable	Unsatisfactory but is improving or could improve with outside stimulus or help	Unsatisfactory and unlikely to improve enough in next 12 months to meet minimum expectations with or without outside stimulus or help
	(1)	(2)	(3)	(4)
A. MANAGEMENT CAPABILITY				
1. Leadership (percent)	22	42	30	6
How well has the CAA put together and utilized a top staff leadership team capable of carrying out CAA functions?				
2. Board-staff relationships (percent)	22	47	27	4
Are board-staff relationships conducive to effective operation of the program?				
3. Planning (percent)	18	43	34	5
How well has the CAA identified needs, set goals and priorities, and developed programs and activities to meet the needs of the poor?				
4. Financial management and accounting (percent)	29	49	19	3
Amount	$182,900,000	$305,400,000	$215,200,000	$35,700,000
To what extent do the CAA and delegate agency accounting systems and other financial practices assure security of program funds and provide a valid basis for periodic audits?				
5. Information systems (percent)	18	53	26	3
How well has the CAA developed information regarding CAA and delegate agencies that meets management and program needs and facilitates required CAA reporting to funding sources?				
6. Personnel management (percent)	19	48	28	5
Total staff	33,141	119,112	69,638	6,540
To what extent have the personnel policies and practices of the CAA resulted in recruitment and utilization of an effective and efficient work force?				
7. Nonprofessional employment (percent)	26	53	19	2
Number of nonprofessionals	45,076	80,729	20,361	1,391
How well have CAA and delegate agencies provided employment opportunities for the poor?				
8. Career development (percent)	11	40	44	5
How well have CAA and delegate agencies provided career development and training opportunities for the poor on their staffs?				
9. Involvement of the poor (percent)	11	36	47	6
To what extent have poor people been meaningfully involved in the planning, administration, and evaluation of CAA operated and delegated programs?				
10. Internal linkages and communication (percent)	20	50	27	3
How well does the CAA link various CAA sponsored project and staff support offices to achieve mutually defined objectives (e.g. Head Start refers participants with legal problems to legal services project)?				

NATIONAL SUMMARY

COMMUNITY ACTION AGENCY FACTOR ASSESSMENT REPORT

Region _____ State _____
Name of agency and community covered _____
Grant number(s) _____
Name of field representative _____
Date report completed _____

Factor	CAA assessment format			
	Acceptable performance demonstrated during past 12 months (1)	Meets essential needs today although further improvement desirable (2)	Unsatisfactory but is improving or could improve with outside stimulus or help (3)	Unsatisfactory and unlikely to improve enough in next 12 months to meet minimum expectations with or without outside stimulus or help (4)
11. Internal assessment (percent) How well is the CAA moving to develop a capability to monitor its own operated and delegate agency programs to assess performance in the light of work program objectives?	11	44	40	5
12. Work program performance (percent) How well do CAA and delegate agencies achieve program objectives taking into account qualitative and quantitative factors and timetables set forth in work program?	14	52	30	4
13. Compliance with OEO requirements (percent) How well does CAA comply with OEO policies, procedures, and guidelines, (e.g., does CAA meet requirements for application submission, MIS, CAP 15's, audit compliance, Green amendment, etc.)?	28	48	22	2
14. Support systems (percent) To what extent has CAA developed a system capable of delivery of support services to delegate agencies and neighborhood groups (e.g., training, technical assistance, advocacy planning, centralized purchasing, or bookkeeping)?	13	44	39	4
15. Overall management (percent) How well does the overall management of the CAA contribute to achievement of its program objectives?	19	49	28	4
B. COMMUNITY IMPACT				
16. Advocacy role (percent) To what extent do the poor see the CAA as an effective spokesman and advocate for their interests?	15	37	42	6
17. Neighborhood organizations (percent) Has the CAA encouraged and related to the development and strengthening of organizations of poor people and developed affective leadership in the low-income community?	14	38	41	7
18. Communitywide planning and coordination (percent) How well has the CAA promoted an understanding of the problems of poverty, strengthened the planning capacity of other community agencies, stimulated and improved community-wide planning, and coordination of programs affecting the poor?	14	41	38	7
19. Mobilization of resources (percent) To what extent has the CAA, outside its programs (a) increased the total flow of resources into the community through State or Federal grants, economic development, etc., and (b) stimulated the redirection of available community resources to serve the needs of the poor more effectively?	17	40	37	6

NATIONAL SUMMARY

COMMUNITY ACTION AGENCY FACTOR ASSESSMENT REPORT

Region _____ State _____
Name of agency and community covered _____
Grant number(s) _____
Name of field representative _____
Date report completed _____

Factor	CAA assessment format: Acceptable performance demonstrated during past 12 months (1)	Meets essential needs today although further improvement desirable (2)	Unsatisfactory but is improving or could improve with outside stimulus or help (3)	Unsatisfactory and unlikely to improve enough in next 12 months to meet minimum expectations with or without outside stimulus or help (4)
20. Business involvement (percent) To what extent has the CAA involved the business community in appropriate ways in the program?	13	39	41	7
21. Volunteer support (percent) To what extent has the CAA involved volunteers in the program?	18	54	25	3
22. Community relationships (percent) To what extent has the CAA established effective relationships and avoided unnecessary conflict with key political, business, and other institutional leaders in the community?	33	45	18	4
23. Community influence (percent) How effectively has CAA stimulated meaningful involvement of the poor in the planning and conduct of non-CAA public and private programs and activities affecting the poor (e.g., Model Cities)?	10	34	46	10
24. Institutional change (percent) How well has the CAA influenced constructive changes in other community institutions to meet the needs of the poor (e.g., manpower, housing education, health, legal, welfare)?	11	38	44	7
25. CAA delivery of service (percent) How effective is the delivery of services by the CAA?	19	56	23	2
26. Delegate agency delivery of services (percent) How effective is the delivery of services by delegate agencies?	14	47	18	1
27. CAA overall effectiveness (percent)	15	51	31	3
Amount What is the overall effectiveness of the CAA?	$90,600,000	$399,700,000	$236,600,000	$12,300,000

D. OTHER QUESTIONS

	Yes	No
28. Has the CAA submitted the CAP 15 for December 1968?	860	151
29. Has the CAA submitted the MIS due Oct. 20, 1968?	883	128
30. Has the CAA submitted the audit for its last program year?	874	137
31. How many executive directors has the CAA had in the past 12 months? (1,006 responses)		1,358

CAA'S HAVING 2 OR MORE EXECUTIVE DIRECTORS IN CALENDAR YEAR 1968 [1] [2]

50 largest city CAA's	17
All other CAA's	335
Total	352

[1] Rating on overall effectiveness of CAA's having 2 or more executive directors: 122 received a 3 rating (39 percent of all CAA's that received 3's); 16 received a 4 rating (46 percent of CAA's that received 4's).
[2] Annualized turnover of CAA executive director's averages 30 to 35 percent.

Attachment C—50 big cities receiving a category 3 unsatisfactory rating on overall effectiveness:

Los Angeles	Norfolk	Indianapolis
Philadelphia	Honolulu	San Antonio
Detroit	El Paso	Kansas City
Boston	Tampa	Omaha
Oakland	Washington, D.C.	Long Beach
Oklahoma City	Baltimore	

HIRING OF PERSONS WITH CRIMINAL RECORDS

Mr. SHRIVER. What are the regulations which prohibit the hiring with Federal funds of persons with recent convictions of serious crimes?

Mr. RUMSFELD. I would like to have Mr. Don Lowitz, the General Counsel, address himself to these questions. We have been in the process of reviewing as rapidly as we can many of the regulations and guidelines for the conduct of the agency and in reviewing problem areas that have come up. We have concluded that some of the guidelines needed tightening up and we have been rewriting them. The procedure then is to get a draft internally in the agency and then——

Mr. FLOOD. Who sets up the guidelines; the Washington office?

Mr. RUMSFELD. In some instances and in some instances the regional offices.

Mr. FLOOD. Why should there be a difference?

Mr. RUMSFELD. The ones I am referring to are prepared at the headquarters office in Washington.

Mr. FLOOD. Why should the regional office have a jurisdiction?

Mr. RUMSFELD. They don't have a jurisdiction.

Mr. FLOOD. Then you really set the guidelines?

Mr. RUMSFELD. In some instances the regional offices have some leeway in administering the programs between the States.

Mr. FLOOD. Mr. Shriver's point is that you set guidelines.

Mr. RUMSFELD. Of the nature we are talking about, that is correct.

Mr. FLOOD. They may be elastic some place else, but you set them?

Mr. LOWITZ. We prepare the guidelines and they are then sent on for comment both within the headquarters and those that affect the regions or grantees are sent to them for comment and then the comments come back and the final guideline has to then be prepared and issued.

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

Mr. LOWITZ. About 2 months.

We have prepared in this guideline a statement on anybody who has been recently convicted of a criminal offense.

Mr. FLOOD. A criminal offense? Passing a stoplight?

Mr. LOWITZ. No; a serious crime. He will be prevented from serving as an executive director of a community action agency definitely and then certain other positions which we designated "sensitive" which would be those that involve the payroll activities, budgeting, accounting, bookkeeping, and things that have to do with the personnel records and personnel activities of the community action agency.

Mr. RUMSFELD. The reason for that is, while some individuals involved in these programs have criminal records—just by definition among the group we are dealing with, there are many individuals who have had problems with the law in times past. We wouldn't want to

exclude everybody on that basis. Where we have felt there are key positions such as Executive Director and Treasurer——

Mr. FLOOD. Are you conducting a reform school?

Mr. RUMSFELD. No, indeed. We are dealing with people who fit into the statute passed by Congress. Some of those individuals at one time or another in their careers have been involved in criminal activities which are subject to prosecution by the city, State, or Federal government.

Mr. SHRIVER. What are the provisions that have been drafted concerning personnel standards and practices?

Mr. LOWITZ. We have made an extensive redrafting of that and that is presently also out for comment. I think Mr. Carlucci has more information on that.

Mr. CARLUCCI. Yes, Mr. Congressman. What we have done is put together some of our previous guidelines and added to it considerably to come up with the basic personnel management which includes such things as personnel management improvement and selection, promotions, training in career development, employee/management relations, travel and transportation, personnel records, publication of personnel policy, et cetera.

This has been out for comment. The comments have been received. I expect we will be going over it for policy review within the next couple of weeks and it should be out within a month or two.

CONTRACTS WITH FORMER OEO EMPLOYEES

Mr. SHRIVER. What past experiences led to the drafted regulations to place controls over contracting with organizations in which former employees of OEO held senior positions?

Mr. RUMSFELD. Let me address myself to that.

Mr. SHRIVER. I am referring to a reference made in the justification.

Mr. RUMSFELD. That is right.

This is a sensitive area to discuss and I would want to concede right off the bat ——

Mr. FLOOD. That is why he asked you the question.

Mr. RUMSFELD. And that is why I want to discuss it. I would concede right off the bat that I have not undertaken a comprehensive look back at the 4 or 5 years of this agency's existence to try to ascertain precisely what has taken place. When I came in, my study and my instincts told me that this area had to be looked at very carefully, prospectively. So I wouldn't want to say in answer to your question that there was any single set of circumstances, example, or problem as far as past activities are concerned that led to my action.

My concern was that, as we all know, a situation developed in the defense and space industries, and it struck me that in this particular activity we had all the ingredients for trouble down the road. I say that because it is an agency that has been alive only 5 years. There is a limited number of people who have had experience in this particular activity, in or out of government. Many of the people out of government got their experience in government. It is logical to look for a grantee or a contractor, or consultant, among those who had been in government and subsequently left government. It concerned me because I am aware of the problems that can be developed and I did not want to arrive a year or two down the road and find that we had a

very incestuous relationship with contractors and grantees. These new guidelines are simply a precaution and we are trying to put down on paper something that is legitimate and sound while not precluding our using the best available talents in the areas of expertise that we need.

RULES ON CONFLICT OF INTEREST

Mr. SHRIVER. What are the proposed strengthened rules concerning conflict of interest for present and former OEO employees?

Mr. LOWITZ. Those would make an absolute prohibition on an OEO employee rendering services to anyone with whom the agency is dealing, for compensation, for the time he is an employee. Also a strengthening of the rules concerning former OEO employees, once they have left the agency, for example—one rule would be that if within the first year after their termination with the agency, if they go to work for some organization——

Mr. FLOOD. Do you have a time limit, 1, 2 years?

Mr. LOWITZ. One year after they are out is the basic time limit, yes, sir. That they would then have to advise the agency that they are now with a grantee or a contractor we are doing business with so this could be taken into consideration and we would be aware of the people we are dealing with.

COST OF VISTA PROGRAM

Mr. SHRIVER. I commend your efforts to include older, better educated, and more highly skilled volunteers in the VISTA program. Will that have any effect upon the cost?

Mr. RUMSFELD. Under our present plans we have not attempted to alter the basic compensation that is available.

Mr. SHRIVER. No higher cost per volunteer? You accomplish the same thing with the present benefits being offered?

Mr. RUMSFELD. That is our present hope. Whether we can achieve that, I don't know. It depends on how successful we are in recruiting at those levels. If we fail, I suppose we will have to make some adjustment.

REORGANIZATION OF LEGAL SERVICES PROGRAM

Mr. SHRIVER. You talked quite a little about the Office of Legal Services and you elevated it to a separate division which reports to you. What advantages do you think that would offer for this particular program?

Mr. RUMSFELD. One of the problems we have is a management problem. For example, it is November 18, and we are operating on a continuing resolution. We have been required to fund our grantees for a half year period instead of a full year period starting in June. We now are starting to reprocess grants a second time for a 3-month period in this instance. That means we are doing three times the administrative work. One of the problems is, it is very hard for grantees or contractors to make any plans.

Mr. FLOOD. Whose fault is that?

Mr. RUMSFELD. Whose fault is it that, we are having to do it three times?

Mr. FLOOD. Yes.

Mr. RUMSFELD. I suppose just the fact that we didn't have the information as to how much money we would have in what programs prior to July 1. The result is we have had to do it three times. That is an example of the problems we have from the standpoint of dealing with the people we have a relationship with.

In the case of legal services, previously it was a part of the community action agency program and we felt that by extricating it we would be able to shorten the grant processing cycle and improve the relationships of headquarters and regional offices with their grantees or projects around the country. The change should also provide a competence within the headquarters office not only for managing those grants for the 265 projects, but also for managing research and/or evaluation activities. We felt it was sufficiently big dollarwise and sufficiently important in terms of the number of people involved that it merited this kind of an elevation within the organization.

Mr. SHRIVER. What has been the experience up to now as to the actual effect of the closings of the Job Corps centers and the opening of community centers?

Mr. RUMSFELD. The Department of Labor administers that. I could answer, but I would prefer to answer when Mr. Weber of the Department of Labor is here.

ASSISTANCE FOR NEGRO BUSINESSMEN

Mr. SHRIVER. Recently the Kansas congressional delegation sponsored a group of Negro businessmen in a series of departmental and agency meetings here in Washington organized by the Department of Housing and Urban Development. These businessmen came here at their own expense, and I know the meetings were interesting to them, but the results in terms of finding sources of financial assistance from your agency and other agencies involved with disadvantaged people and people in the lower income brackets was disappointing to them. In several of these cases where I was involved, the story always seemed to be the same. Their businesses were promising, and they were offering many advantages to their neighborhoods at home, but for one reason or another they couldn't qualify for any of the existing Federal Government programs. They weren't asking for grant assistance but only for some form of seed money or loan guarantees which would help in connection with furthering their own business efforts.

Do you have any observations to make concerning this problem? I think this is at the root of helping these people help themselves. The ones who are in the hard core and the ones who are trying to get into the mainstream of business need our help.

Mr. RUMSFELD. I personally feel very strongly that it is very important that the black community develop a stronger capital and economic base. For that to be accomplished, it is desirable in my judgment—I suppose you get into political philosophy here—to try and provide a range of ways that these activities that are starting, or started, can be plugged in.

In other words, if you have strictly a grant program and no loan program, or no loan guarantee program, and blacks are unable to get loan financing, then one of two things happens: Either they are required, almost, to continue on grants, which is far less desirable

from the standpoint of the taxpayer, or they get nothing. That, of course, is something that is really a question for the authorization committee and the fact is, that today, under our statute, we do not have a loan guarantee program with the exception of a small $12 million rural loan program which goes basically to cooperatives and individuals and not so much to firms. There are other agencies of government involved, including the Small Business Administration.

Mr. SHRIVER. They went around to all of them, including yours. It is good for them to have this kind of involvement. They were interested in what they were doing here and what they were able to hear.

We have programs for the aid and assistance of big companies in this country to sell exports overseas and this sort of thing, guaranteed loans. There may be something that could be evolved by the research people on this.

Mr. RUMSFELD. To what extent are the cooperatives involved in funding individual businesses? Rural loan borrowers are mostly individuals as opposed to business organizations. We have practically nothing in the area you describe.

Mr. SHRIVER. I think you should. Thank you very much.

Mr. FLOOD. Mr. Smith.

USE OF 1969 FUNDS

Mr. SMITH. I just wanted to summarize for the record and for myself. Last year the appropriation was $1.948 million, is that correct?

Mr. RUMSFELD. I don't recall. That was the level of expenditure by the agency. What the appropriation was—was it identical?

Mr. PLISSNER. $1,948,000 was the appropriation last year. There was also a supplemental passed July 9 for $5 million for Headstart that was given a 2-months' life.

Mr. SMITH. Was any part of these two appropriations not obligated?

Mr. RUMSFELD. At the end of the last fiscal year?

Mr. SMITH. Yes.

Mr. RUMSFELD. There were a number of dollars not actually expended.

Mr. PLISSNER. I can get an exact figure for the record but it was approximately $8 million or $9 million. It was $8,397,742.

Mr. SMITH. Negligible.

Mr. PLISSNER. We consider that, compared with other agencies, quite a small figure and I think OEO has historically failed to obligate only negligible amounts.

COST OF CONTINUING 1969 PROGRAM LEVEL

Mr. SMITH. Your request for this fiscal year is $100 million more than last year's appropriation, is that correct?

Mr. RUMSFELD. Yes.

Mr. SMITH. How does that $100 million compare with the increases in salaries, and increases in other costs? In other words, will $2,048 million produce the same program level or a lower program level than $1,948 million did last year?

Mr. RUMSFELD. Mr. Plissner can answer it. We are not planning on the same program as last year.

Mr. PLISSNER. It is a complicated question to answer. I can make an attempt at it. There are certain programs where decisions have been made to cut back, so in those instances we don't need as much money.

Mr. SMITH. If you had the same programs would that provide the same program or would it not?

Mr. RUMSFELD. Would $100 million additional cover inflation and salary increases?

Mr. SMITH. Yes.

Mr. PLISSNER. It would still allow for very minor increases in some programs.

PROGRAM INCREASES AND DECREASES

Mr. SMITH. But you are changing the programs. Can you, without becoming too detailed, summarize the ones you are reducing and the ones you are increasing?

Mr. RUMSFELD. Yes, that is one of the questions we will supply an answer to. We will supply a specific summary on that for the record.

The areas that are being increased are emergency food and medical services; family planning; legal services; and the program for older persons. The Job Corps is, of course, one that is being reduced a substantial amount. This reduction provides the funds for most increases in the other programs.

PROGRAM EMPHASIS BY AGE GROUP

Mr. SMITH. You are increasing the program level for almost all ages except the age group that would be in the Job Corps. Is that a fair statement? And you are reducing that?

Mr. RUMSFELD. I haven't figured out the age group from the standpoint of family planning or emergency food. If you are talking about manpower programs only——

Mr. SMITH. You are increasing preschool and child development and then you work with the older citizens.

Mr. RUMSFELD. Yes.

The Job Corps is the big reduction and there are increases in the JOBS program which, for example, would cover in many respects similar age groups. I think Mr. Weber could answer this more accurately, but my guess is there is no great shift with respect to that age group. My guess on the other manpower programs is that if you sliced them on an age group, assuming the JOBS program had a normal amount for that age group, which I am sure it does, there wouldn't be any great change.

JOB CORPS REDUCTIONS

Mr. SMITH. How much less are you going to spend on the Job Corps area? I know you have transferred the function and it will be a little different kind of training, but how much less?

Mr. RUMSFELD. It is within the Department of Labor, of course, and, as I say, Mr. Weber will get into that tomorrow, but the fiscal year 1969 expenditure was $280 million and the President has requested $175 million for 1970. That is $100 million roughly reduction in Job Corps which allows for closing of some Job Corps centers and the opening of some new Job Corps centers on a different model. We are,

of course, proposing to reallocate these dollars into different things.

Mr. PLISSNER. The dollar reduction in Job Corps is disproportionate to the number of youths that would remain in the program. In effect, there has been a closeout of the more expensive Job Corps residential centers and there is a plan to institute instead inner-city and near-city Job Corps centers that will pick up dollar for dollar more——

Mr. FLOOD. Near what kind of city?

Mr. PLISSNER. You are pushing me to the point where I think there would be benefit in waiting for Mr. Weber to speak to this tomorrow. While you were on the subject, I thought I could contribute this.

SPECIAL IMPACT PROJECTS

Mr. SMITH. I know this came under the Labor Department, but I am interested in whether or not you have had an opportunity to review the special impact projects—such programs as the one in Los Angeles. I believe it was Bubble-Up.

Mr. PLISSNER. That was a special impact project.

Mr. SMITH. Have you had a chance to review that particular project?

Mr. RUMSFELD. I personally have not. I have been in Los Angeles and have been to the Watts neighborhood health center and some other activities. As a matter of fact, I have visited some manpower programs in the city, but not that particular one.

Mr. SMITH. Will that kind of program continue to be administered under Labor and you continue to give no oversight to it, or haven't you just had time in that particular case?

OVERSIGHT OF PROGRAMS DELEGATED TO DEPARTMENT OF LABOR

Mr. RUMSFELD. The kinds of programs, title I manpower programs are essentially administered by the Department of Labor with the exception of title I–D, which is in the Office of Economic Opportunity for administration as well as funding.

It is my impression that the Office of Economic Opportunity has had very little control under the delegation agreement in effect when I came. It has happened with the Job Corps agreement, which I was involved in, provides a much more direct role for the Office of Economic Opportunity.

I do intend to be involved and at that point where funds are apportioned and agreements are made between OEO and Labor, or HEW, we have negotiations and discussions to see that the emphases are consistent with something approximating our collective judgment.

Mr. FLOOD. Well, well. That is quite a statement.

Mr. RUMSFELD. In other words, they don't have a free rein——

Mr. FLOOD. You sound like a bureaucrat after 2 months.

Mr. RUMSFELD. They are tough negotiations to be perfectly honest.

Mr. SMITH. If you don't exercise some "oversight"—perhaps that is not the right word, but if you don't look carefully at programs that they are administering, how can you arrive at a conclusion as to whether or not they should continue with the same or a greater share of the total $2,048 million?

Mr. RUMSFELD. You couldn't.

Mr. FLOOD. That is what you mean by evaluation?

Mr. RUMSFELD. It is. As a matter of fact, my prepared statement mentions the fact that we have a very comprehensive evaluation of these manpower programs under title I and we will use that information along the lines we have described.

Mr. FLOOD. I think what Mr. Smith is driving at is this: This is the experience we have had in the Department of Defense. It has been shocking, over a period of 10 years. Cost overrides as much as 500 percent. It has been suggested that it is largely because of poor planning and evaluation.

We would not like to see this same thing happen to you, that they have been wallowing in in the Defense Department.

Mr. RUMSFELD. I wouldn't either. I have enough troubles without that.

BUBBLE UP PROJECT

Mr. PLISSNER. In reference to Mr. Smith's specific question on the Los Angeles project, that was funded in fiscal year 1969 by the Department of Labor and is a part of the overall OEO evaluation of the entire I–D program and therefore that kind of oversight is being given to the project.

Starting in fiscal year 1970 it is intended that OEO would operate all experiments under title I–D Special Impact. There is some thought about projects of that nature in the future, although I think there is some hesitancy until further evaluation is completed——

Mr. SMITH. With regard to that project, it is just an experimental project?

Mr. PLISSNER. It was intended as a single funding in fiscal year 1968 without any intention that there be more money in the future.

Mr. SMITH. Will you be making an evaluation, if you haven't already started it, to determine whether that type project was worth the dollars spent and whether the objective sought was actually secured?

Mr. RUMSFELD. In my judgment when there is an experimental program there is no point whatsoever in undertaking an experimental program unless at the same time there is an evaluation to see what was achieved in relation to the program objectives.

Mr. SMITH. You have not evaluated that program yet, have you?

Mr. RUMSFELD. No. In answer to your earlier question, my guess is that this project has an evaluation component. How good or bad it is I don't know as yet.

Mr. SMITH. One of the reasons that I ask is that Labor was real high on this.

It seemed to me earlier this year when Mr. Weber was here, he was still high on this project. Maybe it is good. I have great reservations about trying to force business to go to an area where it is not economically prudent to go themselves. That is the reason that I ask if there was really an evaluation to determine whether it was a project that you should consider in the future.

Mr. RUMSFELD. We can look that up and when Mr. Weber is here tomorrow, both Labor and OEO can comment in direct response to your question.

Mr. SMITH. What will be done in fiscal 1970? What will that $38 million budgeted for 1970 be used for?

Mr. WILSON. This is in reference to the title I–D special impact programs?

Mr. SMITH. Yes.

Mr. WILSON. Those are modeled after the Bedford-Stuyvesant project that received so much publicity. There we have 15 programs; two in the planning stage and 13 in place. You are talking about trying to coordinate the local activities with the local business communities. The nature of the project that come under this vary quite substantially from shopping centers to small manufacturing plants. I want to emphasize this as a local cooperative project. This type of activity is under much study and assessment.

Mr. FLOOD. With whom do you cooperate?

Mr. WILSON. Mainly local businessmen. You will find that local businessmen can take quite a large interest and have a very significant input into this type of program.

Mr. RUMSFELD. Let me see if I can tackle this from the beginning. As I understand it, title I–D was put into the bill in the Senate through an amendment by Senators Kennedy and Javits. The theory was, if substantial sums of money were impacted on an area and it was an economic development type activity that had manpower-related activities, this conceivably might be the kind of model that we should fund, and assess. Bedford-Stuyvesant was the first project. Then an entirely different series of models was used during the past year. They are in most instances smaller. They are both rural and urban, meaning middle, too. They are different in this respect: The new projects involve a development corporation that is provided Federal tax dollars. Feasibility studies are submitted for prviate enterprise-type activities. Such as, an assembly plant. Then the dollars that the Federal Government provides go through that development corporation into a community which is composed of people from the community. They make the judgments as to what kind of support they want to give these independent newly starting business ventures. We have been assessing it as Dr. Wilson said. I am not fully satisfied with either set of models.

We are going to evaluate the models that are in place now and we are in the process of looking at some different ones.

Mr. SMITH. Last year this program was administered by the Labor Department but this year it will be administered by your Office?

Mr. RUMSFELD. That is right. That was handled by Labor. They are not in the economic development business and OEO is.

Mr. SMITH. For that type project you have in your 1970 budget $38 million?

Mr. RUMSFELD. Right. A substantial portion of that goes to fund the models that are in place. It is more than 1 year funding. Bedford-Stuyvesant will be getting a substantial amount of money this year under the original grant. In addition, we have a group of people working right now to see what variations on the models that are in place should be funded during this fiscal year. We have not entered into any new grant to use title I–D money beyond those that have to be funded under the existing provision.

Mr. SMITH. We are in the middle of the 1970 fiscal year and you have to do a hurry-up job of evaluating these kinds of projects if you are going to spend another $20 million above the 1969 level.

Mr. RUMSFELD. We are doing a hurry-up job. We have had people on this subject pretty much since I came into office.

Mr. SMITH. You have not reached a conclusion?

Mr. RUMSFELD. We have not funded any new projects as yet.

Mr. SMITH. That is all.

Mr. FLOOD. Mr. Casey?

Mr. CASEY. Thank you, Mr. Chairman.

Mr. Rumsfeld, it is a pleasure to see you again.

Mr. Rumsfeld and I, Mr. Chairman, were on the Aeronautics Committee and he went to greater things, I guess.

Mr. FLOOD. This is a nice meeting of the mutual admiration society.

Mr. CASEY. Let us hope it lasts.

PROGRAMS DELEGATED TO OTHER AGENCIES

As you cite on page 2 of the prepared statement, one of your objectives is the freeing the Office of Economic Opportunity to concentrate on its primary mission by delegating or transferring more mature programs to other Federal agencies.

In this delegation or transferring you are doing, you still don't let loose of them?

Mr. RUMSFELD. Yes, indeed. I think in three or four instances programs have been transferred and are no longer funded in this act. I don't believe Foster Grant Parents is in here or Upward Bound.

Mr. FLOOD. Is that a form of anesthesia, or what?

Mr. RUMSFELD. Being delegated and then transferred?

Mr. FLOOD. Yes.

Mr. RUMSFELD. I think not.

Mr. FLOOD. It is not the kiss of death?

Mr. RUMFELD. I will not guarantee it is a sensible thing. It is written into the statute by Congress. I don't know if it works well or not. I have not been around long enough to assess it, but the theory is reasonable. The theory is that if one agency is designed to develop something it is not necessarily the best agency to market it. Just as in any activity in the private sector, if something is developed, the people there might be competent in developmental work but not be the best sales force or implementers in the world. The theory is that a program should move from a research or developmental stage into an operational stage on a delegated basis as Headstart is now. OEO uses the delegation arrangement to see that the Headstart activities are administered in a way that is consistent with the needs of the people that the program was designed to serve and did serve under OEO. At some point you cut the cord any say, "Well, it is there, it is in place. They are running it and administering it. They seem to have adjusted to having that kind of activity in their agency. They have not smothered it or killed it or ruined or redirected it. Now let us let them have it and get out of that business and into something else."

For example, about $900 million of the funds that are asked for in this bill have been proposed for transfer by the President in the Manpower Training Act. It is pending before the Congress right now. If the Congress holds hearings——

Mr. CASEY. You have more than that on page 23. You say $1,273,000 will fund delegated programs administered by other agencies and you are retaining $775 million.

Mr. FLOOD. Do you feel the mark of doom on your brow at all?

Mr. RUMSFELD. No. This is complicated. Let me see if I can clarify it for you. The statement I made is accurate. The statement says that roughly to $800 million will be administered in OEO. The remainder will be administered on a delegated basis by Agriculture, HEW, or Labor. The statement I just made is also accurate, that is, that $900 million, roughly, out of the $2 billion, is proposed for transfer which is different from delegation, under the Comprehensive Manpower Act that the President has proposed. And assuming that Congress holds hearings on it, and passes it, the manpower programs in title I of the Economic Opportunity Act would be combined with other manpower training development funds and transferred to the States for administration. They would no longer be funded through this bill. That would leave us minus $900 or about $1.1 billion.

Mr. FLOOD. Out of what?

Mr. RUMSFELD. Some of which would be delegated.

Mr. FLOOD. Out of what?

Mr. RUMSFELD. Out of $2.1 billion. I don't know if the delegation process works. These programs that are proposed for transfer have been administered by Labor for a number of years. They have been funded through the Economic Opportunity Act.

Mr. CASEY. When do you think it will be cut off instead of this dual operation that you come in and——

Mr. RUMSFELD. It depends on whether the Congress passes the bill. The President proposed the Manpower Training Act, and the Senate is holding hearings.

Mr. CASEY. You have nothing to say about it except the Congress—

Mr. FLOOD. When do you think the President will propose it?

Mr. RUMSFELD. It was proposed months ago. They are holding hearings on it now in the Senate, but won't start hearings until next year in the House. At some point it might pass. If it passed, those manpower programs funded through this bill, but administered by Labor, would in fact all go to Labor and then be delegated down to the States and neither OEO nor Labor would have them. Each would have a say in the state plans but basically the programs would be State administered.

Mr. CASEY. If some program goes sour that has been delegated, who do we put the blame on, you or the delegated agency?

Mr. FLOOD. That is a good question.

Mr. RUMSFELD. Probably both.

Mr. FLOOD. You cannot do that.

Mr. RUMSFELD. Sure.

Mr. FLOOD. It is not easy.

Mr. CASEY. I can hear some agency saying, "We did it like they told us to." I can hear somebody in your agency saying they didn't admnister it properly.

Mr. RUMSFELD. This has been going on long before I arrived. These have been administered through Labor since day one. I have never seen that type of problem. When there is blame, there is usually enough for everybody. I would think OEO would deserve a part of it. OEO has an obligation under a delegation agreement, although not a total obligation.

Mr. CASEY. On the basis of trying to uplift people economically, you get into most anything, can't you?

In other words, you mentioned something about helping hospitals on their outpatient clinics. We have some other witnesses come before us under the Public Health Service tell us they are going to do the same thing, help them render outpatient clinic services quicker and more economically and give the people better service. You are going to get into that, too? You show that in the statement?

Mr. RUMSFELD. Yes, indeed, I do. The answer is yes. The Office of Economic Opportunity was designed and in fact functions across the domestic spectrum with respect to the problems of the poor. It obviously is in health. It is in manpower. It is in education. It is in various other types of services.

Mr. CASEY. These other agencies don't know how to do it as well as you do? Should everybody get in the act?

Mr. FLOOD. Don't you know that medicaid and medicare are now reviewing both of their programs to be sure that they do not limit themselves to mere delivery at the bedside, but to do exactly the thing Mr. Casey is talking about?

Mr. RUMSFELD. Yes. As a matter of fact, the task force which just submitted the report to Secretary Finch on this subject made, to my recollection, very favorable reference to the activities of OEO with respect to this particular subject matter.

Mr. CASEY. Your statement on page 15 under "Health Service" says—and I bet we can find a similar statement presented to us this year from another department not connected with you at all:

> (1) Assisting several hospitals to restructure outpatient departments to improve service quality and responsiveness to community needs.
> (2) Exploring new models, especially for rural areas where health problems and needs differ markedly from urban communities.

Everybody is interested in rural areas now because they have been ignored so long.

Then you also say the Office of Economic Opportunity will encourage development of clearinghouses to collect and circulate information on available openings for health professionals and nonprofessionals.

I bet you a good Stetson hat, Texas style, that you can find the same statement from somebody in the Public Health Service concerning the same operation and you plan to spend $10 million for it.

Mr. RUMSFELD. The Office of Economic Opportunity has been working with the Department of HEW and we are each aware of what the other is doing. The Department of HEW tends to be involved in rather substantial nationwide programs. The Office of Economic Opportunity in the area you are describing is not involved in such programs at all but, rather, is involved in the research or development of different approaches with respect to the delivery of health services to low income families.

Mr. CASEY. That is what the Public Health Service is supposed to be doing, too. They are getting money from us under that guise, they are trying to develop new approaches.

Mr. RUMSFELD. The Neighborhood Health Center I mentioned in Denver is an example of a situation where the Office of Economic

Opportunity Neighborhood Health Center has undertaken the effort to find a way to train people who do not have background in the delivery of health services, paramedical health manpower, and has arranged new jobs in the health center. Subsequently these paraprofessionals have become involved in new jobs in the city health department and the State health department.

Mr. CASEY. I am with you on that, training people. That is one of your primary responsibilities?

Mr. RUMSFELD. Definitely.

Mr. CASEY. This study of hospitals, this broad statement, maybe you don't mean that. This broad statement of establishing a clearinghouse for professionals and nonprofessionals.

Mr. RUMSFELD. This is only with respect to the poor. For example, we find our statute limits us.

Mr. CASEY. On outpatient clinics?

Mr. RUMSFELD. Yes.

Mr. CASEY. You don't find one hospital labeled "poor people's hospital" and others otherwise. You don't have that. You are talking about hospitals in general when you make this broad statement about outpatient clinics.

Mr. RUMSFELD. Everything that is stated in any piece of paper we presented assumes that the restrictions of our statute which prohibit us literally from being involved with respect to activities that are not related to the poor. In everything we state here the assumption is that we are referring to those aspects of that problem that relate to the poor. In the case of outpatient clinics, this is one of the major problems that affect the poor in a city. The county hospital or the city hospital in practically any big city in this country; it is, I think, generally agreed that the highest percentage of their clients are poor and the services that are provided are the worst health services in this country. The relationship in Los Angeles between the county hospital and the neighborhood health center is a very important aspect of the success of that health center. I think the distinction I would draw there is what you said is our statute prohibited us from going beyond the poor. This is what we are talking about.

EVALUATION OF OTHER AGENCIES

Mr. CASEY. Pretty strong on evaluation and you make a broad statement here on page 11. You give some examples of the kind of evaluation that you are talking about. Concerning your own programs, you make the broad statement at the bottom:

> These and other similar evaluations deal, for the most part, with the Economic Opportunity Act. The capability of our evaluation office is being expanded, however, so that we can undertake assessments of other Federal programs directed to the needs of the poor.

How is the other agency going to view your assessing their operations, say the department of consumer affairs now? We are very concerned with that. Are you going to evaluate how that operates; the department of consumer affairs? I would think the poor are very involved in that. I wonder if he is going to undertake to evaluate how they operate. Tell them they should do better here or there. They are doing a good job here, or what?

Mr. FLOOD. That has become a very popular thing in the White House.

Mr. CASEY. I pick that one out. You can pick out others.

Mr. RUMSFELD. The President's reorganization of this agency has specified evaluation as a particular mission for this agency, including evaluation of non-OEO programs. Certainly it would be next to impossible to undertake an evaluation of a specific program of another department absent their willingness to cooperate. In other words, they could just stymie it in every instance.

Mr. FLOOD. Mr. Casey cut you about $400 million. Don't you have a feeling that they didn't prod a few months ago at all?

Mr. RUMSFELD. I beg your pardon?

What do you mean $400 million? There is no $400 million in the evaluation.

Mr. FLOOD. He recited about six programs. Aren't you being fragmented or cannibalized a bit?

Mr. RUMSFELD. This was done before I ever left the Congress. The decisions on these delegations and transfers were announced before I took office. No new transfer or delegation decisions have been made since I came in. I don't quite follow the $400 million figure as opposed to the evaluation. The answer to the question on evaluation is that it would be difficult but the administration wants evaluation. The Congress has repeatedly indicated it wants evaluation. There are some activities that affect the poor that are not specifically programs of any one group or agency. Some fall between Federal and State and local. Some are involved between departments.

Mr. CASEY. Do you anticipate the President is going to say, "Get your evaluation office expanded, I want you to see how effective it is?" We will go back to Consumer Affairs. It is looking after the poor folks? Do you expect the President to tell you do that?

Mr. RUMSFELD. I would question in that particular area although we are already evaluating programs administered in the Department of Labor and HEW. I will give an example of a prime target for an evaluation: These manpower programs that have been built up over the last 3 or 4 years.

Mr. CASEY. That money is coming out of this budget?

Mr. RUMSFELD. That is right. We specify how we are going to use the OEO evaluation money.

Mr. CASEY. Tell me what you have in mind on page 11, the bottom, where you say:

> The capability of our evaluation office is being expanded, however, so that we can undertake assessment of other Federal programs.

Mr. FLOOD. If you don't know Mr. Casey like I do, he is taking you apart bit by bit.

Mr. RUMSFELD. I realize the thrust of his questions.

Mr. CASEY. I am not doing that.

Mr. RUMSFELD. We have specified the funds that we anticipate spending in the area of evaluation. It has been my feeling that this office should not evaluate activities that we are not directly involved in until we have evaluated——

Mr. CASEY. What other programs did you have in mind when you wrote that?

Mr. RUMSFELD. I am getting to that. It struck me as preferable to evaluate those activities that we are involved in before we go into the other areas. A prime example of something that is very directly related to the Economic Opportunity Act is vocational education. Here we have a variety of manpower programs, including both research and some operational programs administered in Labor.

These programs are taking human beings that leave the school system lacking the ability to enter the economic life of this country. Instead, we have created a series of programs, CEP, WIN, Job Corps, and others, to prepare these people to become part of the economic system.

Mr. FLOOD. How does that relate to CEP?

Mr. RUMSFELD. That is another one of the programs. My point is that as it happens in Los Angeles, the dropout rate is 46 percent in one of the major city high schools, and 46 percent in another inner city high school. In Harlem there is no vocational or technical training school.

To specifically answer your question, what other things ought we to look at: We should evaluate the existing network of vocational schools to see what it is that is failing, so that the young people leave the system needing these many billions of dollars in manpower programs that are not solving the problem either in many respects.

Mr. CASEY. You are going to do that on your own or knock on the door of the Commissioner of Education and say, "Here is a study we have made, get with it"? How are you going to go about it?

Mr. RUMSFELD. The evaluations that we are talking about are not audits; they are not confined to fiscal practices. They are assessments as to what is the effect on society of a given activity. One of the few that has ever been done is the Westinghouse study on Headstart. That information then is available to all the people in the country.

Mr. CASEY. Is that your program?

Mr. RUMSFELD. The Headstart program is now delegated to HEW. That evaluation which was done in OEO is of use to Congress, to the BOB and to the American people and educators. To the extent, however that an evaluation is not accepted by top policymakers, the President, or the Congress, it is worthless. Based on experience with the Westinghouse study, it is safe to assume that the President, Congress, and the Secretary of HEW are interested in having results from that kind of study.

OEO VERSUS OTHER FEDERAL AGENCIES

Mr. FLOOD. We understand that there are people at the White House who think you are a fifth wheel on the wagon. Did you ever hear of that?

Mr. RUMSFELD. OEO has always been thought to be that. That is one of the reasons it was designed.

Mr. FLOOD. I beg your pardon?

Mr. RUMSFELD. OEO has a jurisdiction by statute that puts it into the business of many other departments and agencies of the Federal Government insofar as their activities relate to the poor. It was designed that way.

Mr. FLOOD. Remember that song, "Anything You Can Do I Can Do Better"?

Mr. RUMSFELD. I think that I heard a bit of that kind of rhetoric when the OEO was created.

In fact, if you talk to John Gardner or Bob Finch, I think that you will find they confirm that the very existence of OEO has been instrumental in getting the Department of HEW to be more responsive to poverty-related problems. While it is not directly on all fours with your quote, the fact remains OEO has functioned as a catalyst to bring about some institutional changes in the departments and agencies of the Federal Government, as well as State and local governments.

TRANSFER OF HEADSTART TO HEW

Mr. SMITH. Would the gentleman yield at this point?

This is what bothers me about transferring Headstart back to HEW. The idea was around for a long, long time. I used to represent a number of school boards in Iowa. I can remember they wanted something done for these children before they started to school. The school board always said, "Well, we have other uses for the money." Teachers wanted it for salaries. Somebody else wanted to for something else. So I don't think we ever would have had Headstart if it had not been for the poverty program. Now you send it back to HEW where the competition for the money is as great as it ever was. I wonder if it won't evaporate.

Mr. RUMSFELD. That is the theory behind having a delegated basis, first. I will give you another example. Take the neighborhood health center concept. There were none funded by the Federal Government prior to the existence of OEO. The State health departments and the city health departments had had the opportunity to develop centers. In fact, many of the medical societies in the country were not eager for these kinds of projects.

Mr. FLOOD. You know why?

Mr. RUMSFELD. The Denver project exists today, and the medical society is supporting it and the city health department operates it and the State health department supports it. The center has brought about some really exciting changes in the delivery of health care to the poor in Denver.

Mr. FLOOD. You were in Congress when you heard Members on both sides of the aisle trying to laugh out of court the Job Corps and Headstart, with their tongues in their cheeks—satire. Now they are very strong for it in HEW and Labor.

Mr. RUMSFELD. I don't think that this agency's role or mission is such that it will lead to a situation where it will be universally loved. It is a bit of an irritant to other departments.

Mr. FLOOD. I think that is a good statement.

Mr. RUMSFELD. It is an irritant to the BOB and the White House. They hear complaints about legal services projects, just as Congressmen and Senators do. I don't deny it.

HEW HEALTH PROGRAMS

Mr. CASEY. This year in March we had a section called Health Services, Research and Development of HEW before us. They are asking about $45 million, and Mrs. Reid asked the director a question, "Doctor, you talk at some length about the fact that a sub-

stantial portion of your program next year will focus on the problem of costs and care of the disadvantaged and I am wondering if there is a certain figure that you have that is in your budget for fiscal year 1970 for health services, R. & D., just for disadvantaged exclusively."

He said, "The figure would probably approach $4 million."

Is this going to be duplication or are you going to work with this doctor or going in a different direction and come up with different answers and see which is the best, or what?

Mr. RUMSFELD. First of all, as I indicated, we do work in the health area with HEW. We know what they are doing. We are not having government unconsciously or unwittingly proceed down the same course with two different pots of money. We are not duplicating, if that is the question. There are some instances, however, in the research area where exploration of alternative approaches to deal with a problem is desirable rather than undesirable. As you know from NASA, in a number of instances they proceeded down two or three different roads to see which road was the one that would provide the capability to do a certain thing.

Mr. CASEY. He wants $4 million for his road and you want 10 for yours?

Mr. RUMSFELD. We are asking for substantially more than $10 million for programs of health affairs.

Mr. CASEY. What?

Mr. RUMSFELD. Office of Health Affairs.

Mr. CASEY. I am talking about in your R. & D.—out-patient clinics and the like. As I understand your statement, it was for a study of better methods of providing outpatient clinic care for the disadvantaged, as well as a compilation or clearinghouse for medical professionals and nonprofessionals.

Mr. RUMSFELD. A good portion of those dollars will be used to try and work on one of the biggest problems in health with respect to the poor in rural areas. We feel that we have a model with respect to the Neighborhood Health Center that is functioning reasonably well in urban areas. It is at that point very soon where, if the society wishes, it could be replicated and provide considerably improved health delivery services to substantial numbers of people across the country. The proposal for such an expansion is not in this budget. We don't have capability in rural areas to provide an equal quality of health service delivery, and that is an area which will be absorbing a substantial portion of the new funds requested in that category.

PROTESTS AND DEMONSTRATIONS

Mr. CASEY. I think we have whipped that around long enough. How about page 12, "Redirecting and strengthening State and local agencies where we are going to support locally initiated urban renewal projects for which $328.8 million is proposed? That will be marked by a shift away from delivering services that can be provided better by local agencies. Emphasis will be placed on:

"Mobilizing existing human and financial resources of communities.

"Generating better approaches to dealing with local problems.

"Increasing opportunities and abilities of the poor to take part in activities that affect their lives."

Are you going to get involved in registration drives and things like that?

Mr. RUMSFELD. No. In fact, I think there is a specific prohibition against it in the statute. What this means——

Mr. CASEY. There is now against registration drives, but how about classes, and how to protest to local governments, or something of that nature?

Mr. RUMSFELD. I would be happy to state our policy. I think it should be rather clear. I don't intend to have the funds of this agency, which are appropriated by Congress to benefit the poor, used for anythink that is illegal or violent or improper in terms of political organizing or demonstrations, or that type of thing. Mr. Carlucci is in charge of the Office of Operations, and I must say that getting a grip on some 962 community action agencies around the country, that have been in some instances heading down a road very different from that which I might wish, is not an easy thing to do. He has been with the agency now 2 or 3 months, and I think is making strides toward it.

There is a good deal of disagreement on this subject. I have spoken to the organization that includes the executive directors of these community action agencies and I would guess a number with me that we should not be engaging in confrontation-type tactics.

I would also estimate that some don't agree with me.

Mr. FLOOD. May I add, Mr. Casey: I have known Carlucci since he wore diapers. Under no circumstances will he himself be a party to anything like this, remotely.

REDIRECTION OF LOCAL INITIATIVE PROGRAMS

Mr. CASEY. You state right under that that the headquarters staff and regional units plan to promote this redirection by offering a wide range of program models. Do you have one in mind that you might give as an example?

Mr. RUMSFELD. I would be happy to give you several. The way the statute reads, a private organization is created in a community, a community action agency. It is a local, semi-autonomous unit and funds are provided by this act to those units. They have a board and they then have a range of choices. The theory was local initiative or flexible money whereby they would be given the money and they being in the community, in the neighborhood, with representation from the neighborhood, would be in the best position to make the judgment as to what the allocation within that grant ought to be.

OEO then, over the years, began to develop what are called national emphasis programs and Headstart was one. They developed models for Headstarts and then packaged them and offered, or in some cases I suppose subtly imposed these types of activities on the local community action agency. Legal services was another. Family planning is another. One of the things, as we were discussing this morning, that is important to the society at this point is rather substantially improving capability in the day-care area. We are intending to come up with day-care models that then will be used by local community action agencies to improve and broaden the day-care capabilities.

Mr. CASEY. You have campaigned before and you tell about what happened in the past. I am talking about what you are going to do

next, now, like this wide range of program models that you are talking about that you are going to be offering. Have they been developed yet? Is that just your ambition and what you intend to do?

Mr. RUMSFELD. Some exist and some have been developed, not by OEO but by the private sector or by local community action agencies. Some are already national emphasis programs. Some we are in the process of developing, such as the day care that I mentioned.

Frank, do you have something you want to add to this?

Mr. CARLUCCI. We are trying, Mr. Congressman, to break down the local initiative category into something more specific than it has been in the past. Categories that deal with such things as administration and the community action mission which includes resource mobilization and community programing which includes techniques that we will use to provide centers to try and turn community action into the channels we want to direct it. We are breaking out—and perhaps I am anticipating next year's budget a little bit, but we intend to break out several things such as housing development corporations and youth programs into separate categories so that they will be packaged models that local community action agencies can select from. This is a whole process we have to go at somewhat gradually because there have been a wide variety of activities. Probably some 20 program accounts that have fallen under local initiative.

Our trust is to specify it more and more as we move along.

Mr. CASEY. I guess that I will just wait until you get this wide range of programs and see what they are.

You mention again on page 14 planning begun on a variety of new programs for fiscal 1970. We will wait and see what they are.

DAY CARE CENTERS

On day care, there is one observation I want to make, so that while you are reshuffling it or looking at, or what, I hear from one of mine and I don't know whether it is typical or not, but the funds of the center are being used to employ some of the unemployed people in the community. They have no training for work in a day care center. The volunteers are screaming to me bloody murder, they are spending in this little day-care center about—again, I know it is locally operated——

Mr. FLOOD. Mr. Director, Mr. Casey is no amateur. You know how many children he has?

Mr. RUMSFELD. Yes, sir.

Mr. CASEY. The volunteers say they cannot spend all their time there. The people who are there have a title as director of something but have no training with children.

Mr. RUMSFELD. Could you give us the information on this? We could look into it. Is this an OEO or community action agency in your district?

Mr. CASEY. Community action.

Mr. RUMSFELD. That happens to have a day-care activity.

Mr. CASEY. A day-care activity in a small city outside of Houston. I think I have heard from practically every housewife down there who is volunteering her services there is no program. If they take the money and hire trained personnel instead of just hiring some of the mothers

of some of the children and some of the people that live in the community who had no job to begin with, and since they had no job it is pretty obvious they had no training, and they have been given no training and all they are doing is getting a pretty good salary.

Of course, that is alleviating that woman's problem but not helping the program any.

Mr. RUMSFELD. It is strange that the one-third members of the board of that agency, elected public officials from the area, wouldn't be alert to that. They are the people that manage those programs, one-third of whom are elected public officials from your congressional district.

Mr. CASEY. What I am going to do is give the community action program director an opportunity to correct the thing before I say anything. I don't like to quarterback in community action programs because once you do that you have got your hands full. Like you, I have more problems than I can look after now rather than asking for some more.

Mr. RUMSFELD. Right.

We could, I suppose, write in any number of provisions in a grant. It is like telling a child not to stick a tree stump into his eyes. It is the kind of thing you don't anticipate they are going to do. Correction is principally the responsibility of the boards. So we have been working to strengthen those boards and see that they do a better job of monitoring those staffs and prevent grantees from running off the highway.

Mr. CASEY. I think we have had less trouble since you got the board in a smaller size. Thank you, Mr. Chairman.

Mr. FLOOD. Mrs. Reid?

Mrs. REID. Thank you, Mr. Chairman.

Mr. Director, I want to join my colleagues in welcoming you to our subcommittee. As you know, we entered the 88th Congress together and I, for one, regretted your leaving the House, but certainly respected your decision to make your contribution to this area and I join other colleagues in wishing you well in your endeavor.

Mr. RUMSFELD. Thank you.

ADVOCACY ROLE OF OEO

Mrs. REID. In a general sense, how do you envisage OEO, as an organization to devise programs to help disadvantaged persons staying on their own feet, or being a sort of advocate and spokesman for the poor people in the country in serving as an adviser to them on welfare in Government programs of which they can take advantage?

Mr. RUMSFELD. The legal services program has a very definite advocacy bent. I certainly don't see our research or our program development or our evaluation activities that way. I would say that they are both activities of the Agency but I am attempting to see if we can avoid having advocacy watered down or blurred by research or evaluation or developmental activities by somewhat separating legal services from the other activities of the agency.

CHANGES IN AUTHORIZING LEGISLATION

Mrs. REID. According to a recent article in the Washington Star, several members of the Education and Labor Committee plan to offer amendments to the authorization bill which would shift the significant war on poverty controls from Washington to the States. The administration, I understand, will offer a compromise to let the States have veto power over any OEO powers and Presidential power to override any governor's veto. How is the administration plan any different from what we have had in the past few years?

Mr. FLOOD. That is an excellent question.

Mr. RUMSFELD. The article is inaccurate, I believe. I know in one respect it is inaccurate, and I believe in another. I have seen no amendments from any member of the committee other than those offered in committee. So while there is a good deal of discussion about the possibilities that one or two members might offer amendments, no member has yet, to my knowledge, come forward to anybody and provided copies of those amendments. We don't know what they are thinking about.

The second part of the article is absolutely inaccurate. There is no plan on the part of the administration to offer amendments. We have asked for 2 years' extension of the act and we have undertaken the kind of changes that would bring the States into a stronger role, as I indicated in my statement. There is no intention on the part of the administration to offer amendments at all.

ROLE OF THE STATES

Mrs. REID. In putting more emphasis on the States and more control at the State level, what controls then would you maintain in order to stop the natural manipulation and militancy among local antipoverty groups?

Mr. RUMSFELD. One of our thoughts is to bring the States into a more active role in the area of training both staff and board members and providing the technical assistance for these local community action agencies through some of the States. As far as final control over acts on the part of a locally funded community action agency, about the only thing that we can do is defund them when they really get out of line. We can impose guidelines and directions. We can provide support and training and technical assistance and beyond that what we have to do is defund them.

For example, in Minneapolis, we felt that the conduct of one of the programs up there had gotten off the track and we didn't feel that that was to the benefit of the poor. Mr. Carlucci undertook to see that that was changed. The way he had to do it was suspend some funds for a period of time on that activity until it was in the process of getting straightened out. That is the grip we have.

OEO CONTROL OVER ACTIVITIES OF POVERTY WORKERS

Mrs. REID. You are aware of one of the protests I received in my district stating that the OEO office in one of the cities had signs in its windows promoting California grape boycott. Also they alleged that an employee of OEO was permitted to lobby for the United

Farm Workers in California by actually distributing literature and inviting speakers to that organization to speak.

How do you handle such a situation?

Mr. RUMSFELD. When you get into the area of free speech, you have troubles. One of the things that we found is that there are a good many criticisms from Congress and elsewhere around the country about the content of community action agency newsletters, inviting a speaker or saying something objectionable.

I read some of them and found that I didn't approve. The question then becomes: Who shall act as censor? Who shall be the one that says, you may have this type of speaker but not that type of speaker? You may include this kind of a statement in your newsletter but not that kind.

Mr. FLOOD. If you would yield.

To whom do you report? Do you report directly to the President?

Mr. RUMSFELD. Yes, sir.

We rewrote the regulations regarding the newsletters and set up a procedure whereby the community action agency boards would be responsible for reviewing the contents of the newsletter.

Let me clarify the chairman's question even further. As Director of the Office of Economic Opportunity, the agency is in the Executive Office of the President, I report to the President of the United States.

Mr. FLOOD. I think it is very important that everybody knows that you report directly to the White House. This is not well known.

Mr. RUMSFELD. In addition to being Director of the Office of Economic Opportunity I am also Assistant to the President and a member of the Cabinet in the latter capacity.

Mr. FLOOD. This is not known.

Mr. RUMSFELD. I am also a member of the Urban Affairs and Rural Affairs Councils, in my capacity as Assistant to the President and a member of the Cabinet.

Mrs. REID. You state, however, that the local OEO offices should be aloof from any situation such as this grape boycott; it seems to me that this is an area where they should not enter at all.

Mr. RUMSFIELD. Yes?

Mrs. REID. Couldn't you take a position as Director to keep your local offices out of these controversial areas? Certainly it is not anything in my mind which should concern people working for OEO.

Mr. RUMSFELD. The people that you are referring to are not working for OEO.

Mrs. REID. You indicated this in your opening statement and yet they are certainly associated with OEO and I think that you have a certain responsibility in this.

Mr. RUMSFELD. You are quite right, I do have a responsibility. Let me see if I can give an example.

The Department of HEW provides funds to a university or to a local school district. The funds for that university or that school district are there. A professor engaged in some federally funded research project is not an employee of the Federal Government; he is not a civil servant, nor is he the principal or the school board member. When a school board member goes off and does kooky things, no one blames Finch. Why? Because he is not a Federal employee. Part of that school board, like community action agency board members, are elected or

appointed local public officials. They are the ones that hire the staff. They have their own lives, their own activities in the community; they are not civil servants. It is difficult to try and regulate their conduct. You can narrowly prescribe their conduct only with respect to the use of Federal funds. There is no question about that.

As far as what they say or who they invite as a speaker or what they do with their private time——

Mrs. REID. Signs on their windows?

Mr. RUMSFELD. A sign on their desk or pin on their collar.

Mrs. REID. A sign in the window of the OEO office it seems to me you would have jurisdiction over something like that. To me it is quite relevant.

Mr. RUMSFELD. We do, and there are things we can regulate and try to regulate. I know of many instances where the subject we are discussing has been addressed by regional directors who have personally attempted to alter that. As I say, it is a very difficult thing to try and control human conduct from Washington, D.C., with people who are not civil servants, to say nothing of the fact it is hard with civil servants.

Mr. MICHEL. Would you yield at this point?

Mrs. REID. Yes.

Mr. MICHEL. Your analogy is not the best.

Mr. RUMSFELD. It is not perfect.

Mr. MICHEL. Because in the case of education, for example, the Federal input is a small percentage of the whole, whereas in the poverty war that we are talking about here, OEO, the Federal input is the major contribution. And while the local one may be in kind or volunteer services, it goes back to what you originally were saying in answer to the chairman's question about the image of OEO. That is, the local offices of OEO means your shop, and in the public mind that means the big Federal Government. That is their part of this war there, and if they are engaging in this kind of activity it reflects adversely.

Mr. RUMSFELD. No question about that.

Mr. MICHEL. How do you counter that? I don't know. If it were my shop and I were concerned about getting the amount of money adequate to run it throughout the country, I would get the word down to some of these people, "Whether you like it or not, we have an image, and if you want us to fail, continue that way. If you want us to succeed, a word to the wise should be sufficient."

Mr. RUMSFELD. Don't think I have not been working like the dickens to do that. But a word to wise is not always sufficient.

POVERTY PROGRAMS IN RURAL AREAS

Mrs. REID. The rural areas of our country have lost a lot of their population to the urban areas—and this, of course, has contributed to some of the problems we have. In your opening statement you indicated that we need additional emphasis on rural development. How do you propose ot carry this out? Also, do you feel that there is any likelihood that there will ever be an out migration from the ghetto areas of the cities back to the rural areas?

Mr. RUMSFELD. The administration, and the Rural Affairs Council are developing a strategy to promote economic development, income improvement, and improved services in rural areas. In the past, the Office of Economic Opportunity, the Department of Commerce through the Economic Development Agency, the Department of Agriculture and others, have supported economic development and service activities in rural areas. These activities have not been effectively evaluated so that those successful projects may be sorted out from the less successful. One priority in this area will be an evaluation of Federal rural programs with the intent of suggesting preferred strategies to better mobilize both our own resources and those of other Federal, State, and local agencies.

Subject to the appropriations received, we will be working to improve rural CAA's which have been slighted in the past.

We are continuing to press for consolidation of single-county rural CAA's, to gain maximum use of limited resources and to apply their efforts to a broader area. Where consolidation is not possible, we will seek other techniques, such as pooling of central administrative services, planning, and evaluation so as to gain more mileage from limited resources in rural areas.

Also, the Office of Economic Opportunity will step up its training and technical resources allocated to rural areas. The special technical assistance program (STAP) will continue to provide long-term, on-site expertise to rural CAA's to help them solve management and programmatic problems. A State STAP program is being launched, whereby we will support positions in State Economic Opportunity offices to provide similar on-site assistance to rural grantees. Moreover, increased resources at the state level, and efforts to strengthen and enlarge the role of SEOO's, will produce more effective technical assistance to rural programs from States.

CAMPUS DISORDERS

Mrs. REID. What steps have been taken to prevent any OEO funds from going to agencies where individuals in key postions are leaders in trespassing on college campuses—or other disruptions?

Mr. RUMSFELD. Section 213 of the Economic Opportunity Act provides in part that each community action agency shall adopt for itself and its delegate agencies rules which will preclude employees from participating in connection with the performance of their duties, in any form of picketing, protest, or other direct action which is in violation of law. Section 613 provides that no individual employed or assigned by any agency assisted under the act shall, pursuant to or during the performance of services rendered in connection with any program or activity conducted or assisted under the act, plan, initiate, participate in or otherwise aid or assist in the conduct of any unlawful demonstration, rioting, or civil disturbance. These provisions apply to illegal direct action, including illegal trespassing and disruptions, wherever they occur, both on and off college campuses. The Office of Economic Opportunity has implemented them through two principal regulations known as OEO Instructions 6907–2 and 6907–3.

OEO Instruction 6907–2 provides in part that all organizations financially assisted under the Economic Opportunity Act shall take

all feasible measures to prevent the employment in their assisted programs of persons who are likely to use their positions as organization employees to promote violence or unlawful disorder, and shall fire any employee found to have been using his position for such purposes. OEO Instruction 6907–3, which applies to community action programs and migrant assistance provides in part that no employee engaged in carrying out an assisted program shall, while in the performance of his duties, plan, participate in, or provide assistance to others in carrying out any form of direct action which is in violation of law or of a standing injunction of a court, or which is designed with the intent to involve physical violence, destruction of property, or physical injury to persons. We have issued these regulations. We will enforce them fully and completely.

Implicit in your question is the question of the extent to which grantee agencies can, as a practical matter, be held accountable for the misbehavior of their employees when they are not acting in this capacity as employees. Obviously, there are some limits. This is a complex question because the answer involves not merely the statement of a principle, but also the ability to enforce it. We do not follow the employee's conduct at all times when he is off duty and acting entirely on his own. On the other hand, we do not consider him immune merely because he is not technically on duty. Instruction 6907–3 states that where the employee's conduct is such that the participants or the public might reasonably conclude that he is acting as an employee—for example, because as part of his job he works with the group involved—he should consider himself covered by the regulation regardless of when the conduct in question occurs or whether he is, as a formal matter, off duty. Any doubt, the regulation says, is to be resolved in the direction of coverage.

Illegal trespasses and disruptions, whether on campus or off campus, are forbidden as conduct of any assisted agency or of its employees as such. They are also forbidden as employee's conduct even when the conduct is not in the performance of the employee's job, as long as there is sufficient closeness so that one might conclude that the conduct was job-connected. The primary responsibility for enforcement of these prohibitions is on the grantee agency, and if the grantee agency fails in this regard, the Office of Economic Opportunity can and does exercise its power to cut off funding.

VISTA

Mrs. Reid. Do you see any innovations ahead for the VISTA program? Mr. Blatchford, the Peace Corps Director, has suggested there might be developed some sort of interchange of volunteers between the Peace Corps and VISTA and possibly some domestic programs by the Peace Corps. What is your reaction to that idea?

Mr. Rumsfield. I discussed my general views on VISTA in response to the chairman's earlier question. The suggested interchange of VISTA volunteers and Peace Corps volunteers is being looked at by both agencies. No decision has been made. VISTA has formally filed suggestions with Peace Corps and is currently awaiting reply.

WELFARE RIGHTS ORGANIZATIONS

Mrs. Reid. One of the criticisms which has come to me is that in some of the local county Office of Economic Opportunity operations there are employees who are active in organizing "Welfare Rights" organizations—it is felt that this activity has a tendency to perpetuate people in a welfare status as they are not encouraged to help themselves. Would you comment on this?

Mr. Rumsfeld. It is my understanding that in the past, some employees of some CAA's have become involved in organizing "Welfare Rights" organizations. However, it is Office of Economic Opportunity policy that no illegal activities by these or other groups will be supported by this agency, and we intend to enforce this strictly.

Also, it is true that some aspects of our present welfare system discourage people from helping themselves. This, of course, is one of the reasons for this administration's proposed reform of the system.

BIMINI FISHING SCHOOL PROJECT

Mrs. Reid. According to one report I received, some $20,000 in Federal funds were used to finance a fishing school on the island of Bimini. This program was staffed by two British fishermen receiving $100 and $75 per week and one American student. What steps have been taken to stop such wasteful projects?

Mr. Rumsfeld. This controversial program was one of several administered by the community action migrant program (CAMP) in Fort Lauderdale, Fla., with a research and demonstration grant from the Office of Economic Opportunity. At my direction, it was ordered closed on September 5 and has been shut down.

Through improved monitoring of grants, we hope to be able to terminate improper projects and those that will not succeed at an early stage, and, at the same time, give those with prospects for success a fair chance to prove or disprove themselves.

OEO TRAINING MANUAL

Mrs. Reid. It is my understanding that a training manual was sent out to community action programs people in which it was stated that "violence is an effective weapon." What has been done about this?

Mr. Rumsfeld. We have issued a reasonably full statement on this subject, and it might be best to place it in the record.

However, a short answer is that the agency did not "issue" such a training manual as a training manual. A draft copy was circulated for comment. It has subsequently been revised.

(The statement follows:)

Statement on Board Trainer's Manual

A recent report by a syndicated columnist which first appeared September 26 states that the Office of Economic Opportunity has issued a manual listing violence as a "legitimate weapon of the poor."

The statement deserves comment. The official policy of this agency clearly forbids the use of violence by any employee or volunteer of a community action agency or delegate agency.

The manual referred to in the column is titled, "A Trainer's Manual for Community Action Agency Boards." It consists of two volumes, containing 590 pages. Both volumes are clearly labeled "Discussion Draft."

Preparation of the manual was undertaken last year in recognition of the need to upgrade the performance of community action agency boards in order to improve program results.

The draft manual was circulated on August 20, with requests for comment by October 17. Based on the comments received the manual will be carefully reviewed and revised. To avoid misunderstanding, a follow-up memo was issued clearly stating that the manual was not directive in nature.

Any comments in the draft version of the manual which could be interpreted as being inconsistent with the Economic Opportunity Act and OEO policy will, of course, be deleted prior to distribution of the manual as an official agency publication.

The column cites the reference to "threat power" in the draft manual to support their charge that OEO endorses violence as a "legitimate weapon for the poor." The actual passage, however, states "* * * the ultimate threat power is the riot. This is clearly against the public law, the national standards of conduct and the rules of OEO, and it is most destructive to the citizens most in need * * *."

Official agency policy expressly rejects violence as a legitimate activity on behalf of the beneficiaries of the program:

> * * * each agency must take such action as is appropriate in the light local circumstances to insure that persons employed in connection with assisted programs, as well as volunteers, do not use their position in the program to plan, initiate, participate in, or otherwise aid or assist in the conduct of an unlawful demonstration, rioting or civil disturbance. Toleration on the part of agency officials of such behavior by their employees may be considered cause for suspending or terminating the grant * * * (OEO Instruction 6907–2, Oct. 31, 1968. Limitation With Respect to Unlawful Demonstrations, Rioting and Civil Disturbances.)
>
> * * * to recognize the legitimacy and importance of direct action is not to say that any and all direct action activities, under all circumstances, are either appropriate or desirable. Thus, employees and volunteers of community action agencies and other title II and III–B grantees and delegate agencies are prohibited, in connection with the performance of their duties, from participating in, planning, or otherwise assisting in any unlawful * * * (OEO Instruction 6907–3, Dec. 14, 1968, Employee Participation in Direct Action.)

Furthermore, the Economic Opportunity Act, amended, is explicit on the subject. Section 213 (a) states in part:

> * * * each community action agency shall adopt for itself and other agencies using funds or exercising authority for which it is responsible, rules designed * * * to define employee duties of advocacy on behalf of the poor in an appropriate manner which will in any case preclude employees from participating, in connection with the performances of their duties, in any form of picketing, protest, or other direct action which is in violation of law * * *

FUTURE ROLE OF OEO

Mrs. REID. You have stated that you don't want this to be a "test tube agency" but as I understand the administration's ultimate plans for reforming the Office of Economic Opportunity, it would assume the role more or less of an experimentation agency—with successful programs "spun off" to other agencies for administration. Do we really need an agency just for purposes of experimenting—and do you think this idea can be "sold" to the Congress?

Mr. RUMSFELD. Perhaps the best response to your question can be found in the statements of President Nixon on the Office of Economic Opportunity, which I would like to submit for the record at this point.

[From the Office of the White House Press Secretary, June 2, 1969]

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

In a message to Congress on February 19, I stated that "the blight of poverty requires priority attention," and pledged a "searching examination of how best to marshal the resources available to the Federal Government for combating it."

The examination already has produced a series of concrete actions and recommendations. Among them:

A tax reform that would exempt those in the lowest income brackets entirely from Federal income taxes.

An expanded campaign against hunger and malnutrition.

Revision and improvement of the model cities program.

New efforts for the encouragement of minority business enterprise.

The beginning of a new Federal effort to assist and encourage voluntary activity aimed at helping the needy.

Another major step forward was taken last week, with the swearing-in of Donald Rumsfeld as the new Director of the Office of Economic Opportunity. I have every confidence that Mr. Rumsfeld will proceed with energy and imagination in strengthening OEO, in terms of both management and programs.

In doing so, he will have my full support. I believe deeply in the importance of an effective antipoverty effort, and I share his determination to see this effort succeed.

Toward this end, I will request an extension of the authorization for OEO appropriations from June 30, 1969 to June 30, 1971; and I will ask that the Economic Opportunity Act of 1964 be extended from June 30, 1970 to June 30, 1972.

This represents a change from my earlier intention. In my February 19 message, I stated that I planned to ask for a 1-year extension of the authorization for OEO appropriations, and I indicated that by the end of the current fiscal year I would send to the Congress a comprehensive proposal for the future of the antipoverty program.

I have now concluded, however, that a 2-year extension would provide a better framework within which the necessary improvements in the antipoverty program can be made. This will not preclude asking for legislative changes to take effect before the act's expiration, but it will establish a stable envirnoment in which those changes can be considered.

A 2-year extension will have a number of advantages. From a management standpoint, by allowing longer-range planning it will make possible a more orderly and efficient allocation of funds. From a recruiting standpoint, it will guarantee to those whose talents are needed that the Nation's commitment is a continuing one. Furthermore, an innovative agency has a special need for both continuity and flexibility. It is in the nature of experiments that some succeed, and some fail: a 2-year extension will give greater assurance to those whose function it is to experiment that even though a particular program may fail, the lessons learned will be put to use, and that the larger effort of which it is a part will continue.

We already have set in motion a number of changes.

In my February 19 message, I indicate that I believed the primary role of the Office of Economic Opportunity should be innovative: to search out new knowledge and initiate new programs, serving as an "incubator" for experimental efforts. I also made clear that I would insist on more rigorous management standards, and I announced the delegation of the Job Corps to the Department of Labor and of Headstart to the Department of Health, Education, and Welfare. The effective date of these delegations will be July 1, 1969. The represent program funds of over $500 million, approximately one fourth of the OEO budget. The delegations of operating responsibility for Headstart and the Job Corps will free OEO to concentrate more fully on its innovative role.

Under the leadership of the new OEO Director, a comprehensive review and analysis of antipoverty efforts will continue during the coming months. Its purpose will be not only to evaluate existing programs and improve their operation, but also to determine what new programs should be initiated.

Many of the improvements most immediately needed fall within the management authority of the present law. For example, planning procedures can be

improved, program analysis strengthened, internal reorganization accomplished, and more rigorous management and fiscal controls instituted. New experimental programs can also be launched.

If we are to make lasting, significant headway against poverty, there still is a great deal to be learned about what works and what does not. This administration is committed to search for that knowledge, and to use it. We are committed to the continuaion of an agency whose special concern is the poor; and we are determined to make the Nation's antipoverty efforts function more efficiently and serve the poor more effectively.

[Office of the White House Press Secretary, San Clemente, Calif., Aug. 11, 1969]

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT ON THE OFFICE OF ECONOMIC OPPORTUNITY

We live in an exciting and difficult time. We possess great strength and skill; yet we are often unable to harness our strength in the service of our ideals. We sense new possibilities for unlocking the full potential of every individual; yet our institutions too often are unresponsive to our needs. We dream of what we might be able to make of our society; but we have not yet learned to achieve that dream.

Our Nation will attain its social objectives, I believe, only if we develop a new spirit of adventure in their pursuit. We must become pioneers in reshaping our society even as we have become pioneers in space. We must show a new willingness to take risks for progress, a new readiness to try the untried.

Such an innovative spirit should characterize all of our institutions and all agencies of Government. But it is in the Office of Economic Opportunity that social pioneering should be a specialty. It is the OEO that should act as the "R and D" arm for Government's social programs.

When I sent a message to the Congress on OEO last February, I offered several preliminary comments about the Agency. Since that time, the new Director of the Office has made a thorough review of its operations. On the basis of our discussions, I have reached a number of further conclusions about the direction of OEO and the way it does its work.

The following are among the speicfic changes in OEO which I am announcing today—

Creation of a new Office of Program Development.

Revamping and strengthening the Office of Planning, Research, and Evaluation.

Strengthening and upgrading the Office of Health Services and the Office of Legal Services.

Creation of a new Office of Program Operations to improve the administration of activities in the field.

These and other specific changes, in turn, are based on a number of general principles which will help set new directions for OEO.

SETTING NEW DIRECTIONS

It has been said frequently in the past few weeks that if our country can marshal resources so effectively that we can travel to the moon, then we should also use our power and knowledge to better advantage in solving social problems on our own planet. I share this view. But if we are to make a better response to social challenges, then we will have to act with the same clear commitment to well-defined goals, the same freedom to undertake bold experiments, the same managerial discipline, and the same spirit of teamwork that has characterized our accomplishments in space.

A clear commitment.—This administration believes that every American should have the opportunity to participate in our Nation's economic life to the full extent of his abilities. The Office of Economic Opportunity will make this objective its highest priority. It will address itself to unanswered and difficult questions: What determines an individual's capacity for growth and achievement? What can be done to awaken this capacity and develop it? How can we be sure that these capacities, when they are available, will be fully used and properly rewarded?

It is important that OEO concentrate its energies on causes rather than symptoms, that it help people become productive participants in the economy

rather than focusing on the conduct of income support or other ameliorative activities. These latter functions should belong instead to efforts such as the new family assistance program, a revised unemployment compensation system, improved plans for food distribution, and various benefit payment programs.

We see today a healthy determination on the part of our people to continuously examine and update national priorities so that the energy and resources of our country can be properly allocated to solve domestic problems. But our people have also learned that the challenge of bringing unproductive people into active economic roles is more difficult than many had thought. We know now that the amount of money we spend in this effort will mean little unless the approach is right. The Office of Economic Opportunity will help us develop needed new approaches to this problem. It will translate our general commitment to provide full opportunity to all Americans into specific programs which will help us use our resources to the greatest effect.

Bold experimentation.—The freedom to try out a wide variety of ideas, to test them fully both in theory and in practice, to move boldly on several fronts, to thoroughly master and carefully apply the results of this experimental process—these are capacities which are as instrumental to social progress as they are to advances in science.

Since OEO is to be the cutting edge by means of which Government moves into unexplored areas, the experimental temper will be vital to its success. The Agency should marshal the most creative minds in the country, both to ask new questions and find new answers. It should be free to take creative risks. It should set up a variety of demonstration projects, carefully test their effectiveness, and systematically assess the results.

Just as NASA developed weather satellites and communication satellites and then spun them out, transferring them to the Department of Commerce and to COMSAT, so OEO should concentrate on the experimental stage of domestic programs. When a program has proven successful in the domestic area, it too may be transferred to other agencies or other levels of the Government or even to the private sector if that seems desirable. This approach will leave OEO free to break still newer ground.

Managerial discipline.—Too often the lines of responsibility in OEO programs have been badly blurred; too often there has been no method for determining whether a program has succeeded or failed and what is responsible for failure and success. Too often the same individuals or groups, at both the national and local level, have found themselves wearing many hats: coordinating old programs, doing new research, setting up demonstration projects, evaluating results, and serving as advocates before the Government on behalf of the poor. Precisely because each of these functions is important, each should be assigned to specific offices wherever that is possible, and they, in turn, should be held strictly accountable for the way in which their work is performed.

A spirit of teamwork.—Finally, our social programs will require a greater sense of common endeavor among our people. Close cooperation between the private sector and Government, for example, can be a key in assisting the economically disadvantaged as it has been a key to success in space. Moreover, we should be certain that the fears or suspicions which sometimes separate races or economic groups are diminished by our activities and not accentuated. We must avoid words and actions which drive people apart and emphasize instead the common stake of all Americans in extending economic opportunity.

These are some of the new directions which will define the scope of OEO and give new focus to its work. The specific organizational reforms we are making in the agency will help us move in these new directions; they will make OEO a stronger and more flexible instrument in the struggle for human dignity.

SPECIFIC REFORMS

1. *Office of Program Development.*—This new unit will be responsible for most of the experimental efforts which OEO will now emphasize and will include within it both totally new programs and some existing activities which previously were distributed throughout the Agency. The Office of Program Development will seek new ways of bringing services to the poor, helping them to increase their skills, educate their children, improve their homes, protect their health, and develop their communities. It will try to find new methods of increasing their business and employment opportunities.

2. *Office of Planning, Research and Evaluation.*—The Office of Planning, Research, and Evaluation will be reorganized and strengthened. Reporting straight

to the Director, it will have responsibility for reviewing existing social programs, for comparing the results of projects with the objectives which have been set for them, for commenting on the adequacy with which both programs and objectives are formulated, and for recommending alterations in existing programs as well as new experiments. It will seek to establish more precise standards for measuring performance than OEO has used in the past. The Office of Planning, Research, and Evaluation will provide a regular source for that independent appraisal of Federal social programs which often is not available at present.

3. *Office of Health Services.*—A strengthened Office of Health Services will also report directly to the Director of OEO. Many of the problems of the poor are the product of ill health and many have serious medical consequences. We have already begun to develop new mechanisms for helping the poor pay medical costs. But now we must further improve our methods for delivering health services so that all the poor will have ready access to doctors, diagnosis, treatment, and hospital care. The Neighborhood Health Center program is one experimental effort which is working in this direction; OEO will initiate other activities in this area. The 1970 budget will also show increases in food and nutrition programs, family planning services, and other health related activities.

4. *Office of Legal Services.*—The Office of Legal Services will also be strengthened and elevated so that it reports directly to the Director. It will take on central responsibility for programs which help provide advocates for the poor in their dealings with social institutions. The sluggishness of many institutions—at all levels of society—in responding to the needs of individual citizens is one of the central problems of our time. Disadvantaged persons in particular must be assisted so that they fully understand the lawful means of making their needs known and having those needs met. This goal will be better served by a separate legal services program, one which can test new approaches to this important challenge.

5. *Office of Program Operations.*—More attention must be given to the way in which OEO policies are carried out at the local, State, and regional levels. A new Office of Program Operations will work to improve the quality of field operations; it will be able to define more clearly the purposes for which grants and contracts are given and to apply higher standards of effective management. Training and technical assistance funds for those who run OEO-supported programs will be increased. We also plan to raise allocations to State economic opportunity offices.

It is particularly important that the management of community action agencies be improved. The goals of community action are desirable ones and the work of these agencies deserves our support. Unfortunately, many of these local agencies have suffered from a proliferation of duties and from a confusion of roles. While some progress has been made in correcting these problems, the activities of community action agencies must be further clarified and such agencies must more clearly assign priorities among their various functions.

One of the important strengths of the community action program has been its ability to involve local citizens in planning and carrying out its projects. This value should not be lost. Community organizations, close to the people, can play an important role in delivering Government programs on a local and individual level.

OTHER PROGRAMS

Following the belief that the Office of Economic Opportunity should be an innovative agency, this administration has already moved the Job Corps to the Department of Labor and the Headstart program to the Department of Health, Education, and Welfare. In addition, I am suggesting in my manpower training proposals that several OEO-funded manpower programs which have been administered by the Department of Labor be transferred to that Department. These are ongoing programs which have passed the trial stage and should now be seen as parts of our established manpower strategy.

Some proven programs which are national in scope should, however, remain in OEO because they can help us develop new experiments and because of the agency's special identification with the problems of the poor. The VISTA program is one example; it will make a greater effort to attract people with specific technical and professional skills to its ranks.

Mankind is presently entering a new era of exploration and fulfillment. We are able to move beyond the limits which once confined us, both in our travels beyond this planet and in our efforts to shape our life upon it. Now we must

use this ability to explore on earth, as we have explored in space, with intelligence and courage, recognizing always how little we really know and how far we still must go.

I believe that the goal of full economic opportunity for every American can be realized. I expect the Office of Economic Opportunity to play a central role in that achievement. With new organizational structures, new operating procedures, and a new sense of precision and direction, OEO can be one of the most creative and productive Offices in the Government. For here much of our social pioneering will be done. Here will begin many of our new adventures.

THE WHITE HOUSE,
Washington, D.C., September 16, 1969.

Hon. GAYLORD NELSON,
U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: Thank you, for your September 9 letter. I welcome the opportunity to reaffirm this administration's determination to conduct meaningful OEO programs.

As stated in my February 19 message, I intend to see that the vital community action programs (are) pressed forward. Nothing since that time has altered the administration's resolve to improve and strengthen the community action agencies now serving throughout the country. These agencies will be improved to play a more vital role in mobilizing local resources, involving the poor in program planning and operation, and in training new neighborhood leadership.

The Office of Economic Opportunity must be an advocate for the poor within the Federal agency structure. To effectively perform this function, I have instructed the Director to establish a research and evaluation office capable of Government-wide evaluation. Facts that will come out of this Office will assist all agencies within the administration in evaluating the effectiveness of their programs for the poor.

It is my determination to strengthen the Office of Economic Opportunity and its community action arm in contributing to the goal of providing full economic opportunity for every American.

Sincerely,

RICHARD NIXON.

REORGANIZATION OF HEALTH AFFAIRS AND LEGAL SERVICES

Mrs. REID. It is my understanding that the Offices of Health Services and Legal Services are being strengthened and upgraded. How will this affect the way these programs operate?

Mr. RUMSFELD. Creation of a separate Office of Legal Services and an Office of Health Affairs reporting to the Director should provide substantially better management of our efforts in the health and legal services fields. Previously, as you will recall, there was a Health Services Division in the Community Action Program Office, in addition to an Office of Health Affairs. The Legal Services staff also reported to the Assistant Director for Community Action, rather than to the Director of the agency. These changes should help to improve our ability to determine and implement program goals, to evaluate program performance, and to follow up findings with appropriate technical assistance. Both the legal services and health programs have made significant contributions to alleviating the problems of poverty.

Our activities in the health area are being strengthened and expanded under the reorganization. In developing and administering these programs, the Office of Economic Opportunity will operate through community action agencies and other interested local groups.

Existing health agencies—including hospitals, medical societies, medical schools, group practices, and voluntary associations—will be involved to the maximum extent possible. Further, development of

new working partnerships between health professionals and neighborhood residents is an important aspect of these efforts.

We are also requesting funds for an increase for legal services to permit modest program expansion into rural and other selected areas now almost without services. Approximately 350 additional lawyers will afford legal assistance to the poor under our budget request; moreover, a higher proportion of seasoned attorneys with some professional experience is projected.

Creation of a separate Office of Legal Services reporting to the Director will provide closer supervision and scrutiny of program performance. This is intended to bring about an improvement in our ability to evaluate performance, and to follow up findings with the technical assistance needed to bring about improvements in program administration and operation. While it is true that the legal services program as a whole has made a major impact in alleviating the problems of poverty, I want to make sure that each individual project is brought up to our goal of providing uniformly high-quality professional service for the poor.

PREGNANT HIGH SCHOOL DROPOUTS

Mrs. REID. The chairman asked a question about a specific program for pregnant high school dropouts. Have you considered instigating any kind of Federal programs in this direction?

Mr. RUMSFELD. While family planning projects supported by the Office of Economic Opportunity have the option of serving unmarried teenagers, projects are not limited specifically to high school dropouts. The policy decision as to whether to serve unmarried women is made locally for each project administered by community action agencies. Projects must, of course, operate within the conditions of local and State laws.

There are two pilot projects, administered by the Office of Economic Opportunity headquarters staff, which are focused on teenagers. The New York Medical College, through a grant to the population council, offers a 20-week course to 90 unmarried pregnant teenage girls. This course offers parental, post partum, and infant care along with birth control services. Another project, administered by Shaw University, is developing ways to involve sexually active teenagers of both sexes in family planning practices. This project involves weekly information sessions for local teenagers—in Wake County, N.C.—at which nonprescriptive contraceptives are distributed on request. During the coming year, additional attention will be given to opportunities for individual counseling and discussions with parents to increase their understanding of adolescent sexual behavior.

EXPERIMENTAL DAY CARE PROGRAM

Mrs. REID. In your statement on page 7 you state that a new $10 million experimental day care program will be developed. How will this money be used—Will an individual who wants to start a day care center be able to obtain a grant?

Mr. RUMSFELD. We are proposing a $10 million day care program in order to develop new methods of providing these services. The

purpose of this investment is to provide a better base for the expanded day care services proposed under the President's Family Assistance Plan. This plan calls for day care services to 450,000 children of working mothers who will participate in job training programs.

The day care programs to be developed will test a variety of types of care and delivery systems. Delivery systems to be tested will include contracting for services, assistance to program operators and workers, or voucher methods, in which the recipient chooses his services as in medicare. It is expected that a variety of organizations will be engaged in providing services at the local level. Program development will be coordinated with HEW. Qualified individuals who want to start day care programs will be considered.

PURCHASE OF SERVICES

Mrs. REID. Would you expand on your statement on page 8 that $5.4 million is proposed "To widen the opportunities of the poor to choose needed services?" Does this mean that a catalog will be developed to more or less lead individuals to ask for services?

Mr. RUMSFELD. No. The programs under this general heading are intended to expand the possibility for poor people to exercise choice in the source and type of social services they receive. We are examining the possibility of providing vouchers to clients that would allow them to purchase manpower, day care or educational services from the sources that they deem most responsive to their needs. This is a new undertaking. Moneys contemplated here for these kinds of programs are primarily for planning and research to determine whether it makes sense to mount a larger research or demonstration program.

The bulk of the $5.4 million is to be used for the planning and initiation of an experiment using a tax credits type approach to compensate firms for training and upgrading their personnel. There has been wide interest in whether industry might respond better to job programs which involve payment through tax credit as opposed to direct payment. Our experiment will test whether a tax credits approach might make it easier for more employers to particiapte in manpower training.

We do not intend to develop a catalog that will lead individuals to ask for services.

OFFICE OF VOLUNTARY ACTION

Mrs. REID. What, if any, plans does the Office of Economic Opportunity have for coordinating activities with the Office of Voluntary Action?

Mr. RUMSFELD. There are continuing staff level consultations between the Office of Economic Opportunity and the Office of Voluntary Action aimed at coordinating efforts and hopefully developing joint projects.

REMARKS REGARDING DIRECTOR

Mrs. REID. Mr. Director, you have made an excellent presentation today. However, you know that in previous years I have been particularly critical of the waste and duplication and lack of administrative coordination in OEO programs. If you feel there is anything further

you can add to any statements you have made today as to improvements which have been made in these areas or any redirection in your program, I would hope that you will include those remarks at this point in the record.

I am going to have to see drastic changes and improvements in order to in any way justify any change in my mind.

Mr. FLOOD. The lady from Illinois is speaking from an abundance of caution.

Mr. RUMSFELD. Fair enough.

Mr. MICHEL. Mr. Chairman, if I might say, before you break up here for the day, I, of course, will look forward to the other witnesses coming here, but I want to commend you, Mr. Rumsfeld, and the group of fine people you have brought with you here. While only being on board—some of them—a very short period of time, I know they have excellent backgrounds and have a lot to offer by way of potential to do the kind of things you want done. In your short appearance here thus far you have exhibited a great deal of talent and we will look forward to fine results.

Mr. FLOOD. I am surprised but I concur.

WEDNESDAY, NOVEMBER 19, 1969.

WORK AND TRAINING PROGRAMS

WITNESSES

DEPARTMENT OF LABOR

ARNOLD R. WEBER, ASSISTANT SECRETARY OF LABOR FOR MANPOWER
WILLIAM H. KOLBERG, ASSOCIATE MANPOWER ADMINISTRATOR FOR POLICY, EVALUATION, AND RESEARCH
RICHARD E. MILLER, ASSOCIATE MANPOWER ADMINISTRATOR FOR FINANCIAL AND MANAGEMENT SYSTEMS
T. JAMES WALKER, BUDGET OFFICER, MANPOWER ADMINISTRATION
ROBERT J. BROWN, ACTING DEPUTY ASSOCIATE MANPOWER ADMINISTRATOR, U.S. TRAINING AND EMPLOYMENT SERVICE

OFFICE OF ECONOMIC OPPORTUNITY

DONALD RUMSFELD, DIRECTOR
JOHN WILSON, ASSISTANT DIRECTOR, OFFICE OF PLANNING, RESEARCH, AND DEVELOPMENT
WILLIAM PLISSNER, CHIEF, PROGRAM ANALYSIS DIVISION, OFFICE OF PLANNING, RESEARCH, AND EVALUATION

Mr. FLOOD. We will now continue with the hearings on the 1970 budget for the Office of Economic Opportunity. We have with us again the Director, our good friend and former colleague, Mr. Rumsfeld. I presume you would like to make a statement at this point.

Mr. RUMSFELD. Yes, sir.

Mr. Chairman, yesterday in my prepared statement I discussed the activities that are funded under the Economic Opportunity Act. We concentrated on those activities which are administerd by the Office of Economic Opportunity. This morning we have the representatives from the Department of Labor and this afternoon from the Department of Health, Education, and Welfare, and the Department of Agriculture. They are prepared, with me, to discuss in detail the activities which their Departments administer, and which are funded through the Economic Opportunity Act.

I would like to state for the record that I have with me Mr. Bill Plissner, who is in charge of the Office of Program Analysis and Budget in the Office of Economic Opportunity, and Dr. John Wilson, the Assistant Director of the Agency for the Office of Planning, Research and Evaluation.

Assistant Secretary of Labor Arnold Weber is here this morning and will introduce his associates, and may very well have a statement he would like to make, after which we can continue as you wish.

Mr. FLOOD. Then you wish to lead off with Mr. Weber from the Department of Labor; is that it?

Mr. RUMSFELD. Yes, sir.

Mr. FLOOD. However, if you can, we would like for you to sit here and then let these fellows take over.

Mr. RUMSFELD. All right.

Mr. FLOOD. We have the pleasure again of hearing Mr. Arnold R. Weber who is the Assistant Secretary of Labor for Manpower. Mr. Weber is not unknown; as a matter of fact, he is favorably known by this committee.

You have some people to introduce, do you?

Mr. WEBER. Yes, Mr. Chairman. I have with me Mr. Richard Miller who is Director of our Office of Financial and Management Systems; Mr. James Walker, budget officer; Mr. Robert Brown, Director of the U.S. Training and Employment Service; and Mr. William Kolberg who is Director of our Office of Policy, Evaluation, and Research.

GENERAL STATEMENT

Mr. FLOOD. Mr. Secretary, suppose you fire at will. I presume that you have a statement. Now, you are no amateur. You have appeared before the subcommittee on the 1970 budget for the Labor Department. How do you want to proceed?

Mr. WEBER. I have a statement, as you have indicated.

Mr. FLOOD. I have seen the statement.

Mr. WEBER. It is a brief statement and, with your permission, I would proceed to summarize some of its major points.

Mr. FLOOD. Of course, you want the statement, as is, placed in the record at this point?

Mr. WEBER. Yes, sir.

Mr. FLOOD. And then you will comment from the statement?

Mr. WEBER. Yes, sir.

Mr. FLOOD. That will be done, without objection.

(Mr. Weber's prepared statement follows:)

Mr. Chairman and members of the committee, I am pleased to appear before you today in behalf of the Department of Labor. The Economic Opportunity Act is of vital and continuing importance to us. Through the delegation process, Director Rumsfeld transfers to the Department operating responsibility and necessary funds for several of the Nation's manpower programs. The close working relationship between the Department of Labor and OEO in the areas of manpower planning and evaluation, assures that manpower programs are integrated into the broad scale effort directed to mitigating poverty in America. Through the authorization of OEO programs in title I, parts A and B of the Economic Opportunity Act, we in the Department have a legal mandate to direct manpower training to employed and unemployed disadvantaged persons.

I am here today to support Mr. Rumsfeld's request for appropriations, particularly as this request is related to the need for adequate resources for our overall manpower program. These resources for fiscal year 1970 total nearly $2.5 billion, of which $871.3 million (35 percent) is requested from the Economic Opportunity Act. Earlier this year, I discussed with you the direct Labor Department appropriation ($1.5 billion) and the Work Incentive funds under the Social Security Act ($73.7 million). The House of Representatives has already acted on these requests and Senate action is pending. To complete the process for fiscal year 1970, the economic opportunity programs appropriation remains to be considered.

Our request under title I, parts A and B of the Economic Opportunity Act for 1970 totals $871.3 million which represents a decrease of $5.4 million from funds allocated in 1969. The reduction results substantially from the redesign undertaken earlier this year by the Manpower Administration for the Job Corps and out-of-school programs. As you know, the evaluation and assessment of the Job Corps program last spring resulted in the closing of 59 centers we considered relatively inefficient when compared with the rest of the programs. At the same time we undertook to design a new community-oriented Job Corps program. Consequently, our request for Job Corps is $103.3 million lower than the 1969 level.

As part of our overall redesign of manpower programs, we have begun to reshape the out-of-school program and direct it specifically to 16- and 17-year-old youths. Poor youths in this age group—and the critical problem they face in making the transition from the school classroom to full-time work—are of the highest priority to the Manpower Administration. We plan to increase our investment in the remedial education, training, and work exposure we offer out-of-school youth and thus reduce the amount of work experience which has characterized this program in recent years. Because of the lower age levels we will need less funds to operate the program this year. Our request is for $98 million, $25.7 million under the $123.7 million allocated in 1969.

Against these reductions—amounting to $129 million—we are requesting increases amounting to $153.6 million for four of our OEO funded programs. Two of these programs require additional funds to maintain existing operating levels. The in-school program was authorized 100,000 enrollment opportunities last school year; to maintain that level this year will require $62.4 million, an increase of $13.3 million above the 1969 allocation. The 1969 in-school allocation was lower because of the existence of unused prior year funds. Unless unexpected reserves accrue from the summer program, the increase will be required to finance the in-school program through the end of this school year. The other program for which no expansion is requested this year but for which additional funds are needed is the concentrated employment program. CEP is currently operating in 81 urban and rural depressed areas. We plan to reopen soon one project which was temporarily shut down last year. This will bring the CEP program to 82 projects. Of these, 40 were initially funded in 1968 and will require refunding this year for the first time. This will require an additional $40 million for 1970 in Economic Opportunity Act funds. The cost of CEP is, as you know, financed through Manpower Development and Training Act funds as well. We have requested an increase earlier this year of $44.3 million in MDTA funds, which will be used jointly with the EOA funds.

Our 1970 budget request includes program increases for two areas which the administration feels deserve the highest priority. The first, and highest priority, is our request for the JOBS programs—job opportunities in the Business sector. JOBS–NAB was established in May of 1968. The progress of this program has been very encouraging. Through September 30, 62,000 disadvantaged persons have been hired by private employers in over 50 cities, and 29,000 are currently

enrolled. In the first 14 months of contracting 82,000 training opportunities have been developed. JOBS has received almost continuous review and evaluation in the Department and in OEO, since this administration took office. We recognized it as the previous administration's most ambitious and promising program. With the revisions and modifications which our review has produced, we have determined to preserve the request of the Johnson administration for JOBS. $180 million of EOA funds and $240 million from MDTA. The increase in the Economic Opportunity appropriation of $68.7 million will produce 23,000 additional training opportunities above the 37,000 produced last year. We consider the JOBS 1970 program now getting underway a considerable improvement over the earlier series of projects.

Finally, I would like to draw your attention to the other area for which we are requesting a program increase. For many years I have felt that public employers should become involved in our programs to relieve poverty and unemployment through manpower training. New Careers has been the Manpower Administration's first limited attempt to do this. We are now requesting funds to implement a more comprehensive and ambitious program. New Careers will remain relatively unchanged and become a component of this public service careers program. We hope in this first year to be able to demonstrate several methods by which public employes can become more actively engaged in manpower training.

To complete the Labor Department share of this budget request, we are requesting funds to maintain Operation Mainstream at last year's level, at no additional cost, and are requesting $121.5 million for next year's Summer program, which coincides with the initial amount planned for that program in 1969.

In concluding my statement, Mr. Chairman, I feel I should comment briefly on the Manpower Training Act currently being considered by the Senate Committee on Labor and Education. I strongly support that bill and hope for a thorough and early consideration of it by the Congress. As it stands, the bill would consolidate the financing of manpower training programs in the Labor Department, including the programs being considered in the administration of manpower programs, in combination with the decentralization of operations proposed in the MTA. I believe that the Manpower Training Act will lead to greater flexibility and effectiveness in the administration of our manpower programs. The role we share with the Office of Economic Opportunity in the appropriation process would, of course, change significantly. Until this legislation becomes law, however, the Department of Labor and OEO will continue to share current responsibilities for planning, evaluation and budgetary aspects of manpower programs under the EOA.

Mr. Chairman, I would be pleased to discuss our proposals with you and will attempt to answer your questions satisfactorily. Thank you.

Mr. WEBER. I would also take this opportunity to relate this statement to our earlier testimony, particularly with respect to the Manpower Development and Training Act.

Mr. FLOOD. As you know, we have an intense interest in the manpower and training programs.

Mr. WEBER. Yes, sir. As you said, this is my third time here in connection with the various manpower programs and, in addition to providing me with some accelerated on-the-job training, it also I think indicates some of the problems we have in developing our budget and administrative apparatus to carry forward the manpower program.

Mr. FLOOD. You will find no quarrel wtih the subcommittee on manpower training, as such. It is this realignment of priorities, which is the catch phrase currently, that I think would be the problem.

Mr. WEBER. Yes, sir. In our earlier testimony concerning the Manpower Development and Training Act we designated certain leading objectives in the manpower area which had been affirmed by the Secretary and the administration. I think it might be useful to briefly restate them at this point.

BIOGRAPHICAL SKETCH OF ARNOLD R. WEBER

Mr. FLOOD. Before you testify I believe that we should have in the record again a biographical sketch. And don't be modest about it. People will read it.

Mr. WEBER. Well, I had two biographical sketches, one for making speeches and one for looking for jobs.

Mr. FLOOD. Use a clean one.

Mr. WEBER. All right, sir.

(The biographical sketch follows:)

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

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

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

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

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

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

He is married and the father of three children.

Mr. FLOOD. Proceed.

GENERAL OBJECTIVES OF MANPOWER PROGRAMS

Mr. WEBER. The general objectives as stated by the Secretary can, I think, be enumerated under three general titles. One: It is our intention to give emphasis to those programs which provide jobs and gainful employment, or the opportunity to become gainfully employed as contrasted to income transfer programs, which provide work experience without any prospect of termination or movement into the labor market.

Secondly, in our planning efforts and in our budget statement we attempted to target our programs to the needs of particular groups, that is, to try to synchronize, if you will, the group served by programs and the content of the programs themselves. I think this is perhaps best reflected in some of the things that we are doing with respect to the Neighborhood Youth Corps out-of-school program, where we have attempted to modify and change the clientele or the people served to 16-year-olds and 17-year-olds while taking those who otherwise would have been served by these programs and providing them with services which have a greater prospect of leading to employment, such as the JOBS program and the CEP program.

Mr. FLOOD. We are concerned with how you deal with women as well as men.

Mr. WEBER. Yes, sir. Most of our programs have a substantial enrollment of women, including the Job Corps, new careers and the concentrated employment program. Indeed, I think you can say in most programs women are represented to the extent that they are represented in the labor force as a whole, that is, around the 40-percent level.

Thirdly, and this is certainly consistent with the comments made by Director Rumsfeld yesterday, we have attempted to strengthen our overall management of our programs. We have attempted to do this initially by getting our own house in order, by reorganization of the Manpower Administration, consolidating bureaus and clarifying lines of authority to the field. Beyond that, we are working very hard at developing standards by which we can evaluate performance, adequate data systems and mechanisms for evaluation and followup.

Indeed, with respect to the concentrated employment program we have used our evaluation reports as an input to initiate what we consider a salutary and relatively far-reaching redesign of that program.

Mr. FLOOD. I might say that in the city of Wilkes-Barre we have a CEP program. It is amazingly effective.

Mr. WEBER. That is right. Is is one of the new CEP programs. I think it has benefited in terms of our own planning and planning by the people in the community, from some of the efforts which have gone on in other cities since the program began in 1967.

Consistent with these three objectives, our overall budget in the manpower area including WIN, MDTA, grants to the States for the operation of the employment security system and EOA, comes to approximately $2.5 billion. The EOA component—and we are here to support Director Rumsfeld's request—totals $871.3 million. That $871.3 million is a decrease of $5.4 million from last year's aggregate figure, taking the necessary step to insure the comparability of the figures. The main difference is the fact that last year we did not have the Job Corps on a delegated basis.

Mr. FLOOD. What does that mean?

Mr. WEBER. In other words, for the Job Corps, it means the authority for administering it.

Mr. FLOOD. What do you mean by "delegated basis"?

Mr. WEBER. Under title I–A of the Economic Opportunity Act, OEO delegates administrative responsibility for this program to the Department of Labor.

Mr. FLOOD. By law?

Mr. WEBER. No, sir.

Mr. FLOOD. Administratively?

Mr. WEBER. The law permits it, but it is by Presidential Executive order, as is the case with all the programs on which we are testifying here. As you know, the Job Corps up until July of 1969, was administered directly by the Office of Economic Opportunity. Now we are administering it on a delegated basis.

The point that I was making is that the $871.3 million, associated with the $5.4 million reduction on the total request incorporates the level of funding for the Job Corps last year and this fiscal year.

Mr. FLOOD. Does this delegation, so-called, bother you very much? Is it a nuisance? Do you wish it had not been done?

Mr. WEBER. Well, I think it is correct to say that we did not lust after the Job Corps. I think it makes good sense to put the Job Corps in the administrative context of the rest of our manpower programs because there are certain advantages and strengths to be realized by this.

FUTURE OF THE JOB CORPS

Mr. FLOOD. Is there any barroom gossip that this is a means to an end, to eliminate the Corps?

Mr. WEBER. No, sir.

Mr. FLOOD. Or just getting away from it?

Mr. WEBER. Well, I haven't been in all the bars so I can't attest to all the gossip, but our general judgment is, and our planning is, to maintain the Job Corps as an entity; indeed, in the Manpower Training Act of 1969, which was introduced by the President to the Congress on August 12, the Job Corps is retained as a separate entity.

Beyond that, we have plans which we are now moving to implement which call for the addition of 30 new Job Corps centers. These centers will be smaller than the previous Job Corps centers and will be located in particular communities rather than in isolation.

Mr. FLOOD. You don't have the impression at Labor that the Executive is merely trying to get rid of this thing like a little gas on the stomach, or something?

Mr. WEBER. No, sir; no, sir. All I can do is introduce the evidence. We have been working very hard to keep Job Corps centers filled, and I am pleased to report that enrollment figures are now 98.1 percent of capacity, up from 92 percent of capacity when the shutdowns were announced in April.

Mr. FLOOD. You are aware that on the Hill and in this town there is such scuttlebutt?

Mr. WEBER. Yes. sir. All I can indicate is that our efforts in the Manpower Administration, our planning and our budgetary presentation are all based on the very firm premise that the Job Corps will continue in being; indeed, we hope it will be strengthened by our new capacity to relate to other manpower programs. This does not mean, as Director Rumsfeld indicated yesterday, that we won't continue to evaluate. I think all our programs have to be evaluated. If it turns out that we have to make an adjustment here and there, we should make that adjustment. We firmly believe that what the Job Corps has to offer, that is, a full range of supportive and residential services to unemployed youth or to youth who do not have the capacity to obtain gainful employment, is a necessary ingredient in our overall manpower programs.

CHANGES IN WORK AND TRAINING PROGRAMS

I might then continue with a specification: As I indicated, the total request that we are supporting is about equal to what it was last year, but this cloaks several major changes. Both plusses and minuses are involved here. I would like to briefly specify them so that you can get a better sense of how the mix is changing and what we are trying to do with those programs which we administer under OEO authority and appropriation.

First, that $871.3 million figure as compared to last year involves a reduction of approximately $103 million for the Job Corps. This reduction itself reflects pluses and minuses. There was a reduction of approximately $134 million resulting from the shutdown of 59 Job Corps centers which took place between April and June of this year. There is also an addition of approximately $31 million for the establishment of 30 new Community Job Corps Centers ranging in capacity from 25 to 350 which we are in the process of setting up in various locales around the country.

Secondly, there is a reduction of $25.7 million in NYC Out-of-School from last year's appropriation. This reduction reflects a change in our general orientation and focus of this program. In the past, the program enrolled people from ages 16 to 21, and in some instances up to 22 years of age. The program, in our estimation, was essentially an income transfer program.

Mr. FLOOD. What does that mean?

Mr. WEBER. That is, a program whose essential purpose is to provide some basis for giving unemployed youth money, putting bucks in their pockets. It did not provide any substantial input, training, counseling, orientation, or other supportive services which we think are important to equip people for useful employment. I think that is reflected in the budget components. Eighty percent of the cost of a training opportunity under NYC Out-of-School was allocated to wage payments and something under 20 percent went for so-called training or manpower services. What we are trying to do with NYC is focus on the 16- and 17-year-olds rather than older youth. It seemed to us that the notion that giving a 20-year-old $1.40 an hour for 30 hours a week for 3 or 4 months would provide a basis for having him go back to school, was a misconstruction of what the program could do. Indeed, our data indicated that only 15 or 17 percent of NYC enrollees returned to school; something like 27 percent went on to jobs in the labor market and the rest drifted away for one reason or another.

We propose to take the resources associated with NYC Out-of-School, focus them on the 16- and 17-year-old, and develop a program which has a greater training and educational content. In the first instance we would try to get these young people to go back to school on a full-time basis. If they don't want to, or are unable to go back to school, we would provide them with training so they could make the transition to the labor market.

Mr. FLOOD. Yes; this so-called transfer, this is not a subterfuge to do a hatchet job on the Job Corps, is it?

Mr. WEBER. No, sir. Of course, the NYC is completely different from the Job Corps. The question has been raised: "Well, you have cut NYC Out-of-School and our appropriation request calls for a reduction of $25.7 million. You cut the Job Corps. Does that mean that you are cutting aggregate training and job opportunities under manpower programs for young people?" Well, we don't think that that is the case because our budget requests, both MDTA and EOA, call for substantial increases in other programs, particularly JOBS.

Mr. FLOOD. You know, some of us have been here a long time. The minute we see a transfer of a thing like the Job Corps to some place else, that puts the red flag up.

Mr. WEBER. My earlier comments indicated that it is our full intention to maintain Job Corps as an entity and, indeed, to strengthen its capabilities, and we are taking steps to do that.

For example, we have made strong efforts to get union-sponsored training programs in the conservation centers. One of the problems we found with the conservation centers was that they had a very poor completion rate and a very poor placement rate. This reflected the fact that many of them were out in the country, and unless specific steps were taken to insure that people got skills which they could use back in their home communities and a mechanism was provided to facilitate their placement in their home communities, chances were they would fall between the cracks. We have training programs in 22 of the conservation centers that are initiated and carried out by the Carpenters' Union and the Painters' Union. We have programs carried out by the Operating Engineers. We are now negotiating with the Retail Bakers, and with the Transportation Workers Union in an effort to give a greater training input component than existed before. So our efforts have really not been in the direction of elimination but, we hope, in the direction of perfection and strengthening, despite the very considerable cut in the budget request.

Mr. FLOOD. Then, as far as labor is concerned, you don't consider yourselves a "behind the scenes prearranged executioner?"

Mr. WEBER. No, sir. I don't own a black suit.

JOBS PROGRAM

In terms of the other items, we are asking for an increase under the EOA title I–B appropriation of $68.7 million for the JOBS program which is, as you know, an acronym for Job Opportunities in the Business Sector——

Mr. FLOOD. Yes. It came in with great fanfare and trumpets, and so forth. Now, what about it?

Mr. WEBER. Well, in terms of the EOA appropriation, we are asking for an increase of $68.7 million to $180 million. If you would add to this, to get a complete picture, the $240 million which this committee and the House approved under title II of MDTA for a total of $420 million, it will, we estimate, provide support for 140,000 jobs.

Mr. FLOOD. Of course, nothing could live up to the advance notices that JOBS came on stage with.

Mr. WEBER. I think that is a fair statement. I think one of the unfortunate things about manpower programs is that we have to live with the echo of distant trumpets that were sounded when these programs were initiated. But, on the other hand, I would say that the JOBS program, given the fact that it started in May of 1968, really has a remarkable record of achievement. It has its problems—no doubt about it. All our programs have problems. We try to keep track of them and deal with them constructively. The JOBS program operates under both contract and noncontract arrangements. The contracts are where the Department of Labor negotiates with an employer whereby the employer will provide supportive and training services to disadvantaged workers who are hired. Under noncontract arrangements, the employer provides these services voluntarily and at no cost to the Federal Government.

Mr. FLOOD. You seem impressed with it.

Mr. WEBER. I think it is a good program. I think its record of performance is more than promising. You have to remember, and we restate this as vigorously as we can, the JOBS program is the only program which begins with a bona fide job in the private sector. That is, you don't begin as a trainee and drop out or finish your training program and then try to get a job, but you begin with the job in a particular firm.

For example, we just negotiated a $5 million contract with U.S. Steel in Gary to provide for the hiring of something like 1,400 disadvantaged workers.

Now, every worker who is enrolled under that program will begin in that steel mill earning what everybody else earns. If it is $3.20 an hour he is going to get $3.20 an hour; if it is $2.80 an hour he is going to get $2.80 an hour. The employer is going to provide him with training services while he is on the job. I think the slogan that the National Alliance of Businessmen has established is pretty accurate. Their slogan is "Hire, Train and Retain" with the emphasis on the "hire." It has involved the private sector in a way that none of our other programs has. In terms of commitments to hire in both our contract program and noncontract program and special summer program for youth, there have been commitments equivalent to 713,000 jobs. Now, that is a lot of jobs. At this point in time 573,000 of those commitments have been honored.

I think it is fair to break out the summer jobs, 304,000, and the regular jobs for adults, 269,000. As of September 30, 1969, we had on board, in training, 142,871 persons. Now, I don't say that the JOBS program does not have its problems. Some of the employers have not gotten the people on board as quickly as they might have; some of them have not provided the services. Consistent with our efforts to instill good management, we have installed monitoring programs so that every contract over $100,000 will be monitored once a month and every contract between $100,000 and $50,000 will be monitored every 60 days. We have moved a pool of technical assistance funds into the regions so that employers who have problems will be able to deal with them. I think, most importantly, we have also expanded the market area which is covered by JOBS.

Mr. FLOOD. Then, this is not a mere beau geste by the so-called private sector to be respectable?

Mr. WEBER. I don't think so, sir. I think we could all make our own judgments concerning what are the motives of particular employers; for instance, why do some employers do nothing, while other employers want a contract? I suppose their motives are no different than ours. There is a whole range of factors. The important thing to us, Mr. Chairman, is that this program has been a device to get disadvantaged workers, workers whom we are quite sure would otherwise be excluded from the system, into the system. If you look at the characteristics of these workers—and there is a certification procedure—you find that most of them are disadvantaged in the broadest or narrowest sense. Most of them were unemployed for more than 20 weeks, a large proportion are members of minority groups, and so forth.

Mr. FLOOD. Does this get into the rural areas, and the smaller cities?

Mr. WEBER. It originally started in 50 larger cities, or standard metropolitan statistical areas, SMSA.

In January, shortly after this administration and the new NAB team came on board, JOBS was expanded to 125 SMSAs, including 131 cities. We were then starting to get down to smaller cities like Brockton, Mass. We have just now announced its expansion nationwide.

Now, we aren't expanding NAB. Their organization will still be associated with the large cities. But if somebody in Hennepin, Ill., for example, or Lawrence, Kans. wants to get in on this program and they could not do so before, as of November 15th they will be able to get in.

This was a matter of building up administrative capacity, testing out the programs and, of course, going where most of the jobs are, in the big cities. It is now certainly applicable to rural areas as well.

I might say that we are not just sitting out there letting those people read about it in the newspapers. We have, in conjunction with the National Alliance of Businessmen, arranged for earmarking up to 1,000 Employment Service personnel in the State agencies who will go around with the NAB representatives providing services to employers who are interested in the program.

CONCENTRATED EMPLOYMENT PROGRAM (CEP)

The second major item involving an increase is the concentrated employment program. Under the EOA request, we are asking for an increase of $40 million, which will bring the total up to $123 million. When added to the MDTA request which you have already approved, it will call for a total of $199 million for the concentrated employment program.

Although this is a significant increase over the previous year, it does not involve an expansion of that program. As you know, CEP has built up over 3 years. In 1968, 40 new CEPs were established and they have to be refunded for the first time. The $199 million contemplates 82 concentrated employment programs, the same total that we had last year. This year, all 82 CEPs must be refunded, including the one you made reference to earlier.

NEIGHBORHOOD YOUTH CORPS

The next item is an increase of $13 million in our request for the In-School program. This also does not involve an increase in the scope of the program.

Mr. FLOOD. What does "In-School program" mean?

Mr. WEBER. It means the Neighborhood Youth Corps In-School program. This is a program whereby young people of school age, 14 and above, are given jobs with nonprofit and public agencies up to approximately 15 hours a week, to provide them with income while they are in school, to minimize the probability that they will drop out of school because of deficiencies of income, either personal or in the family.

Generally, we try to link the Neighborhood Youth Corps In-School program to the summer program so that most of the people in NYC

In-School would then during the summer move to a NYC summer program.

Mr. CASEY. Do they have to remain in school in order to have these jobs?

Mr. WEBER. Yes, sir.

Mr. CASEY. You have strict control on that?

Mr. WEBER. Yes, sir.

Mr. CASEY. Lots of times they make money and they will say "If I stay out of school and work more than 15 hours, why, I am independent".

Mr. WEBER. These controls are in our guidelines and we try to enforce them as stringently as we can. If a young person would drop out of school he would then be eligible for the Neighborhood Youth Corps Out-of-School program. I think you could get some indication of the scope of the program by noting that——

Mr. CASEY. If he drops out and goes into the NYC Neighborhood Youth program, will he make any more money than he was making when he was going to school?

Mr. WEBER. Yes, sir, he would. That is one of the things we want to correct.

Mr. CASEY. You have a little danger there, don't you?

Mr. WEBER. No doubt about it. What we are doing is creating incentives for the marginal student to go into a program that will give him greater immediate income but, in the long run, will not serve his best interests.

Mr. CASEY. Sure. But these kids don't think about that.

Mr. WEBER. One of the things we are trying to do in our new design or redesign of the NYC Out-of-School program is to limit it to 16- and 17-year-olds, reduce the level of the stipend that they get, so that they will now get probably between $25 and $30.

Mr. CASEY. Per week or month?

Mr. WEBER. Per week, or $100 a month.

We are aware of this, and indeed, it is a problem with all our manpower programs. You could say to the kid in the same way "If you go into MDTA you will get the average unemployment compensation payment in that State for the previous quarter", which might be $43 a week in some of the industrial States.

One of the things that concerns us and that we are trying to deal with in the Manpower Training Act that was introduced to the Congress is to rationalize and consolidate the system of stipends so that one program does not compete with another. What you have here is a little market. Some of these kids get pretty savvy about this, not in terms of what the program is going to do for them in the long haul, but in terms of the income it is going to provide them immediately. You are exactly right. This is a consequence of the programs' having developed in series, each having its own focus.

The next increase is $31.5 million that we are requesting for an essentially new program. Although it has a new label, in part it is an old program.

SIZE OF MANPOWER PROGRAMS

Mr. FLOOD. Is this a lot of money for these programs, do you think?

Mr. WEBER. In the aggregate? Sure it is. You mean the $2.5 billion.

Mr. FLOOD. Yes.

Mr. WEBER. Sure it is. I think it is a lot of money by anybody's standards. On the other hand, there is a great need out there. In fiscal 1970, under our consolidated budget from MDTA, WIN—the Work Incentive Program—and EOA, we estimate that we will reach approximately 1.1 million persons. The best information we have from OEO studies and our own studies is that there are probably 10 or 11 million people who are in need of manpower services outside of the normal education programs. It is a lot of money and we have an unremitting responsibility to try to spend that money wisely.

PUBLIC SERVICE CAREERS

The public service careers program request is for $50 million. We have incorporated in the acronym, if you will, the new careers program. This program has a special authorization in title I–B and has been 99 44/100 percent in the public sector. We have added to new careers $31 million which is going to be used for essentially pilot purposes. We want to apply the JOBS concept, along with what we have learned from the new careers program, to jobs in the public sector. Now, we do this for several reasons:

Manpower programs have to go where the jobs are. Approximately 16 percent of the labor force of 80 million are now employed in the public sector. That is a lot of jobs.

Secondly, the capacity of States and cities and counties and, indeed, the Federal Government——

Mr. FLOOD. Employed in the public sector. What does that mean?

Mr. WEBER. Government employees—Federal Government, and so forth. I think it is approximately 12.5 million. Three million are employed in the Federal Government and the rest in the State, county and local governments. I think it is interesting to note that employment in the State and local governments has doubled since the end of World War II. The rate of increase in governmental employment has far exceeded the rate of increase of employment for the entire economy.

We are trying to tap into that rich vein.

Mr. FLOOD. By governmental you do not mean just Federal?

Mr. WEBER. I mean government at every level. Much of this has been associated with education and other public services.

Mr. MICHEL. Did you limit that since World War II to State and local?

Mr. WEBER. Yes, sir. The Federal Government has not doubled.

The greatest increase has come in the State and local levels. Much of this increase has been associated with the explosion in education. I must say I was rather surprised to find that there are now 640,000 professors, of whom around 450,000 are employed by State and other public institutions of higher education.

Mr. FLOOD. Are you not an educator, yourself?

Mr. WEBER. I was and still play that role sometimes. In any case, the public service careers program attempts to consolidate and extend relatively modestly, I think, in terms of the universe that we can deal with, our efforts to open up job opportunities for disadvantaged people who are not now equipped to hold jobs in public employment. There

are several components of this program. The major component is still the new careers program which is a continuation from previous years. Beyond that, we are working with the Civil Service Commission and, in deed, the Civil Service Commission has already agreed to administer the program for us throughout the Federal Government; that is, to negotiate the contracts with the particular agencies that determine the flexibility in existing civil service regulations. We consider this a major breakthrough. The Civil Service Commission has been strongly interested in this, particularly as it coincides with Equal Employment Opportunity.

There will also be a component aimed at State and local governments. We estimate that the component will provide for 32 to 35 projects on a 2-year basis. We feel it is necessary to write 2-year contracts. The cities of Cleveland, Wilkes-Barre, or Peoria are not going to be able to hire somebody to run this program and get things in a row, unless the contract lasts for 2 years.

We also have a component whereby we hope to relate training and job opportunities to grant-in-aid programs, such as one project that we have developed on an experimental basis with the Department of Interior. This is a water-pollution project calling for training of 500 pollution technicians.

MANAGEMENT OF MANPOWER PROGRAMS

Mr. FLOOD. Isn't there a shortage of expertise in that?

Mr. WEBER. Which area?

Mr. FLOOD. This entire program. Isn't it true that it is difficult to get people to do these things?

Mr. WEBER. It is.

Mr. FLOOD. Are you short of people? Is there piracy going on all over the place?

Mr. WEBER. There is some of that. Manpower programs have now been in place in this country since 1962. There was a great impetus with the passage of EOA in 1964, and there are a lot more people out there who we assume know what they are doing. Indeed, one of the roles that we have as a manpower agency along with OEO is to provide the training and support, the monitoring and technical assistance to make the programs go.

That is what we are trying to do in the CEP program. The CEP program works through, as a prime sponsor, the community action agency, and Director Rumsfield indicated yesterday there are 962 community action agencies. A lot of them are very new and involve people whom we call the indigenous poor. We are spending in some instances, $2 or $3 million to run a program. A lot of these people don't know how to manage the program or go about the task of managing it. One of the things that we are doing right now——

Mr. FLOOD. How is a program like CEP, in a middle-sized city, being managed by the old pros?

Mr. WEBER. The old pros meaning whom?

Mr. FLOOD. The professional politicians, powers that be.

How do they react to these new programs?

Mr. WEBER. I think they accept the CEP. I think it was indicated here yesterday there are points of continued friction between the CAA and the old pros, as you describe them. That is probably inherent in the nature of the relationship.

ATTITUDES OF SOCIAL WORKERS TOWARD MANPOWER PROGRAMS

Mr. FLOOD. The classical and traditional social worker is gone?

Mr. WEBER. I don't think all social workers have really made the transition in either their education or their view of the world to give the sort of support that they should to manpower programs. Many of them view efforts at providing training as being covertly punitive, somehow you want to punish that lady, you want to punish that man.

Many of them also think that manpower programs and jobs really are not enough without other changes in things like family structure and the value system and a whole range of variables. My feeling is that they might be right. But we are going to work on the assumption that if you get a person a job, and through a job, dignity, a commitment to a system, and income to buy some of the things that he wants for himself and for his kids, that that will take us a substantial way along the road. I came from a university and I detected that general attitude among social workers that I have just described among my colleagues in the School of Social Welfare Administration at the University of Chicago, the second largest such school in the country.

Under our grants to educational institutions, we have provided some seed money so that when they train social workers they can have courses as part of their field training which will make the caseworker aware of the potentialities of manpower programs. Of course, the President's proposed welfare reform directly confronts this question. The President has come down hard and in favor of a program which provides income but which is linked to work.

TECHNICAL ASSISTANCE

The last two items that I must mention to end on a note of humility. One is a decrease of $2 million in program support.

Mr. FLOOD. Don't be concerned about humility too much. You are doing this very well.

Mr. WEBER. The decrease of $2 million in program support relates principally to technical assistance. The reason we are not asking for any technical assistance funds in the OEO appropriations is that MDTA now contains a provision which says that 2 percent of the basic appropriation will be used for technical assistance. We are saying that all of our technical assistance funds are going to come out of MDTA and that we don't need any more from another source.

SPECIAL IMPACT PROGRAM

The last point worthy of mention here, Mr. Chairman, is that among the programs delegated by OEO to the Department of Labor, there is now a missing item; that is, the Special Impact Program. This involves, for the Labor Department, a reduction of $8.6 million. Special impact has been redelegated back, if you will, to OEO to be

run by OEO. In the Department, the program was based on the notion that you provide jobs for the disadvantaged by creating incentives to employers to establish plants in areas where the disadvantaged live.

Mr. FLOOD. To establish plants?

Mr. WEBER. That is right. Factories. It has been used as a device to support capital expenditures and operating costs of one sort or another in return for a pledge from the employer to hire disadvantaged workers.

Mr. FLOOD. Do you get involved with the chambers of commerce and the like?

Mr. WEBER. Every one of our existing contracts under the special impact program were negotiated and let under the previous administration. That money was all gone by January 20, 1969, so we have not been involved. As far as I can determine, there were no intensive efforts at coordination with groups like chambers of commerce.

Mr. FLOOD. Should there be?

Mr. WEBER. I think this is certainly a profitable route to pursue in this program. It was our feeling that this program could be supportive of some of the other things that OEO is doing in the general community development area. We requested a redelegation back and that request was affirmed by the Bureau of the Budget and OEO. It is now in OEO's ballpark.

SPLIT FUNDING OF MANPOWER PROGRAMS

Mr. FLOOD. The members of this subcommittee, as you know, have been puzzled for several years, even before you got here, by the fact that the manpower programs are budgeted in different places. This has been one of our pet hates. This is true of the members of the House generally. Now they are administered by the Labor Department, but part of the funds is in this OEO budget and part is in the Labor Department budget.

Mr. RUMSFELD. And part in HEW.

Mr. FLOOD. Yes, that is true. I forgot that.

What about this many-headed hydra?

Mr. WEBER. Like most hydras, I don't think it was planned that way.

Mr. FLOOD. Suppose we cut off one head?

Mr. WEBER. We are proposing in the Manpower Training Act of 1969 to consolidate all programs in one corpus. What the Manpower Training Act essentially calls for is consolidating within a single statute and hence within a single appropriation.

Mr. FLOOD. You realize that the average member is confused by this. He stops Mr. Michel and Mr. Natcher and says, "What about these manpower training programs?" Congressman, you know that.

Mr. RUMSFELD. It is the most frustrating thing in the world.

Mr. FLOOD. They think there are 11 different programs.

Mr. WEBER. There are more than that.

Mr. FLOOD. I was afraid of that.

Mr. WEBER. There are easily 15 separate programs and it depends on how fine you want to cut it. We went through this drill and counted up in one situation 30 programs.

Mr. FLOOD. Mr. Michel is on the floor and making a statement. What does he say about this?

Mr. WEBER. Well, in a sense, Mr. Chairman, what this reflects is the will of Congress and the process by which such programs have developed.

Mr. FLOOD. That is very true, and Mr. Michel says that is your fault.

Mr. WEBER. The President is trying to correct it.

Mr. RUMSFELD. Basically, if I could add a comment——

Mr. FLOOD. By the way, you may interrupt here at any point you wish.

Mr. RUMSFELD. It is as Mr. Weber says, a historical situation where over a period of years——

Mr. FLOOD. By the way, that applies to any of the backup staff: you interrupt at any time you think that you have something to add or help anybody.

Mr. RUMSFELD. Over a period of years, roughly since 1962, and on an accelerated basis since 1964, this group of 15 or more separate manpower programs funded through Labor, OEO, and the Department of HEW has evolved. The President's proposal is, as Secretary Weber said, to bring together those that are administered by Labor, and attempt to relate them one to another and provide a new thrust and, hopefully, better order than existed. Just to dramatize it, of the $2 billion requested in this budget we are hearing this morning, the Department of Labor has $871 million for six or eight manpower programs that they administer. That is a substantial amount of money, and almost half of this entire bill is for these manpower programs.

Mr. WEBER. There is, Mr. Chairman, another important element to which I and, I am sure, my colleagues in OEO have become more sensitive. That is, the existing situation clouds the whole notion of where to assign responsibility. You, as Congressmen, are responsible for looking at these programs. It is OEO's budget and their statutory authority which we have to defend since we are administering some of the programs. Anything that comes up in the programs, and we go through this frequently, raises the question of responsibility. OEO is responsible under the statute, and they say, "But you are running it."

Mr. RUMSFELD. I think an important point to remember—is that this happened, I think, because the Congress and a great many people concerned about unemployment felt a sense of frustration about the Department of Labor's not in fact moved in these areas to deal with the disadvantaged, to provide manpower training programs on a more aggressive basis. This was one of the reasons that the Economic Opportunity Act was passed.

It is one of the reasons the Office of Economic Opportunity was created, to try these manpower training programs and to be the catalyst to get them going. And now I think there is no question—and I think Secretary Schultz and Secretary Weber would both agree—that the existence of these manpower programs—both from HEW and OEO—administered in the Department of Labor, has brought about changes in the Department of Labor, in their attitudes, approaches, and willingness to deal with the problems of the poor. If that is institutional reform, then I think we should say that is what it is. The Congress

should not be criticized for having expressed that frustration, because in fact it has achieved something, I think something very useful.

The fact is that at this point in history they are in place. Now it is possibly desirable to be a bit more orderly, as Secretary Weber said, to develop better lines of accountability. This is not necessarily a criticism of why it happened and how it happened.

Mr. WEBER. I think that is exactly right.

CLOSING OF JOB CORPS CENTERS

Mr. FLOOD. I personally am quite a fan of the Job Corps and have been since its inception.

Are you planning to close any more Job Corps centers than you have closed already?

Mr. WEBER. We have no present plans to close any more Job Corps centers.

Mr. FLOOD. You don't have any hidden document which you are going to suddenly show us?

Mr. WEBER. No, sir. What we will continue to do, not only with respect to the Job Corps but with all our programs, is to evaluate them and attempt to strengthen them.

Mr. FLOOD. I have difficulty in accepting that. What criteria do you use to determine if a Job Corps center is closed, or not?

Mr. WEBER. We use six criteria. I only say that for the sake of complete candor. I am not going to say that if camp Y in State X turns up with a dropout rate of 70 percent and a placement rate for those who finish of 20 percent, that we are not going to look hard at that center and that we might not close it down. We will not reconstructure the Job Corps to the extent that we did in April. There were six criteria that we used, Mr. Chairman. I will see if I can recall them.

Cost, that is, average cost. Average length of stay; that is, how long did an enrollee continue to stay in that camp. What was the dropout rate. What was the performance in terms of reading improvement, from tests. What was the performance in terms of improvement of arithmetic skills and placement rates. These were objective standards. We weighted placement double because the name of the game is jobs. Incidentally, we defined placement as placement in jobs, return to school, or enlistment in the military.

Those were the criteria that we used. They were objective and we played them straight.

Mr. FLOOD. You are not setting up six standards in your criteria for the purpose of saying these things can't be met so in the course of x months they are all dead?

Mr. WEBER. No.

Mr. FLOOD. Would you give us a list for the record by type of center, and location?

Mr. WEBER. Of those presently in existence?

Mr. FLOOD. That have been closed.

Mr. WEBER. Yes, sir.

Mr. FLOOD. And those which continue in operation, with the capacity at each.

Mr. WEBER. Yes, sir.

(The information follows:)

JOB CORPS CENTERS CLOSED DURING FISCAL YEAR 1969 [1]

Type Center	Location	Capacity
Federal conservation:		
Acadia	Maine	124
Alder Springs	California	210
Alpine	Arizona	120
Anthony	West Virginia	168
Arbuckle	Oklahoma	112
Blue Jay	Pennsylvania	120
Casper	Wyoming	200
Castle Valley	Utah	200
Catoctin	Maryland	108
Cedar Flats	Idaho	224
Cispus	Washington	224
Clam Lake	Wisconsin	224
Clear Creek	Nevada	210
Crab Orchard	Illinois	102
Cumberland Gap	Kentucky	138
Dickinson	North Dakota	197
Eight Canyon	New Mexico	200
Fenner Canyon	California	128
Five Mile	do	160
Frenchburg	Kentucky	112
Grants	New Mexico	1784
Hodgens	Oklahoma	158
Hoxey	Michigan	112
Kicking Horse	Montana	200
Kingman	Arizona	224
Los Pinos	California	224
Luna	New Mexico	224
Lydick Lake	Minnesota	224
Malheur	Oregon	224
Mountainair	New Mexico	210
Mountain Home	Idaho	200
New Waverly	Texas	224
Ojibway	Michigan	224
Ottawa	Ohio	168
Pagosa Springs	Colorado	112
Poplar Bluff	Missouri	224
San Carlos	Arizona	200
Sly Park	California	128
Tamarac	Minnesota	224
Tillamook	Oregon	200
Toyon	California	163
Tremont	Tennessee	112
Vesuvious	Ohio	112
Wellfleet	Massachusetts	100
Winslow	Arizona	205
Subtotal		7,855
State conservation:		
Guayama	Puerto Rico	125
Juana Diaz	do	200
Koko Head	Hawaii	250
Oak Glen	California	162
Vieques	Puerto Rico	125
Subtotal		862
Men's regional:		
Kilmer	New Jersey	1,728
Parks	California	1,900
Subtotal		3,628
Women's regional:		
Clinton	Iowa	900
Huntington	West Virginia	330
Marquette	Michigan	310
Moses Lake	Washington	405
Omaho	Nebraska	840
Poland Spring	Maine	1,080
St. Louis	Missouri	600
Subtotal		4,465
E & D. and inner city:		
Chicago	Illinois	200
Baltimore [2]	Maryland	325
Subtotal		525
Total enrollee capacity		17,335

[1] Closed in August 1969.
[2] Operation assumed by OEO July 1, 1969 and October 12, 1969.

JOB CORPS CENTERS IN OPERATION AT END OF FISCAL YEAR 1969

Type/Center	Location	Capacity
Federal conservation:		
Anaconda	Montana	216
Angell	Oregon	128
Arrowood	North Carolina	112
Blackwell	Wisconsin	200
Boxelder	South Dakota	208
Branchville	Indiana	112
Cass	Arkansas	112
Collbran	Colorado	102
Columbia Basin	Washington	200
Cottonwood	Idaho	206
Curlew	Washington	180
Flatwoods	Virginia	168
Fort Simcoe	Washington	200
Golconda	Illinois	224
Great Onyx	Kentucky	214
Harpers Ferry	West Virginia	200
Heber	Arizona	210
Jacobs Creek	Tennessee	168
Marsing	Idaho	168
Mingo	Missouri	112
Oconaluftee	North Carolina	180
Ouachita	Afkansas	120
Pine Knot	Kentucky	224
Pine Ridge	Nebraska	112
Schenck	North Carolina	204
Timber Lake	Oregon	224
Trapper Creek	Montana	216
Treasure Lake	Oklahoma	168
Weber Basin	Utah	224
Wolf Creek	Oregon	224
Subtotal		5,336
State conservation:		
Arecibo	Puerto Rico	166
Rio Grande	do	128
Subtotal		294
Men's Regional:		
Atterbury	Indiana	1,650
Breckinridge	Kentucky	1,922
Clearfield	Utah	1,350
Gary	Texas	3,000
Subtotal		7,922
Women's regional:		
Albuquerque	New Mexico	380
Charleston	West Virginia	300
Cleveland	Ohio	365
Excelsior Springs	Missouri	385
Guthrie	Oklahoma	600
Jersey City	New Jersey	700
Keystone	Pennsylvania	490
Los Angeles	California	370
Mckinney	Texas	600
National Board YWCA		400
Tongue Point	Oregon	730
		5,320
E. & D.: Blue Ridge		170
Total enrollee cap city		18,312

PROPOSED NEW JOB CORPS CENTERS

Mr. FLOOD. Also, give us the new ones that you are talking about establishing in 1970, and the capacity of each.

Mr. WEBER. Right.

(The information follows:)

FISCAL YEAR 1970 PROPOSED COMMUNITY JOB CORPS CENTERS[1]

Center	Location	Capacity
Atlanta	Georgia	350
Boston	Massachusetts	250
Charleston	West Virginia	25
Charlotte	North Carolina	25
Chicago	Illinois	350
Cincinnati	Ohio	200
Davenport, Rock Island, and Moline	Iowa and Illinois	25
Detroit	Michigan	250
El Paso	Texas	250
Hartford	Connecticut	25
Honolulu	Hawaii	250
Huntington, Ashland	West Virginia	50–75
Kilmer	New Jersey	350
Milwaukee	Wisconsin	200
Minneapolis	Minnesota	25
Nashville	Tennessee	25
New York	New York	250
Norfolk	Virginia	25
Oakland	California	250
Phoenix	Arizona	350
Pittsburgh	Pennsylvania	250
Portland	Oregon	225
Rochester	New York	50
San Francisco	California	25
St. Louis	Missouri	350
Tampa	Florida	25
Tulsa	Oklahoma	100
Washington	District of Columbia	
Total, enrollee capacity		4,800–4,825

[1] 2 additional community centers are planned for fiscal year 1970; however, site location has not been selected as of Nov. 20, 1969.

COMMUNITY JOB CORPS CENTERS

Mr. FLOOD. You propose to create what you call 30 community Job Corps centers—that is your phrase—in 1970 at a cost of $24,294,000.

How does this new type of center differ from the one we know?

Mr. WEBER. It differs in several ways: One, in size. The size will vary, as I indicated before, from 25 to around 350. The one that is 25——

Mr. FLOOD. You mean enrollees?

Mr. WEBER. Yes. At any point in time in terms of capacity.

The ones with 25 will provide only residential support, that is, it is intended to support our other manpower programs. Say you have a youth who is in an MDTA program and he is not performing well——

Mr. FLOOD. Or she?

Mr. WEBER. Or she. Using "he" generically.

Mr. FLOOD. Can you?

Mr. WEBER. Except for ships.

This type of center would only provide a residence where this young person could live and get the additional counseling in order to support and enhance his performance in another training program. There are other centers which will be——

Mr. FLOOD. Who gave birth to this idea, do you know?

Mr. WEBER. It reflects various experiments that both OEO and the Department of Labor have conducted over the years, in New Haven, New York, outside of Chicago.

Mr. FLOOD. Are you aware of the nuances yourself?

Mr. WEBER. Yes, sir.

The second way in which it will vary is that it will attempt to use the services of other programs and in this way realize certain economies.

Mr. FLOOD. Is this another ghetto story?

Mr. WEBER. It is not another ghetto story. But clearly it will be aimed at people in the larger cities. This new component will only involve at this stage of the game, 5,000 additional slots. The corollary of that is that we have already had a lot of people coming from the big cities, but they have gone from New York or Boston to Anaconda or Trapper's Creek in Montana. We think the program will perform better if a boy or girl from New York who needs residential services can be close to New York. The transportation costs will be reduced, and we will be able to us other localized services.

Mr. FLOOD. Is there a marked difference of opinion on that? I don't agree. Anybody else besides me?

Mr. WEBER. I don't think so. The marked difference of opinion came in terms of the decision to close down some of the existing camps, not in terms of setting up the new ones, Mr. Chairman.

JOB CORPS COSTS

Mr. FLOOD. You talked about unit costs in your original statement and I direct your attention to page 48 of your justifications. I quote:

> While these unit costs are useful indexes for determining trends, they bear little real relationship to the Government's investment in a single corpsman.

This forces me to ask the question, what is the real Government investment in a single corpsman? You made me ask that question.

Mr. WEBER. I can provide a preliminary answer——

Mr. FLOOD. I don't want a speech, just a statement.

Mr. WEBER. One of the preliminary answers to this——

Mr. FLOOD. In the Army we know. What about the Job Corps? I can tell you pretty precisely what it costs in appropriations for the Defense Department to take a guy through boot camp and put him on the line.

Mr. WEBER. Well, there are direct costs associated with the operation of the center.

Mr. FLOOD. A very simple question. In Defense I can tell you.

Mr. WEBER. OK.

Mr. FLOOD. You tell me. You made me ask that question with this justification.

Mr. WEBER. Right. It does not include E. & D. project costs for——

Mr. FLOOD. I don't care what it does not include. I asked you a question. What does the real investment cost for a single corpsman or corpswoman come to?

Mr. WEBER. The cost would go up to, according to the data we have here, $8,242, which would include the entire operating and allowance costs of the Job Corps.

Mr. FLOOD. I have heard that figure.

Mr. RUMSFELD. If, Mr. Chairman, I could add something there——

Mr. FLOOD. If you permit me, you gave me a top figure?

Mr. WEBER. Yes, sir.

Mr. FLOOD. That is about what I asked for. That involves several components. Give me a breakdown of the components which create that figure.

Mr. WEBER. I will, yes, sir.

The principal cost categories of Job Corps activities are:

Center operations: These are the operating costs of the centers and include food, clothing, and related costs of enrollees, salaries of center staff, including Conservation Agency staff, medical and dental costs, training supplies, facilities upkeep, utilities, communications, and administration.

Enrollee direct: This category includes enrollee pay, dependent allotments, readjustment allowances, and enrollee travel costs.

Work projects: Conservation centers operate work projects for improvement of enrollee skills. Training must be related to meaningful work and identifiable skills. Work is generally related to public and natural resource development. Costs are principally associated with equipment, construction supplies and materials, and contractual services relating to training or technical assistance.

Enrollee support services: Included in this category are such activities as the selection, referral and subsequent placement of enrollees; functions involving the care and welfare of enrollees such as medical laboratory analyses, religious services, live entertainment and films, mortuary services, and the operation of the system for payment of enrollee allowances and travel; and health services including a health information and control system, and the development of health education curriculums, mental health programs, and health occupations training programs.

Program operations: These are the costs of program development, evaluation, staff training, engineering support, and the maintenance and security of closed centers.

Program direction and expense: This activity provides for the salaries of Federal personnel (except those Conservation Agency employees involved directly in center operations); the cost of such services as special assistance in public affairs, technical assistance and special situation data from computer files; and Job Corps' share of central services including rent, communications, utilities, and postage.

Center capital: Costs include capital investment and construction and rehabilitation of plants and equipment.

It should be noted that the cost ceiling specified in section 117(c) of the 1967 amendments to the Economic Opportunity Act ($6,900 per enrollee for centers in operation more than 9 months) applies only to center operations and enrollee direct costs. These, in fact, are the only costs which are properly related directly to enrollee man-years. For information, however, the following table includes all items of cost.

Mr. RUMSFELD. I think a distinction can be drawn on this and similar types of things that will come up during the course of this hearing. If you separate out costs that can be attributed to the research or the developmental aspect of an activity, from the costs that you could directly attribute to the activity were it strictly operational——

Mr. FLOOD. If this were the Marine Corps I would ask you this question and you would tell me exactly. It is traditional and classical and I know what the components are for a boot in the Army or Navy or Marine Corps. I don't know what they are for your outfit.

Mr. RUMSFELD. You can answer it either way. You can answer it with those costs included and say that it is the total dollars spent to train that number of people.

Mr. FLOOD. I asked you a question. You tell me.

Mr. RUMSFELD. That is the answer.

Mr. FLOOD. I don't have the components.

Mr. WEBER. We will provide that.

(The information follows:)

JOB CORPS
COST PER MAN-YEAR

	1969								
	CENTER OPERATIONS	ENROLLEE DIRECT	SUB-TOTAL	WORK PROJECTS	ENROLLEE SUPPORT SERVICES	PROGRAM OPERATIONS	PROGRAM DIRECTION & EXPENSE	CENTER CAPITAL	TOTAL
Conservation.....	$ 4,475	$1,215	$ 5,690	$1,067	N/A	N/A	N/A	N/A	N/A
Men's Regional....	5,525	1,215	6,740	---	N/A	N/A	N/A	N/A	N/A
Women's Regional..	5,434	1,215	6,649	---	N/A	N/A	N/A	N/A	N/A
Community Centers.	---	---	---	---	---	---	---	---	---
E & D Projects....	12,675	1,215	13,890	---	N/A	N/A	N/A	N/A	N/A
Weighted Average	$ 7,027	$1,215	$ 8,242	$ 397	$436	$132	$534	$232	$9,973

	1970								
	CENTER OPERATIONS	ENROLLEE DIRECT	SUB-TOTAL	WORK PROJECTS	ENROLLEE SUPPORT SERVICES	PROGRAM OPERATIONS	PROGRAM DIRECTION & EXPENSE	CENTER CAPITAL	TOTAL
Conservation.....	$3,650	$1,240	$4,890	$900	N/A	N/A	N/A	N/A	N/A
Men's Regional....	4,747	1,240	5,987	---	N/A	N/A	N/A	N/A	N/A
Women's Regional..	5,254	1,240	6,494	---	N/A	N/A	N/A	N/A	N/A
Community Centers.	5,687	1,010	6,697	---	N/A	N/A	N/A	N/A	N/A
E & D Projects....	---	---	---	---	N/A	N/A	N/A	N/A	N/A
Weighted Average	$4,834	$1,182	$6,016	$230	$527	$600	$690	$514	$8,977

N/A—DETAIL NOT AVAILABLE.

SUMMER PROGRAMS

Mr. FLOOD. You are proposing a cutback in the summer program. You spoke so eloquently about the summer program and now you propose a cut of about $19 million. I don't follow that. I cannot understand why. Has the need for the program decreased? Is that why you are going to have a cut? Won't we be faced—at least my office is—won't we be faced with tremendous pressure? I have letters on this by the bale; every member does. Won't we be faced with an increasingly tremendous pressure to provide supplemental funds for this summer program next spring?

Mr. WEBER. What we are asking for——

Mr. FLOOD. We were last year.

Mr. WEBER. Last year, we asked for $121 million, which we thought from a departmental and administration point of view is adequate to finance the number of slots which are necessary and desirable for a summer NYC program. There were additional pressures and assessments as we got down to the wire, and we reprogramed about $19 million for that.

Mr. FLOOD. I am talking about next spring. I will get a hundred letters about this training program. So does everybody else in the Congress. What do I say?

Mr. WEBER. Well, we are asking this——

Mr. FLOOD. I am going to say what you say. What do I say?

Mr. WEBER. We are asking this year for what we asked for last year, that is $121 million. There were additional resources put into the program through reprogaming and a supplemental passed by Congress which brought it up to over $140 million. Our best assessment of what we can plan for now in terms of prospective needs in the

summer of 1970 is consistent with that $121 million figure. Much of the money which ultimately came over, in my estimation, was not spent as effectively as it might have been, because it was an add-on to programs that were already in place but without adequate staff to handle the additional workload. In other instances, the number of hours enrollees worked was increased.

COST OF JOBS PROGRAM

Mr. FLOOD. The average man year cost of training in the JOBS program is $3,000?

Mr. WEBER. It is somewhat less now.

Mr. FLOOD. Give us a breakdown of that cost.

Mr. WEBER. The most recent contracts are below $3,000?

(The information follows:)

The cost of training in the JOBS program varies with the type of occupation and the extent of services being offered. Enrollees are hired by the employer who incurs the wage cost, which is partially offset by allowing for probable loss of productivity during the enrollee training period. Productivity loss varies largely with the length of the training period. Other Federal costs are based on whatever extra costs the employer must meet in providing a full range of services for JOBS enrollees. This includes counselors, job coaches, transportation and day-care services.

The average man-year cost of training experienced in fiscal year 1970 is approximately $2,770. The following is a typical distribution of the average man-year cost:

Category:	Cost
OJT	$1,094
Job related education	860
Counseling	316
Orientation	157
Transportation	78
Medical	40
Child care	67
Human relations training	70
Administrative	88
Total	2,770

CONCENTRATED EMPLOYMENT PROGRAM (CEP)

Mr. FLOOD. You propose to have 82 concentrated employment programs in operation in 1970, with 157,000 enrollment opportunities. These are marvelous phrases.

Suppose you do this for the record: We would like a list of these by location. Give us the estimated number of enrollment opportunities at each location.

Mr. WEBER. I might say that that will be a difficult figure to give precisely because of the change in our methods.

Mr. FLOOD. I understand that.

(The information follows:)

Urban: Area	Enrollment opportunities
Albuquerque, N. Mex	1,500
Atlanta, Ga	3,050
Baltimore, Md	3,050
Birmingham, Ala	3,050
Boston, Mass	3,050
Bridgeport, Conn	1,500
Buffalo, N.Y	1,500
Central Harlem, N.Y	1,500
Charlotte, N.C	1,500
Chattanooga, Tenn	1,500
Chicago, Ill	3,050
Cincinatti, Ohio	1,500
Cleveland, Ohio	3,050
Columbus, Ohio	1,500
Dade County, Fla	1,500
Dayton, Ohio	1,500
Denver, Colo	1,500
Des Moines, Iowa	1,500
Detroit, Mich	3,050
Duluth, Minn	1,500
Eagle Pass, Tex	1,500
East Harlem, N.Y	1,500
East St. Louis, Ill	1,500
Fresno, Calif	1,500
Gainesville, Ga	1,500
Gary, Ind	1,500
Hartford, Conn	1,500
Hoboken, N.J	1,500
Honolulu, Hawaii	1,500
Houston, Tex	3,050
Huntsville, Ala	1,500
Jacksonville, Fla	1,500
Kansas City, Mo	1,500
Las Vegas, Nev	1,500
Los Angeles, Calif	3,050
Lowell, Mass	1,500
Manchester, N.H	1,500
Milwaukee, Wis	1,500
Minneapolis, Minn	1,500
Nashville, Tenn	1,500
Newark, N.J	3,050
New Bedford, Mass	1,500
New Orleans, La	3,050
Norfolk, Va	1,500
Oakland, Calif	3,050
Omaha, Neb	1,500
Philadelphia, Pa	3,050
Phoenix, Ariz	3,050
Pittsburgh, Pa	3,050
Portland, Maine	1,500
Portland, Oreg	1,500
Providence, R.I	1,500
Richmond, Calif	1,500
Rochester, N.Y	1,500
San Antonio, Tex	3,050
San Francisco, Calif	3,050
Seattle, Wash	1,500
South Bronx, N.Y	3,050
Springfield, Mass	1,500
St. Louis, Mo	3,050
Tampa, Fla	1,500

Area	Enrollment opportunities
Urban—Continued	
Texarkana, Tex	1,500
Toledo, Ohio	1,500
Trenton, N.J	1,500
Tulsa, Okla	1,500
Waco, Tex	1,500
Washington, D.C	3,050
Wilkes-Barre, Pa	1,500
Winston-Salem, N.C	1,500
Rural:	
Arizona	1,500
Arkansas	1,500
Eastern Kentucky	1,500
Minnesota	1,500
Mississippi	3,000
Missouri	1,500
Montana	1,500
North Carolina	1,500
New Mexico	1,500
Northern Michigan	3,000
South Carolina	1,500
Tennessee	1,500
Wisconsin	1,500
Total, 82 areas	157,000

Mr. WEBER. Last year, the apportionment to each area was decided here in Washington. We determined that people in Washington do not know as much about the character of that CEP and CAA, or about the potentialities for employment in the community that the people in the field do. So we delegated to our regional manpower administrators the authority to make adjustments within a range for each CEP. We are now in the process of negotiating that.

Mr. FLOOD. I see nothing wrong with that.

I am a special pleader for these things because I have, fortunately, an excellent CEP program, one of the first. I have a Women's Job Corps center, of which I am inordinately proud. Your Department did this very well.

JOB BANK

We have heard a good deal lately, although you did not mention it, about job banks. What is a job bank?

Mr. WEBER. A job bank is a system involving the use of a computer whereby you code, store, and have quick retrieval.

Mr. FLOOD. Who does, you?

Mr. WEBER. The employment service in a particular community.

Mr. FLOOD. That is in your shop.

Mr. WEBER. Yes, sir. The basic appropriation for this comes out of MDTA and Grants to the States. In this system we are able to code, store, retrieve and disseminate on a daily basis throughout a community and labor market, existing job vacancies that have been collected by the employment service and other cooperating nonprofit agencies.

We are planning by the end of fiscal year 1970 to have job banks in place in 55 cities.

Mr. FLOOD. I never heard of this until last year.

Mr. WEBER. It is another one of our programs.

Mr. FLOOD. What is the status of it as of this morning?

Mr. WEBER. As of this morning——

Mr. FLOOD. How much money in 1970? Do you earmark money in 1970?

Mr. WEBER. Yes, sir.

Mr. FLOOD. If you do, where?

Mr. WEBER. In the MDTA appropriation.

Mr. FLOOD. I would like you to show me where you have it in the budget.

Mr. WEBER. It is in our MDTA budget justification. It is in section 106 and in the Grants to the States budget.

Mr. FLOOD. It is a hidden weapon, isn't it?

Mr. WEBER. This is something we don't want to hide. We are relatively proud of it. It costs on an average a quarter of a million dollars to set up in a community. I think we now have eight or nine in place. The most recent one was opened in Pittsburgh. We are using the computer facility in Harrisburg, data telegraphed in there and printed out, back in Pittsburgh. It is very effective.

Mr. FLOOD. It is a good idea.

Mr. RUMSFELD. When was the first one done?

Mr. WEBER. In Baltimore the first job bank was established as an experimental project either at the end of last year or the beginning of this year.

Mr. FLOOD. How much money in 1970 for this whole show?

Mr. WEBER. Approximately $7.5 million.

Mr. BROWN. I think it is going to be at an annual rate of about $12 million.

Mr. FLOOD. This shouldn't bloom to blush unseen. Why don't you parade it?

Mr. WEBER. We had a press release on it and, as I said before, in Section 106 of MDTA, 2 percent of the MDTA appropriation is used for labor market information. It is $5.5 million that comes out of there. The total amount of that 2 percent is $13.9 million.

Mr. FLOOD. A good phrase, an excellent idea.

Mr. WEBER. It works very well, too. Beyond that, it has gotten the people in the field excited, even though it is not the easiest thing in the world to get employment people excited.

Mr. FLOOD. I can see why. I think it is an excellent idea.

Mr. WILSON. I think President Nixon on the campaign tour in North Carolina saw it in operation and became quite excited with the idea at that time.

Mr. FLOOD. I am excited about it.

Mr. WEBER. I have to say personally, Mr. Chairman, many of the goals we establish are far less easily realized. For instance, we establish goals to set up 80 CEP's and we end up establishing 50. For the job bank, in February we set a goal of 36, and it so captured the enthusiasm of people in the field and seemed to be such an economical device, that around a month ago we raised our target for this year to 55.

Mr. FLOOD. I have seen one or two newspaper stories and some columnist wrote about it.

We will put in the record at this point a table showing the 1970 appropriation for the Job Banks.

(The information follows:)

Job Banks 1970

Appropriation:	Amount
MDTA	$5,500,000
Grants to States (pending budget amendment)	2,000,000
Total	7,500,000

NOTE.—This represents an annual rate of $12,000,000.

Mr. FLOOD. Mr. Michel?

MULTIPLICITY OF MANPOWER PROGRAMS

Mr. MICHEL. Thank you, Mr. Chairman.

Mr. Weber, as you concluded your testimony you made a pitch for the legislation currently before the Senate Committee on Labor and Education that would consolidate the financing of manpower training programs in the Labor Department, including the programs being considered in the administration of manpower programs.

I couldn't agree with you more on the need for tying these things together and getting them all under one roof hopefully. I must confess that in spite of all the testimony we have heard on all of these programs, when I am put to the test, talking about a Bureau of Apprenticeship and Training, MDTA, Job Corps, Neighborhood Youth Corps, CEP's, WIN, work-study programs in higher education— I'm not sure that I could define each program. It is a real mumbo-jumbo.

Could we have put in the record right here a chronology of all work programs available from childhood to the age of retirement or something? Maybe that would be a way to do it. In other words what is the earliest age that you can qualify for a program and get some Federal assistance for a job at the age of grade school or high school or whereever the devil it is. What is the name of the program? Who qualifies for it? What does it do—and so on up the ladder.

I have not yet really got firmly in my mind how this all is separated. There seems to be so much mixing, overlapping and overlay.

(The information follows:)

MANPOWER PROGRAMS BY AGE DISTRIBUTION

[In percent]

	Age group				
	14 to 19 years	19 to 21 years	22 to 44 years	45 years and older	Total
In-school and summer	94	6			100
(Provide students, 14 years and older, from low-income families with part-time employment to help them remain in school.)					
Out-of-school	61	36	3		100
(Provides work experience coupled with supportive services to low-income school dropouts, 16 to 21; prepares them for competitive unsubsidized employment or means to resume formal education.)					
Operation Mainstream		2	57	41	100
(A job creation and work training program for poor unemployed adults.)					
Concentrated employment program		37	52	12	100
(Provides manpower services to the hard-core poor, unemployed or underemployed residents of a limited target area, city or rural.)					
Job opportunities in the business sector	11	32	49	8	100
(Provides on-the-job training with necessary supportive services to hard-core unemployed from urban slum areas.)					
Job Corps	79	21			100
(Serves poor youths, aged 14 through 21, from depressed environments with necessary education, vocational training and supportive services to help them become fully self-supporting.)					
Public service careers (new careers)		7	81	12	100
(Offers disadvantaged persons entry level and upgrade training and supportive services with guaranteed permanent employment at end of training period in local, State and Federal Government agencies.)					

Mr. RUMSFIELD. One thing that hasn't even been mentioned here today is, of course, the vocational education program.

JOB CORPS DROPOUT RATE

Mr. MICHEL. Do we have the up-to-date dropout rate for the Job Corps?

Mr. WEBER. I will get it for you for the record. (The information follows:)

During the first quarter of fiscal year 1970, 22 percent of male enrollees and 15 percent of female enrollees dropped out—left the Job Corps after less than 30 days. This compares with the following rates for each quarter of fiscal year 1969:

[In percent]

	Fiscal year 1969			
	1st quarter	2d quarter	3d quarter	4th quarter
Male	22	21	20	28
Female	17	17	16	19

JOB CORPS PLACEMENTS

Mr. MICHEL. On page 44 of the justification a table shows 61 percent of the Job Corps trainees have been placed in jobs. Do you have figures to show the percentage of those placed who stayed on the job for 6 months or more?

Mr. WEBER. There are data that have been derived from followup surveys conducted by the Louis Harris Co. under contract to OEO

and we will provide those. They have done six or seven surveys, I believe, the most recent one of which was completed in March. We will provide data on that.

(The information follows:)

A precise figure to show the percentage of Job Corps enrollees placed in jobs who stayed on the job for 6 months or more is not available. However, the latest Louis Harris survey completed in March 1969 found that 12 months after leaving Job Corps those enrollees who were employed had been on the job an average of 6.4 months. The survey also indicated that those enrollees who had completed a course of training in Job Corps had been on the job an average of 7.2 months.

STATUS OF DEACTIVATED JOB CORPS CENTERS

Mr. MICHEL. What is the cost for maintenance and guard services for the centers that have been closed?

Mr. WEBER. Approximately $6 million this year. There is an interagency task force that is moving fairly rapidly to dispose of the centers for constructive uses. Many of them have already been transferred to State educational institutions, departments of correction, local school boards, Indian reservations, and what have you. We can provide for the record an up-to-date statement as to what the disposition has been.

Mr. MICHEL. I would like to have that.

(The information follows:)

STATUS OF DEACTIVATED JOB CORPS CENTERS AS OF NOV. 14, 1969

URBAN CENTERS

Center	Location	Real property	Personal property
Clinton	Iowa	GSA use permit terminated Sept. 30, 1969. MA has tprotection and maintenance until Sept. 30, 1970.	All property removed.
Huntington	West Virginia	OEO is negotiating lease termination to be effective Nov. 30, 1969.	Arrangements are being made to remove all personal property by Nov. 30, 1969.
Kilmer	New Jersey	Part of the site has been turned over to the State of New Jersey for a new residential manpower center. The use permit has been amended to delete other portion of the site. MA has protection and maintenance responsibility until Sept. 30, 1970.	Property required by the new RMC has been turned over and the balance is in process of being removed.
Marquette	Michigan	Disposal complete	All property removed.
Moses Lake	Washington	Disposal partially complete. MA has protection and maintenance responsibility until July 1, 1970.	All property has been removed.
Omaha	Nebraska	Disposal completed	All property removed.
Parks	California	Use permit has been amended. MA has protection and maintenance responsibility until June 30, 1970.	Property in process of being removed.
Poland Spring	Maine	Negotiations by OEO are underway to terminate lease on Dec. 31, 1969, or sooner.	All property except certain maintenance equipment has been removed. Balance of the equipment will be removed at such time as lease is terminated.
St. Louis	Missouri	Leases have been renewed on a month to month basis pending disposition of personal property.	Property is being held until the site for the new RMC is identified.

CONSERVATION CENTERS

Acadia	Maine	Proposal has been received from the State manpower training program for disadvantaged. Proposal is being reviewed by HEW.	Property being held pending the identification of the needs of the permittee.
Alder Springs	California	Forest Service is in process of disposing of this facility.	All personal property has been removed.
Alpine	Arizona	Permit has been issued to the Arizona State Department of Corrections.	All personal property has been turned over to the permittee.

STATUS OF DEACTIVATED JOB CORPS CENTERS AS OF NOV. 14, 1969—Continued

CONSERVATION CENTERS—Continued

Center	Location	Real property	Personal property
Anthony	West Virginia	Developing a permit to the West Virginia Department of Mental Health.	Property being held pending the identification of the needs of the permittee.
Arbuckle	Oklahoma	Permit has been issued to State Department of corrections for minimum security training camp.	Do.
Blue Jay	Pennsylvania	No use identified. Proposals are being solicited.	Do.
Casper	Wyoming	Disposal has been completed	Property has been removed.
Castle Valley	Utah	Proposal for use as a State drug rehabilitation center is being evaluated by HEW.	Property being held pending the identification of the needs of the permittee.
Catoctin	Maryland	National Park Service will use this site. Specific use has not been identified.	Do.
Cedar Flats	Idaho	Proposal for use has been received from the Idaho State Department of Corrections. State requires legislative action before permit can be issued.	Do.
Cispus	Washington	Forest Service proposes use of real property for Conservation Education Center. Permit cannot be issued until financial arrangements are made.	Do.
Clam Lake	Wisconsin	Permit to Wisconsin State University is being reviewed.	Do.
Clear Creek	Nevada	No use identified. State of Nevada attempting to develop proposals.	Do.
Crab Ochard	Illinois	HEW has been asked to review proposals and determine best use.	Do.
Cumberland Gap	Kentucky	Proposals are being negotiated	Do.
Dickinson	North Dakota	No use identified. Property reported as excess to GSA.	All personal property has been removed.
Eight Canyon	New Mexico	The lease agreement was terminated on Aug. 15, 1969, and real property was turned over to the Mescalero Indian Tribe.	Property required by the user has been turned over to the Mescalero Indians. Balance of property has been removed.
Fenner Canyon	California	Permit is being drafted for use by the Los Angeles County Board of Supervisors for a juvenile rehabilitation center.	Property being held pending the identification of the needs of the permittee.
Five Mile	do	Proposal has been received from the Stanislaus County Community Action Commission, Inc., and is being reviewed by USDL and HEW.	Do.
Frenchburg	Kentucky	The permit has been issued to the Kentucky State Department of Corrections and the real property has been turned over to them.	Do.
Grants	New Mexico	Permit has been issued to the State of New Mexico and the real property has been turned over to them.	All property has been turned over to the State of New Mexico.
Hodgens	Oklahoma	Permit is being developed for the department of corrections.	Property being held pending the identification of the needs of the permittee
Hoxey	Michigan	Proposal received from the Michigan Department of Corrections. Permit cannot be issued until budget is approved by the State legislature.	Do.
Isabella	Minnesota	Proposal received for use as a conservation education program for culturally deprived children.	Do.
Kicking Horse	Montana	Permit has been issued for use as the Northwest Manpower Training Center and the real property has been turned over to them.	Property required has been turned over to the permittee and the balance of the property has been removed.
Kingman	Arizona	HEW is evaluating a proposal for use by the State department of corrections as a penal honor conservation camp.	Property being held pending the identification of the needs of the permittee.
Los Pinos	California	Permit is being drafted for use by Orange County as a juvenile rehabilitation center.	Do.
Luna	New Mexico	Permit has been issued to the State of New Mexico for use as a State vocational school and the real property has been turned over to them.	Personal property has been turned over to permittee.
Lydick Lake	Minnesota	Several proposals that have been received are being reviewed by the Forest Service.	Property being held pending the identification of the needs of the permittee.
Malheur	Oregon	HEW is reviewing a proposal from the University of Oregon.	Do.
Mountain Home	Idaho	HEW is reviewing a proposal from the State of Idaho.	Do.

STATUS OF DEACTIVATED JOB CORPS CENTERS AS OF NOV. 14, 1969—Continued

CONSERVATION CENTERS—Continued

Center	Location	Real property	Personal property
Mountainair	New Mexico	Proposal has been received from the New Mexico State Department of Corrections. Permit cannot be issued until funds are approved by the State legislature.	Property being held pending the identification of the needs of the permittee.
New Waverly	Texas	Forest Service regional office is soliciting proposals.	Do.
Ojibway	Michigan	Proposal has been received from the Michigan Department of Corrections. Permit cannot be issued until budget is approved by the State legislature.	Do. Do.
Ottawa	Ohio	HEW is evaluating a proposal from the State of Ohio.	Do.
Pagosa Springs	Colorado	Developing a permit to the Division of Corrections, Department of Institutions, State of Colorado.	Do.
Poplar Bluff	Missouri	Developing a permit to the Missouri Board of Training Schools.	Do.
Ripton	Vermont	Proposal has been received from the State of Vermont for use as a regional environmental center.	Do.
San Carlos	Arizona	Proposal has been received from the Mescalero Indians for use as an industrial center.	Do.
Sly Park	California	Developing a permit to Placer and Eldorado Counties for use as a juvenile rehabilitation center.	Do.
Tamarac	Minnesota	HEW is evaluating a proposal for use as a CAP adult concentrated employment project.	Do.
Tillamook	Oregon	No use determined. Real property reported excess to GSA.	Personal property has been removed.
Toyon	California	HEW is evaluating a proposal from the Toyon Service Center Committee.	Property being held pending the identification of the needs of the permittee.
Tremont	Tennessee	Permit has been issued to the Maryville College for use by an environmental education program and the real property has been turned over to them.	HEW is evaluating the users need for personal property.
Vesuvius	Ohio	No firm proposals received	Property being held pending the identification of the needs of the permittee.
Wellfleet	Massachusetts	HEW is assisting in developing a proposal for use.	Do.
Winslow	Arizona	Proposals have been received from the Hopi and Navaho Tribes and are being evaluated.	Some property is being removed and balance will remain pending identification of the needs of the permittee.

JOB CORPS ADMINISTRATIVE STAFFING

Mr. MICHEL. Referring to page 50 of the justifications, you say there will be no reduction in the Department of Labor staff administering the program because of the closure of these centers. Why not?

Mr. WEBER. There has been a reduction in employment in the Departments of Agriculture and Interior which administer the conservation centers.

There are really two components to this: the people who came over to the Department of Labor from OEO when the program was delegated, including headquarters staff, regional offices, engineering units, health units, and the units providing centralized support, such as from the Solicitor's Office. Then, there are the conservation agencies' personnel who are actually involved in running the camps. That is where the major cuts were made. Many of the closed conservation centers have been returned to the Agriculture and Interior Departments. In agriculture, there has been a reduction in positions from 1,487 to 1,195. In Interior, there has been a reduction of 560 to 512.

There has not been a reduction at the headquarters and regional staff level. In the first place, many essentially overhead functions will continue to be carried out.

Secondly, we are in the process of setting up 30 new centers which will require those staff resources to move ahead. By the end of this year, when we will have set up these centers, we will take a hard look at our personnel requirements, and ask ourselves the question: Now that we have gotten over this extra requirement for shutting down centers and opening new ones under the new design, do we need all these people for Fiscal 1971. Setting up these new centers is hard work. You have to send out teams to do site surveys and you have to enter into prolonged negotiations with contractors. You have to train staff and get the program onstream.

Mr. PLISSNER. During the 2-year period from 1968 to 1970, when there were two closures that took place in the Job Corps, the number of permanent positions in the Conservation Centers, where the largest number of Federal employees were located, has been cut about in half and the net reduction is about 1,700 positions.

SPLIT FUNDING OF MANPOWER PROGRAMS

Mr. MICHEL. I am still not entirely clear about this in my own mind on the dual funding of the programs. How do you determine how much to carry in each budget? For example, at the top of page 68 it shows OEO's share of the JOBS budget going up about 50 percent and Labor's share going up almost 500 percent.

Mr. WEBER. This is discussed between the agencies and the Bureau of the Budget and some judgments are made concerning what is the most appropriate funding source.

You will note that in the total CEP appropriation by far the largest amount comes from EOA. I don't know how that developed, but I can infer a reasonable explanation from the fact that the CEP's are run by community action agencies which were established under authority of title II. The CEP's were set up to serve areas with a high density of poverty population, which again was consistent with EOA and to a lesser extent with MDTA. The process is essentially commonsense. We are now in the process of discussing within the administration and among affected agencies the overall budget requirement for the CEP's. OEO might want to add to that.

Mr. PLISSNER. In the case of CEP, it is by its nature a flexible program offering communities a wide variety of manpower services. The EOA money generally pays for different types of things than the MDTA money.

Mr. FLOOD. Suppose for the record you translate MDTA.

Mr. PLISSNER. Manpower Development and Training Act. It generally pays for those services that are provided by educational and vocational institutions. Therefore the mix is determined in that fashion. EOA authority is much more flexible and is used for things that would not be available under the MDTA authority.

Mr. WEBER. That is quite right, particularly for work experience components.

JOBS PROGRAM

Mr. MICHEL. In the JOBS program you say 62,000 have been hired in 50 cities. There are 29,000 currently enrolled and 82,000 training opportunities developed. That program actually had been running how long?

Mr. WEBER. JOBS has been an identifiable program since May 1, 1968. There were many predecessor programs, and I don't want to burden you with any more acronyms but the TEST program, MA–1 and MA–2 were among the predecessors and we do not count them as JOBS projects. That would involve an additional 20,000 jobs.

Mr. MICHEL. Now, this training opportunity development, does that mean today or as of the date these figures were arrived at there are 82,000 slots around the country in business which can go in and out or be at various stages of training these people.

Mr. WEBER. Yes; a very important point.

Mr. MICHEL. Our original goal was what?

Mr. WEBER. Our original goal was 500,000. It has now been raised to 614,000 but that includes both contract job slots and what we jocularly call "freebies." These are pledges that are made by employers to bring people on board in the absence of Federal support. The figures I read to you earlier indicate that the total commitment——

Mr. FLOOD. How old are you?

Mr. WEBER. I am just 40, sir.

The total number of commitments that have been made to date are well over 300,000.

Now, the important thing to keep in mind—and this is where we took some licks in the newspapers, and it is what the Secretary addressed himself to at a press conference last week—we say there are 82,000 contract JOBS training opportunities. You then say there are only 28,000 on board, which is slightly over a third and therefore the program isn't functioning. You have to keep in mind that when an employer signs that contract, he is making a pledge to bring on people over the period of a year. At any point in time there will always be vacant slots. Similarly, some of the people are either dropping out or finishing the program earlier than expected and moving into a normal employee status.

The relevant figure here then would be the 28,000 currently enrolled and the 62,000 who have been on board. We are always adding new contracts which will stretch over periods of several months to 2 years.

Mr. MICHEL. What is the dropout rate there in the JOBS program? Have you established it?

Mr. WEBER. First, it is too early to say and, second, this has been a major deficiency in our data system which we are now correcting. That deficiency arose from the fact that under our initial reporting system a person only completed the program when the employer finished receiving payments from the Government for providing those services. The payments were prorated on a 9-month or a 1-year basis. The fellow might have completed earlier than 9 months, but there was no way of picking that up in the reporting. We are now moving to correct that deficiency.

COSTS OF JOBS PROGRAM

Mr. MICHEL. What cost of training these individuals is borne by the company and what by the Federal Government?

Mr. WEBER. Only the extra costs of training these people are borne by the Federal Government. In each JOBS contract there is an explicit "maintenance of effort" provision so that only the extra basic education, the basic OJT, the extra orientation will be paid for by the Government.

I am pleased to note, although I don't know whether it is a trend at this point, that in our new series of contracts the cost per employee has dropped somewhat. It had been averaging around $3,000 and it is now $2,800 or $2,600.

Mr. MICHEL. You anticipated my next question. I think previously in the testimony I had asked what the cost was per trainee and I think at that time, and to update the record I also asked what the difference between the high and the low was. It is probably hard to generalize because of the difference in the nature of businesses. I believe at that time we cited several examples in similar industry, did we not?

Mr. WEBER. That is possible.

Mr. MICHEL. I raised a question at that time about the competitive nature of industries such as automobiles, tractors, and so forth. We give business credit for participating in this thing but I think I would have to doff my hat to the industry that did it at a cheaper cost to the Federal Government than that which was more heavily subsidized.

Mr. WEBER. There is no doubt about it this reflects several factors. Some employers give more services than others. There is also a variation between high wage and high price areas. So you would expect in the same occupation and the same program the cost is probably going to be less in the South than it is in San Francisco. This is essentially uncontrollable. The element that is controllable is the varying competence and stringency used by the contract negotiating officer. We have not had up until now, other than on a special study basis, the capacity to identify the variance in the cost for the same occupation. We will soon have that capacity, which will be one of our very important management tools in terms of promoting efficiency.

ACCOMPLISHMENTS OF JOBS PROGRAM

Mr. MICHEL. As I recall in your testimony you give credit to the previous administration for the institution of this particular JOB program as one of their better efforts, and I would have to agree.

As I recall the statement of President Johnson at that time, the program was designed for this original group of 500,000 hard-core persons.

Now, what has been the experience up to date? Have we skimmed the cream off that original group of 500,000 or did we go down to the bottom of the barrel and are on our way working up? The tougher the case, obviously the more money it would cost to train.

Mr. WEBER. Let me indicate to you, I think that one of the real virtues of this program is that it does reach the hard core. There are various indexes which indicate this.

Our most recent information is based on a survey of the characteristics of 24,743 persons who have been hired through the JOBS contract program.

The average weeks unemployed for this group was 22.1. That is a long period of unemployment. The average years of educational attainment was 10.3.

In other words, most of them did not finish grammar school. The average family income was $2,448, which in most instances is significantly below the poverty level.

The average family size was 3.7. One statistic which is rewarding to me is that 48 percent were between the ages of 18 and 21. When we said that we wanted to change the mix of the program to get these young adults who are 18 to 21 on the job, it has developed that almost 50 percent of the people do fall into that young adult category.

With due respect to the comments the chairman made before, many of our programs have a very high proportion of women. Look at the CEP program. Many of them are 50 percent women. With many of these disadvantaged groups it is necessary to find good jobs for the male head of household. In the JOBS program, for example 71 percent of this survey were male and 29 percent were female. That is another good attribute of the experience.

Mr. FLOOD. You are not going to have many heads of families at 17, are you?

Mr. WEBER. That is correct.

Mr. RUMSFELD. Certainly the statistics Secretary Weber has given are accurate, and I don't mean to detract from them. But in direct response to the question, the cold, hard fact remains that during the 5 years of life of the Economic Opportunity Act and the effort by the Nation to deal more effectively with the problems of the poor, it has to be stressed that we have enjoyed a relatively strong economy. We have had a conflict in South Vietnam which has tended to heat the economy. The realities of life are that when you are undertaking to establish new manpower programs, legal services programs, health programs, Headstart programs, the tendency is to establish them where there is a desire, where there is an interest, where it is easiest.

What is now left to deal with as far as the disadvantaged in this country are concerned has to be described as the toughest segment.

Generally I think your comment is correct. We, as a society, have in fact skimmed off the easier of the difficult group to deal with. The period from here on is going to be considerably more difficult and the problems considerably more difficult, in terms of coming to grips with them, whether you are talking of manpower or education or health services. Just reaching the poor alone is one of the more obvious.

Mr. MICHEL. Speaking from personal observation of the particular program being carried on at Caterpillar Tractor in my district, for example, I spent a couple of days over there going through, and I will tell you, they were above the age you were talking about. Some in the upper 20's and into the 30's, and the most revealing thing to me was the classroom activity in the afternoon. These people are just illiterate, just downright illiterate. They can't read or write and they are teaching them the most fundamental three letter words and how to spell them and pronounce them.

I don't know how you can find any worse cases.

Mr. RUMSFELD. I will give you an example on this particular point. Take the JOBS program. In tackling a problem like this, you can talk about degrees of difficulty with respect to the individuals being ad-

dressed, or you can talk about degress of difficulty in achieving cooperation among those elements in society you are trying to enlist.

Caterpillar Tractor is a big outfit.

In the JOBS program one of the most difficult phases is to go beyond those who are easy to recruit. Caterpillar, Ford, General Motors, Chrysler; they have a record of social involvement.

ROLE OF PRIVATE INDUSTRY

Mr. FLOOD. If you will yield, who is running this show now? Do you still have these volunteer dollar-a-year men sent by the big corporations, who come for 6 months or a year that we heard about last year?

Mr. WEBER. Yes, sir.

Henry Ford was replaced by Don Kendall, who is the head of PepsiCo.

Mr. FLOOD. They do send these men in to help?

Mr. WEBER. Yes, and also in each of the metros—that is, their regional and local offices—companies assign people full time.

Mr. FLOOD. I think that is of tremendous importance.

PARTICIPATION OF SMALL CORPORATIONS

Mr. RUMSFELD. But my point is that for the JOBS program to reach down to the depth that we believe it can, requires going beyond the big corporations to the middle-sized and smaller corporations who require more effort than would be the case with Caterpillar.

Mr. WEBER. In part, I think that is true, Mr. Director, but I think that can be overstated. In fact, around 40 percent of the participating companies—and there are now 3,500 participating companies in the contract phase—have under 200 employees. By most standards they are small employers.

The problem is, it is really not economical for us to sit down and negotiate with a firm for one slot. It is not economical for them to set up a program for one person. What we are working on is a device—and here is another buzz word—a consortium—whereby small firms can get together, pool their resources, minimize their overhead and maximize the amount of services. We are working very hard with NAB to develop a successful consortium design. We are trying to move in that direction. Beyond that, if you will look at the distribution of employment opportunities by size of firm, it is true that a large proportion of the jobs are in big firms. General Motors employs 400,000 people. Just think of how many small firms you would have to roll up to do that. Although I certainly agree we have got to go further into other layers of the economy.

Mr. MICHEL. Generally speaking too, I think the bigger the corporation, the higher standard of attainment that would be required——

Mr. WEBER. And the better the job.

PUBLIC SERVICE CAREERS

Mr. MICHEL. On page 66 I note, in connection with the public service careers program, you say,

> Projects will be funded from a limited number of Federal grant program activities with emphasis on the creation of new positions.

Are we getting ourselves in the position of spending money to show the Government agencies how to further build up the bureaucracy?

Mr. WEBER. No, sir.

Mr. MICHEL. Tell me why not.

Mr. WEBER. This is a new program whereby the Federal Government will support a training program linked to another Federal grant which is to reduce water pollution. This will require technicians and persons with anti-water-pollution equipment. When they develop this program, we will make available to them resources so that they can train people who otherwise wouldn't be trained for those new jobs. Now, they are not new in the sense that they wouldn't exist outside of our support. They are new in the sense that they are generated by a grant program. We want to develop a system which will make it possible for some of these poor and disadvantaged persons to be trained to fill those jobs.

Mr. BROWN. That is exactly right. This is to provide the funds that will bring public service career opportunities for the disadvantaged.

Mr. WEBER. We are in a somewhat awkward position. We are telling every businessman in the private sector, "Do your duty by hiring hard core and changing your procedures." And here we are sitting in the Federal Government and the State government and a correct question is, "What are you doing?"

Well, this is a modest effort to provide a constructive answer to that question.

EMPLOYMENT OF NEGROES IN BUILDING TRADES

Mr. MICHEL. I read in U.S. News & World Report, the most recent edition here:

> Jobs in building for Negroes. Agencies split on rules. A rash of action by U.S. agencies adding a confusion and controversy over Negro jobs in construction. A challenge to legality of Federal plans by the official who audits payments for U.S. project.

What kind of progress are we making in this field? I know out in my own community of Peoria the construction trades and industry entered into a workable arrangement, a commitment to take in, I think, 70, 75 blacks within 60 days, with an actual recruiter working full time among the blacks for this purpose. It has been a long time in coming and I believe a healthy thing for the future, although I know there are still some serious problems in many communities around the country.

What are we doing to keep this from blowing up in our faces?

Mr. WEBER. I am glad you made reference to the project in Peoria, which I happened to handle personally. Normally I wouldn't but it was on request from HEW from their civil rights people who indicated that this was necessary and desirable. I guess we have just funded it and it is an apprentice outreach program.

On the general issue of conflicting standards as between GAO and the Department of Labor, I think I could speak reasonably to that topic, but that lies within the jurisdiction of Assistant Secretary Fletcher and the Wage and Labor Standards Administration. I would prefer to defer that.

On the general question of what are we doing to expand the base of recruiting and training for the construction industry, we think we are doing a fair amount and we want to do more. We have initiated, I guess you know, approximately 50 of these programs that you describe which are known as "apprentice outreach programs," where we attempt to recruit minority people and train them up to a level where they could pass a test in apprenticeship.

The total target for indentures, which is the term they use in this area, was something like 4,200 and we have now exceeded that target. Now, you have a right to suggest that once they are indentured that doesn't mean they have a trade and you better follow up on that. We are doing that, in many instances, with the cooperation of the building trades councils in the local areas; in other instances, through groups like the urban league.

The second thing we are doing is initiating various journeyman training programs. This is a different animal. An apprentice outreach program says, "Bring them up into the program" and then they have to go through 4 years like everybody else.

We are saying that is a long time. We are hinting that we probably think in many instances it is too long. There are minority people who have had experience in the craft and with extra training can qualify as journeymen within a year. So we have initiated various journeyman training programs, sometimes within the context of model cities and sometimes not, in order to qualify people in a year for journeyman status. This is something new. We have really given it a big push in the last 4 months. In order to make it effectively realistic, the unions must be on board. If one of the things you are interested in is getting black faces on jobs, you will get them for 4 months, but we know the way that labor market operates. We know you have to get them in the union and in many instances these programs have been carried out with the promise of union membership upon completion of the program.

Thirdly, we are in the process of letting a contract with an industry trade association which is making a pledge to bring on board, I think it is, 15,000 minority people nationwide. That is the goal. That sounds like a lot, until you look at the construction industry, where there are 4 million people employed. We think this effort is doubly beneficial, not only because it opens an area which in many instances has been foreclosed to minority people, but also it adds to the supply of craftsmen in an area where there has been a severe shortage.

Mr. MICHEL. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Smith.

ALLOCATION OF FUNDS FOR MANPOWER PROGRAMS

Mr. SMITH. In general you are high on the JOBS program, is that right?

Mr. WEBER. Yes.

Mr. SMITH. It will take considerably more money for that program than was used on similar programs last year, is that correct?

Mr. WEBER. That is correct.

Mr. SMITH. From where does the money come?

Mr. WEBER. It comes from two sources, MDTA title II and our request there was $240 million, which was approved by this committee

and the House and is pending in the Senate, and the $180 million which will come from EOA title I(B).

Mr. SMITH. Job Corps?

Mr. WEBER. No, sir. This is a general authority for work and training experience programs.

Mr. SMITH. Will any of it come from closing Job Corps centers?

Mr. WEBER. No, sir. As a matter of fact, this budget was submitted calling for that amount before the decision was made to close Job Corps centers.

Mr. SMITH. You don't consider this then to be some kind of a replacement for the number that won't be trained in those Job Corps centers that were closed?

Mr. WEBER. To some extent it is. We didn't make the transfer, but we saw, in making an assessment of what this shifting of programs—not only Job Corps, but NYC, MDTA—would do to training opportunities for young people.

EMPHASIS ON AGE GROUPS

Mr. SMITH. In looking over the overall manpower training situation, have you analyzed it to see what you are doing by age groups? Does this new approach tend to concentrate on an older age group?

Mr. WEBER. No. We saw that different programs tend to have different age groups and are broken down differently by sex. In our budget planning we didn't think of particular programs, but we thought of aggregate groups that we can serve. According to our estimates—and we will be glad to provide them for the record—the number of training opportunities provided for young people under the fiscal year 1970 budget request will exceed slightly the number of training opportunities that were provided in fiscal year 1969. Behind those aggregate numbers there will be more job opportunities because we have increased JOBS and decreased certain other programs that did not perform as well in terms of job opportunities as contrasted to work experience.

Mr. SMITH. You are trying to get more job opportunities per dollar, is that it?

Mr. WEBER. That is right, sir.

Mr. SMITH. I believe you said something like 50 percent of those participating in the JOBS program are trainees who would be in this younger age group.

Mr. WEBER. Which have been, yes.

JOB CORPS CENTERS

Mr. SMITH. Which current program really takes care of the young girl, we will say, from Mississippi who lived in rural Mississippi and was taken to Clinton, Iowa, and put into the Job Corps training center there and took training as a cosmetologist?

Mr. WEBER. Our point on that is that there will still be a place for that girl from a rural area in Mississippi in one of the women's Job Corps centers. But now the girl who went from New York up to Poland Springs does not have to go to Poland Springs to get manpower services. Here we are serving situations to both and we think that it is being done more effectively.

Mr. SMITH. You are saying then there will still be enough Job Corps center openings to take care of those people who are coming from those areas?

Mr. WEBER. Yes, sir.

Mr. FLOOD. You don't think it is good for the girl from New York to go to Poland Springs for a year? I will bet she does.

Mr. WEBER. I think that those girls should have the opportunity to go to a place like Poland Springs and get the services that are required, but they should also have the choice of going to a place closer to her home and getting the services that she needs, which cost considerably less.

Mr. FLOOD. Would she have a choice?

Mr. WEBER. Yes.

Mr. FLOOD. She has never been to Poland Springs, you know.

Mr. WEBER. Most of the recruiting for the Job Corps is handled through the employment service. From the point of view of the counselor, there is a young person in front of him and he tries to carry out what is in effect a diagnosis of what the problems of employability are for this young person.

As we saw, the Job Corps is a relatively expensive program. I don't flinch at the cost in its own right, but I say that young persons should be enrolled in the Job Corps only that need the full range of services that are provided by the Job Corps. If they don't, if it is just a matter of their need for some skilled training, or some connection in the labor market, somebody to get them on the job, then put them in the $2,400 a year program or the $3,000 a year program rather than sending them to the $6,000 or $7,000 a year program.

SPECIAL IMPACT PROGRAM

Mr. SMITH. Now, in connection with getting the most that you can for the money, what is your conclusion about programs like the Bubble-Up program in Los Angeles?

Mr. WEBER. That was funded under the Special Impact program, title I(D); as I indicated in my opening remarks, this has now been redelegated back to OEO, and OEO will administer it. The Bubble-Up contract was a very early one. It was not a good one, per se.

Mr. SMITH. Using that as an example—and not singling that out as the only contract—but regarding that group of contracts, can you secure as much per dollar in terms of new jobs through those?

Mr. WEBER. The average cost in that group has been around $3,000 per new job, but I would say to you frankly what is needed is to bring to bear different kinds of skills than you normally find in manpower programs.

Mr. FLOOD. Man does not live by bread alone. Is bread all you can talk about?

Mr. WEBER. Personally, no, but in my present capacity in an appearance before a subcommittee of the Appropriations Committee, yes.

Mr. SMITH. You visualize this as a good approach then?

Mr. WEBER. I think that the idea of providing incentives for firms to locate in poverty areas or near poverty areas, to provide employment opportunities to people who live there, is a good idea.

Mr. SMITH. For paying for bricks and mortar for them to come to a different location?

Mr. WEBER. Yes. What I am trying to point out is that from our experience it requires different administrative skills. You have to be able to assess the capital structure of the firm and make a reasonably realistic judgment on that. For example, in the original guidelines there is a provision for setting up a stock option plan to make it possible for some of the people who work at the firm to ultimately own it. That is a tough thing to ask the Department of Labor to do. We don't know anything about stock option plans, and in fact few stock option plans have been set up. I think the idea is good. I think it requires a different sort of skill, and I don't think it should be carried out in isolation but in context of the general efforts of community improvement, the sort of things that OEO is going to do on an experimental and demonstration basis.

TRAINING FARM WORKERS

Mr. SMITH. You have indicated, generally speaking, apparently you think they should secure jobs close to home.

Mr. WEBER. Yes, sir.

Mr. SMITH. I remember last spring you were high on this program of training farm workers who would move into the Midwest from other sections of the country.

Mr. WEBER. I think I spoke about an experimental program. Under MDTA, we do have in title 1 the authority to run experimental programs in relocation, Congressman, and I guess over 3 or 4 years we have involved 14,000 people in relocation I think that should be one of a set of manpower services that we can offer. What I am hot on doing is to provide us with the tools to do the job, whatever is required in a particular circumstance. I think it is unwise to take a kid away from New York or Washington just for the sake of taking him away, when that is where he is going to come back and work and live, because that is where jobs are available. That is probably not a good thing. But I think if there is a young person or an older person who is down some place in West Virginia or some other place who wants to work but there are just no jobs available, then we should have available to him the capability to provide for relocation.

Mr. SMITH. Of course, there is one other element involved which is very important, that a new trainee being moved does not result in somebody else losing a job that was available.

Mr. WEBER. That is correct.

Mr. SMITH. That is what happened in these farm worker programs. I am still looking into it, but I understand some of those people who were brought are working for substandard wages, which is a violation of the guidelines.

In addition to that, the Government spent several thousand dollars getting them in there to work for substandard wages, where some people that were available were replaced and had to secure work some place else.

Mr. WEBER. I don't know the specifics of that case. I can check on it. Obviously we should not be moving people to substandard jobs so they can be in a poverty status in a different location.

Mr. SMITH. These people who came in are better off than they were where they came from but in some cases, they took a job somebody else

was available for but at a lesser price than other people performing that kind of work.

Mr. WEBER. It would have an adverse effect.

Mr. SMITH. It would have an adverse effect on that group of workers in the community.

That is all I have, Mr. Chairman.

Mr. FLOOD. Mrs. Reid.

RURAL VERSUS URBAN MANPOWER PROGRAMS

Mrs. REID. Mr. Weber, in your breakdown of overall manpower programs, could you designate those which are aimed specifically at rural areas and those which are urban?

Mr. WEBER. Yes, I can. Very few of the programs are specifically aimed at rural versus urban. What I can give you is a breakout of, for example, the CEP, where there are 82 CEP's and 13 are in rural areas. We have to understand, I think, that for rural areas like the North Carolina CEP or the Mississippi CEP, we could easily call others urban CEP, like our project in Gainesville, Ga. We can do that for you.

(The information follows:)

ESTIMATED PERCENT DISTRIBUTION OF ENROLLEES IN URBAN AND RURAL AREAS IN OEO PROGRAMS DELEGATED TO THE DEPARTMENT OF LABOR

Program	Percent urban	Percent rural
Concentrated employment program	85	15
Job opportunities in the business sector	100	
NYC, in-school	60	40
NYC, out-of-school	75	25
NYC, summer	70	30
Operation Mainstream	30	70
Public service careers (new careers)	75	25
Job Corps	80	20

COMPENSATION OF TRAINEES

Mrs. REID. One of the questions I have heard asked about the JOB program is that in some cases trainees receive more overall compensation than veteran employees which naturally creates friction.

Mr. WEBER. I don't know how that could happen. We have an entry program and what we call an upgrading program. In the entry program, say you want to get somebody in an automobile plant and the contractor is Chrysler, and you have spelled out the specific job. The job is in assembly, for example. He would then go into a job as an assembler and if the negotiated rate in the union contract was $2.80 an hour, he would get that amount, along with everybody else. There would be no basis for giving him an additional stipend or supplement. The money we provide the employer in that case would only be to provide additional services to that man so that at the end of his probationary period, so to speak, he will be a useful, regular employee.

Mr. BROWN. I think the example probably refers to those individuals who are working in the same plant who would see the employee going into a classroom situation where he is not really working. He is in the classroom working on his own deficiencies and correcting them:

but in that respect he doesn't have to work as long in terms of productive work, so I think that is where you will find some disagreement. However, the principle is maintained throughout the program that they start at the same entry wage as regular employees.

Mrs. REID. When they are in a classroom?

Mr. BROWN. Yes.

Mrs. REID. Have you received complaints to this effect?

Mr. WEBER. No. I have received a lot of complaints about jobs but I must confess that is a new one to me. Quite often the complaint goes the other way, that the employer is just going to keep them on and when the employer has finished receiving the funds that fellow is going to be laid off. We have received lots of complaints about that. We look at them carefully.

When you look at the terminees and the reasons for terminating, there is no evidence that this is coming up. Only around 4 percent are terminated for economic reasons, which would be the easiest way for the employer to do that. He could say, "Well, I don't need you."

Secondly, if we have done our job in contract negotiation, the employer will only get paid for the services he gives and there is no so-called profit in the situation.

There has also been a complaint from many businessmen that we are too stringent in our regulations concerning the establishment of a consortium: that we won't prepay enough of their expenses. We will prepay a little for them, but getting the rest of the money depends on their performance.

They call us the heartless bureaucrats and we say we are trying to safeguard the Federal interests, and we try to work it out.

CONSOLIDATION OF MANPOWER PROGRAMS

Mrs. REID. In the report of the Comptroller General, he recommended that Congress consider combining or merging the Neighborhood Youth Corps with manpower training programs. How do you feel about that?

Mr. WEBER. Well, when he says "merge," I haven't seen that. If the notion is "better integrate," I would say yes, and that is what we are trying to do. NYC programs, particularly the out-of-school program, as I indicated earlier, provide what we call work experience, but he doesn't get a lot of training and doesn't get remedial education. They are not using the other facilities available in the community. If that is what the Comptroller General means, I am all in favor of it.

I think what we have to do—and again if I can get in a plug for the Manpower Training Act—what we have are all these programs and programs are like patent medicines. Each one has a fixed prescription of services and you try and move the person into that program that best suits his needs. Well, we think we need a little more flexibility in funding to develop a mix of services which is appropriate to a particular individual.

All that some people need is some good counseling and job information and they are off. Other people need a basic education. Other people need OJT. We should have the capability to modify that mix.

Mrs. REID. I feel that most low-income families would prefer to move off of the welfare rolls to payrolls if given an opportunity. However, it is known among many welfare families that many women are heads of households and they are prevented from obtaining training and getting jobs because they have no place to leave their children.

Are there provisions within the Economic Opportunity Act to provide day care centers in connection with adult education and manpower training programs operated with assistance of Federal funds?

Mr. WEBER. There must be because it would go within the framework particularly of the various CEP programs, but I would let people from OEO answer that directly.

Mr. RUMSFELD. Dr. Wilson has been working both with the Department of Labor and HEW on day care centers and his answer is yes. There are a number of day care activities in place around the country, funded by the Economic Opportunity Act, essentially through the use of local initiative funds at this point. I would like Dr. Wilson to comment.

Dr. WILSON. The opportunities come under local initiatives. The local initiative funds provide day care centers. In the proposed budget we spoke of yesterday, we had a request for $10 million for experimental purposes to move into the day care business. HEW is also planning to do this under the proposed family assistance plan. We are saying when we have such a large program we need to experiment with different mode of alternative service and look at the cost involved in doing so. While we are doing it on a local initiative basis now, we anticipate in 1970 moving in with a much more structured method.

Mrs. REID. I think it is very important that you do so.

Dr. WILSON. We think so and we want to make this one of our major thrusts.

Mr. WEBER. You know in the WIN program, which is particularly aimed at the welfare recipient, there is a very substantial request for child care. I think it was somewhere in the vicinity of $50 million. The Secretary has stated in his testimony before the House Ways and Means Commmittee on the family assistance plan that he views the child care provisions as being essential and important components of this new program. So we are glad to see him support OEO's innovative efforts in that direction.

Mrs. REID. Thank you, Mr. Chairman.

Mr. FLOOD. Thank you, gentlemen.

NOVEMBER 19, 1969.

AFTERNOON SESSION

HEADSTART AND HEADSTART-FOLLOW THROUGH

WITNESSES

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

JULE SUGARMAN, ACTING DIRECTOR, OFFICE OF CHILD DEVELOPMENT
ROBERT L. EGBERT, DIRECTOR, FOLLOW THROUGH PROGRAM
RICHARD ARMSTRONG, STAFF DIRECTOR FOR HEADSTART

OFFICE OF ECONOMIC OPPORTUNITY

DONALD RUMSFELD, DIRECTOR
JOHN WILSON, ASSISTANT DIRECTOR, OFFICE OF PLANNING, RESEARCH, AND DEVELOPMENT
WILLIAM PLISSNER, CHIEF, PROGRAM ANALYSIS DIVISION, OFFICE OF PLANNING, RESEARCH, AND EVALUATION

Mr. FLOOD. This afternoon we have with us once again Director Rumsfeld of the Office of Economic Opportunity and members of his staff. We also have representatives from the Department of Health, Education, and Welfare who will talk about the Headstart, and the Headstart-Follow Through programs.

Mr. Rumsfeld, do you want to present these people?

Mr. RUMSFELD. Yes, sir.

For the Office of Economic Opportunity, in addition to myself, we have Dr. John Wilson, head of the Office of Planning, Research, and Evaluation, and Mr. Bill Plissner who is Chief of the Program Analysis and Budget Division.

From the Department of Health, Education, and Welfare Mr. Jule Sugarman, who is the Acting Director of the Office of Child Development and his Deputy, Mr. Richard Armstrong who is staff Director for Headstart, and Mr. Bob Egbert who is the Director of the Follow Through program.

As was the case this morning, from the standpoint of our office we touched on the subject matter to be discussed this afternoon in our prepared statement of yesterday, and I guess it would be best just to turn it over to Mr. Sugarman.

PREPARED STATEMENT ON HEADSTART PROGRAM

Mr. FLOOD. Very well. I see that you and your associates have prepared statements.

Mr. SUGARMAN. That is right.

Mr. FLOOD. How do you wish to proceed? You can read it or you can submit it for the record and summarize it.

Mr. SUGARMAN. If you prefer, we will submit the statement for the record.

Mr. FLOOD. Without objection, we will do it that way. Submit the statement for the record and then proceed as you wish.

37-800—69 pt. 8——14

(Mr. Sugarman's prepared statement follows:)

The proposed budget includes $331.7 million for operation of the Headstart program. This program was delegated with minor exceptions to the Department of Health, Education, and Welfare effective July 1, 1969.

The budget request essentially continues the level of program authorized in fiscal year 1969. It will permit a small increase in the number of parent and child centers and children served in those centers, but it does not permit any significant growth in the regular operating Headstart program.

Of the total amounts requested for Headstart, $308.4 million are used to make grants for operating summer and full-year programs and $15.4 million for technical assistance, training and evaluation activities. In addition, the Office of Economic Opportunity has included in its budget $3.6 million for research activities in support of the Headstart program.

The Economic Opportunity Act presently authorizes appropriations for Headstart as a part of title II and does not specify any specific sum for Headstart. The amendments to the Economic Opportunity Act which have been passed by the Senate earmark $338 million for Headstart in fiscal year 1970, with a proviso that reduces that amount proportionate to any reduction in the overall OEO appropriation which might be made by the Congress. For fiscal year 1971, the Senate version authorizes an additional $240 million.

The House Education and Labor Committee has approved an amendment to the Economic Opportunity Act which has not yet been acted upon by the full House. This amendment would remove the Headstart and Follow Through programs from title II and incorporate them in a new title IX along with other early childhood programs. A total of $578 million would be authorized in fiscal year 1970 for tilte IX. This amount would cover both the Headstart and Follow Through programs.

As a result of the delegation of the program to the Department of Health, Education, and Welfare, extensive efforts are being made to coordinate Headstart with other early childhood programs in the Department. Similarly, the Department is working to mobilize its other health, education, and social services programs in support of Headstart. The research activities of the National Institute of Mental Health, the National Institute of Child Health and Human Development, and the Office of Education as well as the Children's Bureau are now being coordinated to develop the kinds of knowledge and information which will make possible improvements in the Headstart program.

Headstart has in the last year initiated a series of experimental efforts called planned variations, which are testing several different curricular and programmatic approaches. The approach being used in planned variation communities is the same approach that Follow Through is using. For this reason, children entering these experimental programs will be assured a continuous program which extends from the time they enter Headstart up to the time they complete the third grade. The Stanford Research Institute is conducting a comprehensive evaluation of all planned variation programs with the objective of finding out what experimental programs are most successful with different subgroups of the Headstart population. It is expected that the planned variation approach will be expanded in fiscal year 1970 to permit more communities to benefit and to test additional experimental approaches.

It is anticipated that approximately 50 percent of the summer Headstart dollars will be converted to full-year programs. This would have the effect of reducing the numbers of children served in summer Headstart by 229,000 and increasing the numbers served in full-year programs by approximately 45,000.

BIOGRAPHICAL SKETCH OF WITNESSES

Biographical Sketch

Name: Jule M. Sugarman.

Position: Acting Director, Office of Child Development, 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: Office of Child Development Acting Director since June 4, 1969; Children's Bureau, Acting Chief since March 1, 1969, Associate Chief, March 1968–February 1969; Office of Economic Opportunity: 1964–68, Associate Director,

Project Headstart, 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).
Name: Richard W. Armstrong.
Position: Staff Director, Headstart.
Birthplace and date: Philadelphia, Pa., June 18, 1932.
Education: 1950–54—Harvard University, A.B.; 1957–59—John Hopkins University, M.A.; 1967–68—Princeton University, NIPA Fellow.
Experience: Staff Director, Project Headstart since January 1969; Branch Chief, Office of Research, Plans, Programs and Evaluation, OEO, 1965–68; Program analyst, Apollo program, National Aeronautics and Space Administration, 1962–65; Staff assistant, Office of General Manager, Atomic Energy Commission, 1960–62; Management intern, U.S. Atomic Energy Commission, 1959.
Personal: Military service, commissioned 1954 and served on destroyers from 1954–57; Wife: Barbara; Children: Richard and James; Resides at: 9304 Jesup Lane, Bethesda, Md.

General Statement

Mr. Sugarman. Thank you.

The budget includes $331.7 million for operation of the Headstart program. I think it is important that we make it clear to the committee that there are two versions of the authorization bill pending with respect to Headstart and Follow Through. These have some differences. The version which has already passed the Senate retains Headstart as a part of title II, community action program, and earmarks $338 million as the authorization for Headstart in fiscal year 1970, but with a proviso that should the total OEO appropriation be less than the total authorization Headstart would be proportionately reduced.

For fiscal 1971 the Senate increases that Headstart authorization by an additional $240 million. In the House there has been action by the Education and Labor Committee but that action has not yet come before the House itself. The committee version would remove Headstart and Follow Through from title II and place them together in a new title IX and would authorize in 1970 for those two programs a combined total of $578 million, which is approximately $180 million higher than the Senate version.

Transfer of Headstart to HEW

Since this is the first time we are appearing before the committee as representatives of HEW, it might be well to comment a little bit about the transition.

The program was delegated on the 1st of July. A very large number of people who had worked on Headstart in OEO were transferred from the program here in the central office and an additional number of people who had worked on the program in the field were also transferred.

We have had a very excellent and cooperative relationship with OEO during this transition process and in many cases they have continued to actually do the work of processing grants for us.

Mr. Flood. At this point in the record can you give us the exact number of employees who were transferred?

Mr. SUGARMAN. The exact number that were transferred; yes, sir.

Mr. FLOOD. If you don't know now you may supply it.

Mr. SUGARMAN. No; I do know. It is 190 out of what will eventually be a staff of 300 when we are fully staffed. Cooperation has been excellent. OEO has continued to process grants for us until our people were actually on board.

They have done a large amount of work to help train our staff and we are really delighted with the relationship which exists.

Mr. FLOOD. There is no clash of interests that has occurred between the agencies and the bureaus?

Mr. SUGARMAN. We don't feel so. We feel the staff in that office has been supportive of our efforts, and our objectives are quite identical with one another. We look forward to continuing to work with them. The delegation does provide there will be a continuous relationship between OEO and HEW on these programs.

Mr. FLOOD. Headstart is the sort of program which lends itself to cooperation.

Mr. SUGARMAN. I think that is true.

Mr. FLOOD. Everybody connected with it is rather enthused about it?

Mr. SUGARMAN. I think so.

Mr. FLOOD. Yes. And that helps.

PROGRAM CHANGES

Mr. SUGARMAN. We have made, I think, two important changes which the committee would be interested in, as a part of the delegation, and again in cooperation with OEO. We have, first of all, changed our rules with respect to the use of funds so that communities which wish to do so may convert their summer funds into full-year programs. We estimate that by next summer approximately 50 percent of the programs will have done that, feeling that the full-year program is more beneficial to the children than the summer program, even though that means fewer children can actually be served.

Mr. FLOOD. Can they have one or the other; can they have both?

Mr. SUGARMAN. They can have a mixture, if they choose. In fact, that has happened in some cases, they have converted part of the program to the full year.

Mr. FLOOD. Is that a good idea?

Mr. SUGARMAN. I think so. All the evidence indicates that while summer programs in some communities are the only feasible program, if you can get to a full-year program you are much better off.

The other important feature I think is our effort to improve the quality of the Headstart program through a program of planned experimentation.

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

Mr. SUGARMAN. I was a part of the founding of Headstart beginning in 1965. I was with OEO.

Mr. FLOOD. How did you get here? How did you get trapped?

Mr. SUGARMAN. How did I get into government? I am a career civil servant. I have been with the Government since 1951. I worked for a variety of Federal agencies and eventually moved over to OEO.

Mr. FLOOD. I like the idea of people moving around the agencies. I just spoke to a luncheon meeting of a conference of executives. I have referred to this and received enthusiastic response from these fellows.

I am very much opposed to the idea of promoting top career people but keeping them in the same corner for 20 years, say. I think you should move around, get a taste of things, move around from department to department and agency to agency. Every time I make that suggestion it is very well received by these topflight people. There were a group of 50 to 100 at this luncheon. Obviously, they agree.

Mr. SUGARMAN. This is my seventh Federal agency.

Mr. FLOOD. You are very lucky.

Mr. SUGARMAN. Yes. I came into the Government in a program which was designed deliberately to do this, to encourage people.

Mr. FLOOD. Are you an educator?

Mr. SUGARMAN. No; I am a public administrator and political scientist by background.

Mr. FLOOD. Very well.

EXPERIMENTAL PROGRAM

Mr. SUGARMAN. I was talking a little bit about the experimental program and simply saying that we have a series of programs that we call planned variations. I want to emphasize we are working very closely with the Follow Through on these planned variations so that the groups that are involved are the same groups that will be in the Follow Through program later on and therefore will have the benefit of a continuous experience.

Mr. FLOOD. What is a planned variation?

Mr. SUGARMAN. It is taking a particular curriculum approach which is somehow different than the ordinary curriculum approach, providing the technical assistance to the communities so that they can try out and evaluate it as they go along.

Mr. FLOOD. Do you have any trouble, any abrasion with the professional educators?

Mr. SUGARMAN. I think that, as a whole, we have a great deal of cooperation. There is some disagreement among some educators as to whether Headstart should be exclusively a school system program.

Mr. FLOOD. Yes, I have heard that. What do you think?

Mr. SUGARMAN. I think it should not be at this time. I think that the more than two-thirds of Headstart programs which are operated outside of the school systems today have shown that other groups can be very effective.

Mr. FLOOD. How long has the Headstart program been in effect?

Mr. SUGARMAN. Since 1965. I think, Mr. Chairman, that covers the highlights of the changes as a part of the delegation.

Mr. FLOOD. Proceed.

1970 BUDGET PLANS

Mr. SUGARMAN. I would just want to summarize for the record the effect of the budget request.

Mr. FLOOD. Yes. That is important here. After all, this is the Appropriations Committee.

Mr. SUGARMAN. Yes. This will permit an increase in the full year program from 217,000 children to 262,000.

Mr. FLOOD. Is that good?

Mr. SUGARMAN. That is good, but it, of course, comes at the expense of rather substantially reducing the summer program from 447,000 children to 218,000.

Mr. FLOOD. Is that good?

Mr. SUGARMAN. I think it is a more effective use of the money. Obviously, we would like to see as many children served as possible, but I think that in terms of the dollars that are feasible within the President's budget that this is a better use of the money.

Mr. FLOOD. The present administration—now, every administration has catch phrases—but the present administration has an interesting one, "Realinement of priorities."

Mr. SUGARMAN. That is correct.

Mr. FLOOD. Pretty safe.

PARENT AND CHILD CENTERS

Mr. SUGARMAN. Another feature of the budget is an expansion in our Parent and Child Center program. This is a sort of subsidiary of Headstart where we deal with families who have children under 3 years of age. It is an experimental effort, somewhat like follow through except it is for younger age children.

Mr. FLOOD. Secretary Finch has indicated great interest in this idea.

Mr. SUGARMAN. That is correct. I think the budget reflects this in that we are increasing the number of centers managed by HEW by approximately 20. OEO is also managing some of these centers; they retain seven of the original 36. So that in total we will have somewhere around 56 of these centers operational in the next year.

ACCOMPLISHMENTS OF HEADSTART

Mr. FLOOD. Are you doing pretty well for the number of years that you have been in the business, doing well with this program? Is it too slow or too fast, or what?

Mr. SUGARMAN. My personal belief is that we have made a great deal of progress in acquainting people with the meaning of Headstart. We have some very excellent programs, I believe, that are operating now.

Mr. FLOOD. Do you think the average man in the street has the faintest idea what you are talking about?

Mr. SUGARMAN. Yes, I think he does. One of the reasons for that is the very large number of volunteers that get a first-hand exposure to the Headstart program.

Mr. FLOOD. How have the news media been handling you?

Mr. SUGARMAN. Very nicely. We have had a few problems in terms of some of the more recent evaluations. The action of the authorizing committees and their treatment of Headstart has indicated that it is generally still very favorably thought of by the public.

Mr. FLOOD. You are pleased with yourself. Now, what is the matter with the program?

Mr. SUGARMAN. What is the matter with the program? The matter is that we haven't as yet essentially found the lodestone in terms of the techniques that will be most effective with these children in the early years of their lives.

Mr. FLOOD. That is a good phrase.

Mr. SUGARMAN. We do have a lot to learn about how you work with young children. We have a great deal of knowledge to gain about how we can influence parents to work well with their children. Both of those things are what really underlay our experimental programs.

PUBLIC ACCEPTANCE OF PROGRAM

Mr. FLOOD. What is your experience geographically?

Mr. SUGARMAN. Very good, I think. We operate in all 50 States and in the territories as well. About 40 percent of our programs are in rural areas.

Mr. FLOOD. Who doesn't like you?

Mr. SUGARMAN. Who doesn't like us? Well, I don't know that on an organized basis there is anybody who doesn't think that Headstart is a worthwhile venture. There are people who have different ideas of exactly how it ought to operate, but there is no organized opposition to the program that I know of.

Mr. RUMSFELD. If I may interject, Mr. Chairman, the only real opposition that I have seen is from people who cannot get into the Headstart program. I ran into a group which did not have enough classrooms and they were distressed and critical of that shortcoming.

Mr. SUGARMAN. That is right. We are really only reaching about 33 percent of the numbers of children who potentially will qualify for the program.

Mr. FLOOD. Do PTAs indicate any opinion about it at all?

Mr. SUGARMAN. Yes. As a matter of fact, I have had two or three conversations with the national officers of the PTA over a period of the last 2 years and they are very supportive. Actually, there are one or two Headstart programs that are operated by PTAs.

Mr. FLOOD. What about the teacher organizations?

Mr. SUGARMAN. I think the best that I can say on that——

Mr. FLOOD. They can be very noisy, you know.

Mr. SUGARMAN. Yes. But the National Education Association and the American Association of School Administrators have really, recently, been pushing universal education——

Mr. FLOOD. I don't mean the administrators. I mean the teachers.

Mr. SUGARMAN. The teachers would be in the National Education Association and in the administrators association also. Both of them have been pushing quite vigorously for expansion of early childhood education in general. So we have very strong support also from the American Academy of Pediatrics, the National Association of Social Welfare. It seems to me a matter of general interest to all kinds of professional people.

Mr. FLOOD. It is like being against motherhood to oppose it now.

Mr. SUGARMAN. Well, I won't say that. We are pleased and we also, I think, have a great deal of concern for the fact that we need to improve the program. Many of the programs that are funded at the present time are not doing as well as they might, even in the state of present knowledge. We spend a good deal of money on training and technical assistance. One of the things that pleases me most now is that we have nearly 9,000 people in college——

Mr. FLOOD. What is technical assistance insofar as this program is concerned?

Mr. SUGARMAN. It is consultants who are experts in various fields, child development, pediatrics, social work, who work with the local community to improve the quality of their program.

Mr. FLOOD. Do you use any special kind of hardware in this program, electronics or whatnot?

MONTESSORI TECHNIQUES

Mr. SUGARMAN. Yes. In some places you have a full range of things, including a few programs like the talking typwriters, programmed learning machines. You also have a fair amount of Montessori techniques being used in the Headstart programs. There is a tremendous interest on the part of people in technology.

Mr. FLOOD. What do you mean by Montessori techniques?

Mr. SUGARMAN. It is a particular curriculum approach developed specifically for disadvantaged children in Italy by Maria Montessori. It has undergone some transformation in coming to America, but essentially it is a very structured approach to learning in which everything is in its place and the children learn in very specific steps, and through this process it is thought by advocates of Montessori that the children will learn more permanently and much faster.

Mr. FLOOD. It is pretty well accepted, is it not?

Mr. SUGARMAN. Yes, it is, but I would say that it is a program that is perhaps supported by the order of about 10 percent of the professional people in the field who feel that Montessori is the best approach. I believe that covers any material that we have to present, Mr. Chairman, unless there are questions.

GENERAL STATEMENT ON HEADSTART FOLLOW THROUGH

Mr. FLOOD. Mr. Egbert, do you have a statement?

Mr. EGBERT. We do have a brief prepared statement for you. Would you like me to present that?

Mr. FLOOD. It is entirely up to you, but we find it is usually better to insert the prepared statements and then have comments from you fellows off-the-cuff, unless you want to do it otherwise.

Mr. EGBERT. No, sir.

Mr. FLOOD. Then we will place your statement in the record at this point.

(Mr. Egbert's prepared statement follows:)

Follow Through, which serves children in the early elementary years, is designed to reinforce the gains made by children from Headstart or similar preschool programs. Each new project normally begins with children entering kindergarten or first grade and expands one grade level each fall, allowing previous participants to continue in the program. The Follow Through fiiscal year 1970 budget request of $58 million will permit this vertical progression. It will also permit addition of a few new projects.

At the present time, recognizing the critical need for more information about how needs of poor children can be served most effectively, the main emphasis in Follow Through is on research and development. However, to characterize Follow Through simply as a research program is misleading if the term "research" is interpreted as implying a tightly controlled experiment involving a small number of children as subjects in a laboratory or semilaboratory setting in which two or three variables are carefully and systematically manipulated. This description does not apply to Follow Through. But equally inapplicable would be a description which suggested that Follow Through is simply a service program.

The Follow Through program of "planned variation" represents, instead, a novel attempt to study on a nationwide scale (1) the effectiveness of a number of different approaches to working with young children and their families; and (2) methods for implementing innovative procedures in public schools—while at the same time carrying out the requirements provided in section 222(a)(2) of the Economic Opportunity Act, as amended, to provide ". . . comprehensive health, nutritional, education, social and other services . . . and . . . direct participation of the parents . . . in the development, conduct, and overall program direction at the local level."

Of special importance is Follow Through emphasis on parent involvement. Follow Through requires that each project have a policy advisory committee with parents making up half of the membership. Some parents also serve in the classroom as paid volunteers or observers; some develop educational and community services. Many have returned to school through a project's encouragement, and often Follow Through runs special education programs and basic literacy classes for parents.

A central feature of Follow Through's program of planned variation is the requirement that each participating community select one of 20 approaches that have been developed for working with children from low-income families and undertake to work closely with an institution known as a "program sponsor" in the development of that approach.

The several approaches reflect basic theoretical positions held by the sponsors and range from the very structured, highly cognitive, instructional approach of Siegfried Engelmann at the University of Illinois to the much less structured "child centered" approach of Bank Street College of Education; from the parent education approach of Ira Gordon at the University of Florida to the "parent control" approach of Kenneth Haskins at the Morgan Community School in Washington, D.C.

The association of a community with a program sponsor serves three essential functions. First, the sponsor provides the community with a well-defined, theoretically based, coherent approach. Second, the sponsor serves as an outside agent, a goad, a source of program constancy to assist the community in retaining a consistent focus on an approach rather than to permit a day-by-day response to the pressures which face each project director in any program.

It is also the responsibility of the sponsor for the program approach chosen by that community not only to provide assistance necessary for local implementation, but to exercise a "quality control" function by providing information on the degree of success achieved in the implementation effort.

A final, essential feature of the Follow Through program is evaluation by an outside agency. The Office of Education has contracted with the Stanford Research Institute to conduct an independent study over the next several years to assess the effect of the Follow Through program and of the new approaches.

Mr. EGBERT. Follow Through is a program substantially smaller than Headstart. Our total program, for example this year, has about 35,000 children enrolled.

Mr. FLOOD. Pretty good title. It is almost self-definitive, isn't it?

Mr. EGBERT. Yes.

Mr. FLOOD. Most titles are not, but this is.

Mr. EGBERT. Our program is a research and development program at the present time in which we, in recognition of the need for additional information——

BIOGRAPHICAL SKETCH

Mr. FLOOD. We should have a biographical sketch of you, too, for insertion into the record.

Mr. EGBERT. Yes, sir.

(The biographical sketch follows:)

Name: Robert L. Egbert.
Position: Director, Follow Through program.
Birthplace and Date: Tetonia, Idaho, October 17, 1923.

Education: Utah State University, B.S. 1947; M.S. 1948; Cornell University, Ph.D. 1949.

Experience: Director, Follow Through program, 1967 to present; chairman, Graduate Education Department, Brigham Young University, 1963–67; social scientist, Systems Development Corp., 1961–63; professor of educational psychology, Brigham Young University, 1955–61; Senior Research Office, 1952–55; assistant professor, Utah State University, 1950–52; research associate, New York State Educational Department, 1949–50.

Publications: Numerous journal articles and technical publications in education and educational psychology.

Mr. FLOOD. Now, how did you get here?

Mr. EGBERT. I have been in Federal Government for 2 years. Before that I taught in universities. I am an educational psychologist by training.

The follow through program is a research and development program at the present time. We are attempting to assess the efficacy of various approaches to working with young children.

SCOPE OF FOLLOW THROUGH PROGRAM

Mr. FLOOD. What do you mean by young children?

Mr. EGBERT. In the early elementary grades as far as follow through is concerned.

Mr. FLOOD. Do you go down as far as 3 years?

Mr. EGBERT. No, sir. Our program follows up on Headstart. We begin about the first year a child is in school, either kindergarten or first grade.

Mr. FLOOD. You do begin with kindergarten, though?

Mr. EGBERT. Yes. In those communities that have kindergarten, that is.

We are using the general approach which Mr. Sugarman mentioned, that of planned variation, in which each community is asked to adopt one of a number of approaches to working with children in their early elementary years. These approaches are really quite varied and we think some are quite exciting. Some quite exciting things are going on in follow through projects at the present time. We have an external evaluation being conducted primarily by Stanford Research Institute which we hope over a 3- to 5-year period will give us substantially greater information than we now have about better ways of working with these children.

Mr. FLOOD. How do you do research and development with a kindergarten child?

Mr. EGBERT. First, we ask each community to adopt an approach that has been developed by a group of people working at a university or regional education laboratory, an approach that appears to be quite effective in a laboratory-type setting with the children. The approach then is implemented in each of a number of communities. The approach is a combination of curriculum and instructing procedures.

Mr. FLOOD. Are you accepted by the local people?

Mr. EGBERT. I think in most instances we are very well accepted by the local people.

OFFICE OF CHILD DEVELOPMENT

Mr. FLOOD. Mr. Sugarman, what is this new "Office of Child Development"? What is it going to do besides merely administer the Headstart program? And what in the world ever happened to the Children's Bureau?

Mr. SUGARMAN. The Children's Bureau as an organization has now become a part of the Office of Child Development. In the process, however, we rearranged the functions that formerly had been performed by the Children's Bureau. The 1912 act authorities for investigations and reports and advocacy of the interest of children came over to the new Office of Child Development, but the functions of administering the health service programs went to the Health Service and Mental Health Administration, and the functions of administering title IV programs went to the Social and Rehabilitation Service.

Mr. FLOOD. What is the Office of Child Development?

Mr. SUGARMAN. It is an office that is a part of the Office of the Secretary in the Department. It is concerned really with all matters which affect the welfare of children and families.

Mr. FLOOD. Is the chain of command directly to the Secretary?

Mr. SUGARMAN. Through the Assistant Secretary for Administration. I would say that we have a number of different kinds of functions. The first is the actual administration of the Headstart program. Second is the development of information, the development of analyses and reports on what programs are necessary for the benefit of children. The third is the development of standards.

Mr. FLOOD. At what age do you stop being a child?

Mr. SUGARMAN. By our definition or by our practice we really work through the youth ages, that is, up through the early years of college. The Joint Commission on Mental Health of children which just recently issued its report, carries it through age 24 but I am inclined to think that is a little bit too high.

Mr. FLOOD. I would imagine.

Mr. SUGARMAN. I think we are talking about undergraduates at the college level, but mostly in the adolescent age and preschool age.

WESTINGHOUSE STUDY OF HEADSTART

Mr. FLOOD. Now, in his message to Congress on the antipoverty program last February the President said this, and I quote:

> Headstart is still experimental. Its effects are simply not known save, of course, where medical care and similar services are involved. The results of a major national evaluation of the program will be available this spring. It must be said, however, that preliminary reports on this study confirm what many have feared, the long-term effect of Headstart appears to be extremely weak.

Well, has the evaluation been completed?

Mr. SUGARMAN. The evaluation to which the President was referring has been completed. It is popularly known as the Westinghouse report. It has been the subject of a great deal of discussion and a great deal of action since its completion. I think perhaps I should summarize some of the findings.

Mr. FLOOD. What are its conclusions?

Mr. SUGARMAN. Its conclusions are that after children have been out of Headstart for certain periods of time—1, 2, 3 years—that in the case of children who had been in the summer Headstart programs there was no noticeable difference between children who had had Headstart and children who had not on cognitive and affective development. In the case of children who had been in the full-year Headstart program there was a marginal improvement in cognitive skills——

Mr. FLOOD. What is a cognitive skill?

Mr. SUGARMAN. Knowledge, learning, the ability to manipulate information, the ability to learn.

This is particularly true in the case of children who came from the most disadvantaged groups; that would be groups in the southeastern United States, in the inner city ghetto areas. They showed more improvement relative to children who had not had the program than did other groups. So that feature of the report was encouraging. It talked about the really hard core need, that we were having more impact there.

On the basis of their analysis, they recommended several things. They recommended a movement away from some programs, and this is already happening.

Mr. SHRIVER. I note on page 174 of the justifications: "continuation of national evaluation of Headstart, $133,000. This study was initiated in fiscal year 1968. It compared the national sample of Headstart children in the first, second and third grades". The results of the study found "that there was generally little indication that the Headstart experience had produced many lasting, practically significant changes in the motivation attitudes or intellectual performance of the Headstart children as compared to the control children who had not gone through Headstart."

Now, is this the study that you are talking about?

Mr. SUGARMAN. The study to which I am referring. Now, I take it that statement suffers somewhat from abbreviation.

Mr. SHRIVER. It is your own justification.

Mr. SUGARMAN. Yes; that is correct, but it is in a very abbreviated form. If it would be helpful to the committee we might submit to you Westinghouse's own summary of their findings.

Mr. FLOOD. I think you should.

Mr. SUGARMAN. I think it would fill this out more.

(The information follows:)

RECOMMENDATIONS OF WESTINGHOUSE LEARNING CORPORATION—OHIO UNIVERSITY

1. Summer programs should be phased out as early as feasible and converted into full-year or extended-year programs.

2. Full-year programs should be continued, but every effort should be made to make them more effective. Some specific suggestions are:

(*a*) Making them a part of an intervention strategy of longer duration, perhaps extending downward toward infancy and upward into the primary grades.

(*b*) Varying teaching strategies with the characteristics of the children.

(*c*) Concentrating on the remediation of specific deficiencies as suggested by the study, e.g., language deficiencies, deficiencies in spelling or arithmetic.

(*d*) Training of parents to become more effective teachers of their children.

3. In view of the limited state of knowledge about what would constitute a more effective program, some of the full-year programs should be set up as experimental programs (strategically placed on a regional basis), to permit the implementation of new procedures and techniques and provide for an adequate

assessment of results. Innovations which prove to be successful could then be instituted on a large scale within the structure of present full-year programs. Within the experimental context, such innovations as longer period of intervention or total family intervention might be tried.

4. Regardless of where and how it is articulated into the structure of the Federal Government, the agency attempting the dual research and teaching missions presently assigned Headstart should be granted the focal identity and organizational unity necessary to such complex and critical experimental programs. Their basis of funding should take cognizance of both the social significance of these missions and the present state-of-the-art of programs attempting to carry them out.

In conclusion, although this study indicates that full-year Headstart appears to be a more effective compensatory educational program than summer Headstart, its benefits cannot be described as satisfactory. Therefore we strongly recommend that large-scale efforts and substantial resources continue to be devoted to the search for finding more effective programs, procedures, and techniques for remediating the effects of poverty on disadvantaged children.

Mr. RUMSFELD. If I may, Mr. Chairman, the Westinghouse study is itself practically as thick as that justification book.

Mr. SHRIVER. We won't put it in the record.

Mr. RUMSFELD. I am sure you wouldn't want it in the record.

Mr. FLOOD. No. Of course, what we have in mind is: What have you done about these conclusions and recommendations? Where are they reflected in this budget?

Mr. SHRIVER. And further, if this is true, why are we continuing with the program?

Mr. SUGARMAN. I was starting to list some of the things that they have recommended and that we have already moved to do. The first thing they said was that we should move away from summer programs. About 50 percent of the summer programs will have been converted this year in 1970, into full-year programs. The second thing that they recommended is that there be more effort to increase the length of the program both in terms of post-Headstart and pre-Headstart programs.

Dr. Egbert has testified to the expansion of the Follow Through program, which is the sequel to the Headstart. I have described some of the work of the parent-child centers which is the earlier year developments. Actually, the proportion of children under 4 years of age in Headstart has gone from about 10 percent 3 years ago to about 20 percent in 1969. So there is that kind of movement already occurring. The third thing that they recommended is that there be much more experimentation, development of new models. We have, as I described a moment ago, introduced the planned variation system which does exactly that.

Actually, out of our operating funds in Headstart in fiscal 1970 we anticipate using about $10 million for experimental programs which will try out these new curriculum programs.

Mr. FLOOD. Then, these recommendations and conclusions are in the present budget we are talking about?

Mr. SUGARMAN. That is correct. Mr. Rumsfeld may want to speak to this, but I think we have moved on every one of them.

SCOPE OF FOLLOW THROUGH PROGRAM

Mr. FLOOD. How long do you expect to follow through? Like Tennyson's brook, forever, to the fifth grade, to the eighth grade, to college?

Mr. EGBERT. The legislation refers to the early elementary years. The memorandum of understanding between OEO and HEW refers to a program from kindergarten through the third grade. Our recommendation is that we continue on an experimental basis some children beyond the third grade and terminate others at the third grade and try to determine on some objective criteria whether they are benefiting from the program.

FOLLOW THROUGH VERSUS OTHER EDUCATION PROGRAMS

Mr. FLOOD. Don't we have projects similar to Follow Through funded in other education programs that we have been talking about for some time? For instance, title I of the Elementary and Secondary Education Act, haven't we met this there before?

Mr. EGBERT. Title I of the Elementary and Secondary Education Act can fund children from preschool through high school. I would say that, to the best of my knowledge, there have been no systematic studies which have carried children from preschool through the third or fourth grade in a very intensive program such as we are carrying on in Follow Through.

Mr. FLOOD. What we are concerned about, of course, is duplication, doing the same thing with different dollars. I had the impression that title I of the Elementary and Secondary Education Act would fund exactly this kind of project.

Mr. EGBERT. It would be possible for a community to conduct a Follow Through program with title I funds if they should so elect. However, in no instance that I know of is a program of the same type, the same degree of funding, intensity of service, being conducted under title I as is conducted under Follow Through.

Mr. PLISSNER. Mr. Chairman, may I amplify on that remark?

Mr. FLOOD. Surely.

Mr. PLISSNER. The followthrough program, being funded under the Economic Opportunity Act, reflects something that is very much in keeping with the particular mission of the Office of Economic Opportunity and its delegated programs. Namely, it concentrates on a very systematic analysis of what is going to work and what is not going to work. Follow Through is not at this point funded to provide nationwide services of this type until we know a little bit more about the results of the experiment itself. These results are at least a year or 2 years in the offing. There is a peculiar experimental aspect to this act and to this program that is quite distinct from what would be expected under title I, which would support operating programs.

Mr. RUMSFELD. This is also an example, Mr. Chairman, that is very similar to the point made this morning with respect to manpower programs. The Headstart activity was not being done in any scope or magnitude before the Office of Economic Opportunity started the program. The existence of the Agency and the focus of the Agency resulted in these two programs being developed.

Mr. FLOOD. The potential was there but it just simply was not being done.

Mr. RUMSFELD. And much of the knowledge was there.

CONTINUATION OF HEADSTART

Mr. SUGARMAN. If I might also return to a question asked a moment ago as to why shouldn't you discontinue Headstart on the basis of the evaluation? I think it is important for the record to show that Westinghouse Corp. recommended very specifically that the program be continued and said that, in its judgment, the problem here was simply improving the quality of the program, that there was no question of the fundamental need for the program.

Mr. FLOOD. Why is Westinghouse a sacred cow here? Merely because they put their imprimatur upon this?

Mr. SUGARMAN. I think they have conducted the broadest evaluation that has yet been accomplished of Headstart. They did a more organized evaluation over a larger sample and they were first on the market with their result. There has been and will continue to be other studies which may either confirm or change those conclusions.

Mr. FLOOD. I suppose in-house studies are going on all the time.

Mr. SUGARMAN. That is correct.

Mr. FLOOD. Very well. We will recess for a moment. There is a quorum call in the House.

(Recess.)

EVALUATION STUDIES

Mr. SHRIVER. I asked the question a little while ago based upon your justification relative to the evaluation that has been going on for some time, and I think you finished the answer to that before I left. We have spent $133,000 apparently for this study; what do you consider the value of the $133,000 expenditure to be?

Mr. SUGARMAN. There were a number of recommendations made by the study which we have followed. We have, first of all, moved away from the summer program and into the full-year programs.

Mr. SHRIVER. You haven't completed them?

Mr. SUGARMAN. We will have about 50 percent of the programs this year, I believe.

Secondly, we have introduced a number of experimental models, as they have suggested, under our planned variation program and, thirdly, we have tried to work on children of older and younger years of age through the Follow Through and parent and child center programs. They had recommended the establishment of a central point for this effort and the establishment of the office of child development also represents a response to that point.

Mr. SHRIVER. How was it determined who was to make that rather expensive study?

Mr. SUGARMAN. This was a decision within the Office of Economic Opportunity by a Division which at that time was called "Research Programs Plans and Evaluation." This is a group which works for the Director of OEO and makes its independent evaluations separate and apart from those made by the operating programs themselves.

Mr. SHRIVER. Who is that?

Mr. RUMSFELD. The Office of Planning, Research, and Evaluation is somewhat different, but it has essentially the same function. Its head is Dr. Wilson.

I would like to make a comment about evaluations generally. Since I had nothing to do with this particular Westinghouse evaluation, I don't walk into the discussion with any particular position to defend. Had the evaluation come out and said, "Everything that is being done is perfect; don't change anything and, in fact, you need not even have evaluated it because you are not going to make any changes," one could then make the argument that it wasn't worth evaluating or, conversely, that evaluation was very valuable because it confirmed what it was we were doing.

Now, this program Headstart is costing the taxpayers several hundred million dollars a year. It seems to me an evaluation of a program that large, a comprehensive and rather extensive evaluation of this nature, is absolutely necessary. It is about the only way that the Congress, the executive branch and the taxpayers can have any prospects for assuring themselves either (*a*) that what they are doing does make sense or (*b*) that what they are doing should be changed in a variety of different ways. I believe very deeply that it is a tragedy when a sound concept of starting something and assessing its impact (as an evaluation does) gets a bad name. In the Congress as well as in the executive branch, the "evaluation" has gained a bad name in some instances because, frankly, some things have been done under the guise of the word "evaluation" which haven't been evaluation. They have been self-justification.

In some instances those evaluations have been done by people who were deeply involved with running the very program being evaluated. That is no way to evaluate something in my judgment. I think the approach taken on the Westinghouse study is not only sound but it is a model in many respects. Although it is an early model and a primitive one, it is a model, I think, for the type of approach that Government should be taking and I think increasingly will be taking to see that we have some base, some background on the effect of all these funds being spent.

Mr. SHRIVER. I note from Mr. Egbert's statement that you are planning an evaluation by an outside agency, and that you have contracted with Stanford Research Institute. How was it determined that the Stanford Research Institute would make this study?

Mr. EGBERT. We worked with a number of institutions that have a capacity to conduct this kind of evaluation, some who gave promise from past experience of being able to evaluate this kind of program. We invited applications from a number of these organizations and ultimately settled——

Mr. SHRIVER. By bid?

Mr. EGBERT. It was not by bid, no.

COST OF EVALUATIONS

Mr. SHRIVER. How much are you going to spend on this study?

Mr. EGBERT. This current year, Stanford Research has a contract for approximately $2 million.

Mr. SHRIVER. For the Stanford Research Institute?

Mr. EGBERT. Yes.

Mr. SHRIVER. It will be a much bigger study than the $133,000 one?

Mr. EGBERT. Yes, sir.

Mr. RUMSFELD. I question if the cost of the Westinghouse study was $133,000?

Mr. SHRIVER. That is what your justifications show.

Mr. RUMSFELD. That may be just for 1 year.

Mr. SUGARMAN. I think it was. It was a very small sample and it was all ex post facto whereas Stanford Research follows people continuously from the time of the start of the program.

Dr. WILSON. Mr. Chairman, that is a 1-year figure.

Mr. PLISSNER. I think if you will read what was said about it in our Justification Book, we mentioned that it was started in fiscal year 1968——

Mr. SHRIVER. Where do you see that?

Mr. RUMSFELD. That is too low a figure for that.

Mr. SHRIVER. You have $500,000 in it for 1970.

Dr. WILSON. The Westinghouse study is not a sacred cow. When you speak of a program that spends a lot of money, you want to reexamine it again. That study doesn't look at different types of programs. All it tried to assess was the overall impact of Headstart without asking the question whether there are better systems of Headstart or poorer systems. We now need to look at the best system for Headstart.

Mr. Sugarman has stated there are some Headstart programs that are much better than others and we anticipate examining those in greater detail.

SELECTION OF EVALUATORS

Mr. SHRIVER. Mr. Rumsfeld, who is going to make the evaluation of family planning for which there is $850,000 estimated for 1970?

Mr. RUMSFELD. I don't believe any final arrangement has been entered into. The way the agency is going to operate and is now operating is that there will be an agency evaluation plan and those activities that have been evaluated obviously will be history. Those in the agency that have not been evaluated, such as the family planning projects of the Office of Economic Opportunity, would be on the list of activities to be evaluated. At the point where we have some understanding of what funds will be available for the fiscal year 1970, we will know how far down that list we can go.

Mr. SHRIVER. You are requesting $5,400,000?

Mr. RUMSFELD. That is correct.

Mr. SHRIVER. I presume most of that will be contracted out?

Mr. RUMSFELD. That is correct. Very little of this type of evaluation could even begin to be done in-house. It has to be done outside.

Mr. SHRIVER. In the education and industrial complex?

Dr. WILSON. Let me amplify the procedure we go through. Of that list you are referring to, we write what we call "a request for proposal." We specify the information we want and the areas we want investigated. We mail this to any number of consulting firms who are on the list although we reserve the prerogative of skipping a consulting firm we have had a past bad experience with before. The firms bid competitively on the proposal. We then examine the proposals and make our selection from among those firms that send in a competitive bid.

Mr. RUMSFELD. I will say, however, this subject matter falls within the general comments I made yesterday about the problem of Government and its relationship with private sector activities.

I don't know but I would guess that, in the area we are talking about, the number of firms capable of performing these kinds of evaluations are limited. In this case you immediately start out with a problem. There are only certain firms that are capable of producing a Saturn rocket. NASA starts out with a problem, or at least a potential problem. You have this difficulty that I described yesterday.

Mr. SHRIVER. Thank you, Mr. Chairman.

Mr. FLOOD. Mrs. Reid.

EFFECT OF WESTINGHOUSE STUDY

Mrs. REID. I just want to go back for a moment to this evaluation. I would like your opinion as to the purpose of an evaluation of this kind, costing $133,000 for 1 year. Here you have a negative response, you say that the results of the study found there was generally "little indication that the experience has produced many significant changes in the motivation attitudes of intellectual performance of the Headstart children as compared to the control children who had not gone through Headstart"—yet you go on with the program. What is the purpose of an evaluation if you pay no attention to it?

Mr. SUGARMAN. We have paid attention to it. Because of the condensed material included in the budget some of the specifics which came out of that study aren't represented. Westinghouse, in its own summary of the report, for example, says such things as: One, a full year is more important and more valuable than summer programs. Two, it does make a difference, too, in the development of children to have a full year Headstart program.

Three, it does make a greater difference for the children who are most disadvantaged.

These are all helpful things to us in trying to improve the quality of the program. Westinghouse also said very specifically that they believe the Headstart program should be continued. They thought there was need for improving it, for recasting some of the ways in which it works, but they thought every bit of information available to them indicated that this was a real need, that there was real opportunity to do something effective for young children.

Mrs. REID. You should have included that in your justification because it certainly doesn't give that impression.

Mr. SUGARMAN. I think it surely gives a fuller picture of it.

SUMMER HEADSTART PROGRAMS

Mrs. REID. Now, does this mean that you are going to discontinue all of the summer programs?

Mr. SUGARMAN. No, it doesn't. At this point in time our position is that the option is with communities and communities themselves have decided in about 45 to 50 percent of the cases to make that coversion. Sometimes they have converted part of their funds, sometimes all of them. There are a large number of communities, particularly in rural

areas where you have very small summer programs; perhaps 30 to 40 childen, where there is not enough money to really operate a full year program. We believe really that just about 80 percent of the communities that could make the conversion in dollar terms will do so on their own initiative.

COMMUNITY ACTION AGENCY VERSUS SCHOOL SYSTEM

Mrs. REID. You may not remember our correspondence but it concerned a constituent of mine, a superintendent of schools in my district. He had this to say about the summer Headstart program:

> Our district has been praised over the last 4 years for its exceptional summer Headstart program.
>
> Our main concern is severing relations with the Office of Economic Opportunity of Kane County and curtailing the summer Headstart program is that we were losing all control of the program and we could not understand the increased cost of the overall operation. That portion of the budget which was established to operate the county Headstart office could have been used for services to children.

Mr. SUGARMAN. It had originally been funded to the school system and then later it was funded through the community action agency. The law requires us to use the community action agencies as the grantee wherever feasible. While you are correct that I don't remember all the circumstances involved in this particular case, I take it that the OEO regional office at that time decided that the program would be most effective if it were operated through the community action agency, as most of these programs are.

We find disagreement among delegate agencies, as the school system would have been, and the community action agency as to what each contributes to the process, but I would say it is my personal judgment that sometimes some very healthy things come out where there is a cooperative effort between the community action agencies and the delegate agencies. It doesn't always work well but, for example, the community action agency also often has outreach personnel that may not be available to the school system who can work with parents; who can help with the social services aspects of the program. Sometimes the community action agency has training programs for staff that can be very valuable to the school system.

I would say we have many letters from other communities such as the school system of Philadelphia or the school system in Kansas City who are pleased with their relationship with the community action agency.

PARENT PARTICIPATION IN HEADSTART

Mrs. REID. What success have you had in developing parent involvement and participation?

Mr. SUGARMAN. My belief is that this is probably one of the most complicated things we try to do and also one of the most misunderstood. Those words have different meanings to different people. Let me say we see three elements to this. Most important of all is having the parents work with their own child, either in the classroom or at home, to support and complement what we are trying to do in the center.

The second is offering opportunities for employment in the program to parents. We have about 60 percent of employment in Headstart that is nonprofessional. Many of them are parents of the children in the program.

A third element is participation in decisions about the program. This picture is very spotty as to how well we have done all three of those things.

On No. 1—that is, having the parent work with the child—I think we have a long way to go in demonstrating how you actually do that in developing materials which parents can use at home with their own children. But it is something that may produce a different Westinghouse result 2 or 3 years from now if we work on it.

TRANSFER OF HEADSTART TO HEW

Mrs. Reid. Do you envisage a great many changes in the Headstart program moving from OEO to HEW?

Mr. Sugarman. I do not envisage a dramatic change. What I hope we will have and what we are working to achieve is a steady progress in improving every aspect of the program, particularly in terms of trying to relate some of the resources which are in HEW to those which are part of the Headstart program. For example, title 19 of the Social Security Act, which is the medicaid program, really ought to provide almost everything one needs in the way of health care for disadvantaged children. It doesn't do that at the present time in many States, but if through our work with Headstart we can find ways to use title 19 more effectively, that will be a help for everybody concerned.

Some of the efforts going on in the Office of Education with their experimental effort, with their research effort; some of the things that come from the National Institute of Mental Health and the National Institute of Child Health and Human Development, we will build into our program and curriculum ideas in Headstart and vice versa. I hope some of the research organizations will learn from our operating experience some of the practicalities of things they are suggesting and recommending. I am optimistic that this is going to, not dramatically and overnight, but in long term signs, make big differences in the Headstart program.

Mrs. Reid. I hope you are right.

Thank you, Mr. Chairman.

Mr. Flood. Thank you very much.

RURAL ECONOMIC OPPORTUNITY LOAN PROGRAM

WITNESSES

DEPARTMENT OF AGRICULTURE—FARMERS HOME ADMINISTRATION

JOSEPH C. DOHERTY, ASSISTANT TO THE ADMINISTRATOR FOR ECONOMIC OPPORTUNITY PROGRAMS

G. W. F. CAVENDER, ASSISTANT ADMINISTRATOR FOR SPECIAL PROJECTS

OFFICE OF ECONOMIC OPPORTUNITY

DONALD RUMSFELD, DIRECTOR

JOHN WILSON, ASSISTANT DIRECTOR, OFFICE OF PLANNING, RESEARCH, AND DEVELOPMENT

WILLIAM PLISSNER, CHIEF, PROGRAM ANALYSIS DIVISION, OFFICE OF PLANNING, RESEARCH, AND EVALUATION

NOVEMBER 19, 1969.

Mr. FLOOD. Now we have the Agriculture people. We have Mr. Joseph C. Doherty from the Farmers Home Administration, who is the Assistant to the Administrator for Economic Opportunity Programs. You also have with you Mr. G. W. F. Cavender. He is the Assistant Administrator for Special Projects.

GENERAL STATEMENT

Mr. DOHERTY. As you know, title III of the Economic Opportunity Act authorizes two programs: Individual loans to help low-income farmers and others in rural areas obtain capital for enterprises that can lead to an increase in their family income and, second, a small cooperative loan program.

Between December 1964 and July 1969, 61,627 loans were made to individual borrowers for a total of $104,309,000.

Mr. FLOOD. Is that a lot, do you think?

Mr. DOHERTY. I think it is a significant program.

In addition 1,410 loans were made to cooperatives for $19,500,000.

Through June 30, 1969, we received 103,813 applications for individual loans and 2,171 for cooperatives. I think this figure is important. It shows we are making loans to about one out of every two applicants.

On June 30, 1969, there were 40,599 active individual borrowers. In addition, we had 1,171 cooperative borrowers with outstanding loans.

On June 30, 1969, we had $69,300,000 in principal outstanding in the individual program and $15,425,000 in the cooperative program.

I think this is also a significant figure. As of June 30, 1969, individual borrowers had repaid $31 million in principal and $6 million in interest on outstanding loans, and the cooperative borrowers had paid $2 million in principal and $1 million in interest. This, of course, is important, Mr. Chairman, because we are financing a good part of the program out of these principal-and-interest receipts that we get.

We are also paying the Treasury interest on the capital of the economic opportunity loan.

I don't want to say this is a self-sustaining program by any means, but it is a significant aspect of the rural loans program, that in effect the borrowers are financing a good part of the program.

For example, in 1969 we had a program at the level of $13 million. That was the amount of loans we made. But we only put $3 million, approximately, in new obligational authority into the program. The rest of the amount came from repayments that borrowers had made.

We have done some studies on the program, of course. We are doing them all the time.

I would say the following, very briefly, are the results. I am going to be very candid about this. In the individual program, I would estimate on the basis of what we now know about one-third of the borrowers will not benefit very much. Another third do benefit but with only modest improvements in family income. The last third do quite well, remarkably well in view of the condition they are in financially and in many cases otherwise when we make loans to them.

As to the cooperative program, the co-ops funded do increase the family income of members—not to the extent, of course, of the successful individual loans. In addition, they are teaching a lot of these small farmers and other low-income rural people the principles of cooperation. We do have in the cooperative program some problems in developing adequate management..

If you crank too much management costs into the loan, into the financing that you have to extend, you begin to overburden the little co-op with too much operating cost. We do need some new approaches to the management of some of these cooperatives.

On the other hand, the cooperative loans are having some remarkable results. For example, you all know about the loan to the Southwestern Alabama Farmers Cooperative, a very low income group of Negro borrowers. The co-op now has a receiving, packing, and grading shed constructed. There are seven or eight collection sheds. There is a network of fieldmen. FHA people are there. We have a special supervisor working with the co-op all the time. They are beginning to show some progress. However, here again the individual members have to get up the production if they are going to have a cooperative that is successful. Production for the co-op to market now is the critical element.

When you consider where EO loan borrowers were when we made them a loan and when you look at what many have accomplished, this repayment record, which is not perfect, of course——

Mr. FLOOD. What is the total level of loans made under the program?

Mr. DOHERTY. $104,309,000 individual and $19,500,000 to cooperatives.

DELINQUENCY RATE

Mr. FLOOD. What is your record of delinquencies and defaults?

Mr. DOHERTY. I can give you specific figures on that. On June 30, 1969, 11 percent of the farmers with OEO loans and 25 percent of the nonfarmers had matured installments that were delinquent more than 1 year.

Mr. FLOOD. Is that good or bad?

Mr. DOHERTY. It is somewhat in the eye of the beholder. I think it is good for this group of borrowers. Now, I have to say that the trend is up. In other words, we are showing a higher percentage of delinquencies this year than we did last.

Mr. FLOOD. Why?

Mr. DOHERTY. Well, I think for a number of reasons. First of all, of course, the number of borrowers in the program is increasing.

Second, I think that early in the program in an attempt to reach as many borrowers as we could, and without any experience with the program, we may have made some loans that I would say were on the borderline. After all, this is the concept, to get out and help low-income folks. Now, some of these early loans are beginning to show up as delinquents.

Mr. FLOOD. You don't find any general intent of evasion?

Mr. DOHERTY. Only in isolated cases. It is not general.

Mr. SMITH. Is there a certain type of loan that seems to be more apt to be delinquent than others? What types?

Mr. DOHERTY. The nonagricultural loans. The loans that are held by borrowers who are not farmers show a higher rate.

Mr. SMITH. What do most of those who are delinquent borrow money for?

Mr. DOHERTY. We have totaled 365 different types of enterprises. Every conceivable kind of small enterprise you can think of we have made a loan for.

I would say, again being candid, that some of our pulpwood loans have not turned out too well.

Mr. SMITH. Is that for buying chain saws?

Mr. DOHERTY. Chain saws and sometimes a secondhand truck to cut and get out wood for the pulping company. Some of our fishing loans have not turned out too well; oyster dredging, lobster pots, commercial fishing. On the other hand, some of the retail stores have done quite well. We have made quite a number of loans for retail stores.

The difference in delinquencies between farm and nonfarm borrowers, I think, is that a farmer has a crop and he brings that crop in if the weather is all right. He sells it at one time during the year, and he then makes a payment on his loan. He has that steady, definite income.

With the nonagricultural loan, you are taking a little more of a chance because the income or return is not a sure once-a-year kind of thing.

Mr. FLOOD. You can see crops and sometimes the oysters just are not there.

Mr. DOHERTY. That is right.

However, with regard to the nonagriculture loan, when they turn out well, they turn out to be the best we have. For example, I was looking this morning at a brochure for fruitcakes that a woman down in southern Maryland is producing. Now, previously she had no source of credit. She just baked these cakes and sold them around the neighborhood and in a few stores in the area. She had no source of credit to develop her business until the OEO loan was available.

Mr. FLOOD. What was the name of that brochure?

Mr. DOHERTY. I can put it in the record, sir.

(The document follows:)

GOURMET PRODUCTS FROM PATTI REICK'S COUNTRY KITCHEN

Patti Reick's Country Kitchen Products, Lower Marlboro, Calvert County, Maryland, U.S.A. 20836

Mr. DOHERTY. She got a loan and expanded her little business.

Mr. SMITH. There may be more success in those than you think. I have spoken to pulpwood people that are now saying, "Why didn't we

think of this? We have been hiring people all the time and we should have been loaning money to them instead because we are better off on a contract basis."

Mr. DOHERTY. I don't want to give the impression that pulpwood loans are unsuccessful. The question is, which loans are turning out well and which are not, and with some I mentioned we find a higher proportion of failure. There are also problems with collecting the principal repayment.

Mr. FLOOD. You are making very tough loans. That is why you are in business.

Mr. DOHERTY. We don't think so.

Mr. FLOOD. The purpose was to help these people who are having a tough time. You are a little different from a bank.

MORATORIUM ON NEW LOANS

Mr. SHRIVER. Have you tightened down in making loans in recent months?

Mr. DOHERTY. In recent months?

Mr. SHRIVER. Yes.

Mr. DOHERTY. Recently FHA hasn't made any. We have not made any initial individual loans or cooperative loans since the beginning of the fiscal year.

Mr. SHRIVER. All of this information you have been giving us relates to prior to the first of July?

Mr. DOHERTY. That is correct, and at the request of OEO in fiscal year 1969 we restricted the program to about 1,200 of the lowest income counties. The policy, I think, was adopted to attempt to concentrate more of the impact in the lowest income counties.

Mr. SHRIVER. What do you expect to do now? You haven't made any loans since the first of this fiscal year.

Mr. RUMSFELD. Any new loans. I can respond to that.

Exactly what the focus of the program should be is a question for the Secretary of Agriculture, and the Administrator of the Farmers Home Administration, and myself. We have discussed it some and are discussing it more. One option is to continue the program the way it was; another is to focus it to a greater extent—these are possibilities.

Mr. SHRIVER. Is there any request in for further funding?

Mr. RUMSFELD. There is a request in this budget; yes, sir.

Mr. SHRIVER. How much? You haven't decided you are going to do it?

Mr. FLOOD. The appropriation request is $12 million.

Mr. RUMSFELD. We are discussing expenditures for new loans. We also deal in new obligational authority requested for the revolving fund. It is a tricky thing.

Mr. DOHERTY. In fiscal year 1968 the individual loan level was $21.9 million. This was for loans made to individuals; $5 million was also loaned to cooperatives. In 1969 it was $8.2 million to individuals and $4.7 million to cooperatives. In 1970, under the proposal, it would be $10.1 million to individuals and $8.9 million to cooperatives.

Mr. FLOOD. You seem to be impressed with the program.

Mr. DOHERTY. I am impressed, but then I have been with it since the beginning.

I think there is a need for supplemental credit for this very low-income group of people who have the potential to use that credit to better themselves, particularly in the cooperative and nonagricultural field.

Mr. SHRIVER. Why have not any more loans been made since the first of the year? I don't think that is clear in the record.

Mr. DOHERTY. I think the Director might want to speak to that.

Mr. FLOOD. It certainly is not clear.

Mr. RUMSFELD. My recollection is that when I came in May there was a good deal of discussion between the people who had been in OEO, those who had been in Agriculture running the program, and those who came to both OEO and the Department of Agriculture, as to what the relationship—what the function of this program should be with respect to the rest of the responsibilities of both the Farmers Home Administration and the rest of the activities of the Office of Economic Opportunity. I personally share the enthusiasm which has been expressed here today, on the need for providing a loan option for low-income people. Manpower programs are one thing. Headstart programs are another thing. The access to credit is an entirely different thing and it is very desirable and necessary.

Mr. SHRIVER. I agree with you and I am impressed with the testimony we have heard.

COLLATERAL REQUIREMENTS

Mr. SMITH. To what extent is there collateral to back up these delinquent loans?

Mr. DOHERTY. We don't require collateral.

Mr. SMITH. Even when they buy a chain saw or a truck?

Mr. DOHERTY. We have the borrower sign a loan agreement which commits him to the repayment or we repossess the chain saw or other item purchased with the loan. We have not heretofore taken a mortgage, but we are moving more and more in that direction. We have not done it previously for administrative reasons. The loan was so small and to take security entailed so much administrative costs that we didn't do it, but on a number of types of loans we now are moving more and more into taking mortgages.

Mr. FLOOD. As a former colleague you know the reputation of this subcommittee as being rather difficult.

Mr. RUMSFELD. Yes sir.

Mr. FLOOD. Now that we have concluded these hearings, I would like to say this: When you began, Mr. Rumsfeld, yesterday, everybody said very nice things about you, beginning with me. I think you have impressed the committee very much with your presentation, personally. You obviously are on top of this thing.

I would like to say at the end of the hearings that I doubted very much that I would find the rather unusual sympathy, cooperation, and understanding between different agencies. I don't think I have ever seen this before; HEW, Labor, and the Department of Agriculture seem to be working hand in glove with OEO to an extent that I don't think I have ever noticed in government before.

JUSTIFICATION MATERIAL

Following is the detailed justification material submitted to the Committee by the Office of Economic Opportunity in support of the budget request for fiscal year 1970:

SUMMARY TABLES

Office of Economic Opportunity

ECONOMIC OPPORTUNITY PROGRAM

Amounts Available for Obligation

	1969	1970
Appropriation	$1,948,000,000	$2,048,000,000
Transfers to:		
Economic Opportunity Loan Fund	3,000,000	8,500,000
Total	$1,945,000,000	$2,039,500,000

Office of Economic Opportunity
Economic Opportunity Program

Obligations by Activity

	Fiscal Year 1969			Fiscal Year 1970		
	Positions			Positions		
	OEO Direct	Delegate Agencies	Obligations	OEO Direct	Delegate Agencies	Estimated NOA
Work and Training:			$			$
Job Corps-OEO	432		278,823,847	--	2,545)	175,500,000
-Allocation		2,342)	189,528,783			183,900,000
School & Summer Programs		)	399,706,092		)	511,900,000
Comprehensive Employment Programs		) 809	8,632,600		) 809	---
Special Impact Program		)	6,402,000		)	---
Work Experience Program 1/			9,100,000			---
Foster Grandparents 1/						
Sub-total	(432)	(3,151)	(892,193,322)		(3,354)	(871,300,000)
Community Action Programs:	940	28	937,473,900 2/	782	216	1,078,700,000
Migrant Workers Program	3/		27,421,000			33,000,000
Rural Areas Program		250	6,000,000		350	12,000,000
Volunteers in Service to America	315		32,804,000	277		37,000,000
General Direction and Administration	1,169		12,900,000	1,111		16,000,000
Totals	2,856	3,429	$1,908,792,222 2/4/	2,170	3,920	$2,048,000,000

1/ Transferred to Department of H.E.W. for FY 1970.
2/ Includes $4,998,000 Head Start Fiscal Year 1968/1969 supplemental appropriations.
3/ Personnel included in Community Action.
4/ Does not include programs transferred in Fiscal Year 1970 as follows:

a. Upward Bound	$30,841,000
b. National Program for Minority Business-SBA	1,500,000
c. " " " " " -Commerce	452,000
d. NCAA Summer Sports Program - DHEW	3,000,000
	$35,793,000

ECONOMIC OPPORTUNITY PROGRAM

Obligations by Object
OEO PROGRAM ACCOUNTS

		1968 Actual	1969 Actual	1970 Estimate
	Personnel compensation:			
11.1	Permanent positions	$ 26,383,000	$ 32,598,000	$ 29,215,000
11.3	Positions other than permanent	2,315,000	1,464,000	2,733,000
11.5	Other personnel compensation	851,000	853,000	1,000,000
11.8	Special personal service payments	52,717,000	43,106,000	15,770,000
	Total personnel compensation	82,266,000	78,021,000	48,718,000
12.0	Personnel benefits	3,806,000	3,979,000	2,770,000
21.0	Travel & transportation of persons	13,167,000	12,761,000	6,208,000
22.0	Transportation of things	106,000	173,000	148,000
23.0	Rents, communications, and utilities	5,453,000	4,244,000	4,204,000
24.0	Printing and reproduction	1,811,000	1,916,000	1,314,000
25.1	Other Services	196,774,000	195,548,000	74,812,000
25.2	Services of other agencies	10,960,000	12,631,000	4,445,000
26.0	Supplies and materials	857,000	893,000	685,000
31.0	Equipment	1,893,000	2,494,000	433,000
32.0	Lands and structures	2,067,000	2,587,000	---
41.0	Grants, subsidies, and contributions	827,972,000	910,309,000	636,753,000
42.0	Insurance claims & indemnities	84,000	163,000	10,000
	Total obligations, OEO Program Accounts	$1,147,216,000	$1,225,719,000	$780,500,000

Office of Economic Opportunity

ECONOMIC OPPORTUNITY PROGRAM

Obligations by Object
ALLOCATION ACCOUNTS

		1968 Actual	1969 Actual	1970 Estimate
	Personnel Compensation:			
11.1	Permanent positions.....	$ 37,538,000	$ 39,009,000	40,703,000
11.3	Positions other than permanent	4,335,000	4,188,000	4,300,000
11.5	Other personnel compensation ..	1,878,000	2,321,000	2,500,000
11.8	Special Personal Service Payments	---	---	20,744,000
	Total personnel compensation	43,751,000	45,518,000	68,247,000
12.0	Personnel benefits	3,455,000	3,774,000	4,400,000
21.0	Travel & transportation of persons	2,504,000	2,471,000	6,876,000
22.0	Transportation of things	2,041,000	2,072,000	2,180,000
23.0	Rent, communications, and utilities	4,014,000	3,680,000	4,795,000
24.0	Printing and reproduction	371,000	211,000	469,000
25.1	Other Services	19,791,000	26,496,000	122,965,000
25.2	Services of other agencies...	1,291,000	2,170,000	2,500,000
26.0	Supplies and materials	21,446,000	18,281,000	20,216,000
31.0	Equipment	2,029,000	1,538,000	2,063,000
32.0	Lands and structures	1,216,000	483,000	1,500,000
41.0	Grants, subsidies, and contributions	491,080,000	609,218,000	1,022,877,000
42.0	Insurance claims and indemnities	21,000	9,000	12,000
95.0	Quarters and subsistence charges	- 635,000	- 54,000	- 100,000
	Total obligations, allocation accounts	$592,375,000	$715,867,000	1,259,000,000

Office of Economic Opportunity

Economic Opportunity Program

PERSONNEL SUMMARY

	1968 Actual	1969 Actual	1970 Estimate
OFFICE OF ECONOMIC OPPORTUNITY			
Total number of permanent positions	3,106	2,856	2,170
Full time equivalent of all other positions	281	152	270
Average number of all employees	3,065	3,088	2,426
Average GS grade	9.1	9.8	9.5
Average GS salary	9,970	11,103	12,817
ALLOCATION ACCOUNTS			
Total number of permanent positions	4,664	3,429	3,920
Full time equivalent of all other positions	598	689	234
Average number of all employees	5,417	4,510	3,908
Average GS grade	7.9	8.5	9.2
Average GS salary	7,823	9,462	11,079

ECONOMIC OPPORTUNITY LOAN FUND
(Dollars Stated in Thousands)

otal Revolving Fund	FY 1969	FY 197
Carryover from past fiscal year	-$ 3,468	$ 4,846
Annual loan level 1/	+ 12,088	19,000
Cancellation of undisbursed prior year obligations	+ 739	---
Principal repayments	- 11,567	12,500
Carryover to next fiscal year	+ 4,846	6,617
Interest income and other revenue 2/	- 3,310	3,630
Interest and other expense 2/	+ 3,672	3,859
NOA	$ 3,000	$ 8,500

1/ Obligations

2/ Accrual basis

Office of Economic Opportunity

Economic Opportunity Program

Table of Estimates and Appropriations

	Estimate to Bureau of Budget	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1965	$ 947,500,000	$ 947,500,000	$ 750,000,000	$ 861,550,000	$ 800,000,000
1966	2,339,400,000	1,500,000,000	1,500,000,000	1,510,000,000	1,500,000,000
1967	3,389,900,000	1,750,000,000	1,562,500,000	1,662,500,000	1,612,500,000
Suppl.	75,000,000	75,000,000	(1)	75,000,000	75,000,000
1968	2,500,000,000	2,060,000,000	1,612,500,000	1,980,000,000	1,778,000,000
1969	2,180,000,000(2)	2,180,000,000	1,873,000,000	2,088,000,000	1,948,000,000
1970	3,075,000,000	2,048,000,000			

(1) Not Considered

(2) Revised from $2,400,000,000 after Congressional enactment of a $2,180,000,000 authorization for fiscal year 1969.

EXPLANATION OF CHANGES

Job Corps

Summary of Changes

1969 Obligations	$278,823,847
1970 Estimated NOA	175,500,000
Total Change	-103,323,847
Increases	
Center Capital	+$ 2,480,824
Decreases	
Direct Program	-$105,719,736
Program Support	- 84,935
Decreases	- 105,804,671
Net Change	- 103,323,847

Explanation of Change

Direct Program

The net decrease of $105,719,736 in direct program costs results from the closing of 60 existing centers during 1969, the initiation during 1970 of 30 new community Job Corps Centers, and the retention of E&D projects in the Office of Economic Opportunity. The following table details the decreases and offsetting increase:

Center Operations	
Federal Conservation	-$ 30,847,348
State Conservation	- 2,879,625
Men's	- 43,410,872
Women's	- 25,064,243
E&D Projects	- 7,623,023
Community Centers	+ 24,294,000
Sub-total	-$ 85,531,114
Work Projects in Conservation Centers	- 7,596,000
Enrollee Allowances and Travel	- 12,592,622
Total Direct Program	-$105,719,736

Program Support

Center closures in 1969 and the opening of new centers in 1970 are also the major elements contributing to the net decrease of $84,935 in program support costs. Increases include $5,688,749 for the maintenance and security of the closed centers; $1,551,668 for additional program development and evaluation efforts related to the new centers, and $776,991 for Job Corps support staff previously funded by the Office of Economic Opportunity, and $35,000 for Office of Economic Opportunity evaluation activities. Decreases reflect a reduction of personnel in the conservation agencies ($2,470,375); reduced selection, referral, placement, enrollee suport and health activities ($4,947,857); and a reduction in various items of expense relating to centralized administrative services ($719,111).

Center Capital

The net increase of $2,480,824 for capital reflects the increase of $4,780,000 for the new Community Job Corps Centers, offset by decreases of $2,299,176 as follows:

Federal Conservation	-$ 817,317
State Conservation	- 72,823
Men's	- 406,418
Women's	- 718,618
E&D	- 284,000
Total	-$2,299,176

School and Summer Programs

Summary of Changes

1969 Obligations	$189,528,783
1970 Estimated NOA	183,900,000
Total Change	-$ 5,628,783
Increase:	
In-School	$ 13,352,018
Decrease:	
Summer	-$ 18,980,801
Total Change	-$ 5,628,783

Explanation of Changes

Increase

In-School Program. The increase of $13,352,018 in the In-School Program is needed to fully fund the 1969 level of 100,000 enrollment opportunities. In 1969, funds were transferred to the 1969 In-School Program from the 1968 Summer Program. Availability of excess Summer funds is not anticipated this year.

Decrease

Summer Program. The request of $121,500,000 for the 1970 Summer Program is $18,980,801 less than the 1969 program obligation level of $140,480,801. However, there is no change between the amounts initially requested for the 1969 and 1970 Summer Programs. The additional funds obligated in the 1969 Summer Program were made available as a result of reprogramming of $18,980,801 from other programs, mostly from the Job Opportunities in the Business Sector Program. That portion reprogrammed into the Summer Program is non-recurring in fiscal year 1970.

Comprehensive Employment Program

Summary of Changes

1969 Obligations	$399,706,092
1970 Estimated NOA	511,900,000
Total Change	+$112,193,908
Increases	
Operation Mainstream	$ 148
Public Service Careers	31,540,006
Concentrated Employment Program	40,000,000
Job Opportunities in the Business Sector	68,733,619
Sub-total	$140,273,773
Decrease	
Out-of-School	-$ 25,733,379
Program Support	- 2,346,486
Sub-total	-$ 28,079,865
Total Change	+$112,193,908

Explanation of Changes

Increases

Operation Mainstream. None

Public Service Careers. The requested increase of $31,540,006 will provide for launching this new effort which was not in existence in 1969. The New Careers Program which did exist is now included in the Public Service Careers Program design.

Concentrated Employment Program. The increase of $40,000,000 from $83,000,000 in 1969 to $123,000,000 in 1970, is necessary to provide for funding of 82 Concentrated Employment Programs. These would include refunding of 80 existing projects and initial funding of two projects which were originally scheduled for funding in 1969.

Job Opportunities in the Business Sector. The requested increase of $68,733,619 will provide for funding of an additional 24,315 training opportunities and expansion of the program to an additional 81 cities. The 1970 program also calls for upgrading of the working disadvantaged, or underemployed.

Decreases

Out-of-School Program. The decrease of $25,733,379 from the 1969 level of $123,733,379 to $98,000,000 in 1970 results from a redefinition of Out-of-School Program age eligibility for urban area projects. Emphasis will be placed on 16- and 17-year olds, who generally have less immediate needs and significantly fewer immediate opportunities in the labor market than older youth.

Program Support

This net decrease is influenced chiefly by the assumption of the technical assistance function by MDTA, offset by statutory salary increases.

Special Impact-Industry Incentive Program

Summary of Changes

1969 Obligations	$8,632,600
1970 Estimated NOA	--
Total Change	-$8,632,600

Explanation of Changes

Decrease

In 1970, the Office of Economic Opportunity will assume responsibility for administration of the Special Impact Program. Discussion of the Special Impact Program for 1970 is contained in another section of this justification.

Local Initiative Programs

Summary of Changes

1969 Obligations	$326,142,000
1970 Estimated NOA	$328,900,000
Total Change	+$ 2,758,000
Increases and Decreases:	
Housing Development Corporations	+$ 3,485,000
Youth Programs	-$ 1,462,000
CAA Administration, Planning and Evaluation	+$ 549,000
Other (net of numerous small changes)	+$ 186,000

Explanation of Changes

Housing Development Corporations. The $3,485,000 requested for Housing Development Corporations will permit the establishment of approximately 11 new corporations and the full year refunding of existing programs.

Youth Programs. Emphasis will be placed on year-round activity and economic opportunity related projects. Spin-off of successful projects to local delegate agencies will permit the operation of youth programs with $1,462,000 fewer funds in 1970.

CAA Administration, Planning and Evaluation. The increase of $549,000 reflects continuation of existing administrative operations; the additional funds are necessary to cover cost-of-living increases, primarily for increased local salary levels.

Other. Numerous minor program changes are reflected in various programs funded in the local initiative area.

Head Start

Summary of Changes

1969 Obligations	$ 333,937,000
1970 NOA Estimate	331,700,000
Total Change	$- 2,237,000

Increases

Full Year Head Start	$+ 51,127,000
Program Direction	+ 3,300,000
Gross Increases	$+ 54,427,000

Decreases

Summer Head Start	$- 45,199,000
Career Development & Technical Assistance	- 7,654,000
Evaluation	- 3,684,000
Parent & Child Centers	- 127,000
Gross Decreases	$- 56,664,000
Net Changes	$- 2,237,000

Explanation of Changes

Increases

Full Year Head Start

Conversion from Summer	$+45,000,000
Increased Costs	+ 6,127,000

In 1970, communities operating Summer programs will be given the option of converting their programs to Full Year. It is estimated that 50 percent of the program level will be converted, increasing the Full Year program by $45 million. The level of Full Year children will be raised by approximately 45,000 to 262,000.

The remainder of the increase in Full Year programs ($+6,127,000) is due to increases in costs associated with (1) an increase in the experimental program from $2,800,000 to $10,000,000 and (2) an anticipated decrease in carryover balances from 1969 to 1970.

In FY 1970, $10,000,000 of experimental programs will be funded as part of Full Year Head Start. Because experimentation involves changing existing programs, no additional children will be served. However, the use of sponsors, consultants and additional training for the experimental programs results in higher costs for these programs.

Head Start programs are funded with a combination of New Obligation Authority and unexpended balances from prior year programs. The balances available in fiscal year 1970 will be less than in 1969; consequently additional NOA will be required.

Program Direction	$+3,300,000

The $3,300,000 for Head Start program direction is shown separately for the first time in 1970 since the delegation of Head Start to HEW on July 1, 1970. Previously Head Start program direction was included in other accounts.

Decreases

Summer Head Start	$-45,199,000

As a result of the anticipated decision of program operators to convert Summer programs to Full Year, the Summer program level will be reduced to $45,000,000. The number of children served will decrease from 447,000 in FY 1969 to 218,000 in FY 1970.

Career Development & Technical Assistance	$-7,654,000

The true operating level of CDTA programs in 1968, 1969 and 1970 is about $18 million. The 1969 level ($20,654,000) does not include $3,000,000 prefunded in FY 1968 but does include $5,000,000 prefunding of 1970 CDTA programs. The 1970 CDTA level is thus $13,000,000.

Evaluation	$-3,684,000

In fiscal year 1969 this line item was "Research and Evaluation". As part of the delegation of Head Start to HEW, research functions were retained in the Office of Economic Opportunity. This research is shown elsewhere in the OEO 1970 budget.

Parent & Child Centers	$- 127,000

This decrease is due to minor cost adjustments. Included in the 1969 estimate is the advance funding of a small number of centers; they will not require refunding in fiscal year 1970. The funds thus freed up in 1970 ($1,000,000) will be used for planning grants for 20 new centers and subsequent operational grants for 4 of these 20 centers.

Head Start Follow Through

Summary of Changes

1969 Obligations	$ 31,986,000
1970 NOA Estimate	58,000,000
Total Change	$+26,014,000

Increases

Head Start Follow Through	$+26,014,000
Net Change	$+26,014,000

Explanation of Changes

The increase of $26,014,000 will permit the enrollment of an additional 27,000 children in Follow Through classes, increasing the total enrollment from 35,000 children to 62,000. The increase is required in order to promote Follow Through children into subsequent grades and to "fill in", with children entering school for the first time, behind the promoted classes. A small number of additional projects will also be started.

Special Impact Program-Community Economic Development

Summary of Changes

1969 Obligations	11,246,900
1970 Estimated NOA	38,000,000
Total Change	+26,753,100

Explanation of Changes

The requested increase in NOA of $26,753,100 will be used to continue community development corporations funded in prior years, and to provide these corporations with necessary training and technical assistance. In addition, a variety of different approaches to the economic development needs of urban and rural poverty areas will be explored, as well as programs of special incentives to business and financial institutions.

Comprehensive Health Services

Summary of Changes

1969 Obligations	$ 52,319,000
1970 NOA Estimate	74,000,000
Total Change	$+21,681,000

Increases

Comprehensive Health Services	$+21,681,000
Net Change	$+21,681,000

Explanation of Changes

The increase in 1970 will be used to refund existing projects providing comprehensive ambulatory care in low income neighborhoods ($11.7 million) and to initiate several new projects ($10 million). Among the new efforts will be projects concerned with restructuring hospital outpatient departments, new rural models, manpower training, and prepayment systems.

Addiction and Mental Health Services

Summary of Changes

1969 Obligations	$ 2,200,000
1970 NOA Estimate	1,000,000
Total Change	$-1,200,000

Decreases

Addiction and Mental Health Services	$-1,200,000
Net Change	$-1,200,000

Explanation of Changes

Projects for narcotics rehabilitation, for which the entire $2.2 million was obligated in 1969, will not require refunding by the Office of Economic Opportunity. The $1 million requested for 1970 will support several new projects designed to deal with the addiction and mental health aspects of poverty in innovative ways.

Family Planning

Summary of Changes

1969 Obligations	$ 13,750,000
1970 NOA Estimate	22,000,000
Total Change	$+ 8,250,000

Increases

Family Planning	$+ 8,250,000
Net Change	$+ 8,250,000

Explanation of Changes

The increase of $8.3 million will permit extension of the program to serve a total of about 440,000 women (140,000 more than in 1969). Most of the additional number will be served by innovative projects designed to explore alternative delivery systems.

Emergency Food and Medical Services

Summary of Changes

1969 Obligations	$23,243,000
1970 Estimated NOA	30,000,000
Total Change	+$ 6,757,000

Explanation of Changes

Major new emphasis in the Emergency Food and Medical Services program will be placed on the establishment of environmental health programs (+$1.5 million). Food programs will be initiated in approximately 100 additional low income counties not previously covered at a cost of $2.5 million and Indian and migrant programs will be increased by about $500,000. Refunding of successful 1969 projects on a full-year basis will cost an additional $1.8 million in 1970.

Legal Services

Summary of Changes

1969 Obligations	$45,353,000
1970 Estimated NOA	$54,000,000
Total Change	+$ 8,647,000

Explanation of Changes

The $8,647,000 requested increase for Legal Services will permit program expansion into rural and other selected areas now almost totally without service. Approximately 350 additional lawyers will be placed in the field in 1970; a higher proportion of seasoned attorneys with several years of professional experience is projected.

State Economic Opportunity Offices

Summary of Changes

1969 Obligations	$6,850,000
1970 Estimated NOA	$9,000,000
Total Change	+$2,150,000

Explanation of Changes

Increase

The additional $2,150,000 in FY 1970 supports the expanded role of the State Economic Opportunity Offices. These funds will assure that all SEOOs have a mimimun of five staff members and that staff training and selective staffing improvements are provided to upgrade the quality of SEOO operations. In addition, the State/STAP and the SEOO/PDP programs will be expanded and the remaining money will be used to fund special innovative projects.

Training and Technical Assistance

Summary of Changes

1969 Obligations	$25,528,000
1970 Estimated NOA	$24,000,000
Total Change	-$ 1,528,000

Explanation of Change

Decrease

Although the NOA for Training and Technical Assistance will be reduced by $1,528,000, this does not represent a reduction in program level. The reduction reflects the prefunding of $3 million of FY 1970 training and technical assistance activities late in FY 1969. These projects will not require refunding until FY 1971. The net increase in program level is primarily for management assistance.

Senior Opportunities and Services

Summary of Changes

1969 Obligations	$6,424,000
1970 Estimated NOA	8,800,000
Total Change	+$2,376,000

Explanation of Changes

Program expansion will be centered in the poorest rural areas having high concentration of elderly poor and in urban areas where the existing resource base can be tapped at low incremental cost. Emphasis will be placed on development of additional senior service centers within the $2,376,000 increase requested.

Day Care

Summary of Changes

1969 Obligations	$ -0-
1970 NOA Estimate	$ 10,000,000
Total Change	$+10,000,000

Increases

Day Care	$+10,000,000

Explanation of Changes

This program will be initiated in FY 1970 to conduct experimentation in alternative day care delivery methods.

CAP Evaluation

Summary of Changes

1969 Obligations	$2,530,000
1970 Estimated NOA	11,000,000
Total Change	$+8,470,000

Increases

Evaluation (Type I)	$+2,231,000
Pilot and Demonstration Evaluation	+4,439,000
Legal Services Evaluation	+ 800,000
Operations Evaluation	+1,000,000
Net Increase	$+8,470,000

Explanation of Changes

Evaluation (Type I) - See Appendix A for evaluation of the overall impact of Community Action and other programs.

Pilot and Demonstration Evaluation. The increase of $4,439,000 will be utilized to mount significant evaluation studies for all funded demonstration projects to assess relative effectiveness of different programmatic approaches and techniques. These efforts will support the activities of the new Office of Program Development.

Legal Services Evaluation. The increase of $800,000 will provide for the development of a monitoring system for Legal Services projects.

Operations Evaluation. The increase of $1,000,000 will be used to mount extensive investigation of new and innovative program thrusts that are developed in the Local Initiative program.

Research and Development

Summary of Changes

1969 Obligations	$31,540,000
1970 Estimated NOA	55,600,000
Total Change	+$24,060,000

Explanation of Changes

The increase in R&D activities of $24,060,000 between 1969 and 1970 is a direct reflection of the President's decision to make the Office of Economic Opportunity primarily a center for research and innovation. This increase will allow the Office of Economic Opportunity to plan and initiate new experimental efforts such as the use of tax credits to encourage private industry to hire the hardcore poor and new ways of delivering adult literacy training.

CAP Program Direction

Summary of Changes

1969 Obligations	$24,425,000
1970 Estimated NOA	22,700,000
Total Change	$-1,725,000

Explanation of Changes

Program Direction requirements are estimated at $22.7 million. This is a decrease of $1,725,000 from the previous year. The principal change is a savings of about $2,575,000 resulting from a net decrease of 158 positions and approximately 200 man years. The position decrease is related to the transfer of the Head Start program to the Department of Health, Education and Welfare. Offsetting this saving is an increase of $850,000 for the pay raise.

Special Programs for Migrants and Seasonal Farmworkers

Summary of Changes

1969 Obligations	$27,421,000
1970 NOA Estimate	33,000,000
TOTAL Change	+$ 5,579,000

Increases and Decreases

Re-employment and Adjustment Projects	+ 383,000
Education and Opportunity Improvement	+ 2,193,000
Housing and Enterprise Development Aid	+ 382,000
In-Stream Migrant Assistance	+ 1,350,000
Special Program Support	+ 1,271,000
Net Change	+$5,579,000

Expanation of Changes

Re-employment and Adjustment Projects: The 1970 level is essentially annualization of 1969 trainee slots, but with a moderate change in program mix toward more intensive assistance and private sector incentive approaches.

Education and Opportunity Improvement: Program expansion in 1970 will increase full-time enrollee level to 9,400 while maintaining the part-time education enrollment at 18,000.

Housing and Enterprise Development Aid: Goal of 1,000 new housing starts is anticipated in 1970 in various housing, rehabilitation and community improvement projects.

In-Stream Migrant Assistance: Expanded outreach of emergency services and centers will increase participation by some 24,000 people in 1970.

Program Support: Program expansion necessitates a moderate increase in administration and training costs. In addition, a relatively substantial increase in technical assistance is recommended to insure program effectiveness.

Rural Economic Opportunity Loan Program

Summary of Changes

1969 Obligations (Current Year Funds Only) . .	$ 6,000,000
1970 Estimated NOA	$ 12,000,000
Total Change	$+ 6,000,000
1969 Active Loans Outstanding	$ 84,704,000
1970 Active Loans Estimate	88,665,000
Total Change	$+ 3,961,000
1969 New Loan Activity and Support	$ 15,088,000
1970 New Loan Activity and Support, Estimate .	22,500,000
Total Change	$+ 7,412,000

Increases and Decreases, New Loan Activity and Support

New Loans to Individuals	$+ 1,922,000
New Loans to Cooperatives	+ 4,990,000
Program Support	500,000
Net Change	$ 7,412,000

Explanation of Changes

The new loan activity will increase borrower participation outreach to an estimated 45,000 and a level of $88,665,000 in loans receivable by the end of 1970. Additional program support funds are requested to meet servicing caseload requirements at this level. The intent of these recommendations is to regain in stages the 1968 program momentum, which achieved $27,656,000 in new loan activity. The latter was reduced sharply in 1969 to only $12,088,000. New loans for FY 1970 are planned at a level of $19,000,000.

Volunteers in Service to America (VISTA)

Summary of Changes

1969 Obligations	$32,804,000
1970 Estimated NOA	$37,000,000
Total Change	+$ 4,196,000

Explanation of Changes

Increase

Most of the increase in the VISTA budget will be used to pay the expenses (including training, allowances, benefits, and supervision) of the projected increase of 583 volunteer man-years. The remaining funds will be used to provide better volunteer supervision by funding large project sponsors to employ full-time volunteer supervisors.

General Direction and Administration

Summary of Changes

1969 Obligations	$12,900,000
1970 Estimated NOA	16,000,000
Total Change	3,100,000

Changes

Pay raise	+$ 1,000,000
Intergovernmental Cooperation Act costs - BOB A-97	+ 1,200,000
Rents, Communication and Utilities	+ 800,000
Computer rents	+ 100,000
Other Services	+ 300,000
Decreased Staff	- 300,000
	3,100,000

Explanation of Changes

A total of $16 million is required to meet anticipated operating costs in fiscal year 1970. This is an increase of $3.1 million over 1969 costs. Approximately $1 million of this increase is required for the pay raise. An additional $1.2 million is required due to the Grant-in-aid reporting required by BOB Circular A-97 which requires the Office of Economic Opportunity to establish systems for processing and creating a file and retrieval information system on Grants approved by other Federal Agencies. Additional expenses will come from a restructuring of the computer configuration necessitating parallel systems for a period of time.

Other increases include: Rents, Communications and Utilities--Up $800,000 due to the new responsibility for long-lines telecommunications expenses ($450,000); an increase in commercial user rates and the necessity of recoding nearly every phone in headquarters due to the moves. ($350,000)

Computer rents -- Up approximately $100,000 to reflect the cost of establishing the third generation system.

Other Services and Services of Other Agencies--Up $300,000 due to large increases due to moving and alteration expenses.

These increases are offset by a decrease in staff in 1970.

NARRATIVE JUSTIFICATIONS

Work and Training Programs

1969 Obligations	1970 Estimate	Decrease
$883,093,322	$871,300,000	$ 11,793,322

Introduction

The Work and Training activities of the Economic Opportunity Act consist of the Job Corps, School and Summer, Comprehensive Employment, Special Impact (Industry Incentive), and Work Experience and Training programs authorized under Title I and Title V of the Economic Opportunity Act, as amended. These programs are designed to provide a broad and comprehensive array of personal and educational services, work training and experience to severely disadvantaged low-income individuals who are currently unemployed or underemployed. These programs in combination with those authorized under Title II of the Manpower Development and Training Act, the Vocational Rehabilitation Act, and Title IV of the Social Security Act (the Work Incentive Program), form the nucleus of Federal activities directed at the employment needs of the poor.

Schedule of Funding Requirements

	1969 Obligations	1970 Estimate	Increase (+) or Decrease (-)
Work and Training Programs			
Title I-A (a) Job Corps	$278,823,847	$175,500,000	$-103,323,847
Title I-B (b) School & Summer Programs	189,528,783	183,900,000	- 5,628,783
(c) Comprehensive Employment Programs	399,706,092	511,900,000	+112,193,908
Title I-D (d) Special Impact Program - Industry Incentive	8,632,600	-0-	- 8,632,600
Title V (e) Work Experience & Training Program	6,402,000	-0-	- 6,402,000
Total	$883,093,322	$871,300,000	$- 11,793,322

Purpose and Scope

Disadvantaged individuals have personal problems which they are not able to overcome alone and which interfere in their remaining gainfully employed.

The Neighborhood Youth Corps In-School and Summer programs deal with the problems of high school students from low-income families, who have a high probability of dropping out of school before graduation. These programs help students overcome income problems by providing part-time work during the school year and full-time work during the summer months.

The Job Corps and Out-of-School programs induce youths and young adults who have dropped out of school to improve their employability either through a regimen of work-training and remedial education, or by completing their high school education. The Job Corps is a residential program for those youth who need the intensive assistance and environmental change that this program can provide. The Out-of-School Program is for those youth and young adults whose problems can be met through activities based in their home communities.

In the adult program area four major programs have been established: The Operation Mainstream, Public Service Careers, Job Opportunities in the Business Sector (JOBS), and Concentrated Employment programs. Operation Mainstream is a predominately rural program aimed primarily at the hard-core unemployed whose employment prospects are limited, due not only to lack of marketable skills, but also by age and its resulting limitations.

The Public Service Careers Program emphasizes the development of jobs in the public sector, in order to provide employment opportunities for the poor in this rapidly expanding area.

The Job Opportunities in the Business Sector (JOBS) Program initiated in fiscal year 1968 is designed to create a partnership between Government and industry to train and hire the hard-core unemployed, in order to reduce the incidence of joblessness among the disadvantaged in our cities.

The Concentrated Employment Program (CEP) is an integrated manpower delivery system which marshalls a variety of manpower programs and supportive services into a single, comprehensive effort in geographically small, but demographically concentrated urban communities, and in economically depressed rural communities.

The Special Impact Program is directed at solutions of especially critical urban and rural problems, through project activities designed to make a substantial impact on the economic, business, environmental and training needs in the target neighborhoods and communities. Beginning in fiscal year 1970, the Industry Incentive portion of this program is consolidated under the community development corporation activities discussed in another portion of the justication (see Special Impact tab).

The Work Experience and Training Program helped unemployed parents of dependent children and other needy persons to improve their employability through work and training activities. Fiscal year 1969 was the final year of this program, which was replaced by the Work Incentives (WIN) program under the Social Security Act.

Comparison of Program and Performance for Fiscal Years 1969 and 1970

In fiscal year 1969, the Work and Training Programs obligated a total of $882,843,322, providing a total training slot level of 704,938. The requested NOA for fiscal year 1970 operations is $871,300,000, a decrease of $11,543,322 from fiscal year 1969. A total of 705,157 training slots will be supported with this funding, approximately the same level as fiscal year 1969. The table on the next page presents comparative data for both years.

Justification

The detailed justifications of the individual Work and Training Programs are presented immediately following the table.

Comparative Data Concerning the Work and Training Program

	1969		1970		Changes	
	Obligations	Levels	Estimate	Levels	Amount	Slots
Job Corps	$278,823,847)	36,974	$175,500,000	24,657	$-103,323,847	-12,317
School & Summer	189,528,783	451,521	183,900,000	391,000	- 5,628,783	-60,521
In-School	(49,047,982)	(101,845)	(62,400,000)	(100,000)	(+ 13,352,018)	(- 1,845)
Summer	(140,480,801)	(349,676)	(121,500,000)	(291,000)	(- 18,980,801)	(-58,676)
Comprehensive Employment	399,706 092	208,608	511,900,000	289,500	+112,193,908	+80,892
Out-of-School	(123,733,379)	(50,347)	(98,000,000)	(32,500)	(- 25,733,379)	(-17,847)
Operation Mainstream	(40,999,852)	(12,787)	(41,000,000)	(12,200)	(+ 148)	(- 587)
Public Service Careers	(18,459,994)	(4,789)	(50,000,000)	(27,800)	(+ 31,540,006)	(+23,011)
JOBS	(111,266,381)	(35,685)	(180,000,000)	(60,000)	(+ 68,733,619)	(+24,315)
Concentrated Employment Program	(83,000,000)	(105,000)	(123,000,000)	(157,000)	(+ 40,000,000)	(+52,000)
Department of Labor Support	(22,246,486)	(--)	(19,900,000)	(--)	(- 2,346,486)	(--)
Special Impact-- Industry Incentive	8,632,600	3,835	--	--	- 8,632,600	- 3,835
Work Experience	6,402,000	4,000	--	--	- 6,402,000	- 4,000
TOTAL	$ 883,093,322	704,938	$871,300,000	705,157	$- 11,793,322	+ 219

Job Corps

1969 Obligation	1970 Estimated NOA	Decrease
$278,823,847	$175,500,000	$103,323,847

Introduction

The Job Corps, authorized under Title I, Part A of the Economic Opportunity Act of 1964, as amended, is a national, voluntary, residential program designed to serve poor youth, aged 14 through 21, from depressed environments by providing them, in residential and non-residential centers, with vocational training, work experiences and citizenship education, plus the educational and medical rehabilitation needed in order for them to become fully contributing members of society.

SCHEDULE OF FUNDING REQUIREMENTS

	1969 Obligation	1970 Estimate	Increase (+) or Decrease (-)
Center Operations			
Civilian Conservation Centers:			
Federal	$ 54,397,348	$ 23,550,000	-$ 30,847,348
State	3,579,625	700,000	- 2,879,625
Men's Regional Centers	67,397,872	23,987,000	- 43,410,872
Women's Regional Centers	51,926,243	26,862,000	- 25,064,243
Community Centers	--	24,294,000	+ 24,294,000
E&D Projects	7,623,026	--	- 7,623,026
Sub-Total	$184,924,114	$ 99,393,000	-$ 85,531,114
Work Projects	$ 12,346,000	$ 4,750,000	-$ 7,596,000
Enrollee Allowances and Travel	$ 37,678,622	$ 25,086,000	-$ 12,592,622
Program Operations			
Enrollee Input	$ 9,881,184	$ 6,234,000	-$ 3,647,184
Enrollee Support	1,349,026	1,300,000	- 49,026
Enrollee Placement	3,946,433	2,723,000	- 1,223,433
Enrollee Health	628,214	600,000	- 28,214
Program Evaluation	1,416,893	1,857,000	+ 440,107
Program Development	536,491	1,611,000	+ 1,074,509
Staff Resources	1,473,948	1,511,000	+ 37,052
Engineering Support and Maintenance of Closed Centers	711,251	6,400,000	+ 5,688,749
Sub-Total	$ 19,943,440	$ 22,236,000	+$ 2,292,560
Program Direction and Expense			
Headquarters	$ 4,228,284	$ 4,500,000	+$ 271,716
Regional Offices	2,994,725	3,500,000	+ 505,275
Conservation Agencies	5,170,375	2,700,000	- 2,470,375
Management Support Charge	4,219,111	3,500,000	- 719,111
Sub-Total	$ 16,612,495	$ 14,200,000	-$ 2,412,495
Center Capital	$ 6,854,176	$ 9,335,000	+$ 2,480,824
Office of Economic Opportunity Evaluation	$ 465,000	$ 500,000	+$ 35,000
Total Requirements	$278,823,847	$175,500,500	-$103,323,847

Purpose and Scope

There are nearly one-half million youths in poverty, 14 to 21 years of age, who are out of school and out of work, are unskilled and poorly educated, and have no prospect for steady employment now, or during their lives without assistance. Before they can learn skills, many must first learn to read and to handle math sufficiently for the demands of training and later of the job. They must also learn to recognize the need for promptness, reliability, neatness and other employment demands in the world of work.

Job Corps experience indicates that the typical enrollee is 18 years of age and has had nine years of education, but has performed at only the fifth grade level. Approximately one-half of the enrollees are from small towns; the others are equally divided between rural and metropolitan areas. About 10 percent have been convicted for serious offenses. Almost half of the enrollees were working in such menial jobs as bus boy, car washer, or farm hand before they joined the Job Corps and were earning an average of $1.27 an hour. Eighty percent of the enrollees have not seen a doctor or dentist in the ten years preceding their enrollment, and 60 percent come from broken homes.

The only real chance for a productive and useful life for these young people is through education and training. For many this chance will exist only in Job Corps.

The employability of these young men and women is increased in either of two ways. For those capable of undertaking vocational training by reason of their reading and math attainment, there is a wide variety of educational and vocational training programs offered. In cases where educational skills are low, employability is enhanced first by concentration in educational areas, combined with work experience and pre-vocational training. Many of these youngsters can be placed in jobs in private companies which offer more advanced vocational training on the job. Others go into the Armed Forces or back to school.

The Job Corps Program is carried out in three distinct types of centers: Civilian Conservation Centers, Men's and Women's Regional Centers, and the new Community Job Corps Centers being initiated in fiscal year 1970. In addition, an Experimental/Developmental Center was operated during the first half of 1969, but was retained by the Office of Economic Opportunity when administration of Job Corps was delegated to the Department of Labor. This center is now closed.

The Conservation Centers, accommodating from 100 to 256 men, are located on public lands and are operated by Conservation Agencies of the Departments of Agriculture and Interior and the Commonwealth of Puerto Rico. The program in these centers is divided, almost equally, between an educational program designed primarily to improve the reading and mathematics skills of the young men and work experience in conservation projects which would not otherwise be accomplished. Corpsmen also participate in recreation and leisure time activities which are designed to encourage the habits of using leisure time constructively.

The Men's and Women's Regional Centers are located in or near metropolitan areas and are operated under contracts with industrial or non-profit organizations. The Men's Centers accommodate from 1,450 to 3,250 enrollees, while the Women's Centers can accommodate from 300 to over 1,000 enrollees. The program in these centers contains three major elements:

-- the vocational program, which offers highly job-oriented training built around the skills and attitudes necessary for productive employment;

-- the education program, which provides the basic communication, mathematical, and other academic skills needed for effective job performance and citizenship; and

-- the residential/avocational program, designed to provide an understanding of group living responsibility.

Women's Centers also provide training in home economics and family life to assist the young women in their future roles of homemaker and mother. Counseling serves to integrate the overall program.

The Community Job Corps Centers being initiated in fiscal year 1970 are designed to meet the manpower needs of the target youth within a specific community. Basically, the new centers will:

-- recruit, train, support, and place youth in their home area, as opposed to the away-from-home-community assignment customary in the existing program;

-- be smaller in size, permitting more individual attention for enrollees; and

-- utilize training resources from existing manpower programs.

Location near the home area and smaller size may help reduce the homesickness and personal disorientation which have contributed to high dropout from current centers. Also, because each center will recruit in its own area, it should be possible to better select and aid youth who particularly need residential support but who may be unwilling to go to a distant Job Corps Center.

In addition to the basic programs carried out at the centers, Job Corps provides for the funding of various services for the enrollees. The Employment Service and private sources are responsible for selection, referral, and subsequent placement of enrollees. A group of 16 Gate Houses (arrangements between the Job Corps and State Employment Agencies or private contractors) provide placement and supportive services exclusively to Job Corps terminees. Other support functions include health services, religious services, entertainment, and provisions for the payment of allowances, dependent allotments and travel expenses by the Department of the Army. Other activities funded under the Job Corps element include: evaluation studies, program developmental studies, staff training, engineering support and maintenance and security of closed centers.

Job Corps Terminees

An enrollee departs from the Job Corps whenever he is ready to be placed in a job or to enter the Armed Forces, to return to school, or for more advanced training outside the program. This may be within a very few months of entrance or up to two years or longer, depending upon the type of training chosen and individual progress. An enrollee leaves the program with a detailed record of accomplishment and qualifications--usually the very first record of success in his life.

The Job Corps seeks the aid of organization, public and private, in placing its former enrollees. The business community has volunteered assistance. Placement facilities of the Office of Economic Opportunity regional offices, of State Employment Services and Youth Opportunity Centers are used in conjunction with developing job opportunities and in placement.

Historically, since the inception of Job Corps, most Corpsmen and Corpswomen have left the Job Corps Centers for jobs.

A smaller portion of Job Corps terminees have re-entered school or entered the military. Enrollees completing training courses in any Job Corps Center will possess the necessary skills to permit them to rise above an impoverished environment. As of June 30, 1969, follow-up surveys and statistics of former Corpsmen show that 196,248 (74 percent) of a total of 228,713 terminees have been placed:

Placed in	% of Total Placed	Number Placed
Job	61%	103,242
School	13%	22,002
Military	13%	22,002
Other	13%	22,002

In fiscal year 1969, 31,070 man-years of training were provided to over 86,000 individuals. A total of $278,823,847 was obligated as follows:

FY 1969 Obligations

	Conservation	Men's Regional	Women's Regional	E&D	Total
Direct Program					
Center Operating	$57,976,973	$67,397,872	$51,926,243	$7,623,026	$184,924,114
Enrollee Direct	14,237,193	11,710,493	11,260,749	470,187	37,678,622
Work Projects	12,346,000	--	--	--	12,346,000
Sub-Total	$84,560,166	$79,108,365	$63,186,992	$8,093,213	$234,948,736
Center Capital	$ 2,845,140	$ 1,806,418	$ 1,918,618	$ 284,000	$ 6,854,176
Program Support					$ 37,020,935
Total Obligations					$278,823,847
Man-Years Realized	11,562	9,890	9,099	519	31,070

Program and Performance for Fiscal Year 1969

During fiscal year 1969 the existing Job Corps program was assessed and a decision was made to close 60 centers which had not fully performed their mandate to teach, train, retain and place enrollees. The following table provides specific details concerning the original and revised program levels.

Type of Center	Number of Centers		Available Spaces		Enrollment		Man-Years (Total
	Beginning FY 1969	End FY 1969	Beginning FY 1969	End FY 1969	Beginning FY 1969	End FY 1969	
Conservation	82	32	14,435	5,646	12,802	5,628	11,562
Men's Regional	6	4	12,200	8,450	10,594	7,324	9,890
Women's Regional	18	12	9,839	5,536	9,315	5,537	9,099
E&D Projects	3	1	500	500	298	183	519
Total	109	49	36,974	20,132	33,009	18,672	31,070

Program and Performance for Fiscal Year 1970

In 1970 responsibility for administration of the Job Corps has been delegated to the Department of Labor. Job Corps will become an integral part of a comprehensive manpower system as the existing program is redirected and new Community Job Corps Centers are initiated. The redirection of the existing program will include the integration of the Centers with other manpower programs, and more emphasis on basic education and job training in Conservation Centers.

It is estimated that 20,579 man-years of training will be provided and a total of $175,500,000 will be obligated as shown on the following table:

FY 1970

	Conservation	Men's Regional	Women's Regional	Community Centers	Total
Direct Program					
Center Operating	$24,250,000	$23,987,000	$26,862,000	$24,294,000	$ 99,393,000
Enrollee Direct	6,542,310	9,623,500	6,891,100	2,029,090	25,086,000
Work Projects	4,750,000	--	--	--	4,750,000
Sub-Total	$35,542,310	$33,610,500	$33,753,100	$26,323,090	$129,229,000
Center Capital	$1,955,000	$1,400,000	$1,200,000	$4,780,000	$9,335,000
					$ 36,936,000
Program Support					
Total Obligations					$175,500,000
Man-Years Realized	5,270	7,750	5,550	2,009	20,579
Available Spaces (EOY)	5,646	8,450	5,536	5,025	24,657

The new Community Job Corps Centers will be opened on a staggered schedule during the year. The Centers are of three types:

-- The Near City Centers are for those enrollees for whom work-week residence away from home is desirable, with work training geared to the specific occupational needs of the area served. Strong emphasis will be placed on involving local employees in the training and in other activities leading to their hiring of enrollees.

-- The In-City Residential-Training Centers will provide training for both residents and non-residents, and residential support for some youth enrolled in other local training programs.

-- The In-City Residential-Support Centers will have no training facilities of their own, but will serve simply to provide residential support for those who need it and are enrolled in area training programs. Such support is designed particularly for high-risk youths who ordinarily have high dropout rates from training programs because of home and family problems.

Unit Costs

The 1967 amendments to Economic Opportunity Act require that (Sec. 117(c)), "The Director (of the Office of Economic Opportunity) shall take necessary action to assure that for any fiscal year, the direct operating cost of Job Corps centers which have been in operation more than nine months do not exceed $6,900 per enrollee." This cost ceiling applies to Center operations costs plus enrollee direct costs.

Center operations costs include food, clothing and related costs of enrollees, salaries of center staff, including Conservation Agency staff, medical and dental costs, training supplies, facilities upkeep, utilities, communications and administration. Enrollee direct costs include enrollee pay, dependent allotments, readjustment allowances and enrollee travel costs.

While these unit costs are useful indexes for determining trends, they bear little real relationship to the Government's investment in a single Corpsman.

The following table outlines average man-year unit costs for 1969 and 1970 based on the cost categories to which the $6,900 ceiling applies:

Cost Per Man-Year

	FY 1969			FY 1970		
	Center Operations	Enrollee Direct	Total	Center Operations	Enrollee Direct	Total
Average Unit Cost	$7,027	$1,215	$8,242	$4,834	$1,182	$6,016

Program Support

In addition to the actual Job Corps program in the centers, funds are requested for a wide range of program support activities, including:

-- Enrollee input, support, placement and health. A total of $10,857,000 is requested for these activities in fiscal 1970, a decrease of $4,947,857 from 1969.

Selection and referral ($6,234,000) is carried out by the Employment Service and private sources.

An estimated $1,300,000 will be required for support functions involving the care and welfare of enrollees. This includes payments to the Department of the Army for the cost of operation of the system for pay, allowances, dependent allotments and travel by the Army Finance Center. It also includes such support services as mortuary services, medical laboratory analyses, religious services, live entertainment, and films, plus headquarters program operation and coordination.

An amount of $2,723,00 is estimated to support a national system of placement coverage by the 50 States mainly through agreement with Federal and State agencies, center operating contractors, and others. The system will provide necessary efforts and capability to develop job opportunities for Corpsmen, assist them to secure steady, adequate paying employment, and provide the availability of post-placement job counseling.

In addition, $600,000 is requested for health services including a health information and control system which produces a health profile of the enrollee; the development of mental health programs; the development of health education curriculum; and the development of health occupations training program.

-- Program evaluation, development and staff resources. A total of $4,979,000 will be required for these activities in 1970, an increase of $1,551,668 over 1969. The initiation of the new Community Job Corps Centers in 1970 will require not only increased program development efforts and training of new staff, but also an intensive evaluation effort to determine the effectiveness of the program.

-- Engineering support and maintenance of closed centers. The closing of 60 centers in 1969 does not relieve the Department of Labor from the responsibility for their maintenance and security. Buildings and grounds of the closed centers must be maintained in their present condition and round-the-clock security must be provided until the centers are either disposed of or until 1971, when the General Services Administration will assume responsibility.

Based on experience of the Job Corps in closing down 16 centers in 1968 and on other factors, the estimate of need for this activity for 1970 is $6,400,000.

-- Program direction and expense. This activity provides for the administration of the Job Corps in the Department of Labor and in the Departments of Agriculture and Interior except for

Federal personnel involved directly in conservation center operations. The estimate for 1970 includes a reduction of $2,470,375 from 1969, based on projected workload in the remaining 32 Federal conservation centers.

The 1970 request includes $8,000,000 to finance 651 positions in the Department of Labor. These positions represent positions formerly located in the Office of Economic Opportunity which relate directly to Job Corps operations and administration; formerly located in the Office of Economic Opportunity which relate to the performance of centralized services; and positions for the supervision and coordination of the selection, referral and placement processes of the State Employment Services. No change is requested in the position level for 1970. The reduced workload resulting from center closures will have little effect on the activities of existing Job Corps staff. The Conservation Agency staff are responsible for the bulk of operations and administration of the conservation centers, and their staffs are correspondingly being reduced. The Job Corps staff will be responsible for a substantial redirection of the existing program in addition to developing and implementing the 30 new Community Job Corps Centers. These added responsibilities will more than compensate for potential workload reductions resulting from closing two men's centers and seven women's centers. The amount of $500,000 is also included within the overall request for the Office of Economic Opportunity evaluation activities, a detailed discussion of which is contained in the appendix.

The 1970 request also includes $3,500,000 for centralized services formerly performed in the Office of Economic Opportunity. Services subject to this cost distribution include, but are not limited to, special assistance in public affairs, technical assistance, special situation data from computer files and Job Corps' share of central services including rent and utilities, communications, postage, etc. The estimate for 1970 represents a reduction of $719,111 from 1969.

School and Summer Programs

	1969 Obligation	1970 Estimate	Decrease (-)
School and Summer Programs	$189,528,783	$183,900,000	$5,628,783

Introduction

Authorized under Section 123 of the Economic Opportunity Act of 1964, as amended, the In-School and Summer Programs provide part-time employment and useful work experience for students from low-income families to help them stay in school. Those eligible must be at least 14 years old and attending the ninth through twelth grades of school, or the equivalent of age but attending a lower grade. Primary objectives of these programs are:

-- to provide youth with a source of income to meet their economic needs (family income supplements or partial self-support);

-- to instill incentive to remain in school or return to school through part-time work coupled with counseling and necessary remedial education and vocational training;

-- to provide the necessary earnings during the summer months to enable youth to return to school in the fall;

-- to acquaint and involve the poverty-oriented youth in society and the world of work through performance of useful and meaningful work, such as serving as paid instructors to other disadvantaged youths in the "Youth Tutoring Youth Program," as aides, and helpers in libraries, schools and public and private nonprofit organizations;

-- to try and alleviate feelings of dependency and enhance self-confidence;

-- to create a sense of adult responsibility through the holding of a job;

-- to further "cooperative education" (academic training integrated with occupational training and actual work);

-- to provide youth with work experience leading to career goals.

Schedule of Funding Requirements

	1969 Obligation	1970 Estimate	Increase (+) or Decrease (-)
In-School-NOA	$ 49,047,982	$ 62,400,000	+$ 13,352,018
NOA Slots	82,324	100,000	+ 17,676
NOA Unit Cost	598	624	+ 26
Total Slots	101,945	100,100	- 1,845
Total Number Served	133,685	120,000	- 13,685
Summer - NOA	$140,480,801	$121,500,000	-$ 18,980,801
Slots-NOA and Total	349,676	291,000	- 58,676
Unit Cost	402	418	+ 16
Total Number Served	405,746	349,200	- 56,546

Purpose and Scope

The objectives of these programs recognize that a high school education is a major entry requirement in today's competitive job market. However, youth from families with low-income have a propensity to leave school in order to get a job to supplement the family income. The In-School and Summer Programs attempt to alleviate this need by providing up to 15 hours of compensated employment per week during the school year and up to 40 hours during the summer. The jobs held by enrollees offer an opportunity for older boys and girls to acquire good work habits. In many cases, this is their first job and first opportunity to earn money. The income from the work is used to purchase such necessities as clothes, school supplies, and to help defray family expenses. Students from poor families may drop-out of school for other than financial reasons: e.g., disenchantment with their prospects for a life free of poverty and disbelief in the benefits which may be realized from a high school education. Through the discipline and responsibilities of the job situation, it is hoped that potential dropouts will find encouragement and incentives to continue or to resume their education. In addition to providing needed wages, these programs have the effect of promoting good citizenship and positive involvement in community life.

The In-School Program is basically a work program supported by counseling, with most of the federal funds being used to pay enrollees' wages. On the average, enrollees work 11 hours per week. Projects normally run during the school year, 30 to 40 weeks. Work assignments are typically connected with the school--clerical work, teacher aides, library assistance, and various custodial chores.

The Summer Program, on the average, provides work for 26 hours per week for 10 weeks during the customary school vacation. In most instances, the program is an extension of the In-School Program into the summer months. Depending on the availability of staff and facilities projects may give supportive services to enrollees in addition to compensated employment. These would include basic or remedial education, vocational training and counseling and cultural activities.

Program and Performance for Fiscal Year 1969

In fiscal year 1969, the In-School Program provided 101,845 training opportunities at a Federal cost of $49,047,982 in FY 1969 funds. Enrollment averaged 100,000 during the school year in 843 projects. Projects are located in all States and jurisdictions but are principally concentrated in large urban areas.

Youth participating in the In-School Program generally had the following characteristics:

-- 52% were male; 48% were female;

-- 54% were white, 42% Negro with 4% for others:

-- Average age was 17 years with a 10th grade education;

-- Most came from families with an annual income of less than $1,600;

-- Most were from families of six persons:

-- 47% lived in public housing and/or received public assistance;

-- 42% contributed to the support of their families (before joining NYC);

-- 51% never had a paying job.

The Summer Program for fiscal year 1969 was funded in May and June of 1969 for projects operating in the summer just ended. The total amount obligated, $147,980,801, included $140,480,801 of Economic Opportunity Act funds and $7,500,000 of Manpower Development and Training Act funds included in a supplemental appropriation to that account. These funds provided 395,000 training opportunities, 350,000 from EOA funds and 45,000 with MDTA funds.

Included in the 1969 Summer obligations were $19.0 million reprogrammed mostly from the Job Opportunities in the Business Sector Program. During the Spring of 1969, a review of JOBS contracts revealed the necessity of modifying funding practices. This had the effect of delaying subsequent obligations in that program and thus extra funds were made available for the Summer Program. Emphasis was placed on development of meaningful work experience, more extensive counseling programs, and better utilization of supportive services available through other Federally supported programs.

Program and Performance for Fiscal Year 1970

In 1970, no increase in authorized enrollment opportunities is requested for either the In-School or Summer Programs. The In-School Program is proposed at a level of 100,000 enrollment opportunities, at a Federal cost of $62,400,000. This represents a continuation of the 1969 program, although an increase of $13.4 million in new obligating authority is needed to offset that amount which was largely transferred to the 1969 In-School program from the 1968 Summer Program. Availability of excess Summer funds is not anticipated this year.

The 1970 Summer Program is proposed at a level of 291,000 enrollment opportunities, at a Federal cost of $121,500,000. This is a reduction of $18,980,801 below the 1969 program, but coincides with the amount initially planned for 1969. The $18,981,000 made available in 1969 mostly by reprogramming from the Jobs Opportunities in the Business Sector is nonrecurring for fiscal year 1970. There is no change between 1969 and 1970 in the amount initially budgeted for the Summer Program. The program will again provide employment and supportive services for an average of ten weeks and 26 hours per week per enrollee.

Greater emphasis in 1970 will be placed on early summer project planning, particularly for those projects which maintain year-round in-school and summer programs. Sponsors will be encouraged to:

-- develop a wider variety of worksites and work experience;

-- focus projects on useful community work;

-- encourage development of good work habits through formal or information orientation sessions.

These kinds of improvements are demonstrated by a West Virginia Summer project which in 1968 was limited to highway department occupations. The project this year includes parks, recreation areas, and a variety of health facilities as worksites.

Comprehensive Employment Programs

This activity comprises seven sub-activities. These include six discrete programs authorized under Title I-B authority, and the federal support necessary to administer all the delegated programs, including programs presented under Activities 1 and 3 of this document. Two of the sub-activities, Concentrated Employment Program and Job Opportunities in the Business Sector, are funded jointly through the Economic Opportunity Act and the Manpower Development Training Act appropriations. In 1970, the new Public Service Careers Program will utilize funds formerly allocated to New Careers along with Title I-B resources. The New Careers Program, a distinctly funded operation in 1969, will be wholly incorporated into the Public Service Careers Program in 1970. The two remaining sub-activities consider the Neighborhood Youth Corps Out-of-School Program and Operation Mainstream.

Out-of-School

1969 Obligation	1970 Estimate	Decrease
$123,733,379	$98,000,000	$25,733,379

Introduction

The Out-of-School Program is authorized under Section 123(a)(2) of the Economic Opportunity Act of 1964, as amended. The program provides poor youths ages 16 to 21 with an opportunity to gain work experience coupled with remedial education, vocational training and other supportive services necessary to prepare them for competitive unsubsidized employment in the public and private sectors of our economy; or, if possible, to induce them to resume their formal education either on a part-time or a full-time basis.

Schedule of Funding Requirements

Out-of-School Program	1969 Obligation	1970 Estimate	Increase (+) or Decrease (-)
Obligations or Estimate..	$123,733,379	$98,000,000	-$25,733,379
NOA Slots.....	50,347	32,500	-17,847

Purpose and Scope

The average Out-of-School enrollee is 18 years old with a tenth grade education, has left school for academic reasons, and has been out of school for a year. Out-of-School enrollees are often the most severely disadvantaged of young adults in the community. These individuals are often unable or unwilling to communicate with members of society outside of their economically depressed environment. From the Out-of-School experience, it is hoped that enrollees will return to school or seek out additional training leading to productive employment in a non-subsidized job. The program may be a strong positive factor for school continuation in the face of an often negative home and social environment.

Work assignments are generally connected with such activities as health care, community beautification, and conservation. These assignments are made to engender work habits which will be useful in regular employment.

Community Action Agencies are the presumed sponsors of Out-of-School projects, although other non-profit organizations may be selected if a Community Action Agency is not available.

To provide participants with the assistance they need to improve their employment potential, the Out-of-School Program enlists the help of

private non-profit and public agencies. A number of supportive services are provided through the resources of various Federal, State and local agencies. The United States Training and Employment Service of the Department of Labor through affiliated State agencies provides referral services and job development. Local educational agencies provide remedial education services. Many projects receive supportive services through their connections with the Concentrated Employment Program. Project sponsors are encouraged to provide supportive services, such as counseling and remedial education, if they are available from other sources. Virtually all Out-of-School sponsors operate a counseling program for enrollees and those with adequate staff and facilities provide remedial education programs. Compensation is provided for time spent receiving supportive services within the 40 hour workweek.

Program and Performance for Fiscal Year 1969

In 1969, the Out-of-School Program supported 591 projects serving more than 120,000 youths through 50,347 enrollment opportunities at a Federal cost of $123,733,379. Average wage rates for enrollees increased from $1.40 to $1.50 an hour, increasing the Federal unit cost by $200, from $2,600 to $2,800.

The program continued to reach severely disadvantaged youth during 1969. A sample survey of enrollees indicated that:

-- 60% were 18 years of age or under;

-- 65% had annual family incomes below $2,000;

-- more than 50% came from families with more than six persons;

-- nearly 30% were receiving public assistance.

Program and Performance for Fiscal Year 1970

In fiscal year 1970 the Out-of-School Program will begin to receive a new direction, reflecting over four years of experience with disadvantaged youth.

In general, the Out-of-School Program has been an excellent short-term expedient for youth who need work, especially at a time when disadvantaged youth in particular are experiencing major difficulties in finding jobs. For many youths, however, the work experience gained through the Out-of-School Program has offered little in the way of skill training which could be directly transferred to another job. In addition, the length of enrollment has been too short and the quality of academic training components too spotty to advance enrollees' basic academic skills significantly.

To correct these deficiencies, initial efforts to redesign the urban areas portion of the Out-of-School Program are being undertaken. Emphasis will be placed on 16 and 17 year olds, who generally have more immediate needs and significantly fewer immediate opportunities in the labor market than older youth. Older Out-of-School youths need full-time, permanent employment increasingly as they become heads of households. Thus, the current strategy is to direct such older youth, where possible, into "adult" manpower programs (e.g., Job Opportunities in the Business Sector, On-the-Job Training, Public Service Careers Program) which lead toward immediate, full-time employment and training with positive career opportunities.

The use of combined programs of orientation to the world of work, work experience, skill training, education and supportive services will be explored. More extensive use will also be made of employability plans which outline the needs of the enrollee and how those needs can be met.

It is hoped that the eventual redesign will offer the high school dropout an opportunity to reach the level of job preparation achieved by the average high school graduate. This goal will necessitate development of competent sponsor's staffs to provide enrollees with knowledgeable and individualized assistance.

Since the Out-of-School Program will serve fewer persons in fiscal year 1970, a lower level of funding - $98,000,000 - is requested. This amount will support 32,500 training opportunities. Included within this request is funding for the phased development and implementation of a new program design.

Operation Mainstream

1969 Obligation	1970 Estimate	Increase
$40,999,852	$41,000,000	$148

Introduction

Operation Mainstream is a job creation and work training program designed to provide work-experience and training for chronically unemployed poor adults who have poor prospects for unsubsidized full-time employment. The program is authorized under Title IB, Section 123(a)(3) of the Economic Opportunity Act, and is directed primarily to impoverished older citizens in rural areas.

Schedule of Funding Requirements

	1969 Obligation	1970 Estimate	Increase (+) or Decrease (-)
Obligations or Estimate....	$40,999,852	$41,000,000	+$ 148
Total Slots.....	12,800	12,800	---
Unit Cost (Total Slots)....	$ 3,200	$ 3,200	---
Regular Program.....	3,800	3,800	---
Special Older Worker Projects.....	2,000	2,000	---

Purpose and Scope

Operation Mainstream activities are designed to improve the physical conditions of communities. Included in these projects are the renovation of public recreation areas, the building of vest-pocket parks, the improvement of homes for welfare recipients and the elderly poor and other types of community service activities.

Continued efforts have been made to increase the percentage of older participants in Operation Mainstream. The Green Thumb Project sponsored by the National Farmers Union for example, is composed almost exclusively

of disadvantaged men over 55 who are employed in beautification and conservation activities. Projects sponsored by the National Council on Aging and the National Council of Senior Citizens also involve enrollees in a variety of social, health and educational services to their communities. For example, they visit the helpless elderly, delivering meals and assisting with shopping, housework, home repairs and similar chores. In addition, enrollees escort the elderly to doctor's offices or welfare agencies, follow-up on hospital discharges, teach in the Head Start Program, and serve as aides in social welfare agencies, hospitals and day care centers.

Surveys and interviews have revealed great enthusiasm for the program among the enrollees - meaningful employment is restoring self-respect. At the same time, the program is serving communities in ways which would not otherwise be realized.

Individuals enrolled in Operation Mainstream projects during the first half of fiscal year 1969 had the following characteristics:

-- eight out of ten were male;

-- over 40 percent were Negro and other, including 30 percent black enrollment and eight percent American Indians;

-- over 40 percent of the enrollees were aged 45 and over;

-- eight out of every ten Mainstream enrollees had less than twelve years of formal education; two out of every three had completed no more than nine grades;

-- estimated annual family income of most enrollees was between $2,000 and $5,000, but 25 percent reported income of less than $2,000;

-- nearly one of every three enrollees was member of a family with six or more persons; 63 percent were heads of households; and 17 percent of the families were receiving public assistance.

The basic program objective is to provide work-experience for chronically unemployed poor adults, who have no reasonable prospects for unsubsidized full-time employment, and are unable, because of age or otherwise, to secure employment or training assistance under other programs. Priority is given to those persons who: (1) have been unemployed for 15 consecutive weeks, repeatedly unemployed during the past two years, or employed less than 20 hours a week for more than 26 consecutive weeks; (2) have completed some training but remain unemployed; and (3) lack current prospects for training or employment because of age or some other factor. This program enables such persons during their training to participate in projects for the betterment or beautification of the community or area served by the program and in activities which contribute to the management, conservation or development of natural resources, recreational areas, parks and highways in rural areas or towns.

The program is administered primarily through Community Action Agencies. In some instances, Operation Mainstream is operated by municipalities or county governments, and on occasion, by private non-profit organizations and institutions. In three years of operation, the Operation Mainstream Program has provided nearly 30,000 enrollment opportunities at a Federal cost of $86,900,000.

Program and Performance for Fiscal Year 1969

During fiscal year 1969 $41,000,000 was obligated in the Operation Mainstream Program, which provided for 205 projects. A total of 12,787 enrollee spaces were funded during the year and over 21,000 persons were served. At the end of June, 10,261 persons were enrolled in the program. Several projects funded late in the fiscal year had not begun accepting enrollees by June 30, 1969.

Over 4,200 enrollment opportunities were made available in 1969 for senior citizens. These projects normally provide work and limited training for older workers for 20 hours per week, half of the hours of work in the regular program. The principal program of this type is the Green Thumb project which provides enrollment opportunities for 2,072 workers in 14 States. Other projects of this type funded during fiscal year 1969 are:

National Council on Aging.....	526 slots
Senior Citizens.....	948 slots
Green Light.....	270 slots
American Association of Retired Teachers...	313 slots
Virginia State College.....	115 slots

An estimated additional 900 enrollment spaces were provided for workers aged 45 and over in the regular Mainstream program.

States with Operation Green Thumb Projects

Arkansas	Oklahoma
Indiana	Oregon
Kentucky	Pennsylvania
Minnesota	South Dakota
Nebraska	Utah
New Jersey	Virginia
New York	Wisconsin

Approximately 85% of the total cost of the Operation Mainstream Program is borne by the Federal government. The sponsors provide 15% of the total project costs, 54% of which are for operating costs, 40% for project administration, and 6% for enrollee wages, benefits and supportive services.

Program and Performance for Fiscal Year 1970

In fiscal year 1970, Operation Mainstream will provide for refunding of 12,200 enrollment opportunities at a Federal cost of $41,000,000 in over 200 projects. Several older worker projects funded late in fiscal year 1969 will not require funding in 1970. The program will be concentrated in depressed rural areas, with emphasis on meeting the needs of the elderly unemployed.

The Green Thumb program will be expanded in 1970 with the commencement of enrollment in a new component, Green Light. Green Light is designed primarily for women. Opportunities will be provided for 270 female enrollees in 11 of the 14 States in which Green Thumb operates.

New contracts with the National Retired Teachers Association and Virginia State College and the expansion of senior services programs by the National Council of Senior Citizens and the National Council on Aging will all be part of the greater emphasis on serving those over 55 years of age. The funds requested for fiscal year 1970 will maintain the program at 12,800 enrollment opportunities.

Public Service Careers (including New Careers)

1969 Obligation	1970 Estimated NOA	Increase
$18,459,994	$50,000,000	$31,540,006

Introduction

The Public Service Careers Program is a new manpower program effort to utilize job opportunities available in public employment for the disadvantaged worker. Patterned in part after the Job Opportunities in the Business Sector Program which was developed in conjunction with private industry, Public Service Careers will attempt to expand employment opportunities for the disadvantaged in local, State and Federal government agencies. Trainees entering this program will be hired first with permanent employment guaranteed at the conclusion of the training period. The program will offer both entry level and upgrade training. Supportive services including orientation, remedial education, child care and transportation assistance will also be provided.

Though several manpower programs have been devised to provide training and related services to disadvantaged, underemployed, and technologically displaced persons, none of these programs have fully utilized the increased growth of employment in the public employment sector. Since World War II, public employment has more than doubled with the bulk of this growth occurring in State and local governments. In 1968, public employees comprised 15 percent of the labor force, more than 12 million people. The majority of these worked in local government agencies.

Many factors restrict the flow of disadvantaged persons into public jobs including discrimination and the persistance of outdated Civil Service regulations. Another major barrier at the local level of government is the narrow financial limits within which most counties and municipalities operate. Few local governments have the money or the capability for recruiting the poor and providing them with relevant work experience leading to self-supporting careers. In response to all of these problems, the Public Service Careers Program was created, based on the concept of combining local and State initiative with Federal resources.

Schedule of Funding Requirements

	1969 Obligation		1970 Estimate		Increase (+) or Decrease (-)	
	Amount	Training Oppts.	Amount	Training Oppts.	Amount	Training Oppts.
Total Program	$18,459,994	4,789	$50,000,000	27,800	+$31,540,006	+23,011
Entry.....	18,459,994	4,789	35,500,000	10,500	+17,040,006	+ 5,711
Upgrading..	--	--	14,500,000	17,300	+14,500,000	+17,300
Plan A.....	--	--	18,000,000	9,000	+18,000,000	+9,000
Entry	--	--	13,500,000	4,500	+13,500,000	+4,500
Upgrading..	--	--	4,500,000	4,500	+ 4,500,000	+4,500
Plan B.....	--	--	10,200,000	5,100	+10,200,000	+5,100
Entry.....	--	--	7,700,000	2,600	+ 7,700,000	+2,600
Upgrading..	--	--	2,500,000	2,500	+ 2,500,000	+2,500
Plan C (New Careers)	18,459,994	4,789	14,300,000	3,400	-4,159,994	-1,389
Entry.....	18,459,994	4,789	14,300,000	3,400	-4,159,994	-1,389
Upgrading..	--	--	--	--	--	--
Plan D.....	--	--	7,500,000	10,300	+7,500,000	+10,300
Entry.....	--	--	--	--	--	--
Upgrading..	--	--	7,500,000	10,300	+7,500,000	+10,300

Purpose and Scope

The Public Service Careers Program is comprised of four plans, each of which deals with a specific approach to improving the opportunity for disadvantaged persons to gain career employment in the public service.

-- Plan "A" provides funds to States, county and local governments which agree to hire and then train disadvantaged persons for jobs. Each trainee is a full-time employee of the agency and receives all benefits and privileges given to other full-time employees. Plan "A" represents the principal PSC component.

-- Plan "B" is similar to plan "A" except that Public Service Careers funds are coupled with Federal grant-in-aid funds. That is, agencies receiving Federal grants for water pollution control, for example, will be encouraged to incorporate a PSC project with the Federal grant.

-- Plan "C" continues the current New Careers Program which has concentrated on the critically short supply of trained sub-professional personnel in the health, welfare services, and education occupations.

-- Plan "D" is an effort to bring disadvantaged persons into career positions in Federal agencies mostly through adjustments in hiring practices and training.

Public Service Careers plans have provisions for upgrading training as well as hiring and training for entry-level positions. Upgrading is an essential element in this program because it frees additional entry-level positions for hiring disadvantaged individuals and helps sponsors meet critical manpower shortages above entry-level jobs. Upgrading components of Plans A, B, and D will include training for existing public agency employees. Because of the innovative nature of PSC's entry and upgrading, it will not operate under a fixed design or fixed unit cost formula. The number of training opportunities indicated for Plans A, B, and D are rough estimates of anticipated program experience.

Federal funds for Plan D will provide the equivalent of 10,300 training opportunities in 1970, roughly one-third of the total training opportunities planned. Since training plans for entering worker-trainees will concentrate on equipping them for movement upward, their training is interpreted as "upgrading."

Program and Performance for Fiscal Year 1969

In 1969, 4,789 enrollment opportunities were funded in the New Careers Program at a Federal cost of $18,459,994. Several projects, with carry-over funds available at the beginning of the year, were funded for less than a full year. This resulted in obligations slightly below the program-wide level anticipated given a unit cost of $4,200.

Because of the types of occupations for which the enrollees were trained and the difficulties in providing employment opportunities in some of these fields, the program has, of necessity, been small. There are 42 ongoing projects in 21 States and the District of Columbia. New Careers attempts to improve employment opportunities for the disadvantaged through job restructuring, the development of career ladders for those entering employment at low levels, the involvement of junior and four-year colleges, and the removal of barriers to hiring. The program has successfully trained and placed individuals in public agencies providing for recreation, health, schools, libraries, law enforcement, building inspection, fire control, and other social services.

The New Careers Program has succeeded in attracting disadvantaged individuals. Enrollees through March 31, 1969, had the following characteristics:

-- two out of three were black, and three out of four non-white;

-- two out of three had children;

-- four out of five were between 22 and 44 years of age - the years of maximum employability;
-- three out of five were heads of households;
-- more than half lived in public housing or received public assistance;

-- seven out of ten contributed to family support.

Program for Fiscal Year 1970

The implementation schedule envisions completion of the basic program documents and the further training of regional staff in the Fall of 1969. The program is scheduled to become operational upon passage of the fiscal year 1970 appropriation.

In Plan A ($18 million), 30 to 35 projects will be initiated in different geographic areas at various levels of government. A wide range of data, experience and expertise will be developed so that the program can be expanded to more agencies and serve more persons in 1971.

In Plan B ($10.2 million), projects will be funded from a limited number of Federal grant program activities with emphasis on the creation of new positions.

In 1970, the New Careers Program will continue operating at 1969 levels. Several large projects were funded in late 1969 and will not require funding in 1970. Therefore, new obligating authority will be required for 3,400 enrollment opportunities at $14.3 million.

Several specific courses of action will affect the New Careers Program:

(a) Technical assistance will be provided to insure the development of new promotive classes and direct linkages with existing promotion ladders.

(b) Federal staff will provide close monitoring to insure that all New Careers graduates are employed or that placement services are provided if needed.

37-800 O - 69 - pt. 8 - 19

(c) Efforts to promote innovative training and enrollment practices by junior colleges and universities will be encouraged. (The potential in this area is vast and can have immense impact on manpower programs in the public sector).

Plan D ($7.5 million) will be applied in part to disadvantaged persons entering Federal employment as worker-trainees, their training primarily focused on upward mobility. Plan D will also provide upgrading training for low-level Federal employees.

Public Service Careers unit cost for Plans A and B (entry-level program) is estimated at $3,000. However, PSC is an innovative program which in its initial years will not operate under any fixed program design or fixed unit cost standard. Unit costs may vary widely, depending on the nature of the barriers to be overcome and the services and training provided. However, the PSC's contribution to upgrading programs under Plans A and B will rarely exceed $1,000, one-third of the money provided for the entry program.

The unit cost for Plan C (New Careers) should remain at $4,200.

Job Opportunities in the Business Sector

	1969 Obligation	1970 Estimate	Increase (+)
Economic Opportunity Act.....	$111,266,381	$180,000,000	$68,733,619
Manpower Development and Training Activities.....	42,516,844	240,000,000	197,483,156
Total.....	$153,783,225	$420,000,000	$266,216,775

Introduction

Job Opportunities in the Business Sector is the principal manpower training program for the disadvantaged. Combining financial resources from the Federal government and training resources from the private employer, the program's goal is to seek the hard-core unemployed from urban slum areas, hire them and provide on-the-job training with necessary supportive services at the job site. The program is promoted in private industry by the National Alliance of Businessmen which was created for the specific purpose of involving the Nation's businessmen in attacking the severe employment and training needs of city ghetto residents. The Department of Labor administers the Federal government's responsibility in the program with funds derived from the Economic Opportunity Act, Title I-B and the Manpower Development and Training Act, Title II.

This budget request is directed to the Economic Opportunity Act appropriation. However, this justification is intended to cover the total Job Opportunities in the Business Sector Program, including Manpower Development Training Act appropriations, which are used in the same manner as Economic Opportunity Act funds.

Schedule of Funding Requirements

	1969 Obligation	1970 Estimate	Increase (+) or Decrease (-)
Economic Opportunity Act			
NOA	$111,266,381	$180,000,000	+$68,733,619
Slots-NOA & Total	35,685	60,000	+ 24,315
Unit Cost	$ 3,118	$ 3,000	-$ 118
Manpower Development and Training Activities			
NOA	$ 42,516,844	$240,000,000	+$197,483,156
Slots-NOA & Total	13,465	80,000	+ 66,535
Unit Cost	$ 3,158	$ 3,000	- 158

Purpose and Scope

The results of experimental job training programs have demonstrated that the private sector can make a significant contribution in helping to ease the critical problems of hard-core unemployment. This unique partnership--between business and government--offers businesses the opportunity to hire and be reimbursed for training and providing other necessary supportive services to the hard-core unemployed. A second unique feature of the Job Opportunities in the Business Sector program is the requirement that the hard-core worker is first hired by the company, then provided the necessary training, most of it on the job. Emphasis is placed on the supportive services necessary to help the worker stay on the job. In this way, the program goes beyond the conventional "on-the-job" training program where the employer is not required to provide complete supportive services to the trainees nor is he required to hire the trainee. In the Job Opportunities in the Business Sector contract, Federal funds are used to offset the extraordinary costs of counseling, remedial education, prevocational training, job training, transportation and supportive services needed to rehabilitate disadvantaged individuals into fully productive workers.

Jobs are developed through pledge campaigns, conducted by the National Alliance of Businessmen, utilizing representatives of private industry who make personal contact with company executives to solicit job pledges. The pledges are usually given to the Employment Service for conversion into job orders. The companies then receive referrals from the Concentrated Employment Program or from the State Employment Services, which certify that the applicants qualify as disadvantaged.

Program and Performance for Fiscal Year 1969

In 1969, the Job Opportunities in the Business Sector Program provided jobs and training opportunities for 49,150 disadvantaged individuals at a total Federal cost of $153,783,225. Economic Opportunity Act funds were $111,266,381 and $42,516,844 were Manpower Development and Training Act funds.

As of June 30, 1969, there were 1,257 projects in 1,051 contracts in operation in fifty cities at a Federal cost of $267,498,938. Of these projects 632 were funded during fiscal year 1969. Some 51,000 enrollees had been hired since May 1968, and over 25,000 were enrolled in these projects on June 30, 1969.

In addition to direct contract funding, the Department of Labor, along with the National Alliance of Businessmen, sponsored a special "sensitivity" seminar program to assist employers in orienting their supervisors and managers to the special needs and problems of the hard-core unemployed. To aid employers further in accomplishing the program goal, a unique program to train rank and file workers as job coaches and counselors was developed cooperatively with AFL-CIO. Dubbed the "buddy system," the program pairs a "sensitized" worker with a person recruited from the hard-core unemployed thus providing job adjustment assistance.

In March 1969, the program was expanded from the original 50 cities to 131 cities. The new cities will receive funds in fiscal year 1970.

A recent survey among trainees indicates that the disadvantaged are being reached. Hiring cards received through April 30, 1969 indicate the following:

-- 78 percent were Negro;

-- 12 percent were of Spanish surname;

-- 68 percent were individuals with less than 12 years of formal education (average 10.3 years);

-- 36 percent had been unemployed over six months; 55 percent over three months (average 22.5 weeks);

-- 49 percent were between the ages of 22 to 44, 43 percent were for youth under 22 years of age, 8 percent were workers aged 45 and over (average 27 years);

-- family income for 72 percent was under $3,000 per year (average $2,474 per year).

The five major occupational areas to which training was directed were packaging and materials handling; electrical equipment assembly and repair; metal fabricating; building and related services occupations; and clerical and sales.

The wages paid trainees during the training period range between $1.60 and $1.99 per hour. Wages trainees will be paid upon completion of training will range between $2.26 and $3.00 per hour in over 60 percent of the jobs currently under contract.

The immediate effect of the Job Opportunities in the Business Sector program has been to employ those formerly thought to be unemployable. However, the benefits of the program are more extensive. The intensified training and supportive services are designed to make the hard-core unemployed permanent productive members of the labor force. Moreover, the private employer's experience in the program has acquainted him with the problems of hiring and training the hard-core unemployed. This experience will hopefully have a spillover effect on the company's regular training and employment practices.

In 1970, $420,000,000 is requested for the Job Opportunities in the Business Sector program. This amount includes $180,000,000 of Economic Opportunity Act funds and $240,000,000 of Manpower Development and Training Act funds. The 1970 program is designed to provide 140,000 job opportunities for hard-core unemployed and underemployed individuals at an estimated unit cost of $3,000.

The 1970 program represents a substantial expansion over 1969 in terms of Federal funds ($266,000,000), training opportunities (over 90,000) and project target areas (81 additional cities). 1970 will be a crucial year, as the government and private industry mount the largest effort yet to combat severe unemployment problems of urban ghettos.

Additional changes in basic program design are also programmed for 1970, principally in the area of skill upgrading. Traditionally, industry has conducted a wide variety of training aimed at upgrading existing employees' skills. Selection for this type of training is usually through a bidding system based on job seniority, allowing an employee a reasonable period of time to master a job at a higher level, or through aptitude tests. These methods of selection have left many employees in entry level positions from which they are unable to advance because of the bidding or aptitude test requirements.

Recent efforts of industry and the government to employ and train the hard-core unemployed have further aggravated this problem by increasing the number of persons with minimal skills in and the demand for, entry level positions In recognition of this problem, the 1970 program design includes provisions for upgrading of present employees, including those not from the hard-core, who meet the specific criteria that they are either disadvantaged or underemployed.

It is also planned that by January 1970, this program will be expanded to the entire United States, wherever there are job opportunities in the private sector to hire and train hard-core unemployed.

Unit Cost Discussion: Job Opportunities in the Business Sector

The cost of training in the JOBS program varies with the type of occupation and the extent of services being offered. Enrollees are hired by the employer who incurs the wage cost, which is partially offset by allowing for probable loss of productivity during the enrollee training period. Productivity loss varies largely with the length of the training period. Other Federal costs are based on whatever extra costs the employer must meet in providing a full range of services for JOBS enrollees. This includes counselors, job coaches, transportation and day-care services.

The average man-year cost of training has been established at approximately $3,000. Pending further developments, the costs for 1970 are projected at $3,000 per trainee.

Concentrated Employment Program

1969 Obligation	1970 Estimated NOA	Increase
$83,000,000	$123,000,000	$+40,000,000

Introduction

The Concentrated Employment Program, now in its third year of operation, is designed to cope with the problem of impacted unemployment and subemployment in slum areas of selected large cities and blighted rural areas. This program provides a localized delivery system for bringing concentrated individualized assistance, with one coordinated sponsor, frequently the local Community Action Program, providing effective linkage and coordination between various manpower programs. It stresses orientation, individual "coach" counseling, the provision of other available manpower services (including day care), and the utilization of other training and work experience programs, including institutional and on-the-job training authorized under the Manpower Development and Training Act.

Authority for this program is provided by Title I-B of the Economic Opportunity Act of 1964, and Title II of the Manpower Development and Training Act of 1962, as amended. This budget request is directed to the Economic Opportunity Act appropriation. However, the justification will cover the total Concentrated Employment Program, including MDTA funds appropriated for the program.

The persons served by the Concentrated Employment Program must be residents of the designated target area (which embraces the Model Cities' target area where the programs coexist) and must be disadvantaged. That is, they must be poor and be unemployed or underemployed and may have other disadvantages such as inadequate education, police records and poor or non-existent employment experience. Welfare recipients who reside within the target areas are considered disadvantaged regardless of income and are qualified for the Concentrated Employment Program.

Schedule of Funding Requirements

Concentrated Employment Program	FISCAL YEAR 1967	1968	1969 Actual	1970 Plan
Obligations or Estimate, Total	$98,400,000	$95,164,000	$114,694,686	$199,000,000
EOA	50,700,000	73,041,000	83,000,000	123,000,000
MDTA	47,700,000	22,123,000	31,694,686	76,000,000
Number of New Projects Funded	21	41	18	2[1/]
Number of Projects Refunded	--	0	22	80
Number of Projects In Operation	0	22	80	82
Projected Enrollment Opportunities	56,000	65,000	105,000	157,000

1/ Two projects scheduled for 1969 will be funded this year.

Purpose and Scope

The Concentrated Employment Program was launched in April 1967 to attack the problem of poverty in localities where it is most severe. CEP focuses existing programs in an intensive attack on hard core poverty and unemployment and offers a total range of services from basic education to health services, all designed to produce employable, productive individuals.

The CEP is directed to a limited target area within a city rather than to the entire city, primarily for two reasons. First, these areas have the highest concentration of unemployment and sub-employment. Second, a limited area presents the potential for visible success in improving economic circumstances in a target area.

A CEP Program must perform many functions to attain its goal. These include active recruitment to reach as many needy persons as possible within its target areas. Screening and testing are needed to develop individual employability plans which will best prepare enrollees for referral to particular programs within CEP or other training, or to placement directly into employment. The CEP Program also provides coaching and counseling to guide the enrollee and to lend whatever support is necessary to help him get and hold a job. Many CEP staff members come from the same area and background as enrollees and are, therefore, able to relate to the enrollees and their needs. A CEP Program also provides such services as health examinations, day care centers for dependents, and a series of other services designed to increase the enrollee's employability.

The Development and Refunding
of CEP Projects
1967 to 1970

Year	First Phase Projects	Second Phase Projects	Third Phase Projects	Total Number of Existing Projects
1967.....	22 CEP I's initiated			22
1968.....		40 CEP II's initiated		62
1969.....	22 CEP I's refunded		18 Additional CEP II's initiated[1/]	80
			[1/]	80
1970 Plan	22 CEP I's refunded	40 CEP II's refunded	13 CEP II's refunded	82
			2 CEP II's initiated	

[1/] Two Harlem, New York scheduled for 1969 will be funded in 1970.

Program and Performance for Fiscal Year 1969

In 1969, the second full year of operation, the Concentrated Employment Program provided enrollments for 127,073 hard-core disadvantaged at a Federal cost of $114,694,686. Economic Opportunity Act funds amounted to $83,000,000 and Manpower Development and Training Act funds provided $31,694,686.

A total of 80 projects were in operation during fiscal year 1969 -- 40 Concentrated Employment Program II projects funded in fiscal year 1968; 22 Concentrated Employment Program I projects initially newly funded in fiscal year 1969. The 80 projects served 67 urban and 13 rural areas. Plans for two additional projects to be operated in Harlem, New York were not finalized and will not be funded until early in fiscal year 1970. One project newly funded in fiscal year 1969, in East St. Louis, Illinois, had to be terminated during the fourth quarter of fiscal year 1969 because of serious administrative problems. The problems have since been resolved and it is anticipated that the project will be refunded in fiscal year 1970.

Reports submitted by the projects as of June 30, 1969 indicate that 86 percent of enrollments into the Concentrated Employment Program are Negroes, Spanish speaking, Orientals and American Indians. Approximately 47 percent are between 22 to 44 years of age, and five percent are over 45 years of age. The reports also indicate that 55 percent of the enrollees are heads of families and 12 percent of these receiving some type of public assistance.

Program and Performance for Fiscal Year 1970

In 1970, the objective of the Concentrated Employment Program will be to strengthen and improve existing projects. The program size in 1970 will total 82 operational projects. The program calls for no expansion of the number of projects beyond the 1969 level except for the funding of the two Harlem projects which were not funded in fiscal year 1969, and the refunding of the East St. Louis project which was terminated in the latter part of fiscal year 1969.

The fiscal year 1970 Concentrated Employment Program will continue to be funded from both Economic Opportunity Act funds and Manpower Development and Training Act funds. The program in fiscal year 1970 will provide services for an estimated 157,000 individuals at a Federal cost of $199,000,000, divided between Economic Opportunity Act funds of $123,000,000 and Manpower Development and Training Act funds of $76,000,000.

Some changes aimed primarily at strengthening and improving existing projects will be initiated this fiscal year, the third full year of operation of the Concentrated Employment Program. These changes are generally in response to evaluation studies and analyses which disclosed deficiencies in the operation of the program.

Greater use of employability development teams to provide individualized and intensive services to enrollees on a continuous basis will play an important part in successful job placement. Under this concept, an enrollee in a Concentrated Employment Program project will have the guidance of a team of specialists consisting of a vocational counselor, job development specialist and a work training specialist throughout his training period and until final placement on a job.

Job development will be intensified and efforts will be made to place each enrollee in a training related job. The use of Job Banks in metropolitan areas will provide information on job availability and will aid project sponsors in matching jobs with his clients' abilities. Equally important will be finding job opportunities having higher initial wage rates and good potential for advancement.

During fiscal year 1970, all CEP projects will have been in operation for at least a year. Most projects will have achieved a satisfactory balance of services, which will not be subject to wide deviation. The Department, in refunding fiscal year 1970 projects, plans to tighten the CEP agreement, particularly in terms of project goals, how many enrollees will be served and in what capacity, i.e., orientation, remedial education, on-the-job and institutional training. This action is expected to provide an adequate measure of workload against the resources being utilized in the Concentrated Employment Program.

PROGRAM SUPPORT - TITLE I-B

1969 Obligations	1970 Estimate	Decrease
$22,246,486 a/	$19,900,000	$2,346,486

Introduction

The program support activity provides funds for salaries and expenses for the Federal staff within the Department of Labor responsible for the administration of Title I-B programs; for demonstration and evaluation projects, which are contracted outside the Government; and in fiscal year 1969 for a program of technical assistance. Pending assimilation of the Job Corps into the organizational structure of the Manpower Administration, support costs for that program are included with the Job Corps program element.

Schedule of Funding Requirements

Program Support	1969 Obligation	1970 Estimate	Increase (+) or Decrease (-)
Salaries and Expenses....	$12,095,247a/	$12,200,000	+$ 104,753
(S&E excluding transfer)	(10,838,238)	(12,200,000)	(+ 1,361,762)
Demonstration and Evaluation.....	6,039,699	7,700,000	+ 1,660,301
Demonstration.....	(4,058,067)	(2,900,000)	(- 1,158,067)
Evaluation.....	(2,231,632)	(4,800,000)	(+ 2,568,368)
Technical Assistance.....	3,861,540	---	- 3,861,540
TOTAL, Program Support..	$22,246,486a/	$19,900,000	- 2,346,486

Purpose and Scope

The Department of Labor is responsible for the administration of those programs authorized by Title I, Parts A and B of the Economic Opportunity Act and delegated to the Department by the Director of the Office of Economic Opportunity. This responsibility includes the development, implementation and administration of comprehensive work experience and training programs involving complex interagency relationships and funding arrangements.

a/ Includes $1,257,009 for comparative transfer of 43 positions to the Office of Manpower Administrator, Salary and Expenses.

The United States Training and Employment Service is the principle operating arm of the Manpower Administration with responsibility for promoting, developing and administering all manpower programs administered by the Department of Labor. Authority for most program operation activities, including contracting for programs, monitoring and providing technical assistance to sponsors, has been delegated to the regional offices in the field. The national office of the United States Training and Employment Service is responsible for the general direction of program operations, including program planning, scheduling and design of policies and procedures.

Many services required for proper administration of work-training programs are provided elsewhere in the Manpower Administration and Labor Department. In addition to the overall guidance and coordination furnished by the staff in the Office of the Manpower Administrator, the following supportive services are provided:

-- financial and management services (central budget, finance, personnel, contracting, management administrative services);

-- policy, evaluation and research (including planning, experimental and demonstration projects, evaluation, and cost-effectiveness studies);

-- legal services (provided by the Department's Office of the Solicitor);

-- administration of work-training programs in the District of Columbia.

The Table below identifies the location of positions budgeted for program support:

United States Training and Employment Service	630
National Office	135
Field	495
Region I - Boston	(44)
Region II - New York	(55)
Region III - Philadephia	(59)
Region IV - Atlanta	(80)
Region V - Chicago	(61)
Region VI - Dallas	(67)
Region VII - Kansas City	(38)
Region VIII - Denver	(30)

Region IX - San Francisco	(50)
Region X - Seattle	(11)
Office of the Manpower Administrator	36
Office of Financial and Management Services	103
Manpower Training and Employment Services Administration for the District of Columbia	32
Office of Policy, Evaluation and Research	2
Office of the Solicitor	6
TOTAL	809

Program and Performance in Fiscal Year 1969

In 1969, 809 Federal positions were funded at a cost of $10,838,238.

On March 31, 1969, the new Manpower Administration organizational structure was announced. This new alignment shifted personnel resources to regional offices, placing more operating authority in these offices and establishing a direct single line of communication from the Manpower Administrator.

These actions have the following implications:

(1) Parallel channels of communication based on somewhat artificial program distinctions are eliminated.

(2) Line officials are constantly exposed to regional conditions, increasing their capacity to comprehend and respond effectively to local problems.

(3) State and local officials are able to seek immediate action on important problems at accessible regional offices staffed by Federal manpower authorities.

(4) More effective monitoring of Federal manpower efforts at the State and local levels is possible.

In addition to decentralizing personnel, the reorganization merged the Bureau of Work-Training Programs and the Employment Service functions of the Bureau of Employment Security into the new United States Training and Employment Service. This organization brings together all of the elements necessary for self-sustaining manpower operations in the regions.

During 1969, experimental and demonstration projects totaling $4,058,067 were funded. The principal areas of emphasis of these projects were:

-- The design of work-programs for youth to serve less as sources of general work experience and current income, and more as opportunities leading to self-supporting careers;

-- the testing of residential support services as a means of reducing school dropout and improving the performance of delinquent and "high risk" youth;

-- the development of a comprehensive youth development and work experience program run by a community and focused on community development work;

-- the development of work sample aids and assessment methods as tools for enabling employers to hire program completers who do not meet customary hiring standards.

In addition, evaluation contracts totaling $1,981,632 were funded. Sixteen studies were initiated during the year and twenty-six were completed, convering almost all of the Title I-B programs. For the first part of 1969 the contract evaluation program focused on the operational aspects of newly established manpower programs. Periodic reports on operations at the local level concerning the Concentrated Employment Program and the Job Opportunities in the Business Sector Program provided program managers and operating personnel with timely information on potential problem areas. The continuing flow of reports on local operations enabled responsible officials to react and take corrective action before major bottlenecks could develop.

This was particularly true with regard to the Concentrated Employment Program which was initiated early in fiscal year 1968 and became fully operational in 80 cities during fiscal year 1969. Problems in program concept and design identified through evaluation studies have resulted in substantial redesign of CEP for 1970. Revised program guidelines provide for a clear statement of the functions and responsibilities of the various subcontractors and a more clearly defined subcontrator-prime sponsor relationship to avoid overlap of functions and responsibilties. The job development function, the key to successful job placements upon completion of training, is being built into each CEP project as a definitive and comprehensive system of job sharing among all parties to the CEP contract.

Toward the end of fiscal 1969, as earlier operationally oriented contract studies were completed, program emphasis shifted towards the design of more comprehensive studies directed at assessing program impact and effectiveness. This change in emphasis coincided with a major reorganization within the Manpower Administration which transferred primary responsibility for assessing operational efficiency to the regional staff. By the end of the fiscal year, major studies directed at assessing program results and program impact of the CEP and JOBS programs had been contracted.

In addition, $750,000 was utilized by the Office of Economic Opportunity for program impact evaluation. A more detailed discussion of this is contained in the appendix.

A total of $3,861,540 was obligated to fund 24 technical assistance contracts with private firms and universities during 1969. Almost half of the contracts provided for management and program assistance for the Concentrated Employment Program, including continuation of contracts which were let in 1969. The management assistance contracts provided assistance in basic organization, in hiring staff, in budgeting, in accounting and in financial and statistical reporting. Help with program development, counseling, outreach and placement was provided through program assistance contracts.

The Job Opportunities in the Business Sector Program received assistance from two contractors who provided training and orientation in basic manpower concepts to local project staff and middle-level management.

The Neighborhood Youth Corps let three contracts during fiscal year 1969. One provided for the development of staff training materials, actual training of program staff, and assistance with the start-up of in-school projects. A second assisted with training NYC program sponsors, and the third furnished seminars, a handbook on manpower planning and coordination, and general technical assistance to mayors and their representatives.

Six contractors assisted New Careers Programs in such areas as program development, program assessment, staff training, and conferences for local government officials and public welfare personnel. Other contractors developed and implemented New Careers Programs in the fields of law enforcement and rehabilitation of the handicapped.

Management and program assistance was also furnished to Sepcial Impact Program national and operating staffs.

Program and Performance for Fiscal Year 1970

In 1970, 809 Federal positions will continue to be funded at a cost of $12,200,000. The increase of $1,361,762 over fiscal year 1969 provides for mandatory increases. The decentralization of personnel to the field begun in 1969 will be completed during fiscal year 1970.

During 1970, $2,900,000 is requested for experimental and demonstration projects. In addition to continuing exploration of those areas studied in 1969, priority for new projects will be the development of new models of industry-government partnership in financing and operating work-training programs. Projects will be concerned with:

-- in-industry training for youth;

-- industry direction of youth work-experience in community improvement efforts; and

-- new forms of industry participation in major elements of work-training programs, such as job placement and post-hiring supportive activities.

Special attention will also be devoted to exploring methods of stimulating youth self-help efforts and leadership development as a key element of comprehensive work-training programs. The development of techniques for gearing work-training to job-ladder progression rather than entry-level or limited skill jobs alone will also be stressed.

Evaluation studies proposed in 1970 at a Federal cost of $4,800,000 will be principally concerned with:

(1) The general administration of the programs on a nationwide basis: their effectiveness, their coordination, the extent to which goals were reached;

(2) The effect of the program components on the community, i.e., on institutions, public opinion, governmental structures and economic conditions; and

(3) The effect on participants of the services rendered and the extent to which these services promote a subsequent history of steady work at decent wages.

The results of the studies will be used for internal improvements in the program models, in the general operation of the program, and for recommending changes in policy.

A total of $1,500,000 will also be utilized by the Office of Economic Opportunity, an explanation of which is contained in the appendix.

Technical Assistance

In 1970 this program will merge with the MDTA technical assistance function. Therefore, no EOA funds are requested.

Community Action Programs

Summary

1969 Obligations	1970 NOA Estimate	Increase
$937,473,900	$1,078,700,000	$+141,226,100

Summary of Funding Requirements

Community Action

Program Activity	FY 1969	FY 1970	Difference FY 1969-70
Local Initiative Programs	$326,142,000	$ 328,900,000	$+ 2,758,000
Head Start	333,937,000	331,700,000	- 2,237,000
Head Start Follow Through	31,986,000	58,000,000	+26,014,000
Special Impact - Community Economic Development	11,246,900	38,000,000	+26,753,100
Comprehensive Health Services	52,319,000	74,000,000	+21,681,000
Addiction and Mental Health Services	2,200,000	1,000,000	- 1,200,000
Family Planning	13,750,000	22,000,000	+ 8,250,000
Emergency Food and Medical Services	23,243,000	30,000,000	+ 6,757,000
Legal Services Program	45,353,000	54,000,000	+ 8,647,000
State Economic Opportunity Offices	6,850,000	9,000,000	+ 2,150,000
Training and Technical Assistance	25,528,000	24,000,000	- 1,528,000
Senior Opportunities and Services	6,424,000	8,800,000	+ 2,376,000
Day Care	-0-	10,000,000	+10,000,000
Evaluation	2,530,000	11,000,000	+ 8,470,000
Research and Development	31,540,000	55,600,000	+24,060,000
Program Support	24,425,000	22,700,000	- 1,725,000
Total	$937,473,900	$1,078,700,000	$+141,226,100

Program justifications are contained on the individual narrative justifications following:

LOCAL INITIATIVE PROGRAMS

INTRODUCTION

Local Initiative funds are the core of the Community Action Agency concept. They make possible the structure through which the process of community action is carried out; they enable each community to tailor its total anti-poverty program to its peoples' needs,and they are the primary means by which self-help by the poor is undertaken.

Structure and Process

At the community level, local initiative funds provide for staff to plan, coordinate, develop, and manage anti-poverty programs. To the maximum extent possible all of the programs funded under Title II are operated through CAAs. Local initiative funds provide for neighborhood service systems, the structure for developing and delivering anti-poverty programs at the neighborhood level and the primary vehicle for involving the poor.

Flexible programming

Though poverty is attributable to some causes that are prevalent nationwide, some causes vary widely in their applicability community by community. Because of individual community differences in the causes and manifestations of poverty, no single set of programs can be most effective in helping the poor. Programs are therefore tailored to meet individual community differences; this tailoring is accomplished with local initiative funds.

Self-help programs

A major tool of the Office of Economic Opportunity for stimulating self-help is local initiative programs. Because of their flexible nature these funds can be used to fund programs which self-help organizations plan and operate. Local initiative funds are used to set up production and marketing cooperatives to improve the lives of the rural poor. In urban situations, they are used for buyers clubs, credit unions and to establish neighborhood based organizations which can deal with a range of problems and issues and deal, on a basis of parity, with the larger community.

Mission and Goals

In October 1969, the Office of Economic Opportunity set forth its basic policy guidelines regarding the future development of Community Action. The mission and goals of Community Action are the same as the mission and goals of Local Initiative. The mission is stated as helping to move a system of public and private institutions in this country toward finding and approaching the means to deal with poverty. Five basic goals are cited as essential parts of this mission:

a. To mobilize and channel public and private resources into antipoverty action.

b. To generate new and better approaches to solving poverty problems.

c. To increase the opportunities and the capabilities for participation of the poor in the planning, conduct, and evaluation of programs that affect their lives.

d. To build effective communications bridges between those who should be working together on poverty problems.

e. To help strengthen the planning and coordination of anti-poverty programs.

Among the CAA activities, funded by local initiative, which are devoted to achieving the Community Action goals are:

-- developing information needed to determine where the most serious problems exist, developing strategies to overcome these problems, and encouraging joint planning efforts through coordination and negotiation with other agencies;

-- evaluating the effectiveness of its own program activities, as well as non-program activities, in fulfilling the objectives of the community action, and encouraging joint evaluation of all anti-poverty programs in the community;

-- taking the initiative in mobilizing all possible resources, public and private, in the community, that can be brought to bear to solve local poverty problems;

-- fostering necessary shifts or changes in existing institutions to allow them to be more responsive to the needs of the poor;

-- initiating community-wide education efforts to alter community attitudes and institutional practices;

-- stimulating more effective involvement and participation of all sectors of the local citizenry;

-- developing and promoting career development activities including development of job opportunities within all poverty programs and in the public and private sectors outside the poverty effort; providing training and education to upgrade the skills of sub-professionals; providing incentives to stimulate individual motivation.

-- providing development and support of neighborhood groups involvement.

Resource Mobilization and Innovation

Of prime importance to Local Initiative in FY 1970 and beyond will be its role in resource mobilization, the first goal of the Community Action Mission. A new policy of incentives for resource mobilization at the CAA level is being instituted early in FY 1970. A small amount of Local Initiative funds (about 4 percent of the total) will be made available as incentives for CAAs to spin-off a popular component program or defund an ineffective one. A CAA freeing up funds in this manner would then become eligible for funding of a developmental activity. The cost of the new project would equal that of the defunded one plus an incentive increment in funding. Thus, with what is a small increment in demand for Local Initiative funds, a new project of four or five times the magnitude of that increment can be initiated.

The incentive funding policy not only furthers the resource mobilization thrust but also encourages developmental activity at the local level. As another method of making more effective CAA activity in developing, testing, demonstrating and promoting the broader adoption of new anti-poverty approaches, the Office of Economic Opportunity is developing a feedback system so CAAs can exchange program ideas and experience. In this way the techniques and results of successful projects developed by individual CAAs or as Office of Economic Opportunity demonstration projects will be made available for use by other CAAs on a nationwide basis.

Community Programming

Efforts are being made to assure that Local Initiative funds are specifically related to the five Community Action goals rather than simply providing service programs. For instance, delivery of service is frequently an important method of resource mobilization, institutional change, or developmental activity as it can have a multiplier affect. Local Initiative funds should not however, be used where other local agencies can be induced to fund the same activity.

There are many examples and much potential for what CAA run programs can do to induce new approaches and improvements in program concepts, designs, and techniques which increase the accessibility, quality, relevance, and effectiveness of services for the poor. They may effect the modification of eligibility and other rules to assure maximum use of services by those who need them. Many CAA's have improved and expanded employment opportunities for the poor--through the modification of state and local civil service laws and regulations, as well as private employment practices; through increasing use of non-professionals to perform functions otherwise performed by professionals for which professional qualifications are not necessary; by the elimination of automatic disqualification from employment because of arrest or bad credit records; through enactment and better enforcement of equal employment opportunity measures; and by increased active recruitment among the poor and minority group members for supervisory as well as entry level positions. Another major area of concern is the increased protection of the rights of poor people as consumers. This has taken the form of strengthening and improving the enforcement of housing codes; enacting and enforcing more strictly open housing measures, and adopting of non-discriminatory practices by real estate brokers; improving relocation assistance, fair compensation for replacement of property, and provision of increased low-income housing in urban renewal programs; and eliminating discriminatory pricing, merchandising, and credit practices in low-income neighborhoods. Low-income and minority group members have been included on juries through the efforts of CAAs, and police-community relations have been improved in some areas. In the field of education, CAAs hold classes, both for children and adults, in storefront locations and emphasize the development of innovative high school equivalency programs using new curriculum materials, conducted in relevant institutional settings, and directed toward educational goals selected for relevance to vocational needs. Community health programs have had great impact in areas where medical services simply are not available to the poor. A substantial percentage of the total amount has been spent on an ad hoc basis for medical and dental examinations. Other health programs include disease prevention, diagnostic and rehabilitative services, as well as health education, outreach, and training. Finally CAAs have made contributions to the economic development of poor communities, and this area will be one of emphasis in the future. Emergency loan projects have been developed in conjunction with entrepreneurial small business investments, and in some areas community-owned stores have actually been financed. Consumer action demonstration programs, bringing together and supporting groups of poor consumers in order to define problems and develop solutions; cooperatives, from farm production and marketing to non-farm handicrafts, woodworking, fishing, etc.; consumer credit unions, and buying clubs, are all examples of the kind of self-help economic programs that have been developed to date.

All of this is not to say that institutional change is only due to the efforts of local anti-poverty workers, but that in a thousand communities throughout the country, CAAs have acted as the catalysts, have brought people together to face and work on community problems that have beset poor people for many years.

Following is a financial summary of Local Initiative Programs for 1969 and 1970. Each element is discussed in a separate narrative subsequently in more detail.

Local Initiative Programs

	1969 Obligations	1970 Estimated Obligations	Increase or Decrease
CAA Administration, Planning, and Evaluation	$ 75,651,000	$ 76,200,000	$ +549,000
Neighborhood Service Systems	133,672,000	133,700,000	+ 28,000
Manpower	23,461,000	23,500,000	+ 39,000
Opportunities Industrialization Centers	4,751,000	4,800,000	+ 49,000
Adult Education	3,091,000	3,100,000	+ 9,000
School-Age Education	6,083,000	6,100,000	+ 17,000
Housing Development Corporations	3,515,000	7,000,000	+3,485,000
Housing Services	7,013,000	7,000,000	- 13,000
Community Health Services	6,481,000	6,500,000	+ 19,000
Youth Programs	33,462,000	32,000,000	-1,462,000
General Social Services	20,848,000	20,900,000	+ 52,000
Consumer Action and Financial Assistance	2,622,000	2,600,000	- 22,000
Economic Development and Cooperatives	5,492,000	5,500,000	+ 8,000
	$326,142,000	$328,900,000	$2,758,000

CAA Administration, Planning, and Evaluation

FY 1969 Obligations	FY 1970 Estimate	Increase
$75,651,000	$76,200,000	$549,000

Purpose and Scope

The funds requested under this category provide for the overall coordination, administration, planning and evaluation of Community Action Agencies. These funds do not include support for the administration of specific programs, such as neighborhood centers, or youth programs; the administrative costs of individual programs are included in the program estimates.

Community Action Agency coordination and administration account for the greatest part of the funds in this area. Such items as central staff salaries and expenses, the costs of performing management functions such as accounting, and facilities support costs are included. Although most of these costs result from the management of Community Action programs, much of the cost can be attributed to the task of coordinating other Federal, State and local anti-poverty programs operated through the Community Action Agency.

In addition, the expenses for many CA mission activities such as mobilization of resources, coordination, institutional change are paid for out of central CAA administrative funds.

One means of strengthening the CAA management processes is improvement of the local agencies' planning processes. The specific objectives of CAA planning are (1) to allocate resources most effectively, (2) to involve the poor in a meaningful way in the planning aspects of CAA and community decision making, (3) to procure new resources for the local attack on poverty, and (4) to stimulate a better focusing of other agencies' planning efforts on the needs of the poor. In meeting these objectives, the major vehicle of the Office of Economic Opportunity has been the Planning Development Program (PDP). This program provides (1) funds to CAAs, primarily for specialized planning staff, (2) VISTA Volunteer Planners to supplement staff, (3) grants to State Economic Opportunity Offices so that they can participate in the state planning processes and provide technical assistance to local grantees in community planning, (4) training and technical assistance on all aspects of community planning as well as a special program geared to the needs of organizations participating in the Model Cities planning process, and (5) policy, guidance, and information on planning.

The remaining function funded in this area is evaluation conducted by Community Action Agencies. Evaluation is a necessary follow-up to the planning process, providing the feed back on program effectiveness which is necessary for subsequent planning. The types of evaluation which CAAs conduct include measurements of the degree to which programs are reaching their target population, the effectiveness of these programs and the degree to which the CAA programs are coordinated with other community anti-poverty efforts.

Program and Performance for Fiscal Year 1969

Administration -- 962 Community Action Agencies required $68 million for administrative costs. Improving CAA management systems in general, and specifically the effectiveness with which CAA Administration funds are utilized, was an important concern for the Office of Economic Opportunity in FY 1969. For instance, Section 230 Training and Technical Assistance gave high priority to improving and supplementing management assistance available to grantees. Among other activities the successful Concerted Management Improvement Program (CMIP) was extended to 32 more CAAs bringing the total number receiving this type of assistance to 63. Another important achievement was the implementation of the new Grant Application Process in all CAAs. This introduced a program cycle concept that will help CAAs to better plan, operate and evaluate their programs.

Planning -- Through the Planning Development, grants for staff planners were provided to 104 CAAs, and 10 SEOOs. In addition, 30 CAAs received funds for planning staff from other Local Initiative money and 140 CAAs sponsored VISTA Planners, who helped in the development of planning processes. About 18 CAAs and their component neighborhood organizations which participated in the Model Cities planning process received grants averaging $50,000 per CAA and totaling approximately $900,000.

Evaluation -- Approximately $1.1 million was obligated for this activity in FY 1969. This money was spent by CAAs to evaluate their component programs so that planning in future years for similar programs and components can be based on more accurate information.

Program and Performance for Fiscal Year 1970

Administration -- CAA administrative costs will remain fairly stable in FY 1970, increasing slightly to provide for increased salary levels. An effort will be made in this fiscal year to synthesize the lessons learned from the operation of CMIP grants into guidance for all CAAs, and to continue to strengthen the grantees performance in the CAA funding cycle.

Planning and Evaluation -- Both the planning and evaluation activities will be maintained at the FY 1969 level.

Neighborhood Service Systems

FY 1969 Obligations	FY 1970 Estimate	Increase
$133,672,000	$133,700,000	$28,000

Purpose and Scope

The Neighborhood Service System is comprised of two different kinds of systems. The first is Neighborhood Center Administration and Management. A neighborhood center has the following characteristics: (1) It is located in a physical facility operated as a single entity, although it may be composed of two or more structures located adjacent or close to each other. If a center has a "satellite" facility located some distance away that provides many of the same types of services as the main center, the "satellite" facility is a separate center. (2) It serves a definite geographic "target" area in which there is a relatively high degree of poverty. (3) It performs, on a regular basis, one or more of the following functions: offering a variety of different programs, reaching out and involving neighborhood residents in the solution of a variety of different poverty-related problems.

Administration and management includes (1) administering and managing the center staff, facilities, equipment, and other administrative overhead of a neighborhood center; and (2) generalized neighborhood center activities not related to a specific program, such as intake, initial assessment, referral, and program placement. This category does not include specific programswhich are to be identified as separate categories operated from center facilities (Head Start, Housing Development Corporation, Day Care, etc.).

Second under the category of Neighborhood Service Systems is Community School Administration and Management. This is defined as a unit of public, private, or parochial school system used by CAA's or delegate agencies to carry out antipoverty programs or services, normally of an educational nature. Persons served may be of all ages and educational backgrounds. This category includes (1) administration and management of the school staff, facilities, and other administrative overhead of a community school, and (2) generalized community school activities not related to a specific program such as intake, initial assessment, referral and program placement. As in the case of neighborhood center administration, this does not include specific programs which are to be identified as separate categories operated from school facilities, such as Adult Basic Education, Prevocational Training, Day Care, etc.

Program and Performance for FY 1969

The Inventory of Multi-purpose Neighborhood Centers conducted in the spring of 1969 reveal that 2,442 centers were being sponsored by 595

CAAs at the end of 1968. (This total includes an adjustment for non-response.) By the end of FY 1969, CAA's were operating 2,740 Neighborhood Service Centers serving 3.1 million people.

Program and Performance for FY 1970

The number of Neighborhood Service Systems is expected to remain constant during FY 1970. Efforts will concentrate on improving management capability, increasing neighborhood participation, and providing technical assistance to neighborhood groups. The development and dissemination of guidance manuals on Neighborhood Centers and Neighborhood Corporations will provide "How to do it" information. This will include strengthening of existing systems, by encouragement and decentralization of existing services to Neighborhood Service Systems, development of improved linkages between neighborhood centers, and related programs, achievement of more effective coordination of services and training and technical assistance in the development of and securing of funding for development proposals.

Manpower

FY 1969 Obligations	FY 1970 Estimate	Increase
$23,461,000	$23,500,000	$39,000

Purpose and Scope

There are two basic purposes of Community Action Agency involvement in the provision of manpower services for the poor. First of all, a particular expertise of CAA's is their capability to provide outreach into poverty communities to acquaint low-income persons with services available to them through the aegis of vaious manpower, educational and other agencies, and to work with community organizations in more effective recruiting of the disadvantaged for these services. Local Employment Service Offices and CAA's have developed these kinds of working relationships in many communities. This expertise is exhibited in the neighborhood based organization of the typical CAA, the existence of well qualified subprofessional staffs recruited from the target areas, and the coordinative capacity of the CAA. Because manpower is a high priority need and concern of the poor, particular emphasis is placed on assisting target area residents in making the most effective use of all available job and training opportunities, and a major portion of the overall CAA outreach effort is concentrated on manpower.

A second type of involvement is the supplementation of manpower services in those communities where existing programs are either inappropriate to the needs of the community or are of insufficient size and scope to meet local needs. This is particularly helpful in many rural areas where traditional manpower services are largely unavailable. Through the selective use of local initiative funds, CAA's can play a significant role in meliorating manpower deficiencies in these communities until other manpower programs assume the job. In every case the decision to spend scarce resources on supplementary manpower services is a local option, and is geared to meet a critical local need; this reflects the importance placed by local groups on manpower as an anti-poverty tool.

Program and Performance for Fiscal Year 1969

In FY 1969 $23 million was spent on direct or supportive manpower services. These funds were used by CAA's to help the poor in their communities obtain jobs or job training. Where Department of Labor programs were available to deal with segments of their needs, CAA's typically not only acted as prime sponsors for the Department of Labor programs, but also used Office of Economic Opportunity Manpower funds to fill the many gaps in those programs.

Many CAA's were provided technical assistance through a national Office of Economic Opportunity contract. Also a model CAA program was developed into a training center for other CAA manpower personnel, with very good results. Contracts were established to provide intensive technical assistance to selected CAA's in the preparation of comprehensive work and training programs (CWTP's). These contractors will also be used to improve the work of other CAA's using locally flexible funds for manpower services.

Program and Performance for Fiscal Year 1970

It is anticipated that about 50 CAA's will establish Comprehensive Work and Training Programs, with supplemental funds from the Department of Labor, integrating several I-B contracts into a single manpower system. Technical assistance will be provided from existing contracts established in late FY 1969 for that purpose.

Building upon the existing contracts, technical assistance will be expanded to service an estimated 15 to 20 additional CAA's in each Region during FY 1970.

Opportunities Industrialization Centers

FY 1969 Obligations	FY 1970 Estimates	Increase
$4,751,000	$4,800,000	$49,000

Purpose and Scope

The Opportunities Industrialization Centers is a two phase program to train unemployed men and women. Through basic education in the "feeder" part of the program, the trainee is provided with enough basic education to qualify for a job or to "graduate" into the second part, which consists of skill training in drafting, electronics assembly, IBM key punch, machine shop, secretarial skills, etc. Self-help is the salient feature of the program -- reliance is placed on the individual's determination and drive to help himself. These centers are also funded by other sources, particularly the Department of Labor and HEW.

Program and Performance for Fiscal Year 1969

In FY 1969 17 OIC's were funded at a cost to OEO of $4.8 million, training an estimated 11,000 people. Funding for the 17 "OEO-OIC's" from other sources, particularly the Departments of HEW and Labor, totaled about $5.4 million each. Cost per trainee to OEO was approximately $462, which mobilized equal support from DOL and HEW.

Program and Performance for Fiscal Year 1970

In FY 1970 the OIC's that were operational in FY 1969 will be refunded. The total cost to OEO will be approximately $4.8 million, training an estimated 13,000 people.

Education

Adult Education

FY 1969 Obligations	FY 1970 Estimate	Increase Difference
$3,091,000	$3,100,000	$9,000

Purpose and Scope

Adult education projects provide instruction to the poor in basic literacy and computational skills. Programs usually offer training of three general types: 8th grade equivalency, 12th grade equivalency, and English as a second language. Although these skills are frequently taught in connection with functional subject matter, curricula and methods are diverse. Instruction may be given in brief, "immersion" courses immediately prior to vocational training, or in long-term classes which persons attend over time, taking work geared to their individual needs.

The primary OEO mission in adult education is to develop innovative methods of teaching basic skills for large-scale adoption by school systems and other community institutions providing compensatory education. Numbers served will therefore continue to be small compared with the estimated population who need such assistance (4,300,000).

The attainment of these basic skills is considered a fundamental step in escaping poverty.

Program and Performance for Fiscal Year 1969

Approximately 49,000 participated in adult education programs in FY 1969 and about 83,000 others were contacted by such programs. Emphasis was placed on developing improved models of education and on expanding outreach. Classes were held in storefront locations and curricula were tailored to the needs of those served.

Program and Performance for Fiscal Year 1970

Starting in FY 1970, emphasis will be placed on developing innovative high school equivalency programs. New curriculum materials will be developed and an attempt will be made to conduct programs in more relevant institutional settings, such as, in combination with vocational skill training.

Education

School Age Education

FY 1969 Obligations	FY 1970 Estimate	Increase
$6,083,000	$6,100,000	$17,000

Purpose and Scope

Through various supporting activities, school age projects test new ways of supplementing the formal education of poor youths. The primary OEO objective is to develop and demonstrate improved models of compensatory education, rather than to conduct programs for major portions of the estimated population who could benefit from these services (5,300,000 youths). Number of persons served will therefore continue to be relatively small.

Tutorial and remedial projects are two principal types of programs in this category. Tutorial programs are locally-initiated efforts to improve the abilities, motivation, and educational aspirations of disadvantaged children through one-to-one tutoring sessions. Tutorials are typically urban programs in which college, high school and local volunteers tutor 25-100 elementary school pupils. In remedial programs, on the other hand, students are taught in groups, with OEO funds normally providing salaries for remedial teachers and non-professional aides. Many projects are devoted entirely to improvement of reading skills.

Program and Performance for Fiscal Year 1969

Approximately 86,000 students participated in programs designed to improve academic achievement and motivation, or to accomplish broader goals (such as stimulation of parental interest and involvement in their children's education, change in the schools, curriculum development, or use of compensatory education programs as vehicles for comprehensive community action).

Program and Performance for Fiscal Year 1970

Projects will serve about the same number of youth as in FY 1969. There will be a greater emphasis, however, on rural projects.

Housing Development Corporations

FY 1969 Obligations	FY 1970 Estimate	Increase
$3,515,000	$7,000,000	$3,485,000

Purpose and Scope

The universe of need as stated in the Kerner Commission report is 600,000 low and moderate income housing units in the next year and 6 million in the next five years. The recently passed 1968 Housing Bill, which considerably expands the range of tools available for producing low and moderate income housing, takes as its goal the production of 6 million units in the next ten years.

Housing Development Corporations are non-profit institutions set up to act as sponsors for low-income housing programs financed through mortgage insurance programs of the Federal Housing Administration. As sponsors they acquire the properties to be used for the housing, prepare the financing application and shepherd the development of the housing. These corporations bring together the lawyers, architects, real estate and construction specialists needed for the development of low-income housing. The corporations take a number of different approaches. They can build new structures, rehabilitate old ones, lease existing building, and, in turn, either lease or sell to poor people. Their principal purpose is to provide administrative and technical capability to take better advantage, for poor people, of existing housing programs. The Community Action Program funds provide working capital and meet managerial and professional costs of the corporation, costs which must be met before construction financing can be made available. Some notable examples of HDC accomplishments are the following:

In Durham, N. C., the Low-Income Housing Development Corporation had $290,000 in seed money. This has resulted in the development of 12 sponsor groups with projects either in construction or well into processing with a total of 1,124 units. It is estimated that only $25,000 of this seed money may have to be written off.

In Whitesburg, Ky., the Eastern Kentucky Housing Development Corporation has been able to reduce potential costs by various donations to the project. The land, which is generally exorbitant in the area, was donated by the Southeast Coal Company, and the road to the site is being built by the State at no cost to EKHDC. The mortgage has been reduced by $20,000, as the sales tax on the manufactured units has been adjusted by the State of Kentucky.

Program and Performance in Fiscal Year 1969

In FY 1969, $3,515,000 was spent on Housing Development Corporation program grants. Of this sum, $660,000 was for 11 program development grants. The remainder was used to fund existing HDCs. The funds to HDCs in Fiscal 1969 enabled them to expand their activities. The successes of the HDCs can be measured by their cumulative achievement since first being funded. As of May 1969, $5.1 million in HDC funds had generated the construction of 5,840 units valued at a total of $71.9 million.

Program and Performance for Fiscal Year 1970

In FY 1970, $7 million is expected to be obligated from operating funds. This figure includes approximately $5 million for refundings and $2 million in new programs. This will make possible the creation of approximately 10 new corporations.

Housing Services

FY 1969 Obligations	FY 1970 Estimate	Decrease
$7,013,000	$7,000,000	$13,000

Purpose and Scope

Housing services consist of a range of activities, depending upon local needs. They include emergency programs like legal assistance with eviction problems and landlord negotiations, assistance with emergency repairs, and relocation assistance. They also include longer range programs such as preparing poor people to deal on a more informal basis and more effectively with the housing market and educating them for a more meaningful role in housing-related public hearings and administrative processes. Housing specialists also help poor people take advantage of other Government housing programs and help them deal with local housing, urban renewal, and Model Cities officials.

Program and Performance for Fiscal Year 1969

In FY 1969 approximately $7 million was obligated for housing services.

Program and Performance for Fiscal Year 1970

The FY 1970 actual programming will vary only slightly from FY 1969.

Community Health Services

FY 1969 Obligations	FY 1970 Estimate	Increase
$6,481,000	$6,500,000	$19,000

Purpose and Scope

Community Action Agencies have developed a variety of health projects in response to local needs and priorities. Many of these have supplemented other anti-poverty efforts, such as neighborhood services systems and manpower training programs. Most have enlisted the cooperation of local agencies concerned with the health of the poor, such as medical societies and health departments.

Program and Performance for Fiscal Year 1969

About half the total funding of $6.5 million was used for medical and dental examination and treatment. Substantial support was also given, at the initiative of local community action agencies, to environmental health and health education activities. Dental care, as well as other specific services, was generally funded on an ad hoc basis to fill temporarily the need for physical examination services where they were not available from the community and to demonstrate this need to the appropriate local health authorities. As soon as the services are available from other sources, the programs are phased out. In the area of environmental health, for example, emphasis was placed on unsanitary conditions, with clean-up campaigns, rodent control, immunization, and nursing visits. Family members were instructed in patient care, proper sanitation, pest control, and food storage.

Program and Performance for Fiscal Year 1970

Currently operating programs will be expanded on a very minimal basis during FY 1970. Any increase in cost will result primarily from purchase of equipment and staff salary increments. Additional effort will be devoted to programs in rural areas and areas with acute environmental health needs.

Youth Programs

FY 1969 Obligations	FY 1970 Estimate	Decrease
$33,462,000	$32,000,000	$1,462,000

Purpose and Scope

Youth programs are designed to give youth experiences which provide for the development of leadership, increased skills and self direction. Program area priorities designed to meet these objectives (e.g. enterprise development, education, employment) are to be determined locally through a youth council or committee. The process of youth involvement within the planning, operation and evaluation of the project is the major component within the program. Recognizing that poverty is a year-round, lifelong experience, youth programs will be funded on a full year basis with provisions for the activities to peak during the summer months. Special emphasis will be placed on assisting youth to develop their capability to improve their living situation.

Program and Performance for Fiscal Year 1969

A total of $33,462,000 of FY 1969 monies were spent on Youth Programs. Of this amount, $1,172,000 was spent on Research and Demonstration programs to experiment with ways of involving youth in total planning and operation of their programs; $450,000 was earmarked for programs on Indian reservations; and $500,000 was allocated through an interagency transfer, for the staffing of local Mayors' Councils on Youth Opportunity in 22 of the largest cities to assist in local youth program coordination. A pilot project was operated jointly with the DOD in five cities utilizing armories for locally operated year-round youth projects. At least 1.7 million youth participated in the various programs planned and carried out by over 300 communities across the nation. 30,000 youth were involved in the planning of the programs that were eventually carried out in their communities. Almost 17,000 poor youth were directly employed within the projects during FY 69. In addition to the $33.5 million expended in this program element, $3 million was provided to the Department of Health, Education, and Welfare, President's Council on Physical Fitness and Sports, to carry out a day camp type program serving disadvantaged youth on 100 college and university campuses.

Program and Performance for Fiscal Year 1970

In 1970, $32 million will be earmarked for Youth Programs. Within the new program guidelines policies will be enunciated which further emphasize youth involvement in all phases of project operations, add major emphasis for the need to provide year-round activity and programmatic thrust to economic opportunity-type projects (e.g. enterprise development, education, employment, etc.). Programming for older youth will be stressed and project spin-off through delegate agency commitments to refund projects in future years will be emphasized. In addition approximately $2 million of program development funds will continue to explore innovative projects which have the possibility for replication in local communities.

General Social Services

FY 1969 Obligations	FY 1970 Estimate	Increase
$20,848,000	$20,900,000	$ + 52,000

Purpose and Scope

A wide variety of locally-designed programs are funded under this area and generally fall within the following categories:

A. General Services: Projects range widely in scope and include counseling as a common denominator. Almost one-fourth of the programs funded provide special programs for elderly people. Other Programs are aimed at handicapped people, delinquent youth, Puerto Rican and Indian sub-groups, and pre-school youngsters.

B. Home Management and Homemaking Assistance: General homemaking instruction and assistance to help poor families improve general home management effectiveness and to keep house on a temporary, emergency basis. Some programs provide specially trained aides for emergency assistance.

C. Food Distribution and Production: Administrative funds are provided to permit some rural areas which would otherwise not participate to provide Department of Agriculture food programs (primarily Commodity Distribution) for eligible residents in their counties. In addition, poor people are assisted in increasing food production and family consumption through subsidization of small-scale fruit, vegetable, dairying and beehive activities.

D. Day Care programs funded under this element exclude nursery projects that meet Head Start standards.

E. Recreation programs have decreased in importance in recent years and we expect to see little of this activity funded by OEO in the future.

Program and Performance for FY 1969

Approximately $21 million in General Social Service projects (including $1.5 million in Day Care and $1 in Recreation) was expended by CAAs throughout the country in FY 1969.

Program and Performance in FY 1970

Efforts will be concentrated on spinning off those projects that local governments or groups can pick up. Overall obligations will remain essentially at the same level.

Consumer Action and Financial Assistance

1969 Obligations	1970 Estimated NOA	Decrease
$2,622,000	$2,600,000	$ 22,000

Purpose and Scope

The low-income consumer problem is basically one of captivity. The economic and geographic isolation characteristic of urban and rural poverty areas has traditionally tied the low-income consumer to a system which provides low quality at high prices and which denies reasonable economic choice with regard to goods, services, and particularly credit.

Comprehensive Consumer Action Programs are designed to mobilize members of a community around a credit union or other source of low-cost credit for the purpose of attacking common economic problems. The basic elements of such a program include: (1) consumer education through action, (2) an operating credit union or other source of low-cost credit, (3) debt consolidation and debt reduction services, (4) family financial counseling, (5) buying clubs, and (6) where possible, a legal component served by a Legal Services program or some other outside source.

Consumer Action programs are important because they provide low-income groups the means to create their own economic choices, improve their quality of living, and eventually, with their acquired financial and organizational skills, develop the competence to create and run their own local enterprises.

Program and Performance for 1969

In FY 1969 $2.6 million was spent on consumer action, including financial counseling and credit unions. There are at present six consumer action demonstration projects operating in Los Angeles, Tulsa, and New York City as well as numerous consumer components in various community action agencies.

Program and Performance for 1970

Increasingly, the Office of Economic Opportunity is concerned with federations of co-operatives, credit union capitalization, guarantee loan funds.

Specific plans include continued support of the on-going consumer action demonstration programs, a series of small $20 - 30,000 programs which would bring together and support groups of poor consumers in each community to define their major problems and develop solutions, and larger programs which would include additional elements of support for the development of broad community-wide consumer organizations among the poor. This would necessitate more staff and logistical support for such an organization which might include a few study action groups. It is anticipated that these programs would be funded at levels from $75 - 200 thousand, though the overall funding level is not expected to increase appreciably over FY 1969.

Economic Development and Cooperatives

1969 Obligations	1970 Estimate	Increase
$5,492,000	$5,500,000	$ + 8,000

Purpose and Scope

Community Action Agencies have made important contributions to the economic development of poor communities, and this area will continue to be one of major emphasis. Emergency loan projects have been developed in conjunction with entreprenuerial small business investments, and in some areas community-owned stores have been financed.

Cooperative efforts are broken down into three categories: Farm- vegetable - production and marketing, feeder pig - production and marketing, cattle - dairy, beef and foraging, and bee raising; non-farm - handicrafts, woodworking, fishing, sewing, and miscellaneous; consumer - credit unions, buying clubs, farm supplies, electric telephone, transportation, land acquisition, petroleum, housing; and general of which the Lawndale Union to End Slums, Community Thrift Cooperative, Wash and Save Snap Co-op, and Mount Beulah Training Center are a few examples.

Program and Performance for 1969

Efforts have been made to bring in industry, to expand tourism, and to develop natural resources in many parts of the country, expending approximately $3.0 million in FY 1969 in the area of economic development, while approximately $2.5 was spent on cooperatives. Projects have been both urban business development and pilot rural job creation. Examples are (a) a rural development fund was established to provide technical assistance and grant and loan capital to credit unions and cooperatives; (b)low-income community development corporations have been organized to foster small businesses in furniture production, housing construction, aluminum fabrication, ceramics, small cottage industry; and (c) training and technical assistance was provided to consumer co-ops in a large metropolitan complex.

Program and Performance for FY 1970

High priority will be placed on economic development in both rural and urban areas. Careful monitoring and technical assistance will be given

and all economic development programs which are underway will be carefully evaluated. In urban areas the major thrust will be in the creation of local corporation.

Consideration will be given the following kinds of problems:

a. More flexible sources of grant and loan capital are needed for developing cooperatives, credit unions, and community development corporations.

b. Technical assistance must be made available locally to train managers, boards of directors, and committees, as well as to solve production and marketing problems.

c. Better coordination between the various state and federal agencies having similar programs and interests is essential.

d. There is an urgent need for existing cooperatives and credit unions to form councils or federations, so that they may exchange ideas and work on common problems.

The funding level will be essentially the same in FY 1970 as 1969.

Head Start

1969 Obligations	1970 NOA Estimate	Decrease (-)
$333,937,000	$331,700,000	$-2,237,000

Introduction

Head Start is a comprehensive preschool program for poor children and their families. It encompasses a program of developmental activities at a child development center, a wide range of social services tailored to individual family needs and a strong emphasis upon parent involvement, realized through extensive Parent Advisory Committees and parental participation in program activities.

Schedule of Funding Requirements

	1969 Obligations	1970 NOA Estimate[d]	Increase (+) or Decrease (-)
Head Start-Full Year	$212,273,000[a]	$263,400,000[e]	$+51,127,000
Children	217,000	262,000	45,000
(Experimental Programs)	(2,800,000)	(10,000,000)	(+ 7,200,000)
Head Start-Summer	90,199,000	45,000,000	-45,199,000
Children	447,000	218,000	- 229,000
Career Development and Technical Assistance	20,654,000	13,000,000[f]	- 7,654,000
Evaluation	6,084,000[b]	2,400,000	- 3,684,000
Parent & Child Centers	4,727,000	4,600,000[g]	- 177,000
Centers	29	29	--
Program Direction	---[c]	3,300,000	+ 3,300,000
Total	$333,937,000	$331,700,000	$- 2,237,000

a/ Includes $5.0 million supplemental funds appropriated by the Congress at the end of FY 1968 and obligated during FY 1969.

b/ Includes research. In 1970, research activities were retained by OEO and are reflected in other accounts.

c/ Included in other accounts.

d/ In 1970, NOA in addition to that shown here will be transferred to HEW in lieu of Head Start carryover from multipurpose CAA's, which is being retained in the OEO grants. Approximately $17 million additional NOA will be transferred for this purpose. Appropriate credits will be made in other accounts.
e/ $45.2 million transferred from Summer Head Start for conversions.
f/ Reflects $5.0 million advance fundings in FY 1969.
g/ Exludes $1.0 million retained by OEO for seven research centers.

Purpose and Scope

The purpose of Head Start is to develop the intellectual, emotional, social and physical growth of poor preschool children and to focus community attention upon the needs of these children and their families. Acting on the knowledge that the early years of childhood are the most critical in the growth and development cycle, Head Start aims to provide the experience and opportunities for these children to fully develop and succeed in school. Since children of the poor in general have been denied the early experiences available to their more advantaged peers, special help is provided for the disadvantaged child.

To be effective, child development programs cannot treat the child or facets of his development in isolation. Rather the child, his family and their surroundings must be treated as an entirety. This philosophy is reflected in the Head Start approach. Parental involvement is essential to the planning and operation of Head Start. Parents are often employed as staff in the child development center and are urged to develop and improve their careers, and thus the status of the entire family. Members of the community are also encouraged to volunteer their services.

In addition to serving preschool children 3 years of age and over, Head Start also serves families with children ranging in age from infancy to three through its Parent and Child Centers Program. PCCs are a pilot program established in recognition of the need to start preventive action against the effects of poverty very early. They are designed to help disadvantaged families function more effectively and develop the full potential of their youngest children. Specific center objectives are to prevent deficits in the health, intellectual, social and emotional development of very young children and maximize their potential; improve the skills and attitudes of the parents and strengthen family organization; and encourage a greater sense of community through program activities.

In addition to providing services, a need exists to increase our knowledge about how to best intervene in the lives of poor preschoolers. Head Start is sponsoring significant experimental programs for preschool children, substantially integrated with Head Start Follow Through experimental programs. The programs are based upon the "planned variation" technique, in which a range of carefully developed experimental models will be

operationally tested and evaluated. The program models range from highly structured approaches to programs which emphasize a varied curriculum oriented to the needs of each child. Through these coordinated efforts and the pilot PCC projects, the potential exists for finding the best way to work with children at different ages and also to structure a continuum of services that will provide for the children's steady development.

Head Start programs are run either on a Full Year or Summer basis. Full Year programs serve 3-5 year old children and may be operated for either a part day or a full day. Full day programs offer an extended day of Head Start activities for children of parents who are working, or who, for some other reason, cannot take of care of their children after a part day program would be over. They normally operate 12 months per year to facilitate the parents' employment, as opposed to part day programs, whose center activities average 4 hours per day for 9 months. Summer programs serve 5 or 6 year old children who are about to enter school--either kindergarten or first grade--for the first time in the fall. They provide the same range of services as Full Year with added emphasis upon detection of medical, dental or other problems requiring immediate attention. Parent and Child Centers generally operate 12 months per year, sometimes 7 days per week.

In 1970 there are 1,305,000 preschool children who could be served by Head Start, including 10 percent non-poor who may be enrolled in accordance with community needs. There are 1,050 families with children under 3 who could be served by Parent and Child Centers, including 10 percent non-poor.

Program and Performance for Fiscal Year 1969

In FY 1969, 217,000 children were served in Full Year programs at a cost of $212.3 million NOA plus $21.5 million carryover balances. Late in FY 1969, grantees operating Summer programs were given the option to convert them to Full Year. As a result, $5.6 million of Summer programs were converted to Full Year. Summer programs served 447,000 children at a cost of $90.2 million plus $8.5 million carryover. As part of Full Year, 16 experimental programs for 1,700 children were sponsored at a cost of $2.8 million. These "planned variation" programs were based on 8 different approaches to early childhood already being utilized by Follow Through. A major evaluation study, comparing the benefits of the different approaches was initiated. Total funding for the "planned variation" evaluation plus 15 other evaluation projects was $2.5 million. In addition to ongoing training and technical assistance activities, a small Career Development program was begun for Full Year grantees. During FY 1969, 35 of the 36 pilot Parent and Child Center projects were given operational grants.

Program and Performance for Fiscal Year 1970

In FY 1970, Head Start will serve 262,000 children in Full Year and

218,000 in Summer programs at a cost of $308.4 million. The option offered to communities to convert their Summer programs to Full Year will result in the conversion of approximately 50 percent of the Summer programs and produce an increase of 45,000 children in the Full Year level. In FY 1970, $10 million of experimental programs will be conducted. These will include expansion of the "planned variation" programs to younger children and additional communities and initiation of projects in previously untested areas, including nutrition education and delivery of health services. Some 60,000 employees will be trained and other technical assistance provided to grantees.

Refunding of existing Parent and Child Centers will cost $3.6 million and $1.0 million will be allocated for 20 new centers. Each of the new centers will receive planning grants in FY 1970 and 4 centers will receive operational grants. The new PCC's will include integral experimental designs and evaluation plans. They will be located where possible in communities which already have a Full Year Head Start and Follow Through program in order to provide continuous intervention. With the new grants, the total number of PCC's in HEW will be 49, in addition to the research PCC's funded by OEO.

Head Start Follow Through

1969 Obligations	1970 NOA Estimate	Increase
$31,986,000	$58,000,000	$+26,014,000

Introduction

Head Start Follow Through is designed to capitalize upon and augment the gains poor children have made in Head Start and other preschool programs. To achieve this end the resources of the school, the community, and the family are brought together in a comprehensive fashion to develop programs to meet the child's instructional, physical, and psycho-soical needs in the early elementary years.

Schedule of Funding Requirements

	1969 Obligations	1970 NOA Estimate	Increase (+) or Decrease (-)
Head Start Follow Through Operations	$31,986,000	$58,000,000	$+26,014,000
Children	35,000	62,000	+ 27,000

Purpose and Scope

A number of widely circulated studies in the past several years have pointed out that significant differences in achievement by school children can be traced to differences in their social and economic backgrounds. Poor or disadvantaged children generally score lower on nationwide achievement tests than children from more advantaged environments. The incidence of "dropping out" is much higher among children from low-income families. In general children from low-income families do not receive as good an education as children from more advantaged families. Consequently, they are more likely to be poor as adults.

A number of programs have been initiated to improve the education of poor children. Head Start was started because of evidence that poor school performance was related to inadequate preschool preparation. Evidence is available which suggests that children who progressed well in Head Start do not perform equally well after they have been in kindergarten or first grade classes for sometime. Follow Through has been designed to correct this shortcoming.

Follow Through funds are used to complement Title I (Elementary and Secondary Education Act) and State and local funds to develop and test

new education programs for poor children. Cooperating school districts participate in an effort in which a number of program characteristics are varied from district to district, in order to determine which approaches are most successful. Each district chooses a specific program approach and implements it within a project of comprehensive services for children. The choice can be made from a wide range of instructional, staff development, program organization, parent education and parent and community involvement strategies. Each district is asked to accept the help of a program sponsor who is foremost in the development of its chosen approach to formulate a logical programmatic application of that approach. State and local funds are used to provide the facilities, the teacher and basic supplies. Follow Through and Title I funds are used to train the teachers in the selected approach, to extend and enrich the instructional program and to provide nutrition, health, social and psychological services. The different program approaches are comprehensively evaluated in order to determine which are most successful and how children in Follow Through classrooms progress compare to similar children in non-Follow Through classrooms.

Follow Through has been delegated by OEO to the Department of HEW and is administered within the Bureau of Elementary and Secondary Education of the U. S. Office of Education.

Program and Performance for Fiscal Year 1969

In school year 1969-1970, financed with FY 1969 funds, 140 local projects are serving 35,000 poor children in kindergarten through grade three. Twenty different program sponsors are assisting local school districts in implementing their chosen approach; six of these sponsors were added to the program for this school year. At the end of the 1969-1970 school year the program will have passed through its second year of evaluation.

Program and Performance for Fiscal Year 1970

In fiscal year 1970, 62,000 children will be enrolled in classes served by Follow Through projects. Most of the increase in children is due to the practice of "filling in" behind the promoted classes with children entering school for the first time. To make the most efficient use of effort the program is expanded each year to enable new kindergarten and first grade children to move into the previously prepared and trained classes. Children already in the program, of course, are advanced into subsequent Follow Through grades. Several new projects will also be started in order to increase the number of sites for the sponsors added with fiscal year 1969 funds. The comprehensive evaluation will be continued and expanded to cover the additional children.

Special Impact Program

1969 Obligations	1970 Estimate	Increase
$11,246,900	$38,000,000	$26,753,100

Introduction

Authorized under Title I-D of the Economic Opportunity Amendments of 1967, the Special Impact Program is a multi-faceted effort directed towards solutions of the special economic needs of urban areas with highly concentrated poor populations, and rural areas with histories of substantial out-migration to urban centers.

Schedule of Funding Requirements

Title I-D	1969 Obligations	1970 Estimate	Increase (+) or Decrease (-)
OEO	$11,246,900	$38,000,000	$+26,753,100
Labor 1/	8,632,600	-0-	- 8,632,600
Total	$19,879,500	$38,000,000	$+18,120,500

1/ The 1969 funding for this effort is included under the Work and Training activity.

Purpose and Scope

Four agencies were involved in the original FY 1968 funding of Special Impact. A series of models emerged from the 1968 experience, two of which received further study. The first was a Department of Labor administered effort which provided grants and contracts to induce established firms to move into target areas and to hire and train the hard-core unemployed. The second was the community development corporation concept administered by the Office of Economic Opportunity

Due to growing interest in the community development corporation approach, decisions were made in 1969 to have the Office of Economic Opportunity administer the entire Special Impact program in fiscal 1970 and to test and develop the community corporation and other approaches to Special Impact.

The overall Special Impact Program will continue to be experimental in nature. An alternative would be supporting projects all over the country, handling Special Impact like a single, or a series of national emphasis programs. There are no inherent advantages to this approach. Too little is yet known about how to most effectively accomplish the legislative goals. The resource base upon which we can draw in most communities is

very thin, especially in rural areas, and there are serious questions as to the capabilities of many local communities for handling complex programs. Moreover, there is the general admonition of legislation to limit the number of programs so as to concentrate resources.

A major 1970 focus will still be the community development corporation concept. This program is designed to determine the extent to which such corporations can create, in concert with private business firms, the legislatively described special impact upon employment, dependency and community tensions in poverty areas. The program is designed to test whether or not locally controlled community organizations in partnership with the established business community can produce effective programs of economic development for poverty areas. In effect it is a partnership, not between the Federal Government and the business community as are conventional economic development programs, and not between the Federal Government and the poverty area community as are conventional Community Action Programs, but between the poverty area community and the business community. The role of the Federal Government is to create an environment conductive to that partnership.

Program and Performance in 1969

A total of 15 community development projects were funded in 1969. They included the refunding of the original Special Impact project in Bedford Stuyvesant area of Brooklyn, N. Y., the Hough Development Corporation in Cleveland, Ohio, eleven new community development corporations and two new planning grants. The total funding of the 1969 Office of Economic Opportunity administered program was as follows:

	GRANT LOCATION	FUNDS
A.	Operating Grants - Urban	
1.	Cleveland	$1,500,000
2.	Chicago	1,100,000
3.	Detroit	1,000,000
4.	St. Louis	900,000
5.	Washington, D. C.	700,000
6.	New York (Harlem)	600,000
7.	Durham	900,000
	Subtotal	$6,700,000
8.	Bedford-Stuyvesant	1,698,982
	Total-Urban	$8,398,982
B.	Operating Grants - Rural	
1.	Hancock County Georgia	$ 481,413
2.	Alabama	270,000
3.	Eastern Kentucky	368,359
4.	No. New Mexico	708,500

GRANT LOCATION	FUNDS
C. Planning Grants - Rural	
5. Northeastern Oklahoma	$ 50,000
6. Central Georgia	98,324
Total - Rural	$ 1,976,596
D. Operating Grants - Urban-Rural	
1. Roanoke, Virginia	547,543
Total I-D Grants	$10,923,121
Technical Assistance, Monitoring and Other Support	323,779
Total I-D Funds Obligated	$11,246,900

The community development corporations funded are involved in a wide range of business activities. For example, the Hough Area Development Corporation in Cleveland has developed a rubber parts manufacturing company, a contractors' loan program and a maintenance company; groundbreaking has already begun for a housing/shopping center complex. The Inner City Business Improvement Forum of Detroit is establishing a computerized accounting service while the Union Sarah Economic Development Corporation is investing in a ceramic coating and dry lubricant factory. The Home Education Livelihood Program of New Mexico has a feed lot program, while the Southwest Virginia Community Development Fund is setting up an electrical harness plant and low-cost housing corporation.

In addition to the community development corporation model, the industry incentive model administered by the Department of Labor funded fourteen new projects in 1969 at a total federal cost of $8,632,600. These projects provided for 3,835 training spaces. In addition, nine similar projects were continued from 1968. All twenty-three industry incentive projects were concentrated in four metropolitan areas -- New York, N.Y., Los Angeles, California, Cleveland, Ohio, and Gary, Indiana.

Program for 1970

One priority for 1970 will be continued support for those Community Development Corporations funded in prior years. There also will be considerable emphasis upon training and technical assistance to community development corporations and the evaluation of this approach to Special Impact. Although it will require an extended period of time to determine if these corporations can develop viable economic enterprises and become self sustaining, it is hoped that some initial conclusions can be reached in 1970.

Plans for 1970 are outlined below:

Component	1970 NOA Request
1. New Project Activities & CDC's	
a. Urban Grants	$ 7,700,000
b. Rural Grants	4,500,000
Sub-Total	$12,200,000
2. Refundings and Supplements	14,000,000
3. Business and Financial Incentives	10,700,000
4. Training and Technical Assistance	600,000
5. Evaluation	500,000
Total, 1970	$38,000,000

The mechanisms for providing the money and services which are necessary for economic development in poverty areas are varied. During 1970, the Office of Economic Opportunity will experiment with a great variety of these mechanisms. The central purpose of the 1970 program will be to gradually bring poverty areas into the economic mainstream and not, for example, to build separate, artificial economic systems in ghetto areas.

It also is our intent to coordinate these Special Impact activities with those of other governmental agencies and the private sector, so that a truly large impact can be made on a given target area.

Our experience shows that the successful experiences of urban programs can rarely if ever be automatically transposed to rural areas. While it is clear that the Special Impact approach outlined by the Congress is not suitable for all rural areas, many of its elements are appropriate. An obvious lesson from prior experience is the need for careful planning in rural areas. The extensive use of rural planning grants is anticipated in 1970. The rural components of the Special Impact Program are critically important, as any final answer to rural poverty must of necessity have a strong economic development base.

Another major thrust will be incentives to business and financial institutions to promote their more active involvement in the economic needs of poverty areas. The social responsiveness of many business firms has been apparent in such efforts as the Job Opportunities in the Business Sector program. However, if poverty area economic development is to become a dynamic process, hard incentives must be developed to foster business interest while, at the same time, meeting the needs of the community for business services and jobs.

Comprehensive Health Services

1969 Obligations	1970 NOA Estimate	Increase
$52,319,000	$74,000,000	$+21,681,000

Introduction

Poor people suffer more illness than other Americans, and this illness tends to become more acute and chronic because proper care is unavailable or inaccessible. Among the factors frequently contributing to lack of care are inefficient organization of services, cumbersome administrative regulations, and inadequate transportation. In an effort to develop better ways to overcome these barriers, the Office of Economic Opportunity began a group of demonstration projects in 1965. These early projects became the nucleus of the Comprehensive Health program now specifically authorized by Sec. 222(a)4 of the Economic Opportunity Act.

Schedule of Funding Requirements

	1969 Obligations	1970 NOA Estimate	Increase (+) or Decrease (-)
Amount	$52,319,000	$74,000,000	$+21,681,000
No. of Projects	49	60	+ 11
Total Service Population	1,000,000	1,200,000	+ 200,000
No. Actually Served (end of year)	300,000	600,000	+ 300,000

Purpose and Scope

Comprehensive Health projects are designed to demonstrate new approaches and mechanisms for delivering health care to the poor. "Comprehensive" care defines services that are broad in scope, of high medical quality, delivered in a personal manner, accessible to recipients, and administered with active participation by community residents. Projects are structured so as to incorporate non-OEO resources wherever possible.

Forty-nine projects are now in being, including 36 in urban areas where the principal delivery mechanism is a "neighborhood health center". The remaining 13 projects are testing alternative models appropriate to rural settings. Service populations average about 21,000.

In addition to excellent care, these projects offer training and employment with advancement potential to about 3,000 poor persons. Over half

of the present positions are filled by community residents.

Program and Performance for Fiscal Year 1969

Forty-five of the 49 neighborhood projects were providing services to 300,000 persons by the end of the year. Seventeen of these projects were providing limited services, and will gradually achieve a fully operational status during the coming months. New facilities were being constructed for several projects, financed with FHA-insured mortgages. As these facilities become available, the total number of persons served will increase much more rapidly than is possible when projects are operating in relatively small, temporary quarters.

Thirty-nine projects were refunded, and two new ones (in Bethel, Alaska and St. Louis) were initiated. Technical assistance was substantially expanded.

Program and Performance for Fiscal Year 1970

Of the $74 million requested in fiscal year 1970, $64 million will be used to renew the 49 centers funded through 1969.

The remaining $10 million will be allocated to developing new ways to deliver comprehensive health care. New areas to be explored include the development of new types of programs to serve the rural poor and ways to better utilize existing medical resources.

Of the $10 million for innovative projects approximately $2 million will be used to develop new rural projects. Medical care problems of the poor in rural areas are unique and varied. Client populations are widespread and existing health care facilities are scarce. The $2 million proposed for fiscal year 1970 will be used to develop new ways to overcome these problems as well as attacking such endemic causes of rural ill health as the lack of proper sanitation and poor nutrition.

Three million dollars will be utilized in constructing new ways in which existing hospital out-patient departments can be utilized to provide comprehensive medical care for the poor. Most of the poor, particularly in urban areas, still depend on hospital outpatient departments for their medical care. Many outpatient departments are now undergoing a period of crisis caused by inefficient organization and a lack of resources to meet the growing demands for care of the medically indigent. The service these departments offer is thus adversely affected. Services tend to be crisis oriented, fragmented, impersonal and undignified. Too often the lack of proper care results in high cost hospitalization that could have been avoided. Anti-poverty health programs are in a unique position to

develop new ways to rectify the problems of outpatient departments and, in so doing, to improve their preventive care capacity; to provide more comprehensive, high quality care; and to make them more responsive to the medical problems of the communities they serve. The $3 million proposed will enable 5 to 10 hospitals to start programs to restructure their outpatient departments in fiscal year 1970.

One of the major untested avenues for improving the medical care of the poor is the use of prepayment plans. Such plans have the potential of financing service more efficiently and making high quality medical care more accessible to the poor. With the $3 million allocated to these programs in fiscal year 1970, the Office of Economic Opportunity will test several alternative arrangements under which such programs can be conducted and explore various combinations of government funding and payment by the individuals served. Initial grants will probably include a university based plan and a project in which a medical society plays a central role.

The fourth area in which new programs will be developed that can better utilize existing medical resources is health manpower. Two million dollars will be allocated to new programs to both encourage health professionals to enter the community medicine field and to increase the efficiency of existing professionals through the greater use of paraprofessionals. One possible new approach is establishing special fellowship through which young professionals would spend a year of combined post-graduate study and service to poor people in a local health project. The Comprehensive Health Services program will also extend its investigations of new ways to improve the efficiency of health professionals through the use of paraprofessionals. Health teams, in which paraprofessionals work closely with professionals, are now being used in some of the programs already started.

Addiction and Mental Health Services

1969 Obligations	1970 NOA Estimate	Decrease
$2,200,000	$1,000,000	$-1,200,000

Introduction

The addiction and mental health problems of poor people are inextricably related to the environment of poverty: Lack of jobs, inadequate educational opportunities, poor nutrition, disruption of family life, limited medical care, substandard housing, and general social disorganization. Evidence shows that the poor not only suffer a greater incidence of social-psychological difficulties, but also receive less service of relatively poorer quality to treat these problems.

There are 120,000-150,000 hard-core heroin addicts, and at least 600,000 poor alcoholics. In addition, 10-15 percent of adults and 20 percent of poor children have psychological symptoms which seriously impair their ability to function.

Schedule of Funding Requirements

	1969 Obligations	FY 1970 NOA Estimate	Increase (+) or Decrease (-)
NOA	$2,200,000	$1,000,000	$-1,200,000

Purpose and Scope

Through fiscal 1969, the principal Office of Economic Opportunity efforts in the addiction and mental health field were eight comprehensive projects to treat narcotics addiction, and a statewide alcoholism program in Iowa. The narcotics projects, begun in 1967 in response to Sec. 211-2 of the 1966 amendments to the Economic Opportunity Act, are offering a wide variety of services to 8,000 addicts and their families. Community-based approaches to rehabilitation, education and other services are being tested, with special emphasis on using ex-addicts as staff members.

The Comprehensive Health projects also provide mental health services to patients. In 1970 and 1971, staff of these projects will be given added technical support to increase their capacity to deal more effectively with mental health needs at the community level.

Program and Performance for Fiscal Year 1969

Five of the eight addiction projects were refunded, to extend operations until other sponsors can be found. The Puerto Rico project has been taken over by the Commonwealth, but the other seven will continue to receive Office of Economic Opportunity support until the end of present grant periods. (It is planned that future funding of these projects will come entirely from other agencies.) The evaluation contract related to these projects was also extended through fiscal year 1970. (Office of Economic Opportunity funds are no longer required for the large alcoholism program; its support has been assumed by the state legislature of Iowa.)

Program and Performance for Fiscal Year 1970

The $1 million requested will support new projects concerned with addiction, alcoholism, and mental health. One significant aspect of this new program will be development of narcotics components for incorporation into job training projects. Addiction specialists from poverty groups will continue to be trained, emphasizing the role of ex-addicts in developing community-based programs. Several approaches will be used to involve youths in addiction prevention activities, including an after-school program offering recreation, jobs, and a learning experience. Expanded training will also be implemented for alcoholism counselors, who will work in anti-poverty programs.

Family Planning

1969 Obligations	1970 NOA Estimate	Increase
$13,750,000	$22,000,000	$+8,250,000

Introduction

About 5 million medically indigent women, ages 15 through 44, need subsidized family planning services. Current estimates indicate that 770,000 are now receiving services from public and private agencies combined.

Schedule of Funding Requirements

	1969 Obligations	1970 NOA Estimate	Increase (+) or Decrease (-)
NOA	$13,750,000	$22,000,000	$+8,250,000
Capacity of Projects	300,000	440,000	+ 140,000
No. Actually Served (end of year)	240,000	350,000	+ 110,000
Poor Persons Employed	1,000	1,500	+ 500

Purpose and Scope

The Family Planning Program is based on the premise that lack of opportunity to determine family size contributes significantly to keeping families locked in poverty. The objective, therefore, is to offer low income persons the means to fulfill their desires as to the number and spacing of births.

Family planning services funded by the Office of Economic Opportunity include outreach, education, counseling, referral, medical examination (including Papanicolaou smears), supplies, and instructions in the full range of family planning methods for women choosing to avail themselves of these services. Services are provided on a voluntary basis in accordance with individual preference, conscience and needs. Effective outreach is a vital aspect of family planning; project staffs usually include outreach workers who inform their neighbors about the services through personal visits, telephone calls, or group discussions. These workers also maintain continuing contact with active patients to facilitate referrals to other agencies for help with other medical or social problems.

Services are delivered mainly through locally-developed projects administered through Community Action Agencies. Comprehensive Health projects

also offer family planning services to their patients. Operation through the Community Action structure and active participation by all concerned elements of the community--including potential clients--help to ensure that projects are truly responsive to the poor and to the needs of particular communities.

Program and Performance for Fiscal Year 1969

In addition to 230 projects administered through Community Action Agencies, several pilot projects were supported. These projects test new methods of delivering family planning services, reach particular population groups, and/or encourage constructive institutional change. Included was a new project involving increased services to poverty groups by 14 medical schools. Special auxiliary components being developed by some of the schools include training in family planning for nurse-midwives, and premarital counseling services. The successful New Orleans program was extended for a third year, with additional funds to conduct training seminars for directors of other family planning projects. This project has achieved a patient acceptance rate of over 85 percent, which is an outstanding record.

Program and Performance for Fiscal Year 1970

The planned level of $22 million will provide an increase of almost 50 percent in the number of women who can be served. Some of the new patients will be reached through the existing local projects, but most will be brought into the program through new delivery mechanisms to be explored during the next two years. About $8 million will be allocated to new service projects of the following types:

(1) Hospital-based projects offering services to women at the time of childbirth. This program would integrate family planning services into the prenatal, delivery and post partum services of urban and rural hospitals. A number of studies have established that women are most eager for family planning assistance at this time. The approach taken would be to augment the capacity of hospitals to offer family planning services and to provide necessary followup care through satellite clinics. Areas would be slected which have limited or no existing family planning services, but in which a significant number of deliveries are performed. The primary advantage of a post partum program is that it would not require the development of extensive new service delivery systems but would extend the capabilities of hospitals which are already serving large numbers of poor women.

(2) Cooperative efforts with private practitioners, especially in rural areas. In many U. S. counties, the only potential source of family planning services is the private practitioneer. New

arrangements need to be explored by which private physicians can be utilized to provide these services.

(3) Projects for large metropolitan areas, emphasizing efficient coordination of all available resources to serve both urban patients and those living in adjacent rural areas. Large metropolitan areas present unique administrative and coordination problems to the efficient delivery of family planning services for the poor. The number of potential resources is great, yet, frequently, only a small fraction of those most in need are actually served. While the metropolitan programs will be largely an expansion of existing clinics and activities, special emphasis will be given to outreach techniques.

Efforts will also continue to develop more effective ways to involve teenagers, building largely on experience in a project (in Raleigh, North Carolina) begun in 1968. Through weekly family planning and sex education meetings at which non-prescriptive contraceptives are distributed, the project has been able to sustain considerable interest among both male and female youths in the area.

A major study recently completed for the Office of Economic Opportunity by Planned Parenthood-World Population will be Helpful in selecting specific locations and grantees for new projects. This study presents tabulations, by county, of estimated need for subsidized services, along with potential resources for filling the gap between need and existing services.

Emergency Food and Medical Services

1969 Obligation	1970 Estimate	Increase
$23,243,000	$30,000,000	$6,757,000

Purpose and Scope

The Emergency Food and Medical Services program attempts to find and encourage malnourished persons to participate in existing food programs such as Food Stamp, Commodity Distribution, or School Lunch. Where these programs are not in existence or where persons identified as being in need are not eligible under local guidelines, special arrangements can be made to furnish food. Outreach under this activity is conducted through existing CAAs, or where CAAs do not exist through local welfare and health agencies and private organizations. Medical assistance for families thought to be suffering from malnutrition-related health problems is also provided. Emergency Food and Medical Services programs operate in selected counties having a high priority need. Programs funded in these counties have as their primary objective "system change" in that methods must be sought to make the existing food assistance programs of USDA more responsive to the needs of the poor. Primary emphasis is placed on the utilization of existing food assistance systems rather than on the direct purchase of food. Some additional funds are available for local initiative programs in geographical areas outside selected high-priority counties, where there exists a serious problem of hunger and malnutrition.

Various EFMS programs provide Food Stamps for persons eligible to participate in, but unable to meet the Food Stamp Program minimum purchase requirement; school lunches for needy children in schools having an inadequate free lunch program; accelerated activation of USDA food programs in areas not previously participating in such programs; and special assistance for the aged, infants and children, migrants, Indians, and other special groups not otherwise served; and the development and demonstration of new and innovative methods for dealing with the problems of hunger and malnutrition. Some current innovate efforts are detailed below.

Program and Performance for Fiscal Year 1969

In 1969 401 EFMS programs were funded serving 1,003 counties and an estimated 1,000,000 persons. Research and demonstration efforts included:

- Development of new methods of dealing with food distribution and nutrition education on Indian reservations.

- Analysis of migrant certification problems, the legal status of migrant certification and the development of methods of providing food assistance and nutrition education to migrants.

- Development of methods of initiating the USDA supplemental food program, field testing of the program and demonstration of the need for and utility of the program.

- Studies of school lunch problems and the development of comprehensive new approaches to school lunches.

- Development of teaching materials, and new approaches to problems of nutrition and consumer education.

- Development of demonstration programs in communal and home feeding and nutrition education of older people.

- Demonstration programs to increase the earning power or rural poor people based on the creation of farming and canning coops and the like.

- Research into food concepts and attitudes of poor people and studies of methods of utilization of fortified foods and development of minority business interests in food industry enterprises.

- Demonstration of the role of VISTA volunteers in community efforts to deal with hunger.

- Demonstration of the effectiveness of new, community based programs in facilitating the distribution of commodities or supplemental food.

Program and Performance for Fiscal Year 1970

The Emergency Food and Medical Services program (EFMS) will be significantly expanded in 1970 as part of a broader emphasis in the Office of Economic Opportunity on Development of comprehensive health programs for the nation's poor. At the time the 1970 authorization presentation was developed for the Congress (April, 1969) this program was under intensive review by the Administration. The President's Message on Hunger and Malnutrition in the United States of May 6, 1969 called for a greatly expanded effort by OEO in the battle to combat hunger. In implementing this mandate, the 1969 EFMS program was expanded by nearly 50 percent in the closing two months of fiscal year 1969. Further expansion is critically needed in 1970; we now project a requirement of $30 million as contrasted with the $16.9 million in the budget originally requested by President Johnson. Total obligations for the EFMS program in 1969 and 1970 combined are now estimated at $53.2 million, an increase over earlier projections of $19.4 million.

There exists a continuing need for EFMS particularly in the absence of program reform in existing food programs conducted by the Department of

Agriculture. Such reforms have been proposed by the Administration but require the enactment of legislation pending before the Congress. Proposed reforms include uniform national program standards, simultaneous operation of commodity distribution and food stamp programs in a given locality, a limitation on the cost of food stamps to 30 percent of income, funding of non-Federal administrative costs, and the assurance of a coupon allotment to provide an adequate diet.

Continuation of successful projects funded in 1969 will require approximately $25 million in 1970. In addition $500,000 in emergency assistance was provided the Mid-Atlantic and Southeast Regions to cope with the disaster invoked by Hurricane Camille. EFMS funds were utilized to afford mid-term and longer term food assistance to these distressed areas once Federal disaster relief assistance was withdrawn.

Special program emphasis in 1970 will be placed on environmental health assistance. New programs will be developed with CAAs to establish community programs primarily in rural areas, for provision of clean water and adequate sewage, as both problems are intimately associated with ill health. Research into food attitudes, habits, and culture in poverty groups will be continued, and experimentation with fortified foods will be expanded. EFMS programs will be initiated in approximately 100 additional low-income counties not previously covered (+$2.5 million) and Indian and migrant programs will be increased substantially by $500,000. An estimated 1,200,000 persons will be served by the EFMS program in 1970, an increase of 200,000 over 1969.

An independent evaluation of the EFMS program will be initiated soon. The evaluation will examine current obstacles to participation in existing food assistance programs and will include project operations, effectiveness and management.

Legal Services Program

1969 Obligation	1970 Estimate	Increase
$45,353,000	$54,000,000	$8,647,000

Purpose and Scope

The purpose of the Legal Services program is "to further the cause of justice among persons living in poverty." Justice is often unavailable to poor people because they distrust or cannot pay for private lawyers; law schools do not adequately train lawyers to serve the poor; private law offices are not accessible to the poor; courts, legislative bodies, and administrative agencies which most directly serve the poor are understaffed, underpaid, and work under antiquated procedures and conditions; and many laws and policies which have been formulated neglect the interest of the poor. The Legal Services program attempts to meet these problems in the following ways:

1. Legal advice, representation, and counselling by lawyers operating out of neighborhood law offices;

2. Advocacy of changes in laws and institutions which unfairly and adversely affect the poor;

3. Preventive legal education to inform the poor of their legal rights and responsibilities;

4. Training and educating law students, lawyers, and others in the legal needs of the poor;

5. Encouraging and assisting the entry of minority group members into law schools and the legal profession;

6. Mobilization of law schools, law associations, private attorneys, and other community resources in a concentrated attack on the legal problems of the poor.

Eighteen hundred full-time attorneys are working in Legal Services projects in rural and urban areas in 49 states, the District of Columbia, Puerto Rico and the Virgin Islands, to provide legal representation to the poor. These lawyers operate from a variety of bases including courthouses, local storefront and downtown offices, multi-service centers, and mobile vans. Some "circuit ride" in sparsely settled rural areas. Preventive legal education is emphasized via lectures, panel discussions, and distribution and dissemination of information through the news media. The legal education system has already begun to adjust to the new interest and legal problems of the poor--over half the 134 accredited law schools in the United States have initiated courses in poverty law as part of their curricula during the past several years. The impetus for such courses have come, in large part, from the interest generated by the activities of the local Legal Services lawyers. The Legal Services Program has from its inception, worked closely with the American Bar Association and the National Bar Association to insure that the Program is carried out in a way that assures maintenance of a lawyer-client relationship consistent with the

best standards of the legal profession.

The local project Boards of Directors determine minimum standards of indigency below which potential clients' incomes must fall before they qualify for service. Clients failing to meet the indigency requirements or who have fee generating cases are referred to private attorneys. In 1968, over 100,000 cases were referred to private attorneys, while private attorneys, in turn, referred over 98,000 to Legal Services projects.

Program and Performance for FY 1969

In 1969, $45,353,000 was obligated for 265 Legal Services Programs which handled an estimated 610,000 cases. The types of cases handled included consumer problems (18%), housing problems (8%), family relations (35%), welfare (7%), juvenile and miscellaneous (32%). Of the cases involving litigation, Legal Services attorneys were successful in over 75% of the trials and over 60% of the appeals which were taken.

Several landmark decisions were won by Legal Services attorneys during FY 1969. Of major importance was a U. S. Supreme Court decision ruling that residency requirements for the receipt of Welfare benefits were unconstitutional. Also, the court ruled that the Welfare "substitute father" regulation was illegal. A court in California prevented reduction of medical aid to indigents; another court in that State eliminated the importation of braceros when eligible clients of the Program were available for work; a court in the District of Columbia ruled retaliatory evictions to be unlawful and a court in Georgia afforded procedural protection against summary evictions. Using material developed by the Columbia University School of Law Center on Social Welfare Policy and Law, Legal Services attorneys in 26 states sued the Department of Agriculture and others to obtain food stamp programs or commodity distribution programs in those areas of the country which lack them. Projects in approximately 30 states are currently attempting to modify, on behalf of the poor, the proposed Uniform Consumer Credit Code. In an effort to eliminate the need for individual cases, a Bill of Rights for public housing tenants is being negotiated by the Legal Services Program with HUD; similar laws have been enacted on a State level in Michigan. In Ohio, the LSP projects have coordinated efforts to get protective legislation against oppressive wage garnishment provisions.

Legal Services attorneys have played major roles in creating community-based economic development projects in nearly 60 communities. Grocery stores, laundramats, housing corporations, and a shopping center are only a few of the enterprises being developed as a result of these efforts by LSP attorneys. Places where such efforts are now underway include San Francisco; rural California; Dallas; Philadelphia; Cleveland; Columbia; South Carolina; Mississippi; Northeast Kentucky; Florida; Austin; Detroit; Chicago; and Houston. The National Institute for Education in Law and Poverty recently held a 3-day training session for LSP attorneys to provide assistance in future economic development activities.

The network of national backup centers to provide technical assistance to the operating programs in specific areas of poverty law, as well as to research and develop new theories of these laws, was expanded to include several new centers. In addition to the Columbia University Welfare Law Center and the National Project on Housing at the University of California School of Law, new institutes were created to deal with consumer law, health law, economic development, and education law.

The first phase of the Price Waterhouse Report was issued during FY 1969 which provided much needed guidance in the area of office management and administration. The publication of Volume I of the CCH Poverty Law Reporter also provided a ready source of reference and research material for the attorneys in the operating programs.

Program and Performance for FY 1970

For FY 1970 a total of $54,000,000 is requested for the Legal Services Program. This will permit not only the refunding of the existing 265 programs, which are expected to handle an estimated 800,000 cases, but will allow the addition of nearly a hundred new attorneys functioning both in the existing programs and in new operating programs. Major emphasis in new programs will be in rural and other selected areas now almost totally without service.

Additional emphasis will be placed on training and retaining top quality lawyers presently in Legal Services projects, on hiring attorneys with several years of experience, and in securing the addition of new professional personnel in programs with extremely high caseloads. Finally, strong emphasis will be given to more thorough program evaluation, to monitoring, and to technical assistance, to improve management and quality of professional assistance furnished by neighborhood offices.

State Economic Opportunity Offices

1969 Obligation	1970 NOA Estimate	Increase
$ 6,850,000	$ 9,000,000	$ 2,150,000

Program Description

The State Economic Opportunity Office (SEOO) serves the following functions in support of OEO programs and in the total national anti-poverty effort: advises the governor on OEO matters and anti-poverty activities within the state; helps to mobilize anti-poverty resources at the state level; serves as the advocate for the poor at the state level; provides technical assistance to OEO grantees within the state; advises OEO on problems and causes of poverty in the state, on the OEO State Funding Plan, and the OEO Training and Technical Assistance Plans; advises OEO and its grantees on funding requests; participates with OEO on monitoring and evaluation activities; operates special limited purpose programs as well as research and demonstration programs when funds are available.

Program and Performance for Fiscal Year 1969

During the past year, there have been indications of significant improvement in the level of effectiveness of a number of the State Economic Opportunity Offices. This heightened effectiveness has been demonstrated by an increased amount of state monies being appropriated for anti-poverty related activities, more consideration of the needs of the poor in state planning activities, more efforts to develop jobs for the poor in state government, and more widespread interest in involving the disadvantaged in state program development and operations.

In April 1969 OEO contracted for a seven month comprehensive study of SEOOs to provide information on what roles SEOOs are effectively performing and what their potential is. This study will be completed shortly. The preliminary findings seem to indicate that several of the SEOOs have been instrumental in mobilizing resources among other state agencies and the legislatures. The fact that SEOOs have been effective in this regard is quite significant since resource mobilization, as one form of institutional change, will be a role of prime importance for OEO in general and specifically for the SEOOs in FY 1970 and beyond. For example, Washington obtained a $750,000 State appropriation for Head Start matching funds; Pennsylvania appropriated $3 million to fund CAAs up to 10% of their Federal grant; and Rhode Island provided $300,000 for its CAAs. To match the OEO funding (Section 231) of the SEOOs, OEO requires a State share of 20%. However, recent data indicates that state sources provided in FY 1969 $2,882,000 (in cash or in-kind) to match OEO funds. This is approximately 40%.

Over 100 new projects have been initiated by SEOOs, according to the study cited above. Among the activities that have been identified are: (1) information and research services for state legislatures; (2) information and research support for other state agencies leading to coordinated approaches; (3) projects to review and analyze the impact of current state law and proposed legislation on the poor; (4) pilot programs to develop statewide comprehensive social planning techniques and models; (5) pilot projects for mobilizing public and private resources for CAAs and the poor.

The Planning Development Program (PDP) and the Special Technical Assistance Program (STAP) to State Economic Opportunity Offices are further evidences of SEOO involvement in innovative activities. The PDP grants of about $30,000 each provided 10 SEOOs with a staff of two planners. Generally one planner worked with planning and coordination at the State level, and the other assisted CAAs in refining their planning process at the community level. In the STAP demonstration program, three SEOOs were funded at $60,000 - $70,000 per project. These grants provided three specialized personnel to the SEOO to give long-term technical assistance to rural areas in management, economic development, and housing.

Program and Performance for Fiscal Year 1970

A considerably greater role for the SEOOs is being developed this year. This increased involvement is to be backed up with approximately 30% increase in Section 231 funding, and supplemented with additional funds from other OEO programs.

Preliminary discussions are underway with a number of SEOOs for demonstration programs ranging from economic projects to new careers for the poor in state governments. As a general rule in FY 1970, those projects which can be accomplished by increased staffing or short term contracts will be paid for from Section 231 allocation. Those requiring program money in addition to (or instead of) staffing will be funded as Section 232 Research and Demonstration projects. Other non-Section 231 expenditures now planned for SEOOs include more than $3 million of OEO-funded programs which certain SEOOs have been operating for migrants, VISTA, and Title I manpower.

About $200,000 of the budget increases for Section 231 will be needed to assure all SEOOs of at least five staff members each. Some of the additional $2 million will be used for in-service training and selective staffing improvements. The remaining funds will be used for expansion of the State/STAP and SEOO/PDP programs and other special projects.

The effort begun in 1969 to objectively evaluate the activities and effectiveness of the SEOOs will be continued. Evaluations of the State/STAP pilot projects and the PDP/SEOO grants are planned for early 1970. Other efforts will be made to provide continuing monitoring and evaluation of SEOO operations.

Training and Technical Assistance

FY 1969 Obligations	1970 Estimated NOA	Decrease
$25,528,000	$24,000,000	$1,528,000

Program Description

Training and technical assistance are means of supporting basic program thrusts and improved management of Title II grantees in a manner that is responsive to both local needs and national goals arising from the overall Office of Economic Opportunity mission. As such, the objectives of T&TA are to (1) assure effective organization and management of grantee operations, (2) provide programmatic expertise to maximize program impact and innovation, (3) aid in effective involvement of the poor in CAA and other community affairs, (4) support career development for CAA non-professionals, and (5) train federal staff working with Title II programs in technical fields.

Assistance for these purposes is needed by most of the 962 CAAs, over 1,000 single purpose agencies, 2,740 primary and satellite neighborhood centers, 49 State Economic Opportunity Offices and the Regional Offices. In addition to supporting CAAs and Office of Economic Opportunity related agencies, T&TA is needed by the people most actively engaged in planning and operating these programs. There are at least 247,000 employees of Community Action Agencies, Single Purpose Agencies, State Economic Opportunity Office, and Regional Offices. In addition about 200,000 persons serve these agencies as volunteers and approximately 100,000 participate in this effort as board or advisory council members. Most of these people need training or technical assistance to develop new skills and knowledge commensurate with their new responsibilities, and to keep abreast of new programs and changes in policy. Because of the high turnover rate and emphasis on career development, the level of need for T&TA remains fairly constant.

Program and Performance for FY 1969

Decentralization of T&TA Administration: During FY 1969 there were several important events in the decentralization of T&TA planning and operations which made these support activities more responsive to local needs. Early in FY 1969, the responsibility for planning and operating much of the training and technical assistance program was delegated to the Regional Directors. Beginning in FY 1969, and continuing into FY 1970 and beyond, processes are being developed to involve the State Economic Opportunity Offices, CAAs, and neighborhood organizations in the planning and, in some instances, in the delivery of T&TA.

With regard to the State Offices, in FY 1969 additional steps were taken in several regions to bring them further into the T&TA planning process and, in instances where they were best qualified to deliver technical assistance, to make them Section 230 grantees. This was the beginning

of a more systematic policy for involvement of the SEOOs in T&TA. This policy will be brought to fruition in the coming years.

FY 1969 was also the first year in which a major emphasis was placed on developing a CAA T&TA capability. The capacity of community action programs to both analyze and coordinate their own training and technical assistance needs and services was strenghtened. To this end several regions funded the establishment of career development and training officers in some 400 CAAs; and other regions promoted the structuring of local and area training committees. In addition, some urban CAAs were funded to provide their own training.

T&TA Support for Office of Economic Opportunity Programmatic and Management Thrusts: T&TA program support areas in FY 1969 for the Office of Economic Opportunity Headquarters included management improvement projects, citizen participation in model cities planning, career development, manpower, program development, in-service training and poverty law training for Legal Service attorneys. In the Office of Economic Opportunity Regional Offices, the FY 1969 emphases were T&TA for resident participation, CAA management, mobilization of resources, manpower, community organization, employment, and housing.

CMIP And STAP: Models for long-term, on-site assistance: The Concerted Management Improvement Program (CMIP), which was tested for the first time in FY 1968, was expanded in FY 1969 to provide a greater number of CAAs with long term on-site assistance in solving their management problems. A total of 63 CAAs have received CMIP assistance. The successful CMIP experience was also the basis for similar efforts in FY 1969 to improve the management of neighborhood corporations.

The Special Technical Assistance Program (STAP) has proven to be another effective delivery mechanism for long-term on-site technical assistance. STAP specialists provide a wide variety of technical expertise to rural anti-poverty agencies. A special STAP program operated by the State Economic Opportunity Offices was inaugurated in FY 1969 in which nine STAP specialists were placed in three SEOOs to increase their capability to provide housing, management, and economic development assistance to rural community action programs.

Mobilization of Training and Technical Resources: T&TA expanded its effort to mobilize volunteer and other support at the national, regional, state and local level. The increasing reliance on local training capability has made CAAs better able to seek and utilize expertise from business, educational, and other local institutions. In this respect, it is expected that more active involvement by State Economic Opportunity Offices in T&TA planning and operations will result in better mobilization of State level resources for CAA training or technical assistance.

At the Regional and Headquarters level, T&TA has continued its work for better coordination and utilization of other federal and voluntary agencies resources.

Executive Directors: A Major Target Group for T&TA: T&TA began efforts to assure that all CAA Executive Directors were trained in management, supervisory techniques, and other areas as needed. This was supplemented by a more systematic effort to recruit CAA Directors. This priority is based on the assumption that it is vital not only that he be able to cope with all the problems arising in the local agency but in addition he should be able to use his knowledge and position as a supervisor to help other employees increase their skills.

Evaluation: Evaluation of T&TA mechanisms at the national, regional, state and local level increased during FY 1969. The purpose of these evaluations was threefold: (1) to assess whether T&TA projects were meeting their performance standards; (2) to evaluate the capability of the approach being employed to meet specific training or technical assistance objectives; and (3) to discover if the meeting of a T&TA objective effects beneficial change for the CAA employee and his community action agency. The outcome of this evaluation process will be one of the bases for FY 1970 programming.

Program and Performance for FY 1970

New Obligational Authority for Section 230 Training and Technical Assistance will be $24 million in FY 1970 as compared to $25.528 million in FY 1969. This does not, however, represent a reduction in program level since $3 million in T&TA activities originally scheduled for funding in FY 1970 were prefunded late in FY 1969 and will not require refunding until FY 1971.

During FY 1970 the Office of Economic Opportunity will concentrate on improving and redirecting the T&TA resources available to Title II grantees. This effort will be assisted through refinements of the recently established T&TA planning and evaluation process. The evaluations now in progress are expected to yield more definitive knowledge of which T&TA processes function most effectively under various circumstances. It now appears evident that emphasis will be placed increasingly on development of local training capability (especially in larger CAAs), resident participation in T&TA planning, and mobilization of non-OEO resources. More on-site and longer term assistance is envisioned, thus favoring decentralized delivery systems rather than nationwide technical assistance contracts. Also in FY 1970, greater involvement of SEOOs in development of T&TA plans and provision of T&TA is anticipated.

Management T&TA: Emphasis on grantee management will continue. Personnel management with a goal of establishing career ladders for non-professionals will be a priority area for expansion. Board training and other assistance framed to improve the quality of citizen participation will be emphasized. Local agencies will also receive an increased amount of support to help them develop information systems to improve their internal evaluation capability as well as that of the Office of Economic Opportunity - thus strengthening the role of innovation at both levels.

Programmatic T&TA: Programmatic T&TA will continue at approximately the FY 1969 level. Assistance will be provided to CAAs which operate, or plan to operate, programs such as manpower, housing, and economic development. An increasing portion of the T&TA effort will be redirected toward provision of technical expertise to CAAs which need this assistance to help mobilize resources and induce other types of institutional change within a given functional area.

Senior Opportunities and Services

FY 1969 Obligations	FY 1970 Estimate	Increase
$6,424,000	$8,800,000	$2,376,000

Purpose and Scope

The Senior Opportunities and Services program is designed to identify and meet the needs of older poor persons above the age of 55, in projects which serve or employ older persons as the predominant or exclusive beneficiary or employee group. Such projects may seek to develop and provide new employment and volunteer services, may provide referral, may seek to stimulate and create additional services and programs to remedy gaps and deficiencies in existing programs, or to modify existing eligibility requirements and program structures to facilitate the greater use of, and participation in, public services by the older poor. One successful vehicle for meeting the needs of the older poor is the all-season recreation and service center controlled by older persons themselves.

There are over 5.5 million older poor above the age of 65 and an additional 2 million between the ages of 55 and 64. This constitues more than 31 percent of the total universe of poverty in this country. The housing, consumer, educational, transportational and other needs of this group are generically similar to the needs of other identifiable poverty groups. However, the lessening of mental facility and physical dexterity, and poor health which normally accompanies old age require special attention. There are other distinguishing characteristics. Principal among these is the reality that relatively few of these persons are in or will long remain in the normal private or public job market.

Program and Performance for FY 1969

A formal evaluation of SOS programs following their approximately one year of operation will be completed in December. Preliminary observations indicate: 1) They are low in unit-cost per beneficiary. 2) In many instances the elderly poor not only improve their own financial and psychological status, but do so while serving other elderly poor. 3) The programs have attracted a large measure of local and other financial support such as joint funding by other agencies. 4) They have demonstrated considerable success in effecting change in other institutions such as increasing use of elderly non-professional aides by health, social and educational institutions. 5) They have performed a very useful service through outreach and referral to other agencies as well as to poor people who were unaware of existing services.

In FY 1969 $3.5 million was spent to refund and strengthen the original group of 100 SOS programs. Another $1.0 million was used to fund approximately 32 new programs. A joint VISTA-Community Action program was funded for $250,000 to provide regions having large concentrations of older persons additional SOS manpower. In addition communities used nearly $1.9 million of their local initiative funds for SOS projects. A total of 675,000 older persons were served in all SOS projects in 1969.

Program and Performance for FY 1970

In 1970, $8.8 million will be used to continue funding of the Senior Opportunities and Services programs currently in operation, including those programs originally supported by local initiative funds. Approximately $2.4 million will be available for new project starts, providing assistance to an additional 205,000 older persons. These projects will be focused on the poorest rural areas having high concentrations of elderly poor, and in urban areas where the existing resource base can be tapped at a minimal incremental cost.

Day Care

1969 Obligations	1970 NOA Estimate	Increase
$-0-	$10,000,000	$+10,000,000

Introduction

A substantial number of poor families in the United States would be enabled to attain economic self-sufficiency if the mother were able to work; however the necessity that the mother remain at home to care for her children is an obstacle to doing so. This is true both in the case of one-parent families who may be on welfare and in two-parent families where the incremental income the mother could earn would be enough to raise the family over the poverty threshhold. Relatively limited day care resources exist today and they are frequently inaccessible to poor families.

Schedule of Funding Requirements

Day Care	1969 Estimate	1970 Estimate	Increase (+) or Decrease (-)
Programs	0	$10,000,000	$+10,000,000
Number of Children Served	0	5,000	+ 5,000

Purpose and Scope

President Nixon has proposed a major expansion of day care services in connection with the Family Assistance Plan. The Office of Economic Opportunity will undertake a developmental program with two major objectives:

1. to experiment with alternative day care models to discover effective and efficient means of providing day care services; and,

2. to develop models and materials that will facilitate the rapid expansion of day care services.

It is estimated that in female-headed poor families there are 195,000 children age 3-5 and 1,065,000 children age 6-13, who could benefit from day care. In husband-wife headed poor families there are 435,000 children age 3-5 and 1,760,000 children age 6-13.

Program and Performance in FY 1969

No Program.

Program and Performance in FY 1970

OEO will sponsor a variety of experimental day care programs, generally linked to employment programs. These will test the effects of different types of care and delivery systems on mothers, families and children and also meet pressing local needs. In addition to measures of participant impact, some assessment of the various components and modes of organization will be made. For example, different types of delivery systems, such as "client selection" and contract systems will be tested. Standard evaluation criteria of quality and cost of care, equity of treatment and flexibility for growth and expansion will be employed. The latter is particularly important in view of the large-scale program requirements in the offing as a result of the Family Assistance Plan. A substantial proportion of the funds will be channeled through Community Action Agencies.

Community Action Evaluation

1969 Obligations	1970 Estimated NOA	Increase
$2,530,000	$11,000,000	$8,470,000

Introduction

This section discusses evaluations of the relative effectiveness of different programmatic approaches and techniques (Type II evaluations) in Community Action and evaluations of the pilot demonstration programs. Evaluations of the overall impact of Community Action and other Programs (Type I evaluations) are dealt with in Appendix A. The following table highlights the primary evaluation categories of the Community Action Program evaluation effort. It is followed by a statement of Purpose and Scope, A Summary of Previous Performance, and A Description of the Evaluation Categories.

Schedule of Funding Requirements

	1969 Obligations	1970 Estimate	Increases (+) or Decreases (-)
Evaluation (Type I)	$1,169,000	$ 3,400,000	$ 2,231,000
Pilot and Demonstration Projects	1,161,000	5,600,000	+4,439,000
Legal Services Evaluation	200,000	1,000,000	+ 800,000
Operations Evaluation	0	1,000,000	+1,000,000
Totals	$2,530,000	$11,000,000	$+8,470,000

Purpose and Scope

Evaluation of pilot and demonstration programs has an important role to play in the development of new programs. Such evaluation will provide the comparative design to enable the dissemination of changes that are attributable to the intervention program. This will compare the expected development of the demonstration program with the actual development and provide feedback aid in the effective implementation of programs. It will provide the analysis of the program accomplishments in relation to the problem it was designed to confront. Finally, pilot and demonstration evaluation will provide the descriptive documentation of the experience in the development and implementation of the program that can be used as an operational model for further program development.

Program and Performance for Fiscal Year 1969

In FY 1969, evaluations were made of the following Pilot and Demonstration Projects among others:

1) Comprehensive Service Systems
2) Community Planning/Evaluation System
3) Youth Programs
4) Alaska Village Electric Coop
5) Consumer Action Demonstrations
6) Rural Housing Demonstrations
7) Advocacy Planning
8) Prison Education Demonstrations
9) Navajo Community College
10) Mutual Teaching Alphabet Systems
11) North Carolina Development Corporation Analytic System
12) New Careers Manpower Training
13) Local Initiative Manpower Projects

Type III monitoring evaluations were made of 350 Community Action Programs. Development of an evaluation system for Title I-D programs was initiated.

Program and Performance for Fiscal Year 1970

Major program areas are Community Development, Economic Development, Housing, Education, Employment, Special Programs, Older Persons, and Rural Affairs. Evaluations will be made of projects and program areas with first priority being evaluation of newly funded projects, second priority being evaluation of projects being refunded, and third priority being evaluation with an eye to future models and need for further studies of currently operating projects which will not be refunded.

The following Special Programs will be evaluated: Migrant Adult Education Program, Training and Technical Assistance, and several developmental programs (15 High School Equivalency Programs, Project HELP, Chamber Area Development Agency).

Two evaluations will be conducted in Older Persons and Rural Affairs. They are (1) evaluation of Local Initiative Programs and Institutional change and (2) Study of Programs to Reduce Outward Migration.

A major thrust of the Office of Economic Opportunity program is Local Initiative. The objective is to stimulate communities to mobilize an effective attack on the problem of poverty. Operations Evaluations, consisting of case studies and comparative evaluations will be mounted that will focus on assessing local initiative programs in the areas of Housing, Education, manpower, and Economic Development that could serve as models for further controlled program development. In this way isolated program accomplishments could be replicated and their potential for broader implementation assessed.

Legal Services evaluation activities, primarily Type III Monitoring, will be significantly expanded to insure that the projects are operated as effectively as possible. Some Type II evaluation designed to identify superior delivery system will also be undertaken.

Research and Development

1969 Obligations	1970 Estimate	Increase
$31,540,000	$55,600,000	+$24,060,000

Introduction

Research and development programs are designed to serve as the basis for planning a national program for alleviating poverty and promoting equality of opportunity. These programs include identification of need, design of experimental programs, conducting social experiments, evaluation of these experiments and in the case of successful experimental efforts expanding these to pilot scale and developing mechanisms for transferring successful programs to either full scale operation within the agency or to other organizations.

Schedule of Funding Requirements

	1969 Obligations	1970 Estimate	Increase(+) or Decrease(-)
Early Childhood Development	$ --	$4,200,000	$+4,200,000 1/
Expanding Individual Choice	--	5,400,000	+5,400,000
Strengthening State and Local Institutions	--	4,200,000	+4,200,000
Basic Research	7,000,000	8,400,000	+1,400,000
Manpower	2,500,000	6,800,000	+4,300,000
Education	5,240,000	3,700,000	-1,540,000 2/
Income Maintenance	1,700,000	3,400,000	+1,700,000
Indians and Migrants	--	1,500,000	+1,500,000
Community Development	5,300,000	5,000,000	- 300,000
Economic Development (excluding I-D)	7,000,000	7,500,000	+ 500,000
Housing	2,800,000	5,500,000	+2,700,000
Total Requirements	$31,540,000	$55,600,000	$+ 24,060

1/ Some of the R&D projects initiated by Head Start were transferred to this funding category for FY 1970 explaining the large apparent increase in funding. Approximately $2.0 of the $4.2 million represents new program activities.

2/ $1.2 million in educational projects is contained in the categories of Expanding Individual Choice and Strengthening State and Local Institutions.

Purpose and Scope

The persistence of poverty in this country despite the past growth of the national economy and a growing system of social welfare programs underlines the need for developing new tools which can be used to help the poor become self-sufficient. In the past, R&D efforts within the Office of Economic Opportunity have tended to be fractionated and diffuse. In planning this year's effort, the Administration has concentrated on three major new thrusts: (1) Early Childhood Development, (2) Expanding Individual Choice, and (3) Strengthening State and Local Institutions.

Program and Performance for FY 1969

In FY 1969, just over $30.0 million was expended on various research and development activities. They included economic development projects in both rural and urban areas, major experimental efforts to test the effect of a negative income tax on work incentives, demonstration projects in the areas of housing, manpower and education and multidisciplinary basic research into the nature and causes of poverty.

The following are representative examples of the work undertaken:

-- The East Central Citizens Organization (ECCO), was organized three and a half years ago as the nation's first non-profit, self-governing neighborhood corporation. Its members are the residents of a 40 block ghetto area in Columbus, Ohio. It has successfully operated a neighborhood center, a semi-autonomous Youth Civic Center, and numerous community self-help activities through its Block Clubs. In the past year ECCO has embarked on a Self-Sufficiency Program aimed at mobilizing sufficient financial resources from the business, governmental and soul brother community in order to provide for a stable financial self-sufficiency based upon business ventures (grocery chain stores, apartment complexes, etc.) tax deductible contributions and contract services. ECCO community residents have planned side by side with bank officers and businessmen on their board a sophisticated approach to investment and enterprise development.

-- A grant to Consumer Action for Bedford-Stuyvesant, Inc. (CABS) helped to establish consumer-merchant block committees as a base for consumer education. A credit unit serves as the nucleus to foster change in the ghetto marketing system. CABS has successfully negotiated with the Small Business Administration and Kingsboro Community College to create a course in business management. It has also furthered business by organizing and sponsoring a Merchants' Cooperative of small store owners who will pool food orders and improve management.

-- In FY 1969, a graduated work incentive experiment was begun in two rural areas of the United States -- in the South and the Midwest. The experiment is similar in design to the one in New Jersey -- a dispersed sample of poor and near poor households randomly selected from predetermined sites and enrolled in several alternative negative income tax plans. Unlike the New Jersey experiment, eligibility has been extended to households with heads over 58 years of age and to households headed by females aged 18 to 58. The principal purpose of this experiment is to measure the effect of alternative tax rates and guaranteed minimums on the work incentives of rural residents and to compare these findings with the work responses of urban families in the New Jersey experiment. Other major objectives are to assess the impact of a graduated work incentive program on migration and expenditure patterns. Secondary objectives include measuring the effect of these payments on family health, school performance and social behavior of children, family separation, crime and delinquency rates and other attitudinal and behavioral characteristics.

-- In FY 1969, the Office of Economic Opportunity funded eight projects referred to as FURPO's (Full Utilization of Rural Program Opportunities) in rural areas to demonstrate that rural Community Action Agencies, given adequate incentive could design imaginative demonstration systems to utilize existing federal, state and local rural opportunities and to prove that CAA's can provide rural alternatives to urban neighborhood center systems, alternatives which exploit existing federal, state and local opportunities. A project in Vermont is developing a self-supporting transportation system to provide the rural poor critically needed access to jobs, job training, health and welfare services, educational opportunities, better shopping and so on. In Massachusetts several rural town groups are working to establish a housing development corporation, to provide staff assistance to local housing authorities and health boards and to operate its own programs for rehabilitation and new construction of sales and rental housing.

-- The Institute for Research on Poverty at the University of Wisconsin was continued in FY 1969. The Institute is undertaking interdisciplinary on definitions and concepts of poverty, transfer and income maintenance systems, the effect of inflation on the poor, psychological factors in poverty and the administration of social legislation and criminal justice.

Program and Performance for Fiscal Year 1970

In planning this year's effort, the Office of Economic Opportunity seeks to place major emphasis on four major themes. About 40 percent of its R&D budget is devoted to these research activities.

The first area of emphasis is upon Early Childhood Development. The President has emphasized the importance that the first five years of

life play in the development of a youngster and suggested that the nation focus its attention on improving its capacity to intervene during this period. The Office of Economic Opportunity's primary developmental focus will be on very early childhood development. Parent Child Centers will be integrated into a major developmental effort to determine the most effective way to intervene in the development of young children using mothers as the agent of intervention. We will also continue and expand research and part of the demonstration work associated with Head Start and carry out extensive developmental work with day care centers to facilitate the rapid expansion of these centers envisioned in the Family Assistance Plan.

In our second major thrust we seek to expand opportunities for individuals to choose the services they need. Planning for an educational voucher program will be initiated. Similar voucher programs in housing, day care and employment placement will also be planned and initiated. Each of these programs gives the client an opportunity to choose the services he wants and hopefully will attract new sources of supply for these services. In addition, this budget supports a major experiment to use tax credits to induce employers to hire and train hardcore unemployed.

In keeping with President Nixon's proposals for a Comprehensive Manpower Act and Revenue Sharing, there will be a number of programs designed to improve functioning of state and local institutions. This third major thrust seeks to improve staff quality of state and local agencies as well as Community Action Agencies. Finally there will also continue to be projects that seek improved responsiveness of local schools to the needs of the poor, through experimenting with better means of bringing together schools and the communities they serve.

Finally, Basic Research expands significantly. These efforts will seek to improve evaluation capabilities by developing better means of quantifying program outputs and by systematically examining the beneficiaries of government programs, including analysis of the impact of monetary and fiscal policy upon composition and levels of the poverty population. Research will continue on a systematic description of poverty populations, exploring alternative means for meeting their needs. Efforts will be initiated to develop better means of communicating with the poor. The Office of Economic Opportunity will continue to support basic research on laws that adversely affect the poor.

The rest of the research and development effort is distributed among traditional areas of manpower, education, income maintenance, community development and housing.

Program Direction

1969 Obligations	1970 NOA Estimate	Decrease
$24,425,000	$22,700,000	$1,725,000

Program Description

Program direction funds provide for the support of the administrative staff required to achieve the goals and objectives of Community Action Programs. These funds provide for the salaries and other administrative expenses for staffs in the regional offices and at headquarters. The regional staffs assist communities in the development of projects, review and approve grant proposals, and monitor project operations of the Community Action Agencies. The headquarters staff provides the central direction and support necessary for the management of this national program. This includes the preparation of project guidelines and models, program operating procedures, and the development of training, research, technical assistance, pilot programs, and evaluation efforts.

Program and Performance for Fiscal Year 1969

Program direction costs provided Headquarters and regional support for the more than $900 million in grants made during FY 1969. Included in this support was monitoring of grantees' compliance with basic CAP policies and regulations, provision of guidance and management information to grantees, as well as provision of information and policy recommendations to the Director of the Community Action Program, and any other activities necessary for the achievement of the over-all goals of Community Action Programs.

Program and Performance for Fiscal Year 1970

For FY 1970, regional offices, with support from Headquarters Offices, will increase their capability and role in providing technical assistance to grantees, particularly in the areas of program development and management. Current operations in the field will be reviewed with a goal of decentralization and granting greater decision making responsibility to lower level administrators who have day-to-day dealings with state and local staff and program participants.

Justification of Estimate

Program Direction requirements are estimated at $22.7 million. This is a decrease of $1,725,000 from the previous year. The principal change is a savings of about $2,575,000 resulting from a net decrease of 158 positions and approximately 200 man years. The position decrease is related to the transfer of the Head Start program to the Department of Health, Education and Welfare. Off-setting this saving is an increase of $850,000 for the pay raise.

Special Programs for Migrants and Seasonal Farmworkers

1969 Obligations	1970 Estimated NOA	Increase
$27,421,000	$33,000,000	$+5,579,000

Introduction

In 1967, 78 percent of all paid farm workers were seasonally or less frequently employed, generally at a low skill level in crop cultivation and harvesting activities. Workers dependent solely on periodic farmwork were employed an average of only 129 days and earned $1,247. Those able to find farm and non-farm jobs did an average of 105 days of non-farm wage work and 55 days of farm work, from which their total earnings were $1,903. Migratory workers averaged 117 days employment and earned $1,266. Clearly, members of this seasonal farm-worker universe are among the poorest of the poor. Moreover, during the period 1960 - 80 the total farm work force requirement is anticipated to decline by 40 percent, due to technological changes which have transformed farm employment needs.

The 1967 hired farm labor force numbered over three million, including short-term casual workers and the non-poor. However, an estimated 783,000 heads of household had a family income of less than $3,000 or were occupationally displaced and unemployed. At an average of 5.2 members per family (only 27% of whom lived on farms), the effective universe of need for Title III-B programs exceeded 4 million people. This universe included 276,000 migratory workers, who generally consitiute up to 10 percent of the total hired farm labor force, and who are almost always poor.

Schedule of Funding Requirements

	1969 Obligations	1970 Estimated NOA	Increase (+) or Decrease (-)
Re-employment and Adjustment Projects	$ 3,867,000	$ 4,250,000	$+ 383,000
Education and Opportunity Improvement	15,632,000	17,825,000	+2,193,000
Housing and Enterprise Development Aid	1,743,000	2,125,000	+ 382,000
In-Stream Migrant Assistance	2,550,000	3,900,000	+1,350,000
Special Program Support	3,629,000	4,900,000	+1,271,000
TOTAL	$27,421,000	$33,000,000	$+5,579,000

Migrant Re-Employment and Adjustment Projects

1969 Obligations	1970 Estimated NOA	Increase
$3,867,000	$4,250,000	+$383,000

Purpose and Scope

All heads of household aged 22-54 included in the migrant and seasonal farm-worker universe are potential beneficiaries of this element, since by definition they are hard-core poor and underemployed, or are already occupationally displaced (i.e., they are unable even to find short-term seasonal employment). In 1965, almost 500,000 people met this criteria.

Programs vary considerably, but are generally characterized by three or more of the following objectives:

(1) Private-public sector cooperation in program design and follow-through;

(2) The training and placement of adults who meet basic literacy requirements, but whose background has been limited to unskilled, seasonal farm employment, in year-round skilled or semi-skilled non-farm jobs at incomes above the poverty threshold;

(3) Assistance to affected families in making the environmental adjustment from an agricultural to a non-agricultural (and sometimes non-rural) orientation of life; and

(4) Voluntary, permanent resettlement assistance in an area agreed upon prior to entry in the training program.

Program and Performance for FY 1969

An estimated 3,300 former farm workers have been trained for re-employment in non-farm jobs at upgraded skill and salary levels. Over 7,000 family members will receive assistance to facilitate their adjustment to a new environment, concurrent with placement of family head.

Program for FY 1970

An additional 3,300 adults eligible for this program will be better prepared for non-farm employment at higher skill and salary levels. Almost 7,000 family members will be assisted in adjusting to a new way of life.

Migrant Housing and Enterprise Development Aid

1969 Obligations	1970 Estimated NOA	Increase
$1,743,000	$2,125,000	+$382,000

Purpose and Scope

Housing needs of this large universe of up to 4 million people are being reappraised from the standpoint of various program options which include, but are not limited, to self-help projects. The self-help universe is estimated at 225,000 units of new housing. Particular attention is directed at possible program linkage with non-farm job training for anticipated employment needs in economic growth areas which require additional or improved housing to accommodate incoming residents.

One of the objectives of development programs designed to meet the needs of migrant and seasonal farmworker families is to improve their acceptance by the community at large. Therefore when permanent housing is planned in any scale (e.g., 50 or more self-help housing starts on a continguous tract or scattered within an existing community) an effort is made to provide a bridge between the larger community and the settling families, enhancing the acceptability of the latter, by establishing a desirable service or facility which will benefit the entire community. The universe of need for community improvement is a direct function of the incidence of concentrated, low-cost housing development in or on the outskirts of an established community.

Program for Performance in FY 1969

Almost 900 new housing starts were supported in FY 1969 at reduced unit cost due to economy of operation in larger projects and in established groups. Where circumstances warrant, community improvement features are to be incorporated in selected areas.

Program for FY 1970

Assuming stable scale of projects in FY 1970, program participants should be able to make 1,000 new housing starts in a variety of housing and rehabilitation programs. Seed money for community improvement projects will be provided for the largest programs.

In-Stream Migrant Assistance

1969 Obligations	1970 Estimated NOA	Increase
$2,550,000	$3,900,000	+$1,350,000

Purpose and Scope

These programs are essentially restricted to migratory farm workers and members of their families who travel with them, except in the case of day care services where children of non-migratory workers may participate if sufficient facilities exist. Migrants and their families are eligible for other Title III-B programs as well. The migrant farm work force has been declining at an average annual rate of 10 percent since 1964. In 1967 there were 276,000 migratory workers in a total hired farm work force of three million.

Migrant Service Centers: Service center units (several of which are semi-mobile) are strategically placed along the migrant stream to provide information and individualized assistance to migrants en route to work areas. They also serve as information gathering posts, collecting data on migrant characteristics, needs and problems which are valuable to OEO in planning programs designed to meet their needs. Delivery of emergency service needs has received priority attention in the first stages of program development.

Migrant Day Care: Extended-hour day care programs are characterized by their child development focus, however short-ranged, and the mobilization of outside resources to minimize OEO cost.

Temporary Housing: In an innovative multi-faceted approach to providing additional units of temporary housing over a three-year period, OEO is combining job training in pre-fabricated housing construction skills and operation of a production facility with actual housing construction and testing of a low-cost plywood and styrofoam unit which it believes can be adapted to meet many needs for low-cost temporary or permanent, conventional or self-help housing.

Other Migrant Services: These include a wide array of supportive services, many of which are furnished on an emergency basis by the Migrant Service Centers. As the migratory work force decreases and stabilizes at a level where migratory labor is a demand occupation, efforts will be made to forge a cohesive work force that is skilled and responsive to changing requirements.

Program and Performance in FY 1969

Outreach and flexibility of the Migrant Service centers benefited over 230,000 individuals. Particularly successful were emergency food and medical aid. An estimated 13,000 younsters participated in a variety of in-stream day care programs, and OEO subsidized the operation of existing temporary housing units which lodged an aggregate of 17,000 people at times throughout the peak harvest seasons. In addition, OEO has a series of prototype shelters under development to test prefab modular units at construction costs of $4.50 per square foot or less.

Program for FY 1970

The current level of effort essentially annualizes the past fiscal year's activity. However, expanded services and center outreach will increase participation by about 24,000.

Occasionally other services, such as emergency assistance or corrective health services, are provided to enable otherwise-eligible enrollees to participate in or complete the program. The latter are provided only when local assistance is not available from other sources.

Part-Time Education: Part-time instruction provided to migrants and seasonal farm worker families meet a wide variety of local needs and is often related to other Title III-B program components. Subjects taught include basic education (aimed at eighth grade or high school equivalency), English as a foreign language (for Spanish-speaking families), environmental adjustment for newly-settled migrants, home and money management, child care and other programs designed to improve the family life-style. Some part-time education programs are supplemented by supportive family counseling services in cases where participants are facing major changes in occupational or residential environment or both.

Program and Performance in FY 1969

Last year 900 young students participated in the HEP program, at a much lower unit cost than anticipated because many acquired their GED in considerably less than the program model's year of residence. In addition, over 25,000 adults were enrolled in job-oriented education and training programs. Nearly 7,300 of the latter studied or were trained on a full-time stipended basis.

Program for FY 1970

HEP is essentially annualized on a 900 slot basis. However students may again exceed expectations, permitting greater enrollment at lower cost per student. An estimated 26,500 adults will be enrolled in non-residential programs. Approximately 8,500 of the latter will participate on a full-time basis, stipended when needed.

Migrant Education and Opportunity Improvement

1969 Obligations	1970 Estimated NOA	Increase
$15,632,000	$17,825,000	+$2,193,000

Purpose and Scope

Approximately 1.6 million members (40 percent) of the migrant and seasonal farm worker universe aged 17-64 are eligible for education and/or prevocational training under Title III-B. Over two-thirds of the young people aged 17-22 have left high school without a diploma. An estimated 20 percent of this group would benefit most by residential HEP training, leading to a GED and higher education or advanced job training. The remaining high-school drop-outs in this age group, plus that 60 percent of the adult members of the universe aged 23-54 who have completed less than eight grades of school, constitute the non-residential but full-time Adult Education and Opportunity Improvement universe. Members of the adult education universe who are eligible for full-time courses are excluded from the estimated part-time universe.

High School Equivalency Program: HEP is a residential program conducted by colleges and universities for out-of-school youths aged 17-22 from eligible migrant or seasonal farm worker families, to provide them with up to twelve months training enabling them to get a high school equivalency diploma, learn a job skill, get a job or go on to college. Special tutors and counselors are provided to HEP students, who live in regular campus housing and are encouraged to participate in all campus activities. The environmental advantages of the campus setting, coupled with intensive instruction, reinforces the high level of motivation required of young people selected for this program and accounts in large part for its success.

Basic Education and Training: Full-time stipended, non-residential education and training programs are designed to upgrade the general education and broaden the skill levels of adult members of the migrant and seasonal farm worker universe. Programs vary in length and scope to meet the needs and capability of participants, but all are basically job-oriented in that they provide the student with a marketable skill, upgrade his education to a level which qualifies him for job training programs, or combine basic education with prevocational training in transferrable skills. Generally, younger enrollees who have had some secondary education are encouraged to qualify for a high school equivalency diploma. A minimum eighth-grade proficiency level is sought for all. However, in the case of some older enrollees with little or no formal schooling, emphasis is necessarily placed on basic communication skills coupled with job training in areas of relatively low literacy requirement. Basic education and training are supplemented by supportive counseling services which benefit the entire family.

Special Migrant Program Support

1969 Obligations	1970 Estimated NOA	Increase
$3,629,000	$4,900,000	+$1,271,000

Purpose and Scope

Program support activities are distributed among three main categories as indicated below:

	1969 Estimate	1970 Estimate	Increase Requested
Program Administration	$2,351,000	$2,550,000	+$ 199,000
Staff and Leadership Training	426,000	750,000	+ 324,000
Technical Assistance (including Monitoring)	852,000	1,600,000	+ 748,000
TOTAL, Support	$3,629,000	$4,900,000	+$1,271,000

Program and Performance for 1970 and 1971

See above table

Rural Economic Opportunity Loan Program

1969 Obligations	1970 Estimate	Increase
$6,000,000	$12,000,000	$+6,000,000

Introduction

Almost 40 percent of the nation's poor reside in rural nonfarm areas (such as small towns or in the open country), or live on farms. Economic Opportunity Loans provided by Title III-A furnish low-cost credit, technical assistance and developmental opportunities for an estimated universe of 2 million hard-core poor rural families. The effective universe is increased by at least 500,000 marginal-income families, who are accessible as members of "grass roots" cooperative associations eligible for this program because of predominantly low-income membership. Nonpoor participation, limited to a maximum 30 percent of the members, often tends to stabilize these organizations.

Schedule of Funding Requirements

	1969 Obligations	1970 Estimate	Increase
Total, NOA Only	$ 6,000,000	$12,000,000	$+6,000,000
New Loan Activity and Support, Total	($15,088,000)	($22,600,000)	($+7,412,000)
Loans to Individuals	8,178,000	10,100,000	+1,922,000
Loans to Cooperatives	3,910,000	8,900,000	+4,990,000
Program Support	3,000,000	3,500,000	+ 500,000

Purpose and Scope

Individual loans in amounts up to $3,500 outstanding at any one time may be authorized at 4 1/8% interest, with repayment extended as long as 15 years, to assist low-income rural residents in establishing small nonfarm enterprises, and to enable poor farmers to combine basic real estate, machinery and equipment purchase in one loan flexibility tailored to meet limited resources. Among the typical rural enterprises financed by small loans to farm as well as nonfarm residents are commercial fishing, hauling, home building, small stores, handicraft production and machinery repair businesses.

Loans to cooperative organizations composed predominantly of low-income families may be authorized, without limitation as to maximum amount, at 4 1/8% interest with a maximum term of up to 30 years, to finance production, marketing and processing enterprises as well as small-scale, joint purchasing of farm machinery which enables small farm operators to benefit from agricultural technology which would be beyond their individual financial means. Members of larger, more viable cooperative associations participating in the Rural Loan program may also qualify for individual loan assistance. Cooperative loans may be used for basic capital items; for land, buildings and other real estate purposes; to provide operating capital, defray costs of organizing the cooperative itself, and to refinance certain debts.

Program and Performance in FY 1969

Total, NOA Only	$ 6,000,000
New Loan Activity and Support, Total	($15,088,000)
Loans to Individuals	8,178,000
Loans to Cooperatives	3,910,000
Program Support	3,000,000
Borrower Caseload, Active Loans	41,800
Total Loans Receivable	$84,704,000

New loan activity was cut to approximately 12.1 million, less than half the previous year's level of effort. Of the fiscal year FY 1969 activity, almost $4.0 million went to cooperative organizations of increasing average size. Loans to individuals dropped to $8.2 million (due to budgetary restrictions rather than lack of demand), and OEO's share of FHA support costs associated with this program was increased to $3 million. Total loans receivable at the close of FY 1969 declined to $84.7 million. The active borrower caseload used to determine support requirements is estimated at 41,800 for the combined loan programs, to cooperatives and individuals.

Program for FY 1970

Total, NOA Only	$12,000,000
New Loan Activity and Support, Total	($22,500,000)
Loans to Individuals	10,100,000
Loans to Cooperatives	8,900,000
Program Support	3,500,000
Borrower Caseload, Active Loans	45,000
Total Loans Receivable	$88,665,000

The total program (including support costs) has been raised to a $22.5 million level, which will partially regain the momentum lost when the FY 1968 level was cut back the following year. Loan activity in the Cooperative Loan Program will be increased to a planned $8.9 million. Loans to individuals are planned at a $10.1 million level. Support costs are increased to $3.5 million as the active borrower caseload will rise to some 45,000 by June 30, 1970. Total loans receivable should then reach a level of approximately $88.7 million.

Volunteers in Service to America (VISTA)

1969 Obligations	1970 NOA Estimate	Increase
$32,804,000	$37,000,000	$+4,196,000

Introduction: Scope and Purpose

VISTA's mission is to provide volunteer manpower to people and communities striving to change the conditions of poverty. VISTA channels the skill and concern of individual Americans -- especially the young -- into constructive projects which directly help relieve poverty.

Under the 1967 Amendments to the Economic Opportunity Act, VISTA has assumed broad responsibility in domestic volunteerism. There are three major types of VISTA volunteer programs. (1) Best known is VISTA's full-time/full-year volunteer program which provides volunteers to poverty communities to live and work with the poor for a year or more. Some 18,000 VISTA Volunteers have served or are serving in this capacity. (2) VISTA also enlists Associate volunteers to live and work in the poverty area similar to the Regular volunteer, except for a shorter time span. Associates typically work for about three months usually during the summer. More than 4,000 young persons have served as VISTA Associates. (3) The third major VISTA effort is recruitment of part-time Volunteers who donate their time at no cost to the Federal Government to work within their own communities. Frequently, but not always, part-time Volunteers work in conjunction with the full-time VISTA Volunteers.

VISTA has grown and matured steadily during its four year history. In the first full year of operation, FY 1966, 3,500 Regular volunteers were placed on site with a $16 million budget. FY 1970 plans call for full year Volunteers to number 6,200 at the end of the year, in addition to 330 who are paid for on a cost reimburseable basis by other agencies with an additional 1,500 people serving as Associate Volunteers.

Under the Economic Opportunity Act, VISTA is also authorized to make grants to public and private institutions for volunteer programs and to refer volunteers to local, state, and Federal agencies for direction and support.

	FY 1969	FY 1969	FY 1970
Total Budget	$29,200,000	$32,804,000	$37,000,000
Total Volunteer Man-Years	4,275	4,523	5,106
Cost Per Volunteer Man-Year	$ 6,830	$ 7,129 1/	$ 6,968 1/
Regular Volunteers, (Cost Reimburseable)	5,032	5,692 (338)	6,200 (206)
People Regularly Served by full-time Volunteers	657,000	862,400	1,183,400
Associate Volunteers	1,500	1,118	1,500
Federal Staff Positions	321	315	318

Program and Performance for Fiscal Year 1969

By the end of FY 1969, there were 5,692 Volunteers in training or in the field, and a total of 4,523 man-years of service had been delivered during the year. Volunteers served in more than one thousand of the poorest urban and rural communities in 49 states, the District of Columbia, Puerto Rico and the flag territories. 60% of VISTA projects were rural and 40% were urban. Since the average number of Volunteers working on urban projects was larger than on rural projects, about 50% of the Volunteers were stationed in rural areas.

FY 1969 was a year for many modifications in management and program thrust. These were a direct result of the evaluations VISTA conducted in FY 1968 (and which have now become an on-going process). Most of these changes were initiated late in FY 1968, but received major emphasis in FY 1969. They will be followed up in FY 1970.

1/ Calculation of cost per man-year in FY 1969 and FY 1970 includes reimbursable costs and man-years.

Management Improvements:

(1) BETTER PROJECTS: Since the evaluation process began in FY 1968, more than 200 projects were closed or redeveloped. Programming for all projects improved as emphasis was placed on more clearly defined project goals. As the goals were more specifically defined, the need for Volunteers with more specialized skills increased.

(2) BETTER VOLUNTEERS: The focus of recruitment shifted during FY 1969 and subsequently the characteristics of the Volunteer corps changed. The median age of Volunteers rose as the percentage of 18 and 19 year old Volunteers (who as a group have been the least mature and skilled) dropped sharply from approximately 14 percent to about 4 percent. The number of professionally skilled Volunteers such as lawyers, architects, and business school graduates was expanded. For instance, in 1969, VISTA received applications from 1,400 graduating attorneys - one in every 20 from the nation's law schools.

(3) BETTER VOLUNTEER SUPERVISION: The quality and amount of supervision Volunteers receive was substantially increased. The basic means of accomplishing this end was provision of a full-time supervisor to work with Volunteers. The budget for supervision increased from $75,000 in FY 1968 to $1.027 million in FY 1969. Training of supervisors was another means used to increase the quality of supervision. By the end of FY 1969, all new VISTA-paid supervisors had attended a special two-week training course. By mid-FY 1970 all supervisors (VISTA-paid and sponsor-paid) will have received formal training.

(4) BETTER TRAINING: Early in FY 1969 VISTA moved from a theoretical, classroom oriented training system to on-the-job training geared specifically to the community and ultimate assignment of the individual Volunteer. VISTA Volunteers began receiving two weeks training at regional training centers and then moving to the actual site of their final assignment where they received four weeks of intensive training simulating their specific assignment. Furthermore, VISTA Volunteers received in-service training and technical assistance to help them solve specific problems in the community.

New Program Thrust:

In FY 1969, VISTA launched a range of projects representing a new program emphasis which will be continued through FY 1970. This new program emphasis recognized two critical factors:

-- Outside Volunteers' entree into, and knowledge of, the poverty community is crucial to project success; a ready means of gaining this is through the use of qualified target area residents--community volunteers.

-- Community groups are now often sufficiently cohesive and stable to deal successfully with specific poverty problems confronting them if they are provided with modest amounts of external technical assistance--specialist volunteers.

Thus, VISTA began placing emphasis on a team approach whereby community volunteers were coupled with specialist volunteers such as lawyers, business school MBA's, health specialists, architects, planners, and teachers. These specially trained teams, which combined the knowledge of community problems possessed by volunteers recruited from the community with the problem solving skills of trained outsiders, worked on highly specific problems in economic development, legal aid to poor people and institutions in the poverty community, hunger and malnutrition, self-help housing, and the systematic involvement of universities and other institutions of the private sector in the problems of poverty in their respective communities. They involved large numbers of lawyers, businessmen and others with professional skills in support of the activities of the Volunteers on a part-time basis. In this way, VISTA both broadened its impact and helped to assure the continued viability of projects upon the departure of the VISTA Volunteers.

Program and Performance for Fiscal Year 1970

The multi-year effort which has already substantially improved VISTA's management and program development will be continued and refined during FY 1970. In addition to supporting these improvements, the budget increase of approximately $4 million will provide for an additional 583 man-years of service.

Specialist Volunteers:

Major emphasis will be placed on recruiting volunteers with specific skills in health, law, architecture, business, education and planning. By the end of FY 1970, over 20% of VISTA's Volunteers will be skilled. One skill which will predominate in FY 1970 is law. This is a result of the expressed need in poverty areas and the willingness of young lawyers to volunteer for VISTA service. Most of the VISTA lawyers will be assigned to the Office of Economic Opportunity Legal Service projects. The role of the VISTA lawyers will be to assist poor peoples' groups rather than handle individual cases. The Health Advocates Program, which was tested in FY 1969, is now ready for expansion. It successfully teamed doctors, nurses, nutritionists, environmental health experts, and lawyers with generalists and community volunteers, to provide complete health services to the poor in a large rural area. VISTA will also recruit Volunteers with specialized background and advanced degrees in business to

work in programs of economic development, providing technical assistance along with lawyers. VISTA is joining forces with schools of business administration to assist in economic development and aid new enterpreneurs to start and maintain businesses in ghetto neighborhoods.

Community Volunteers:

Increased emphasis will be placed on recruitment and on selection of community volunteers, as well as developing training which is more suited to their advancement both on the job and after their VISTA service is completed. In FY 1970, 20% of the volunteer corps will be community volunteers. Specific plans, including the optimum percentage of community volunteers, will be developed following an evaluation study which will be concluded mid-way through FY 1970.

Generalist Volunteers:

Improvements in training and project development in FY 1970 will make generalist volunteers more effective poverty fighters. Training will be geared toward teaching the generalist a specific skill and he will then be placed on a project for which the objectives have been clearly defined such as formation of a buying club or co-op, rather than on one with vague goals like community organization. Many of the generalists will be teamed with skilled and community volunteers. This policy has several advantages in addition to making better use of the talents of various types of volunteers in this group arrangement. Concentration of volunteers are more efficiently are more efficiently supervised and they have more perceptible impact.

Summary of Regular VISTA Volunteer Activity:

The following summary of regular VISTA Volunteer activities indicates significant increases for areas requiring specialized assistance including legal programs, income improvement (economic development, credit unions, and co-ops), housing and health.

Estimates of Number of Volunteer Man-Years
and Number of People Served or Involved
FY 1968 thru FY 1970

Activity	Number of Volunteer Man-Years			Number of People Served or Involved		
	FY 1968	FY 1969	FY 1970	FY 1968	FY 1969	FY 1970
Education	900	880	790	111,800	111,500	88,200
Recreation	605	595	560	151,800	150,900	132,300
Housing and Neighborhood Improvement	235	280	370	56,800	72,200	84,300
Health	130	150	195	35,100	42,800	63,300
Income Improvement	95	265	535	23,000	67,500	137,400
Employment	125	225	305	22,300	38,900	52,000
Legal	60	215	650	53,600	163,700	432,700
Individual Assistance	515	520	460	124,500	125,000	100,800
Community Organization	495	570	615	78,100	89,000	92,400
Supporting Functions	200	205	195	--	--	--
TOTAL	3,360*	3,905*	4,675*	657,000	862,400	1,183,400

* Field Man-Years only - trainees excluded

VISTA Associates:

This program, which has historically been operated in the summer only, will take on a new perspective. Building on a model successfully field tested in FY 1969, professional and graduate students will be recruited to serve full-time during the summer and part-time (without a stipend) for the remainder of the year. They will work in poverty areas adjacent to their universities. The Associate program's thrust toward utilizing students with technical skills is similar to that of the regular VISTA Volunteer program's recruitment of specialized volunteers. Also similar to the regular program, some Associate Volunteers are poor people who work in their own community and in teams with specialist Associate Volunteers. In FY 1970, 1,500 persons will serve as Associate Volunteers. They will provide 347 man-years of assistance to anti-poverty causes during the full-time portion of their service.

General Direction and Administration

1969 Obligations		1970 NOA Estimate		Increase or Decrease	
Pos.	Amount	Pos.	Amount	Pos.	Amount
1,169	$12,900,000	1,111	$16,000,000	-58	$+3,100,000

Introduction

This activity provides overall direction, management, administration and support for all Federal anti-poverty programs specified in the Economic Opportunity Act. These activities are directed and conducted at the Washington Headquarters and regional offices. The headquarters office is responsible for planning, direction, administration, and evaluation of the Federal anti-poverty programs, and the provision of statistical and information services. The regional offices are responsible for the operation of direct programs within designated geographical regions.

These funds are required for the following headquarters and regional offices and activities:

Headquarters	Regions
Office of the Director, OEO	Office of Regional Director
Office of Public Affairs	Program Management and Support Division
Office of Congressional and Intragovernmental Relations	Plans, Budget, and Evaluation Division
Office of General Counsel	
Office of Planning, Research and Evaluation	
Office of Administration	

Schedule of Funding Requirements

1969	1970	Increase
$12,900,000	$16,000,000	$3,100,000

Purpose and Scope

The Director is served by a number of staff and regional offices. These offices provide the following services to the Director and the program offices:

Public Affairs: Conducts programs to foster public understanding and support of Office of Economic Opportunity programs and policies and serves the public information needs of the Office of Economic Opportunity. Responsible also for bringing to the attention of the Nation the existent conditions which have resulted in the formulation and direction of the Office of Economic Opportunity programs.

Congressional and Intragovernmental Relations: The focal point for liaison between the agency and Congress, this office is responsible for providing the Congress with information on the scope and operation of Office of Economic Opportunity programs. This office is responsible also for apprising the Director and program officials of matters affecting congressional activities. Additionally, this office has become the central coordinating authority for participation in inter-agency programs. The office is responsible also for liaison with other Federal agencies and State and local governments in the administration of poverty-related programs.

General Counsel: Primarily responsible for providing legal advice and counsel in the formulation of policies, plans and programs; this office is responsible also for assisting in the day-to-day operations of the agency. This office now has responsibility for:

> Civil Rights: Establishing and administering overall policies, directives and procedures for the Civil Rights program of the Office of Economic Opportunity and delegate agencies, pursuant to Title VI of the Civil Rights Act of 1964 and Executive Orders relating to nondiscrimination in employment and services provided under the Economic Opportunity Act.
>
> Inspection: Continual review of all programs through investigations and inspections is the prime responsibility of this office. Reports are made on the nature, extent and causes of problems, both internal and external.

Planning, Research and Evaluation: Responsible for providing research, plans, programs and evaluations necessary to: (1) identify and define the nature of poverty in the United States, (2) develop a total program needed to combat poverty, and (3) make rapid and continuing evaluations of the total program or a specific aspect of the total program.

Office of Administration: Responsible for directing and conducting the general administrative functions in the agency. The office consists of several divisions, each responsible for particular aspects of the general management of the agency, including Audit, Finance, Personnel, Management Analysis, Procurement, Management Support and Systems and Data Processing. This office is also responsible for establishing information service centers for the collection, correlation and distribution of information required to further the purpose of the Economic Opportunity Act.

Regional Offices: Each regional office is headed by a Regional Director, who serves as the representative of the agency Director, and who directs and coordinates programs in his region. The regional offices are the operating elements of the Economic Opportunity programs. The divisions report to the Regional Director for program direction and policy guidance, but receive technical direction from the program organizations at headquarters.

Additionally, funds for the National Advisory Council on Economic Opportunity are provided from this activity.

Program and Performance for Fiscal Year 1969

During 1969 the executive direction and management staff of the Office of Economic Opportunity continued to improve various aspects of Office of Economic Opportunity administration. The audit and inspection functions were strengthened and the financial management system was improved. A grantee fiscal reporting system was implemented to provide the agency with a more accurate picture of its grant expenditures and cash position.

Program and Performance for Fiscal Year 1970

Agency audit capabilities will be further improved in FY 1970. We will also increase our property management staffing in order to provide required surveillance and control over the ever growing volume of government owned property in the hands of Office of Economic Opportunity grantees and contractors. The contract administration function will be strengthened in order to more effectively administer the large volume of contracts generated by the CAP, and VISTA programs. The financial management area will be strengthened further in the regions by initiating a review and processing of monthly grantee financial reports in order to obtain more complete and timely information on grantee expenditures and cash needs.

Complementing the decentralization of functions to the regions requires major emphasis on a combination of data transmission facilities and capability within regional offices to utilize the central computer as well as perform comparatively small--but controlled--jobs.

Justification of Estimate

A total of $16 million is required to meet anticipated operating costs in fiscal year 1970. This is an increase of $3.1 million over 1969 costs. Approximately $1 million of this increase is required for the pay raise. An additional $1.2 million is required due to the Grant-in-aid reporting required by BOB Circular A-97 which requires establishment of systems for processing and creating a file and retrieval information system on Grants approved by other Federal Agencies. Additional expenses estimated under this category will be to meet requirements generated by the Systems Analysis Division and a restructuring of the computer configuration, bringing about a need to run parallel systems for a period of time.

Other increases include: Rents, Communications, and Utilities--Up $800,000 due to the new responsibility for long-lines telecommunications expenses ($450,000); an increase in commercial user rates and the necessity of recoding nearly every phone in headquarters due to the moves. ($350,000)

Computer rents -- Up approximately $100,000 to reflect the cost of establishing the third generation system.

Other Services and Services of Other Agencies--Up $300,000 due to large increase due to moving and alteration expenses.

These increases are offset by a decrease in staff in 1970.

Appendix A

Evaluation (Type I)

Summary of Changes

1969 Obligations	1970 Estimated NOA	Increase
$2,384,000 1/	$5,400,000 1/	$+3,016,000

Explanation of Changes

The changes merely reflect the completion and initiation of specific evaluation studies (see Schedule of Funding Requirements below).

Schedule of Funding Requirements

Evaluation Project	1969 Obligations	1970 Estimated NOA	Increase (+) or Decrease (-)
Comparative Evaluation of 5 Manpower Programs (Job Corps, NYC Out-of-School, MDTA Institutional, New Careers, JOBS)	$750,000	$1,500,000	$+750,000
Special Impact	421,000	--	421,000
Evaluation of Non-Residential Job Corps Center	100,000	--	-100,000
Interim Evaluation of JOBS	60,000	250,000	+190,000
Evaluation of Pilot Tax Incentive Program	--	750,000	+750,000
Analysis of Manpower Program Information System Data	--	150,000	+150,000
Synthesis of Comprehensive Evaluation of Eight Community Action Programs	170,000	50,000	-120,000
National Assessment of Effects of CAP on Institutional Change	656,000	250,000	-406,000
National Evaluation of Head Start	133,000	500,000	+367,000
Evaluation of Upward Bound	94,000	--	- 94,000
Evaluation of Family Planning Program	--	850,000	+850,000
Evaluation of Neighborhood Health Centers	--	750,000	+750,000
Evaluation of Legal Services	--	350,000	+350,000
Totals	$2,384,000	$5,400,000	$+3,016,000

1/ The source of these funds is as follows:

	FY 1969 Obligations	FY 1970 Estimated NOA
CAP Evaluation	$1,169,000	$3,400,000
Dept. of Labor Support	750,000	1,500,000
Job Corps	465,000	500,000
	$2,384,000	$5,400,000

Purpose and Scope

This program element provides for funding the overall assessment of the impact and effectiveness of anti-poverty programs. The emphasis is on the extent to which programs are successful in achieving basic objectives. Such studies are called "Type I evaluations" and the responsibility for them is vested in the Office of Plans, Research and Evaluation, a staff office of the Director, Office of Economic Opportunity. (Type II evaluations are those aimed mainly at assessing the relative effectiveness of different program strategies and variables where the emphasis is on determining which of the alternative techniques for carrying out a program are most productive. Type III is the evaluation of individual projects by such methods as monitoring teams where the emphasis is on assessing managerial and operational efficiency. Type II and III evaluations are the responsibility of the program offices. It is recognized that the line between these three types of evaluation will not always be sharp but the differing emphases are clear.) Type I evaluations are accomplished by contract with universities, research organizations, and in-house processing of data gathered by internal information systems.

Program and Performance for FY '69

An Evaluation Division to carry out Type I evaluations was set up in the Office of Research, Plans, Programs and Evaluation (RPP&E) during FY '68 and its area of responsibility, staff size, and budget were established. A staff of five professionals and two secretaries was recruited and an expenditure of $2,865 million was made during FY '68. During FY '69 the following studies were funded:

1. Continuation of Comprehensive Evaluation of Eight Community Action Programs. ($170,000) The studies originally initiated by CAP in FY '67 were designed to be independently conducted comprehensive three-year evaluations of all phases of the Community Action Programs in eight different rural and urban localities.

2. Continuation of National CAP Evaluations. ($656,000) This study took as its point of departure the fact that the basic objective of CAP is less the delivery of services than it is to coordinate existing resources and services aimed at the poor and increase the participation of poor people in community activities and decision making. While these are much more difficult things to study and evaluate than ascertaining the number of employment interviews held, the number of basic training courses given, etc., it was the effectiveness of CAP in achieving these objectives which were the focus of this evaluation of the Community Action

Program. Consequently, this national-sample based study will attempt in a standardized, if only partially quantitative way, to collect data on a large number of characteristics or "attributes" of community action agencies which will then be statistically analyzed to show what range of performance there is among the CAAs on such things as participation of the poor.

3. Continuation of National Evaluation of Head Start. ($133,000) This study which was initiated in FY '68 compared a national sample of Head Start children in the first, second, and third grades with a matched control sample of non-Head Start children on a variety of cognitive and motivational measures. It sought to answer the question "Are children who went through Head Start developing better in school than comparable children who did not?" The results of the study found that there was generally little indication that the Head Start experience had produced many lasting, practically significant changes in the motivation attitudes or intellectual performance of the Head Start children as compared to the control children who had not gone through Head Start.

4. Continued Evaluation of I-D Special Impact Programs. ($421,000) Special impact projects in five areas (New York, Los Angeles, Cleveland, Washington, D.C., and rural counties in Southeastern Kentucky and Southeastern North Carolina) have been set up on an quasi-experimental basis to review a variety of means and program components to achieve the legislative goals of Title I-D. These projects are being carried out by the Office of Economic Opportunity, Labor Department, Commerce Department (EDA), and Agriculture Department, with quite varying instruments and programs, but all directed towards economic development, community improvement, and job creation in a specified target area. The evaluation will attempt to assess the relative effectiveness of each variety of program for reducing unemployment, dependency, and community tension in that specified area.

5. Longitudinal Evaluation of Five Manpower Programs (Job Corps, NYC out-of-school, MDTA Institutional, New Careers, and JOBS). ($750,000) This study will follow a representative sample of enrollees in each of the five different manpower programs from the time they enter through their training experience and for a period of a year and a half following their completion of the training program. It will thus collect and analyze information on: the trainee's educational, employment, and

family background; the kind of training he received and his reaction to it and the rate of dropout; and his income and employment experience following completion of the training program. Attempts will be made to collect comparable data on a control group. The study will provide the basis for comparing the various programs and the various training treatments (e.g., basic education, institutional training, OJT, etc.) with one another.

6. Interim Evaluation of the JOBS Program. ($60,000) This evaluation is intended to provide some interim indication of the economic impact of the JOBS program on enrollees prior to the completion of the longitudinal study described above in #5.

7. Evaluation of Upward Bound. ($94,000) This study was initiated just prior to the transfer of Upward Bound to the Office of Education. It will collect and review the results of a number of earlier small evaluations done of the program and will analyze the data collected thus far by the Upward Bound information system on the college success of the Upward Bound enrollees.

8. Evaluation of Demonstration Non-Resident Job Corps Center. ($100,000) This project will compare the population recruited, costs, dropout rates, attitude and skill changes, and subsequent employment patterns of a group of women trained on a non-residential basis at an established residential Job Corps Center.

Program and Performance for Fiscal Year 1970

Studies 1, 2, 5, and 6 from the list above will continue into 1970. A synthesis of the Eight Individual Community Action Program Evaluations (#1) will require $50,000. Completion of the data analysis for the National CAP Evaluation (#2) will require $250,000. Continuation of the Longitudinal Evaluation of Five Manpower Programs (#5) into its third year will require $1.5 million. Completion of the Interim Evaluation of the JOBS Program (#6) will require $250,000. The following new evaluation studies will be initiated.

a)	Evaluation of the Office of Economic Opportunity Family Planning Program	$850,000
b)	Evaluation of the Neighborhood Health Centers	750,000
c)	Evaluation of the Legal Services Program	350,000
d)	Evaluation of the new Interagency Tax Incentive Pilot Program	750,000
e)	Coordinated Analysis of data of manpower program information systems with data from Social Security files	150,000
f)	Evaluation of Head Start program (supplementary)	500,000

In addition to the above mentioned new evaluation studies, the August 11, 1969 statement by the President on the "Reorganization of the Office of Economic Opportunity" provided that this Agency will conduct an independent appraisal of Federal social programs which often is not available at present. During Fiscal Year 1970, in-house efforts will be initiated to implement this Presidential mandate.

The total estimated expenditures for the year will be $5,400,000.

APPENDIX B

Summary:
Special Programs on Federal Indian Reservations
Schedule of Funding Requirements a/

	1969 Obligations	1970 Estimate	Increase or Decrease
Economic Development	$ 1,200,000	$ 1,500,000	$+ 300,000
Community Service Systems	4,000,000	3,000,000	-1,000,000
Education	2,500,000	2,500,000	-0-
Home Improvement	5,000,000	5,000,000	-0-
Community Health	600,000	500,000	- 100,000
Special Indian Programs	2,400,000	4,000,000	+1,600,000
Sub-total	(15,700,000)	(16,500,000)	(+ 800,000)
Head Start	6,700,000	8,200,000	+1,500,000
Legal Services	1,160,000	1,500,000	+ 340,000
Emergency Food & Medical	630,000	500,000	- 130,000
Training & Technical Assistance	1,400,000	1,850,000	+ 450,000
All Other (SOS, Youth Programs)	500,000	800,000	+ 300,000
Total, Community Action b/	$26,090,000	$29,350,000	$+3,260,000

a/ Community action funding only; does not include delegated program data or VISTA.

b/ This schedule is intended as a non-add memorandum item only. Amounts shown above are already included in the justification for each program category listed.

LIST OF WITNESSES

	Page
Armstrong, Richard	209
Brown, R. J	163
Carlucci, Frank	1
Cassidy, R. C	1
Cavender, G. W. F	229
Doherty, J. C	229
Egbert R. L	209
Kolberg, W. H	163
Lenzner, Terry	1
Lowitz, Donald	1
Miller, R. E	163
Plissner, William	1, 163, 209, 229
Rumsfeld, Donald	1, 163, 209, 229
Sugarman, Jule	209
Walker, T. J	163
Weber, A. R	163
Wilson, John	1, 163, 209, 229

INDEX

A

Page

Accomplishments ---- 51
Administrative costs ---- 62
Age group, program emphasis by ---- 134, 203
Aging, programs for ---- 34
Auditing ---- 97, 119
Authorizing legislation:
  Changes in ---- 149
  Green amendment ---- 30
  Status of ---- 45

B

Bubble Up project ---- 136
Budget for fiscal year 1970 ---- 22
  Firmness of ---- 93
  Increases and decreases ---- 134
  Reduction in ---- 93
  Review of ---- 46

C

Churches, relations with ---- 34
Community action programs:
  Assessment of ---- 124
  Green amendment ---- 30
Concentrated employment program (CEP) ---- 168, 173, 187
Conflict of interest of employees and former employees ---- 131
Consultants, use of ---- 69
Continuation of 1969 program level ---- 98, 133
Contracts:
  Over $100,000 ---- 72
  Research, development, and evaluation ---- 71
  Training and technical assistance ---- 71
  With former employees ---- 130
Control of programs delegated to the Department of Labor ---- 135
Control over activities of poverty workers ---- 149
Control over programs in the States ---- 149

D

Day care program ---- 59, 99, 146, 161, 208
Definition of poverty ---- 47
Delegation of programs to other agencies ---- 135, 138
Drug addiction, programs for ---- 35
Duplication of activities of other agencies ---- 53

E

Emergency food and medical services ---- 35, 58
Employment:
  Ceiling on ---- 51
  Changes in ---- 64
  Consultants, use of ---- 69
  Hiring of persons with criminal records ---- 129
  Positions and average employment ---- 55, 64, 69
  Transfer of employees to Departments of Labor and HEW ---- 65
Expenditure ceiling ---- 51

F

Page
Family planning 9, 26, 54, 106

H

Headstart and Follow Through programs 10, 209–233
Acceptance of programs 215
Accomplishments 214
Changes in program 212
Child Development, Office of 219
Continuation of 223
Department of HEW programs 144
Evaluation studies 223
Experimental program 213
Follow Through program 216
Impact of program 102
Other similar programs 222
Scope of 218, 221
Montessori techniques 216
Parent and child centers 214
Parent participation 227
Reorganization of 160
Summer programs 226
Transfer to Department of HEW 144, 211, 228
Westinghouse study 219, 226
Health services 34, 53, 140
High school dropouts, programs for 35, 161

I

Increases and decreases requested in fiscal year 1970 134
Inspection and audit 97, 119

J

Job Opportunities in the Business Sector Program (JOBS) 171, 197
Accomplishments of 198
Compensation of trainees 206
Cost of training in 187, 198
Future of 169
Role of private industry 200
Job Corps:
Administrative staffing 195
Closing of centers 180
Costs per corpsman 184
Deactivated centers, status of 193
New community centers 182
Placement in centers 203
Placement in jobs 192
Reduction in 134, 170

L

Legal Services 11, 36, 59, 108
American Bar Association resolution 36
Cases handled by 111
Director of Office of 114
Legal representation of migrant workers 110, 116
Murphy amendment 117, 124
Objectives of 117
Payment of attorneys 113
Recruitment of attorneys 118
Reorganization of 131, 160
Representation of demonstrators 113
Representation of the poor 113, 117
Selection of cases 113, 114
Training of lawyers for the poor 107

Page

Local and State agencies:
- Redirection and strengthening of ... 8, 28, 124, 146
- Salaries of local officials ... 29

Local initiative programs ... 55, 100, 146
- Neighborhood service systems ... 57

M

Mayor's Conference, resolution passed by ... 18
Migrant workers program ... 11
- Legal representation of migrant workers ... 110, 116

N

National Governors' Conference position on OEO ... 16
Negro businessmen, assistant to ... 132
Neighborhood Youth Corps out-of-school program ... 107, 167, 170, 173
- Reduction in ... 170

News media, attitude of ... 33

O

Obligation of fiscal year 1969 funds ... 97, 133
Obligations under continuing resolution ... 52

P

Planning of new programs ... 105
Poor:
- Number of people ... 49
- Participation of ... 23
- Rural and urban ... 50
- Training of lawyers for ... 107

Protests and demonstrations, funds used for participation in ... 145, 152
Public Service Careers program ... 175, 200
Purchase of services ... 162

R

Regional offices ... 19
- Expansion of ... 64

Reorganization of ... 19, 52
- Changes in programs in fiscal year 1970 ... 6
  - Local and State agencies, redirecting and strengthening of ... 8, 28, 124, 146
- Cost of ... 63
- Elimination of offices ... 98
- Health affairs ... 160
- Legal services ... 131, 160

Reporting systems ... 63
Reprograming of 1969 funds ... 95
Research, development, and evaluation ... 7, 71, 123
- Continuation costs of existing contracts ... 98
- Contract and direct costs ... 71
- Emphasis on ... 15
- Evaluation program ... 25, 61
  - Made of other agencies ... 141
  - Results of ... 101
- Poverty, research on ... 100

Role of OEO ... 50, 143, 148, 155
- Welfare and manpower programs ... 122

Role of the States ... 149
Rural areas and small towns, programs in ... 24, 151
Rural economic opportunity loan program ... 229–233
- Collateral requirements ... 233
- Delinquency rate ... 230
- Moratorium on new loans ... 232

S

Page
Salaries, average 65, 69
Social workers, role of 25
Special impact programs 10, 57, 135–138, 177, 204

T

Tax credit for training unemployed 100, 162
Training and technical assistance, contract and direct costs for 71
Training manual on violence 154
Training programs (*See* Work and Training programs)

V

Veterans in paramedical professions, use of 106
Volunteers in Service in America (VISTA) program 11, 60, 121, 153
Cost of 131

W

Welfare and manpower programs 122
Reform proposals 15
Role of OEO 122
Welfare rights organizations 154
Work and training programs 10, 163–208
Age groups, emphasis on 134, 203
Allocation of funds for manpower programs 202
Amount of funds for 174
Attitude of social workers toward manpower programs 177
Changes in 169
Consolidation of manpower programs 207
Farm workers, training of 205
Job bank 189
Management of manpower programs 176
Manpower programs by age distribution 192
Multiplicity of manpower programs 191
Negroes, employment in building trades 201
Objectives of manpower programs 167
Rural versus urban manpower programs 206
Split funding of manpower programs 178, 196
Summer programs 186
Technical assistance 177

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